The Ontario Securities Commission

OSC Bulletin

October 23, 2009

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

The Ontario Securities Commission
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Toronto, Ontario
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Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

OCTOBER 23, 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

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David L. Knight, FCA	—	DLK
Patrick J. LeSage	—	PJL
Carol S. Perry	—	CSP
Charles Wesley Moore (Wes) Scott	—	CWMS

SCHEDULED OSC HEARINGS

October 27, 2009 2:30 p.m.	**Rene Pardo, Gary Usling, Lewis Taylor Sr., Lewis Taylor Jr., Jared Taylor, Colin Taylor and 1248136 Ontario Limited**
October 28–30, November 25-27, December 21-23, 2009	s. 127
	M. Britton in attendance for Staff
10:00a.m.	Panel: JDC/KJK
October 29, 2009	**Barry Landen**
10:00 a.m.	s. 127
	H. Craig in attendance for Staff
	Panel: DLK
November 6, 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
November 11, 2009 12:00 p.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
	J. Feasby in attendance for Staff
	Panel: MGC/MCH
November 16, 2009 10:00 a.m.	**Maple Leaf Investment Fund Corp. and Joe Henry Chau**
	s. 127
	J. Superina in attendance for Staff
	Panel: TBA

November 16- December 11, 2009 10:00 a.m.	**Sulja Bros. Building Supplies, Ltd. (Nevada), Sulja Bros. Building Supplies Ltd., Kore International Management Inc., Petar Vucicevich and Andrew DeVries** s. 127 & 127.1 M. Britton in attendance for Staff Panel: DLK/PLK
November 24, 2009 2:30 p.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: JDC/CSP
November 24, 2009 2:30 p.m.	**Prosporex Investments Inc., Prosporex Forex SPV Trust, Anthony Diamond, Diamond+Diamond, and Diamond+Diamond Merchant Banking Bank** s. 127 H. Daley in attendance for Staff Panel: JDC/CSP
November 30, 2009 10:00 a.m.	**Paladin Capital Markets Inc., John David Culp and Claudio Fernando Maya** s. 127 C. Price in attendance for Staff Panel: TBA
November 30, 2009 2:00 p.m.	**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: JDC
December 9, 2009 10:00 a.m.	**Nest Acquisitions and Mergers and Caroline Frayssignes** s. 127(1) and 127(8) C. Price in attendance for Staff Panel: TBA
December 9, 2009 10:00 a.m.	**IMG International Inc., Investors Marketing Group International Inc., and Michael Smith** s. 127 C. Price in attendance for Staff Panel: TBA
December 10, 2009 10:00 a.m.	**Gold-Quest International, Health and Harmoney, Iain Buchanan and Lisa Buchanan** s.127 H. Craig in attendance for Staff Panel: TBA
December 10, 2009 10:00 a.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
December 11, 2009 9:00 a.m.	**Tulsiani Investments Inc. and Sunil Tulsiani** s. 127 J. Superina in attendance for Staff Panel: JDC

December 16, 2009 9:00 a.m.	**Goldpoint Resources Corporation, Lino Novielli, Brian Moloney, Evanna Tomeli, Robert Black, Richard Wylie and Jack Anderson** s. 127(1) and 127(5) M. Boswell in attendance for Staff Panel: MGC/DLK
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
January 12, 2010 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: TBA
January 12, 2010 10:30 a.m.	**Abel Da Silva** s. 127 M. Boswell in attendance for Staff Panel: TBA
January 18, 2010; January 20-29, 2010 10:00 a.m. January 19, 2010 2:30 p.m.	**New Life Capital Corp., New Life Capital Investments Inc., New Life Capital Advantage Inc., New Life Capital Strategies Inc., 1660690 Ontario Ltd., L. Jeffrey Pogachar, Paola Lombardi and Alan S. Price** s. 127 S. Kushneryk in attendance for Staff Panel: TBA
January 18, 2010; January 20-February 1, 2010; February 3-12, 2010 10:00 a.m. January 19, 2010 February 2, 2010 2:30 p.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
January 25-26, 2010 10:00 a.m.	**Lehman Cohort Global Group Inc., Anton Schnedl, Richard Unzer, Alexander Grundmann and Henry Hehlsinger** s. 127 H. Craig in attendance for Staff Panel: TBA
February 5, 2010 10:00 a.m.	**Hillcorp International Services, Hillcorp Wealth Management, Suncorp Holdings, 1621852 Ontario Limited, Steven John Hill, John C. McArthur, Daryl Renneberg and Danny De Melo** s. 127 A. Clark in attendance for Staff Panel: TBA
February 8-12, 2010 10:00 a.m.	**Goldbridge Financial Inc., Wesley Wayne Weber and Shawn C. Lesperance** s. 127 J. Feasby in attendance for Staff Panel: TBA
February 17–March 1, 2010 10:00 .m.	**M P Global Financial Ltd., and Joe Feng Deng** s. 127 (1) M. Britton in attendance for Staff Panel: TBA

March 1-8, 2010 10:00 a.m.	**Teodosio Vincent Pangia** s. 127 J. Feasby in attendance for Staff Panel: TBA
March 3, 2010 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
March 10, 2010 10:00 a.m.	**Global Energy Group, Ltd. And New Gold Limited Partnerships** s. 127 H. Craig in attendance for Staff Panel: TBA
April 13, 2010 2:30 p.m.	**Axcess Automation LLC, Axcess Fund Management, LLC, Axcess Fund, L.P., Gordon Alan Driver and David Rutledge** s. 127 M. Adams in attendance for Staff Panel: TBA
May 3-28, 2010 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
May 31-June 4, 2010 10:00 a.m.	**Lyndz Pharmaceuticals Inc., James Marketing Ltd., Michael Eatch and Rickey McKenzie** s. 127(1) & (5) J. Feasby 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	**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: TBA
TBA	**Gregory Galanis** s. 127 P. Foy 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: TBA

TBA

Biovail Corporation, Eugene N. Melnyk, Brian H. Crombie, John R. Miszuk and Kenneth G. Howling

s. 127(1) and 127.1

J. Superina, A. Clark in attendance for Staff

Panel: TBA

TBA

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

TBA

FactorCorp Inc., FactorCorp Financial Inc. and Mark Twerdun

s. 127

A. Sonnen in attendance for Staff

Panel: TBA

TBA

Shane Suman and Monie Rahman

s. 127 & 127(1)

C. Price in attendance for Staff

Panel: TBA

TBA

Berkshire Capital Limited, GP Berkshire Capital Limited, Panama Opportunity Fund and Ernest Anderson

s. 127

E. Cole in attendance for Staff

Panel: TBA

TBA

Paul Iannicca

s. 127

H. Craig in attendance for Staff

Panel: TBA

TBA

MRS Sciences Inc. (formerly Morningside Capital Corp.), Americo DeRosa, Ronald Sherman, Edward Emmons and Ivan Cavric

s. 127 & 127(1)

D. Ferris in attendance for Staff

Panel: TBA

TBA

Irwin Boock, Stanton Defreitas, Jason Wong, Saudia Allie, Alena Dubinsky, Alex Khodjiaints 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 & 127.1

H. Craig in attendance for Staff

Panel: TBA

TBA **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: TBA

ADJOURNED SINE DIE

Global Privacy Management Trust and Robert Cranston

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

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

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

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

1.1.2 Assignment of Powers and Duties of the Director to IIROC

ASSIGNMENT OF POWERS AND DUTIES OF THE DIRECTOR TO THE INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA

On September 22, 2009, the Executive Director of the Ontario Securities Commission, with the approval of the Commission, issued the Revocation and Assignment (the New Assignment), which is being re-published in Chapter 2.2.

The previous publication of the New Assignment in the October 2, 2009 Bulletin did not include the Schedule A referred to in paragraph 7 of the New Assignment. Schedule A is a copy of the previous assignment dated June 1, 2008, which was revoked under the New Assignment.

1.1.3 Notice of Correction – Companion Policy 31-102 CP National Registration Database (July 17, 2009, Supplement 2 and September 18, 2009, Supplement 4)

There is an error in the Companion Policy 31-102 CP *National Registration Database*, published in the OSC Bulletin, Volume 32, Issue 29, Supplement 2 on July 17, 2009 and Volume 32, Issue 38, Supplement 4 on September 18, 2009. As published, Part 7 of 31-102 CP omitted certain Manitoba references. It should read:

> In Ontario and Manitoba, if a person or company is required to make a submission under both NI 31-102 and OSC Rule 31-509 (*Commodity Futures Act*), or in Manitoba, MSC Rule 2000-1 (*Commodity Futures Act*), with respect to the same information, the securities regulatory authority is of the view that a single filing on a form required under either rule satisfies both requirements.

1.1.4 Notice and Request for Feedback – Proposed Changes to the Operations of Alpha ATS LP

ALPHA ATS LP

PROPOSED CHANGES TO THE OPERATIONS OF ALPHA ATS LP TO ENHANCE CFO FUNCTIONALITY

NOTICE AND REQUEST FOR FEEDBACK

On October 23, 2009, Alpha ATS LP published notice of proposed changes to its operations to allow subscribers to change the price and volume of former orders and to change whether a former order is attributed or unattributed. A copy of this notice is reproduced at Chapter 1 of this Bulletin.

Pursuant to OSC Staff Notice 21-703 – Transparency of the Operations of Stock Exchanges and Alternative Trading Systems, Commission Staff invite market participants to provide the Commission with feedback on the proposed changes.

Feedback on the proposed changes should be in writing and submitted by **November 23, 2009** to:

Manager, Market Regulation Branch
Ontario Securities Commission
Suite 1903, Box 55
20 Queen Street West
Toronto, ON M5H 3S8
Fax: 416-595-8940
e-mail: marketregulation@osc.gov.on.ca

If the proposed changes do not raise any regulatory concerns, Alpha ATS LP may implement the proposed changes by **December 7, 2009**.

ALPHA ATS LP NOTICE OF PROPOSED CHANGES

Alpha ATS LP has announced its plans to implement the changes described below on December 7, 2009. It is publishing this Notice of Proposed Changes in accordance with the requirements set out in OSC Staff Notice 21-703 (October 9, 2009) 32 OSCB 8007. A Subscriber Notice has also been published and is available at www.alphatradingsystems.ca. (See Subscriber Notice 2009 - 0134).

Description of Proposed Changes and Reasons for Changes

Enhanced CFO Functionality

Alpha plans to allow CFO (amend) of the following order attributes:

a. Price

b. Volume (increase or decrease)

c. Anonymous (add or remove)

The reason for the changes is to address subscriber demand for Alpha to offer CFO functionality equivalent to other Canadian marketplaces.

Expected Impact of the changes

Enhanced CFO Functionality

Subscribers will be able to CFO orders to change price, increase order volume, or change the anonymous tag (from attributed to non-attributed or vice versa). Use of CFO functionality is at the discretion of the subscriber and vendor.

Consultations

Enhanced CFO Functionality

Alpha received requests for this functionality directly from its Subscribers. It also consulted with its User Committee and has published a Subscriber Notice describing the change.

Current implementation of changes in the Canadian marketplace and any alternatives considered

Enhanced CFO Functionality

Proposed changes to price and volume CFOs are consistent with CFO functionality on other Canadian marketplaces. Proposed change to support CFO of anonymous is consistent with other Canadian marketplaces that support attributed and unattributed orders. No alternatives considered.

1.4 Notices from the Office of the Secretary

1.4.1 Axcess Automation LLC et al.

FOR IMMEDIATE RELEASE
October 15, 2009

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

AND

IN THE MATTER OF
AXCESS AUTOMATION LLC,
AXCESS FUND MANAGEMENT, LLC,
AXCESS FUND, L.P., GORDON ALAN DRIVER,
DAVID RUTLEDGE, STEVEN M. TAYLOR AND
INTERNATIONAL COMMUNICATION STRATEGIES

TORONTO – The Commission issued an Order which provides that (1) in respect of Axcess Automation LLC, Axcess Fund Management, LLC, Axcess Fund, L.P., Gordon Alan Driver and David Rutledge, the April 29, 2009 order is continued until April 14, 2010 or until further order of the Commission; (2) in respect of Taylor and ICS, the October 2, 2009 order is continued until April 14, 2010 or until further order of the Commission; and (3) this matter shall return before the Commission on April 13, 2010 at 2:30 p.m. or such other time as set by the Secretary's Office.

A copy of the Order dated October 14, 2009 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
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416-593-2361

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

1.4.2 Irwin Boock et al.

FOR IMMEDIATE RELEASE
October 16, 2009

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

AND

IN THE MATTER OF
IRWIN BOOCK, STANTON DEFREITAS,
JASON WONG, SAUDIA ALLIE,
ALENA DUBINSKY, ALEX KHODJIAINTS,
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

TORONTO – Following an appearance on October 14, 2009, the Commission issued an Order which provides that the dates for the hearing of this matter on the merits which was to commence on Monday, October 19, 2009 be vacated and that the hearing is adjourned until December 1, 2009, or such other date as determined by the parties and the Secretary's office, for the purpose of setting dates for the hearing of this matter on the merits.

A copy of the Order dated October 15, 2009 is available at **www.osc.gov.on.ca**.

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1.4.3 InterRent Real Estate Investment Trust and The Toronto Stock Exchange

FOR IMMEDIATE RELEASE
October 16, 2009

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

AND

IN THE MATTER OF
INTERRENT REAL ESTATE INVESTMENT TRUST

AND

IN THE MATTER OF
DECISIONS OF THE TORONTO STOCK EXCHANGE

TORONTO – The Commission issued its Reasons For Decision in the above matter.

A copy of the Reasons for Decision dated October 15, 2009 is available at **www.osc.gov.on.ca**.

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1.4.4 W.J.N. Holdings Inc. et al.

FOR IMMEDIATE RELEASE
October 19, 2009

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

AND

IN THE MATTER OF
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

TORONTO – Following the hearing held on October 19, 2009, the Commission issued an Endorsement in the above matter which provides that the hearing is adjourned to October 29, 2009 at 10:00 a.m.

A copy of the Endorsement dated October 19, 2009 is available at **www.osc.gov.on.ca**.

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1.4.5 Hahn Investment Stewards & Co. Inc.

FOR IMMEDIATE RELEASE
October 19, 2009

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

AND

IN THE MATTER OF
HAHN INVESTMENT STEWARDS & CO. INC.

TORONTO – The Commission issued its Reasons and Decision in the above matter.

A copy of the Reasons and Decision dated October 19, 2009 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
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1.4.6 Paul Iannicca

FOR IMMEDIATE RELEASE
October 21, 2009

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

AND

IN THE MATTER OF
PAUL IANNICCA

TORONTO – The Commission issued an Order adjourning the hearing to December 2, 2009 at 2:00 p.m. or such other date as is agreed by the parties and determined by the Office of the Secretary.

A copy of the Order dated October 21, 2009 is available at **www.osc.gov.on.ca**.

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 CI Investments Inc. and United Financial Corporation

Headnote

National Policy 11-203 Process for Exemptive Relief in Multiple Jurisdictions – Relief granted from conflict of interest reporting requirements in subsection 117(1)(c) of the Securities Act (Ontario) for transactions involving related parties of a mutual fund – monthly reporting not required provided that similar disclosure is made in the management reports on fund performance for each mutual fund and that certain records of related party portfolio transactions are kept by the mutual funds.

Applicable Legislative Provisions

Securities Act (Ontario), subsections 117(1)(c) and 117(2).

October 14, 2009

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

and

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

and

IN THE MATTER OF
CI INVESTMENTS INC. AND
UNITED FINANCIAL CORPORATION
(the Filers)

Decision

Background

The securities regulatory authority or regulator in Ontario (the **Passport Review Decision Maker**) and in each of Ontario and Newfoundland and Labrador (together, the **Coordinated Review Decision Makers**) has received an application from the Filers for a decision under the securities legislation of the Jurisdictions (the **Legislation**) exempting each Filer from the requirement in the Legislation (the **Monthly Reporting Requirement**) that, for each purchase and sale effected by a Fund (as defined below) through a related person or company with respect to which the related person or company received a fee either from the Fund or from the other party to the transaction or from both, the Filer which is the manager of such Fund must file a report within thirty days after the end of the month in which the purchase or sale occurred (the **Relief**).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions:

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

(b) the Filers have provided notice that section 4.7 (1) of Multilateral Instrument 11-102 – *Passport System* (**MI 11-102**) is intended to be relied upon by each Filer in British Columbia, Alberta, Saskatchewan, New Brunswick and Nova Scotia in respect of the Relief;

(c) this decision is the decision of the principal regulator; and

(d) this decision evidences the decision of each of the Coordinated Review Decision Makers.

Interpretation

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

Representations

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

1. CI Investments Inc. is incorporated under the laws of the Province of Ontario and is registered as an adviser in the categories of investment counsel and portfolio manager (or the equivalent) under the securities legislation of all the provinces of Canada. United Financial Corporation is incorporated under the federal laws of Canada and is registered as an adviser in the categories of investment counsel and portfolio manager (or the equivalent) under the securities legislation of all the provinces and territories of Canada. The head office of each Filer is in Ontario.

2. Each Filer currently manages the mutual funds listed in Schedule A hereto, each of which is regulated by National Instrument 81-102 – *Mutual Funds* (**NI 81-102**). Each Filer may, in the future, become the manager of additional mutual funds (the **Future Funds**) that are regulated by NI 81-

102 (all such present mutual funds and Future Funds being hereinafter referred to as the **Funds** and, individually, as a **Fund**).

3. Each Fund is a reporting issuer under the securities legislation of one or more jurisdictions of Canada.

4. Each Fund has entered into a management contract with a Filer pursuant to which the Filer provides investment advice to the Fund for valuable consideration and pursuant to which the Filer directs the business, operations and affairs of the Fund. Accordingly, the Filer is the "management company" (or equivalent) under the Legislation and "manager" of such Fund and a "portfolio adviser" to such Fund.

5. From time to time, each Filer may hire one or more portfolio managers or sub-advisors to the Funds (together with the Filers, the **Portfolio Advisors**).

6. Each Fund has an independent review committee (the **IRC**) as required by National Instrument 81-107 – *Independent Review Committee for Investment Funds* (**NI 81-107**).

7. Each of Blackmont Capital Inc. (**Blackmont**), Scotia Capital Inc., Scotia Capital (USA) Inc. and Dundee Securities Corporation (together, the **Present Related Dealers**) is a broker or dealer engaged in trading in securities.

8. Each Present Related Dealer is a "related person or company" of each Filer within the meaning of the Legislation because:

   (a) CI Financial Corp. is both a substantial security holder of each Filer and holds a significant interest in Blackmont; and

   (b) The Bank of Nova Scotia is both a substantial security holder of each Filer and holds a significant interest in each Present Related Dealer.

9. In the future, additional brokers or dealers engaged in trading in securities may become a related person or company of the Filers (the **Future Related Dealers** and, together with the Present Related Dealers, the **Related Dealers**).

10. As disclosed in the annual information forms or prospectuses of the Funds, each Portfolio Advisor may arrange for a purchase or sale of securities by a Fund (a **Portfolio Trade**) to be executed through a Related Dealer (a **Related Dealer Executed Trade**), provided that the Related Dealer Executed Trade is made on a "best execution" basis, which includes that the trade is made on terms and conditions comparable to those offered by unrelated brokers and dealers.

11. The IRC of each Fund has given its positive recommendation for the Funds to effect Related Dealer Executed Trades, subject to the conditions and parameters set in such recommendation.

12. The Portfolio Advisors have discretion to allocate Portfolio Trades in any manner that they believe to be in the Funds' best interests. The Related Dealer Executed Trades reflect the business judgment of the Portfolio Advisors uninfluenced by considerations other than the best interests of the Funds. In allocating Related Dealer Executed Trades, consideration is given to commission rates and to research, execution and other services offered.

13. Each Fund prepares and files interim and annual management reports of fund performance (**MRFPs**) under National Instrument 81-106 – *Investment Fund Continuous Disclosure* (**NI 81-106**). The MRFPs disclose the following information with respect to Related Dealer Executed Trades that occurred during the period to which the MRFP relates: the identity of the Related Dealer; the relationship of the Related Dealer to the Fund; the purpose of the transaction; the measurement basis used to determine the recorded amount and any ongoing commitments to the Related Dealer; the dollar amount of commission, spread or any other fees that the Fund paid to the Related Dealer in connection with Related Dealer Executed Trades; and whether the Fund has relied upon the positive recommendation of its IRC to proceed with Related Dealer Executed Trades and details of any conditions or parameters of such recommendation.

14. Each Fund also maintains records of all portfolio transactions undertaken by the Fund as required by NI 81-106.

15. The Monthly Reporting Requirement obligates each Filer to prepare a report of any Related Dealer Executed Trades by each Fund for which the Filer is the manager and file such reports within 30 days of the end of the month in which the Related Dealer Executed Trade occurs. This report discloses, with respect to each Related Dealer Executed Trade: the issuer of the securities purchased or sold; the class or designation of the securities; the amount or number of securities; the consideration; the name of the Related Dealer receiving a fee; the name of the person or company that paid the fee to the Related Dealer; and the amount of the fee received by the Related Dealer.

16. Each Fund's MRFPs disclose the amount of brokerage commission paid by each Fund on trades with Related Dealers. This information is presented on a Fund-by-Fund basis.

17. It is costly and time consuming to prepare and file the reports contemplated by the Monthly Reporting Requirement, which contain information similar to that required by NI 81-106 to be disclosed in the MRFPs, on a monthly and segregated basis for each Fund.

Decision

Each of the Passport Review Decision Maker and the Coordinated Review Decision Makers is satisfied that the decision meets the test set out in the Legislation for the relevant regulator or securities regulatory authority to make the decision.

The decision of the Passport Review Decision Maker and the Coordinated Review Decision Makers under the Legislation is that the Relief is granted provided that:

(a) the MRFPs for each Fund disclose:

(i) the name of the Related Dealer;

(ii) the amount of fees paid to each Related Dealer, and

(iii) the person or company who paid the fees, if they were not paid by the Fund; and

(b) the records of portfolio transactions maintained by each Fund include, separately for every portfolio transaction effected by the Fund through a Related Dealer:

(i) the name of the Related Dealer;

(ii) the amount of fees paid to the Related Dealer; and

(iii) the person or company who paid the fees.

"Paulette Kennedy"
Commissioner
Ontario Securities Commission

"Margot Howard"
Commissioner
Ontario Securities Commission

SCHEDULE A

CI Alpine Growth Equity Fund
CI American Equity Fund
CI American Equity Corporate Class
CI American Managers Corporate Class
CI American Small Companies Fund
CI American Small Companies Corporate Class
CI American Value Fund
CI American Value Corporate Class
CI Canadian Investment Fund
CI Canadian Investment Corporate Class
CI Canadian Small/Mid Cap Fund
CI Emerging Markets Fund
CI Emerging Markets Corporate Class
CI European Fund
CI European Corporate Class
CI Global Fund
CI Global Corporate Class
CI Global Health Sciences Corporate Class
CI Global Managers Corporate Class
CI Global Small Companies Fund
CI Global Small Companies Corporate Class
CI Global Science & Technology Corporate Class
CI Global Value Fund
CI Global Value Corporate Class
CI International Fund
CI International Corporate Class
CI International Value Fund
CI International Value Corporate Class
CI Japanese Corporate Class
CI Pacific Fund
CI Pacific Corporate Class
CI Value Trust Corporate Class
CI International Balanced Fund
CI International Balanced Corporate Class
CI Money Market Fund
CI US Money Market Fund
CI Short-Term Corporate Class
CI Short-Term US$ Corporate Class
CI Global Bond Fund
CI Global Bond Corporate Class
CI Can-Am Small Cap Corporate Class
CI Global High Dividend Advantage Fund
CI Global High Dividend Advantage Corporate Class
CI Short-Term Advantage Corporate Class
CI Short-Term Advantage Trust

Harbour Fund
Harbour Corporate Class
Harbour Foreign Equity Corporate Class
Harbour Foreign Growth & Income Corporate Class
Harbour Growth & Income Fund
Harbour Growth & Income Corporate Class

Signature Canadian Resource Fund
Signature Canadian Resource Corporate Class
Signature Select Canadian Fund
Signature Select Canadian Corporate Class
Signature Canadian Balanced Fund
Signature Dividend Fund
Signature Dividend Corporate Class
Signature High Income Fund

Signature High Income Corporate Class
Signature Corporate Bond Fund
Signature Corporate Bond Corporate Class
Signature Income & Growth Fund
Signature Income & Growth Corporate Class
Signature Global Income & Growth Fund
Signature Global Income & Growth Corporate Class
Signature Global Energy Corporate Class
Signature Canadian Bond Fund
Signature Canadian Bond Corporate Class
Signature Short-Term Bond Fund
Signature Mortgage Fund

Portfolio Series Conservative Balanced Fund
Portfolio Series Balanced Growth Fund
Portfolio Series Growth Fund
Portfolio Series Maximum Growth Fund
Portfolio Series Income Fund
Portfolio Series Conservative Fund
Portfolio Series Balanced Fund

Synergy Canadian Corporate Class
Synergy Global Corporate Class
Synergy American Fund
Synergy American Corporate Class
Synergy Tactical Asset Allocation Fund

Select Income Managed Corporate Class
Select Canadian Equity Managed Corporate Class
Select U.S. Equity Managed Corporate Class
Select International Equity Managed Corporate Class
Select 100i Managed Portfolio Corporate Class
Select 80i20e Managed Portfolio Corporate Class
Select 70i30e Managed Portfolio Corporate Class
Select 60i40e Managed Portfolio Corporate Class
Select 50i50e Managed Portfolio Corporate Class
Select 40i60e Managed Portfolio Corporate Class
Select 30i70e Managed Portfolio Corporate Class
Select 20i80e Managed Portfolio Corporate Class
Select 100e Managed Portfolio Corporate Class

Select Staging Fund
Select Income Managed Fund
Select Canadian Equity Managed Fund
Select U.S. Equity Managed Fund
Select International Equity Managed Fund

Cambridge Canadian Equity Corporate Class
Cambridge Global Equity Corporate Class
Cambridge Canadian Asset Allocation Corporate Class

Lakeview Disciplined Leadership Canadian Equity Fund
Lakeview Disciplined Leadership U.S. Equity Fund
Lakeview Disciplined Leadership High Income Fund

Artisan Canadian T-Bill Portfolio
Artisan Most Conservative Portfolio
Artisan Conservative Portfolio
Artisan Moderate Portfolio
Artisan Growth Portfolio
Artisan High Growth Portfolio
Artisan Maximum Growth Portfolio
Artisan New Economy Portfolio

Cash Management Pool
Short Term Income Pool
Canadian Fixed Income Pool
Global Fixed Income Pool
Real Estate Investment Pool
Canadian Equity Small Cap Pool
Canadian Equity Value Pool
Canadian Equity Growth Pool
US Equity Value Pool
US Equity Growth Pool
International Equity Value Pool
International Equity Growth Pool
Emerging Markets Equity Pool
Enhanced Income Pool
US Equity Small Cap Pool

Short Term Income Corporate Class
Canadian Fixed Income Corporate Class
Global Fixed Income Corporate Class
Real Estate Investment Corporate Class
Canadian Equity Small Cap Corporate Class
Canadian Equity Value Corporate Class
Canadian Equity Growth Corporate Class
US Equity Value Corporate Class
US Equity Growth Corporate Class
International Equity Value Corporate Class
International Equity Growth Corporate Class
Emerging Markets Equity Corporate Class
Enhanced Income Corporate Class
US Equity Small Cap Corporate Class
Canadian Equity Alpha Corporate Class
US Equity Value Currency Hedged Corporate Class
US Equity Alpha Corporate Class
International Equity Value Currency Hedged Corporate Class

International Equity Alpha Corporate Class
Institutional Managed Income Pool
Institutional Managed Canadian Equity Pool
Institutional Managed US Equity Pool
Institutional Managed International Equity Pool

CIX Split Corp.

2.1.2 Taylor NGL Limited Partnership – s. 1(10)

Headnote

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

Ontario Statutes

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

October 15, 2009

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

Attention: Martin B. Mix

Dear Sir:

Re: Taylor NGL Limited Partnership (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.

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

2.1.3 Scotia Cassels Investment Counsel Limited et al.

Headnote

Multilateral Instrument 11-102 Passport System – Process for Exemptive Relief Applications in Multiple Jurisdictions – National Instrument 33-109 Registration Information (NI 33-109) – relief from certain filing requirements of NI 33-109 in connection with a bulk transfer of business locations and registered and non-registered individuals under an amalgamation.

Multilateral Instruments Cited

Multilateral Instrument 11-102 Passport System.

National Instruments Cited

National Instrument 33-109 Registration Information.

October 19, 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
SCOTIA CASSELS INVESTMENT COUNSEL
LIMITED (SCICL), SCOTIA ASSET MANAGEMENT L.P.
(SAM LP), SCOTIA SECURITIES INC. (SSI) AND
2210190 ONTARIO INC. (New SSI)
(the Filers)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filers for a decision under the securities legislation of Ontario (the **Legislation**) for relief pursuant to section 7.1 of National Instrument 33-109 *Registration Information* (**NI 33-109**) and Section 7.1 of Ontario Securities Commission Rule 33-506 *Registration Information* (**Rule 33-506**) to allow the bulk transfer of (a) all of the registered individuals and all of the locations of SCICL to a newly formed Ontario limited partnership, SAM LP and (b) all of the registered individuals and all of the locations of SSI to a newly formed Ontario company, New SSI, to replace SSI (as described below) (the **Bulk Transfer**), effective on November 1, 2009 in accordance with section 3.4 of the companion policy to NI 33-109 and section 3.4 of the companion policy to Rule 33-506 (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 Filers have provided notice that subsection 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon by each of the Filers on the same basis in all of the other provinces and territories of Canada (together with Ontario, the **Jurisdictions**).

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 Filers:

SCICL

1. SCICL is a wholly-owned subsidiary of The Bank of Nova Scotia (**BNS**). The head office of SCICL is in Ontario.

2. SCICL is registered as an adviser in the category of portfolio manager in each province and territory of Canada except the Northwest Territories and Nunavut and as a dealer in the category of exempt market dealer under the *Securities Act* (Ontario). SCICL is also registered as an adviser in the category of commodity trading manager under the *Commodity Futures Act* (Ontario).

3. SCICL is not in default of the securities legislation in any of the Jurisdictions.

SSI

4. SSI is a wholly-owned subsidiary of BNS. The head office of SSI is in Ontario.

5. SSI is registered as a dealer in the category of mutual fund dealer in each province and territory of Canada and is a member of the Mutual Fund Dealers Association of Canada (**MFDA**).

6. SSI is not in default of the securities legislation in any of the Jurisdictions.

SAM LP

7. SAM LP is an Ontario limited partnership all of the limited partnership units of which are owned directly or indirectly by BNS. SAM LP is owned 99.999% by Scotia Securities Inc. (which is 100% owned by BNS) and 00.001% by its general partner, Scotia Asset Management G.P. Inc. which

is 100% owned by Scotia Securities Inc. (which in turn is 100% owned by BNS). The head office of SAM LP is in Ontario.

8. SAM LP is registered as an adviser in the category of portfolio manager in each province and territory of Canada except the Northwest Territories and Nunavut and as a dealer in the category of exempt market dealer under the *Securities Act* (Ontario). SAM LP is also registered as an adviser in the category of commodity trading manager under the *Commodity Futures Act* (Ontario).

9. SAM LP is not in default of the securities legislation in any of the Jurisdictions.

New SSI

10. New SSI is wholly-owned directly and indirectly by BNS. The head office of New SSI is in Ontario.

11. New SSI is registered as a dealer in the category of mutual fund dealer in each province and territory of Canada and is a member of the MFDA.

12. New SSI is not in default of the securities legislation in any of the Jurisdictions.

Reorganization

13. The Filers have confirmed that, as part of the reorganization of Scotia's asset management and investment fund manager businesses into a single entity, SAM LP, the mutual fund dealer business of SSI will transfer to New SSI, the asset management and investment fund manager businesses of SCICL and SSI will transfer to SAM LP, in each case effective on November 1, 2009, and SCICL and SSI will cease operations on the commencement of SAM LP's and New SSI's businesses.

14. Effective on November 1, 2009, all of the current registrable activities of SSI will become the responsibility of New SSI and all the current registrable activities of SCICL will become the responsibility of SAM LP. New SSI will assume all of the existing registrations and approvals for all of the registered individuals and all of the locations of SSI transferred to it and SAM LP will assume all of the existing registrations and approvals for all of the registered individuals and all of the locations of SCICL transferred to it. It is not anticipated that there will be any disruption in the ability of SAM LP and New SSI to conduct their respective businesses (as applicable) on behalf of their respective clients, and SAM LP and New SSI should be able to advise and trade (as and where applicable) on behalf of such clients immediately after the reorganization.

15. SAM LP will be registered in the same categories of registration as SCICL was registered immediately prior to the reorganization in the respective Jurisdictions, and will be subject to, and will comply with, all applicable securities laws, and New SSI will be registered in the same category of registration as SSI was registered immediately prior to the reorganization in the respective Jurisdictions, and will be subject to, and will comply with, all applicable securities laws.

16. SAM LP will carry on the same business of SCICL and SSI transferred to it and New SSI will carry on the same mutual fund dealer business of SSI transferred to it, in each case in substantially the same manner with essentially the same personnel.

17. The Exemption Sought will not be contrary to the public interest and will have no negative consequences on the ability of either New SSI or SAM LP to comply with all applicable regulatory requirements or the ability to satisfy any obligations in respect of the clients of SSI and SCICL, respectively.

18. Given the significant number of registered individuals of SSI and SCICL, it would be extremely difficult to transfer each individual to New SSI and SAM LP, respectively, in accordance with the requirements of NI 33-109 and Rule 33-506 if the Exemption Sought is not granted.

19. A customer communication plan has been developed and customers of SSI and SCICL have been advised of the reorganization with their September quarterly account statements.

20. The head office of SAM LP will be SCICL's current head office location, which is 1 Queen St. East, Suite 1200, Toronto, Ontario, M5C 2W5. The head office of New SSI will be SSI's current head office, which is located at 40 King St. West, 5th Floor, Toronto, Ontario, M5H 1H1.

21. All of the officers of SCICL will become officers of SAM LP; all of the officers of SSI engaged in SSI's investment fund manager business will be officers of SAM LP; and all of the officers and directors of SSI will be officers and directors of New SSI.

22. The compliance departments of SAM LP and New SSI will carry on in substantially the same manner with essentially the same personnel as the compliance departments of SCICL and SSI, and there will be written policies and procedures for each of SAM LP and New SSI based on the written policies and procedures of the predecessor businesses.

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

"Erez Blumberger"
Manager
Registrant Regulation

2.1.4 Dia Bras Exmin Resources Inc. – s. 1(10)

Headnote

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

Ontario Statutes

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

October 19, 2009

Greg Herget
Stikeman Elliott LLP
5300 Commerce Court
199 Bay Street
Toronto, Ontario M5L 1B9

Dear Sirs/Mesdames:

Re: Dia Bras Exmin Resources Inc. (the "Applicant") – Application for a decision under the securities legislation of Ontario and Alberta (collectively, the "Jurisdictions") that the Applicant is not a reporting issuer

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

As the Applicant has represented to the Decision Makers that:

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

"Michael Brown"
Assistant Manager, Corporate Finance
Ontario Securities Commission

2.1.5 Cap Gemini S.A.

Headnote

Exemptive Relief Applications – Application for relief from the prospectus and the dealer registration requirements in respect of certain trades made in connection with an employee share offering by a foreign issuer - The offering involves the use of collective employee shareholding vehicles, each a fonds communs de placement d'entreprise (FCPE) - The issuer cannot rely on the employee exemption in section 2.24 of National Instrument 45-106 Prospectus and registration Exemptions as the securities are not being offered to Canadian employees or retired employees directly by the issuer but rather through special purpose entities - Number of Canadian employees is de minimis - Canadian participants will not be induced to participate in the offering by expectation of employment or continued employment - Canadian participants will receive disclosure documents - The special purpose entities are subject to the supervision of the local securities regulator - No market for the securities of the issuer in Canada - Relief granted, subject to conditions.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 25, 53 and 74(1).
National Instrument 45-106 Prospectus and Registration Exemptions, ss. 2.24 and 2.28.
National Instrument 45-102 Resale of Securities, s. 2.14.

TRANSLATION

October 13, 2009

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
QUÉBEC AND ONTARIO
(THE "JURISDICTIONS")

AND

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

AND

IN THE MATTER OF
CAP GEMINI S.A.
(the "Filer")

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the "Decision Maker") has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the "Legislation") for:

1. an exemption from the prospectus requirements of the Legislation (the "Prospectus Relief") so that such requirements do not apply to

   (a) trades in units of ESOP Leverage NP 2009 (the "Leveraged Compartment"), a compartment of ESOP Capgemini 2009, a *fonds communs de placement d'entreprise* or "FCPE" which is a form of collective shareholding vehicle of a type commonly used in France for the conservation of shares held by employee-investors, made pursuant to the Employee Share Offering (as defined below) to or with Qualifying Employees (as defined below) resident in the Jurisdictions and in British Columbia, Alberta and Nova Scotia who elect to participate in the Employee Share Offering (collectively, the "Canadian Participants");

   (b) the issuance of units of the Transfer Compartment (as defined below) (units of the Leveraged Compartment and/or units of the Transfer Compartment shall be referred to herein as "Units") to holders of Leveraged Compartment Units upon the transfer of assets of the Leveraged Compartment to the Transfer Compartment at the end of the Lock-Up Period (as defined below) in respect of Canadian Participants that do not request the redemption of their Leveraged Compartment Units at that time;

(c) trades in ordinary shares of the Filer (the "Shares") by the Leveraged Compartment or the Transfer Compartment to Canadian Participants upon the redemption of Units thereof as requested by Canadian Participants;

2. an exemption from the dealer registration requirements of the Legislation (the "Registration Relief") so that such requirements do not apply to

(a) trades in Units of the Leveraged Compartment made pursuant to the Employee Share Offering to or with Canadian Participants not resident in Ontario;

(b) the issuance of Units of the Transfer Compartment to holders of Leveraged Compartment Units upon the transfer of assets of the Leveraged Compartment to the Transfer Compartment at the end of the Lock-Up Period in respect of Canadian Participants that do not request the redemption of their Leveraged Compartment Units at that time; and

(c) trades in Shares by the Leveraged Compartment or the Transfer Compartment to Canadian Participants upon the redemption of Units thereof as requested by Canadian Participants.

3. an exemption from the adviser registration requirements and dealer registration requirements of the Legislation so that such requirements do not apply to the manager of the Leveraged Compartment and Transfer Compartment, Crédit Agricole Asset Management (the "Management Company"), to the extent that its activities described in paragraphs 33 and 34 of the Representations are subject to the adviser registration requirements and dealer registration requirements of the Legislation (such exemption being hereinafter referred to, collectively with the Prospectus Relief and the Registration Relief, as the "Offering Relief"); and

4. an exemption from the dealer registration requirements of the Legislation so that such requirements do not apply to the first trade in any Shares acquired by Canadian Participants pursuant to the Employee Share Offering (the "First Trade Relief").

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

(a) the Autorité des marchés financiers is the principal regulator for this application,

(b) the Filer has provided notice that section 4.7(1) of *Regulation 11-102 respecting Passport System* ("Regulation 11-102") is intended to be relied upon in British Columbia, Alberta and Nova Scotia, and

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

Interpretation

Terms defined in *Regulation 14-101 respecting Definitions, Regulation 45-102 respecting Resale of Securities, Regulation 45-106 respecting Prospectus and Registration Exemptions* and Regulation 11-102 have the same meaning if used in this decision, unless otherwise defined.

Representations

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

1. The Filer is a corporation formed under the laws of France. It is not, and has no current intention of becoming, a reporting issuer under the Legislation or under the securities legislation of British Columbia, Alberta and Nova Scotia. The head office of the Filer is located in France.

2. The Filer carries on business in Canada through the following affiliated companies: Capgemini Canada Inc., New Horizon System Solutions LP, Inergi LP, Capgemini US LLC and Capgemini Applications Services, LLC (collectively, the "Local Affiliates" and, together with the Filer and other affiliates of the Filer, the "Capgemini Group"). Capgemini Canada Inc. is a corporation organized under the laws of the Province of New Brunswick and New Horizon System Solutions LP and Inergi LP are limited liability partnerships organized under the laws of the Province of Ontario. Capgemini US LLC and Capgemini Applications Services, LLC are U.S. limited liability companies that do business in Canada and employ Qualifying Employees resident in Canada.

3. Each of the Local Affiliates is a direct or indirect controlled subsidiary of the Filer and is not, and has no current intention of becoming, a reporting issuer under the Legislation or under the securities legislation of British Columbia,

Alberta and Nova Scotia. The head office of the Capgemini Group in Canada is located in Toronto, Ontario, and the greatest number of employees of Local Affiliates is employed in Ontario.

4. As of the date hereof and after giving effect to the Employee Share Offering, Canadian residents do not and will not beneficially own (which term, for the purposes of this paragraph, is deemed to include all Shares held by the Leveraged Compartment on behalf of Canadian Participants) more than 10% of the Shares and do not and will not represent in number more than 10% of the total number of holders of Shares as shown on the books of the Filer.

5. The Filer has established a global employee share offering for employees of the Capgemini Group (the "Employee Share Offering"). The Employee Share Offering is comprised of one subscription option which is an offering of Shares to be subscribed through the Leveraged Compartment (the "Leveraged Plan").

6. Only persons who are employees of a member of the Capgemini Group during the subscription period for the Employee Share Offering and who meet other employment criteria (the "Qualifying Employees") will be allowed to participate in the Employee Share Offering.

7. The Leveraged Compartment is established for the purpose of implementing the Employee Share Offering. There is no current intention for the Leveraged Compartment to become a reporting issuer under the Legislation or under the securities legislation of British Columbia, Alberta and Nova Scotia.

8. The Leveraged Compartment will be registered with, and approved by, the *Autorité des marchés financiers* in France (the "French AMF") prior to the commencement of the employee subscription/reservation period in respect of the Employee Share Offering. Only Qualifying Employees will be allowed to hold Units of the Leveraged Compartment.

9. All Units acquired under the Leveraged Plan will be subject to a hold period of approximately five years (the "Lock-Up Period"), subject to certain exceptions prescribed by French law (such as a release on death, disability or termination of employment).

10. Under the Leveraged Plan, Canadian Participants will subscribe for Units in the Leveraged Compartment, and the Leveraged Compartment will then subscribe for Shares using the Employee Contribution (as described below) and certain financing made available by Société Générale (the "Bank"), which bank is governed by the laws of France.

11. The Leveraged Compartment will subscribe for Shares on behalf of the Canadian Participants at a subscription price that is equal to the price calculated as the average of the Share price on the 20 trading days preceding the date of fixing of the subscription price by the Board of Directors of the Filer (the "Reference Price"), less a 15% discount.

12. Canadian Participants will contribute 10% of the price of each Share, expressed in Euros, to be subscribed for by the Leveraged Compartment (such Euro amount is referred to herein as the "Employee Contribution"). The Leveraged Compartment will enter into a swap agreement (the "Swap Agreement") with the Bank. Under the terms of the Swap Agreement, the Bank will contribute the remaining 90% of the price of each Share to be subscribed for by the Leveraged Compartment (the "Bank Contribution").

13. Under the Leveraged Plan, a Canadian Participant effectively receives a share appreciation potential entitlement in the increase in value, if any, of the Shares subscribed on behalf of such Canadian Participant measured over the Lock-up Period, including with respect to the Shares financed by the Bank Contribution.

14. Under the terms of the Swap Agreement, at the end of the Lock-Up Period, the Leveraged Compartment will owe to the Bank an amount equal to A – [B+C], where:

    (a) "A" is the market value of all the Shares at the end of the Lock-Up Period that are held in the Leveraged Compartment (as determined pursuant to the terms of the Swap Agreement),

    (b) "B" is the aggregate amount of all Employee Contributions,

    (c) "C" is an amount (the "Appreciation Amount") equal to

        (X) 0.807 multiplied by the quotient obtained from dividing (I) with (II) and further multiplied by the difference between (II) and (I), where

            (I) is the Reference Price, and

            (II) is the average price of the Shares based on the last closing price of the Shares on the last trading day of each month over the duration of the Lock-up Period (There will be a total of

60 readings and in the event that a reading of a Share price is less than the Reference Price, the Reference Price will be used for such reading),

and further multiplied by

(Y) the number of Shares held in the Leveraged Compartment.

15. If, at the end of the Lock-Up Period, the market value of the Shares held in the Leveraged Compartment is less than 100% of the Employee Contributions, the Bank will, pursuant to a guarantee contained in the Swap Agreement, make a cash contribution to the Leveraged Compartment to make up such shortfall.

16. At the end of the Lock-Up Period, a Canadian Participant may elect to have his or her Leveraged Compartment Units redeemed in consideration for cash or Shares equivalent to

(a) a Canadian Participant's Employee Contribution, and

(b) the Canadian Participant's portion of the Appreciation Amount, if any.

17. If a Canadian Participant does not request the redemption of his or her Units in the Leveraged Compartment at the end of the Lock-Up Period, his or her investment in the Leveraged Compartment will be transferred to another FCPE or a compartment of an FCPE established under the Capgemini Group's employee shareholding plan (the "Transfer Compartment"). The characteristics of the Transfer Compartment are further described in Representations 22 to 26 below.

18. New Units of the Transfer Compartment will be issued to the applicable Canadian Participants in recognition of the assets transferred to the Transfer Compartment. Canadian Participants will be entitled to request the redemption of the new Units whenever they wish. However, following a transfer to the Transfer Compartment, the Employee Contribution and the Appreciation Amount will not be covered by the Swap Agreement nor the Bank guarantee contained therein.

19. At the end of the Lock-Up Period or in the event of an early unwind resulting from the Canadian Participant exercising one of the exceptions to the Lock-Up Period, a Canadian Participant will, pursuant to the guarantee contained in the Swap Agreement, be entitled to receive at least 100% of his or her Employee Contribution.

20. The Management Company is permitted to cancel the Swap Agreement (which will have the effect of cancelling the guarantee) in certain strictly defined conditions where it is in the best interests of the holders of Units of the Leveraged Compartment. The Management Company is required under French law to act in the best interests of the holders of the Units of the Leveraged Compartment. In the event that the Management Company cancels the Swap Agreement and such cancellation is determined not to be in the best interests of the holders of the Units of the Leveraged Compartment, then such holders would have a right of action under French law against the Management Company.

21. Under no circumstances will a Canadian Participant in the Leveraged Plan be liable to any of the Leveraged Compartment, the Bank or the Filer for any amounts in excess of his or her Employee Contribution under the Leveraged Plan.

22. The Transfer Compartment will either be (i) a compartment of the ESOP Capgemini 2009 FCPE, (ii) a compartment of another FCPE or (iii) an FCPE. In either case, the Transfer Compartment will be a traditional "classic-style" shareholding vehicle of a type commonly used in France and substantially similar to other "classic-style" shareholding vehicles established by other French issuers for their global employee share offerings of which exemptive relief has been previously granted on several occasions by Canadian securities regulators.

23. The Transfer Compartment will be created and established by the Management Company and the Filer prior to the end of the Lock-Up Period (likely a few weeks prior to the end of the Lock-Up Period). The Transfer Compartment will be registered with and approved by the French AMF prior to the end of the Lock-Up Period.

24. A Canadian Participant's investment in the Leveraged Compartment will only be transfered to the Transfer Compartment if such Canadian Participant elects not to request the redemption of his or her Units in the Leveraged Compartment at the end of the Lock-Up Period. A Canadian Participant will be able to request the redemption of his or her Units in the Transfer Compartment at any time in consideration for the underlying Shares or a cash payment equal to the then market value of the Shares held by the Transfer Compartment.

25. Any dividends paid on the Shares held in the Transfer Compartment will be contributed to the Transfer Compartment and used to purchase additional Shares. To reflect this reinvestment, either new Units of the Transfer Compartment

(or fractions thereof) will be issued to Canadian Participants, or no additional Units of the Transfer Compartment will be issued and the net asset value of the Transfer Compartment will be increased.

26. The Leveraged Compartment's portfolio will almost entirely consist of Shares, but it will also include the Swap Agreement. From time to time, the Leveraged Compartment's portfolio may include cash or cash equivalents that the Leveraged Compartment may hold pending investments in Shares and for the purpose of Unit redemptions. The Transfer Compartment's portfolio will almost entirely consist of Shares. The Transfer Compartment's portfolio may also consist, from time to time, of cash in respect of dividends paid on the Shares which will be reinvested in Shares, as discussed above, as well as cash or cash equivalents pending investments in the Shares and for the purposes of Unit redemptions.

27. During the term of the Swap Agreement, an amount equal to the net amounts of any dividends paid on the Shares held in the Leveraged Compartment will be remitted by the Leveraged Compartment to the Bank as partial consideration for the obligations assumed by the Bank under the Swap Agreement.

28. For Canadian federal income tax purposes, the Canadian Participants in the Leveraged Plan should be deemed to receive all dividends paid on the Shares financed by either the Employee Contribution or the Bank Contribution at the time such dividends are paid to the Leveraged Compartment, notwithstanding the actual non-receipt of the dividends by the Canadian Participants by virtue of the terms of the Swap Agreement.

29. The declaration of dividends on the Shares (in the ordinary course or otherwise) is strictly determined by the board of directors of the Filer and approved by the shareholders of the Filer. The Filer has not made any commitment to the Bank as to any minimum payment of dividends during the term of the Lock-up Period.

30. To respond to the fact that, at the time of the initial investment decision relating to participation in the Leveraged Plan, Canadian Participants will be unable to quantify their potential income tax liability resulting from such participation, the Filer will indemnify each Canadian Participant in the Leveraged Plan for all tax costs to the Canadian Participants associated with the payment of dividends in excess of a specified amount of Euros per calendar year per Share during the Lock-Up Period such that, in all cases, a Canadian Participant will, at the time of the original investment decision, be able to determine his or her maximum tax liability in connection with dividends received by the Leveraged Compartment on his or her behalf under the Leveraged Plan.

31. At the time the Leveraged Compartment's obligations under the Swap Agreement are settled, the Canadian Participant should realize a capital gain (or capital loss) by virtue of having participated in the Swap Agreement to the extent that amounts received by the Leveraged Compartment, on behalf of the Canadian Participant, from the Bank exceed (or are less than) amounts paid by the Leveraged Compartment, on behalf of the Canadian Participant to the Bank. Any dividend amounts paid to the Bank under the Swap Agreement will serve to reduce the amount of any capital gain (or increase the amount of any capital loss) that the Canadian Participant would have realized under the Swap Agreement. Capital losses (gains) realized by a Canadian Participant under the Swap Agreement may generally be offset against (reduced by) any capital gains (losses) realized by the Canadian Participant on a disposition of the Shares, in accordance with the rules and conditions under the *Income Tax Act* (Canada) or comparable provincial legislation (as applicable).

32. The Management Company is a portfolio management company governed by the laws of France. The Management Company is registered with the French AMF to manage French investment funds and complies with the rules of the French AMF. The Management Company is not, and has no current intention of becoming, a reporting issuer under the Legislation or the securities legislation of British Columbia, Alberta and Nova Scotia.

33. The Management Company's portfolio management activities in connection with the Employee Share Offering, the Leveraged Compartment and the Transfer Compartment are limited to subscribing for Shares from the Filer, selling such Shares as necessary in order to fund redemption requests, and such activities as may be necessary to give effect to the Swap Agreement.

34. The Management Company is also responsible for preparing accounting documents and publishing periodic informational documents. The Management Company's activities in no way affect the underlying value of the Shares.

35. None of the Filer, the Management Company, the Local Affiliates or any of their employees, agents or representatives will provide investment advice to the Canadian Participants with respect to investments in the Shares or the Units.

36. Shares issued under the Employee Share Offering will be deposited in the Leveraged Compartment's accounts with Caceis Bank (the "Depositary"), a large French commercial bank subject to French banking legislation.

37. Under French law, the Depositary must be selected by the Management Company from among a limited number of companies identified on a list maintained by the French Minister of the Economy, Finance and Industry and its appointment must be approved by the French AMF. The Depositary carries out orders to purchase, trade and sell Shares and takes all necessary action to allow the Leveraged Compartment to exercise the rights relating to the Shares held in its portfolio.

38. Participation in the Employee Share Offering is voluntary, and the Canadian resident Qualifying Employees will not be induced to participate in the Employee Share Offering by expectation of employment or continued employment.

39. The total amount invested by a Canadian Participant in the Employee Share Offering cannot exceed 2.5% of his or her estimated gross annual compensation for the 2009 calendar year.

40. The Shares are listed on Euronext Paris. The Shares are not currently listed for trading on any stock exchange in Canada and there is no intention to have the Shares so listed. As there is no market for the Shares in Canada, and as none is expected to develop, any first trades in Shares by Canadian Participants will be effected through the facilities of, and in accordance with, the rules and regulations of Euronext Paris.

41. The Filer will retain a securities dealer registered as a broker/investment dealer (the "Registrant") under the securities legislation of Ontario to provide advisory services to Canadian Participants resident in Ontario who express interest in the Leveraged Plan and to make a determination, in accordance with industry practices, as to whether an investment in the Leveraged Plan is suitable for each such Canadian Participant based on his or her particular financial circumstances. The Registrant will establish accounts for, and will receive the initial account statements from the Leveraged Compartment on behalf of such Canadian Participants. The Units of the Leveraged Compartment will be issued by the Leveraged Compartment to Canadian Participants resident in Ontario solely through the Registrant.

42. Units of the Leveraged Compartment will be evidenced by account statements issued by the Leveraged Compartment.

43. The Canadian Participants will receive an information package in the French or English language (according to their preference) which will include a summary of the terms of the Employee Share Offering, a tax notice containing a description of Canadian income tax considerations of subscribing to and holding Units in the Leveraged Compartment and redeeming Units for cash or Shares at the end of the Lock-Up Period. The information package for Canadian Participants in the Leveraged Plan will include all the necessary information for general inquiry and support with respect to the Leveraged Plan and will also include a risk statement which will describe certain risks associated with an investment in Units pursuant to the Leveraged Plan, and a tax calculation document which will illustrate the general Canadian federal income tax considerations relating to the participation in the Leveraged Plan.

44. Upon request, Canadian Participants may receive copies of the Filer's *Document de Référence* filed with the French AMF in respect of the Shares and a copy of the Leveraged Compartment's rules (which are analogous to company by-laws). Canadian Participants will also have access to copies of the continuous disclosure materials relating to the Filer that are furnished to its shareholders generally.

45. There are approximately 1196 Qualifying Employees resident in Canada, with the largest number of Qualifying Employees in the Province of Ontario (1155) and the second largest number of Qualifying Employees in Québec (35). Qualifying Employees are also located in British Columbia, Alberta and Nova Scotia. The Qualifying Employees resident in Canada represent in the aggregate approximately 1.6% of the number of Qualifying Employees of the Capgemini Group.

46. The Filer is not, and none of the Local Affiliates are, in default of the securities legislation of Canada. To the best of the Filer's knowledge, the Management Company is not in default of the securities legislation of Canada.

Decision

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

The decision of the Decision Makers under the Legislation is that the Offering Relief is granted provided that the prospectus requirements of the Legislation will apply to the first trade in any Shares acquired by Canadian Participants pursuant to this Decision unless the following conditions are met:

(a) the issuer of the security

(i) was not a reporting issuer in any jurisdiction of Canada at the distribution date, or

(ii) is not a reporting issuer in any jurisdiction of Canada at the date of the trade;

(b) at the distribution date, after giving effect to the issue of the security and any other securities of the same class or series that were issued at the same time as or as part of the same distribution as the security, residents of Canada

(i) did not own, directly or indirectly, more than 10% of the outstanding securities of the class or series, and

(ii) did not represent in number more than 10% of the total number of owners directly or indirectly of securities of the class or series; and

(c) the trade is made

(i) through the facilities of an exchange, or a market, outside of Canada, or

(ii) to a person or company outside of Canada.

It is further the decision of the Decision Makers under the Legislation that the First Trade Relief is granted provided that the conditions set out in paragraphs (a), (b) and (c) above under the decision granting the Offering Relief are satisfied.

Jean Daigle
Director, Corporate Finance
Autorité des marches financiers

Claude Lessard
Manager, Supervision of Intermediaries
Autorité des marchés financiers

2.2 Orders

2.2.1 In the Matter of the Revocation of the Assignment of Certain Powers and Duties of the Director to the Investment Industry Regulatory Organization Of Canada (IIROC) and the Assignment of Certain Powers and Duties of the Director to IIROC - ss. 21.5(2) and (3) of the Act and ss. 20(2) and (3) of the CFA

Headnote

Revocation and restatement of an existing assignment dated June 1, 2008 of certain registration-related powers and duties to the Investment Industry Regulatory Organization of Canada (IIROC), under section 21.5 of the Securities Act (the "OSA") and section 20 of the Commodity Futures Act, effective September 28, 2009 -- Replacement of Existing Assignment by the New Assignment was made in conjunction with the coming into force of National Instrument 31-103 Registration Requirements and Exemptions, together with certain related amendments to the OSA [which will no longer require the annual renewal of registrations under the OSA], and regulations made under the OSA -- New Assignment includes an assignment to IIROC of the Director's power to impose terms and conditions on the registration under the OSA and CFA of an individual registered representative of an IIROC-member firm during the currency of the representative's registration.

Staff Note

The proclamations described in paragraph 11 of the Revocation and Assignment occurred by September 28, 2009.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 1(1), 21.5, 21.5(2), 21.5(3), 27, 28, 31, para. 5 of s. 31, Part XI.
Commodity Futures Act, R.S.O. 1990, c. C.20, as am., ss. 1(1), 20, 20(2), 20(3), 23, 23(2), 23(3), Part VIII.
Budget Measures Act, 2009, Schedule 26, s. 4 of Schedule 26.

Applicable Ontario Regulation

Regulation made under the Commodity Futures Act, R.R.O. 1990, Reg. 90, as am., ss. 110, 37(2), 38(2).
Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as am., ss. 127(1), 127(2)(b), (d), (e), (g) and (h).

Rule Cited

Ontario Securities Commission Rule 31-502 Proficiency Requirements for Registrants, Parts 2 and 4.

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

AND

THE COMMODITY FUTURES ACT,
R.S.O. 1990, C.20, AS AMENDED
(the CFA)

AND

IN THE MATTER OF
THE REVOCATION OF THE
ASSIGNMENT OF CERTAIN POWERS AND DUTIES
OF THE DIRECTOR TO THE
INVESTMENT INDUSTRY REGULATORY
ORGANIZATION OF CANADA (IIROC) AND THE
ASSIGNMENT OF CERTAIN POWERS AND
DUTIES OF THE DIRECTOR TO IIROC

REVOCATION
(Subsection 21.5(3) OSA and
Subsection 20(3) of the CFA)

ASSIGNMENT
(Subsection 21.5(2) of the OSA and
Subsection 20(2) CFA)

1. IIROC is a "recognized self-regulatory organization", as defined in subsection 1(1) of the OSA and subsection 1(1) of the CFA.

2. Subsection 21.5(2) of the OSA provides that the Executive Director may, with the approval of the Ontario Securities Commission (the **Commission**), assign to a recognized self-regulatory organization any of the powers and duties of the Director under Part XI of the OSA or the regulations related to that Part.

3. Subsection 20(2) of the CFA provides that the Executive Director may, with the approval of the Commission, assign to a recognized self-regulatory organization any of the powers and duties of the Director under Part VIII of the CFA or the regulations related to that Part.

4. Subsection 21.5(3) of the OSA provides that, with the approval of the Commission, the Executive Director may at any time revoke, in whole or in part, an assignment of powers and duties made under section 21.5 of the OSA.

5. Subsection 20(3) of the CFA provides that, with the approval of the Commission, the Executive Director may at any time revoke, in whole or in part, an assignment of powers and duties made under section 20 of the CFA.

6. In an Assignment dated June 1, 2008 (the **Existing Assignment**), with the approval of the

Commission, the Executive Director assigned to IIROC certain powers and duties of the Director under:

(a) Part XI of the OSA and the regulations related to that Part (including – subsection 127(1) and clauses 127(2)(b), (d), (e), (g) and (h) of the OSA Regulation (defined below) and Parts 2 and 4 of OSC Rule 31-502 *Proficiency Requirements for Registrants* (**OSC Rule 31-502**), pursuant to subsection 21.5(2) of the OSA; and

(b) Part VIII of the CFA and the regulations related to that Part, pursuant to subsection 20(2) of the CFA.

7. A copy of the Existing Assignment is attached hereto as Schedule A.

8. Schedule 26 (the **OSA Schedule**) of the *Budget Measures Act, 2009* provides for amendments to the OSA, including section 4 of the Schedule (the **OSA Part XI Amendments**) which provides for the repeal of the current Part XI and substitution of a new Part XI.

9. On June 5, 2009, the *Budget Measures Act, 2009* received Royal Assent.

10. Subsection 21(2) of the OSA Schedule provides that the OSA Part XI Amendments will come into force on a day to be named by proclamation of the Lieutenant Governor.

11. On July 14, 2009, the Commission revoked OSC Rule 31-502. The making and revoking of this rule was subject to the approval of the Minister, which occurred on August 28, 2009. The making and revoking of this rule is effective on September 28, 2009, assuming that the proclamation described in paragraph 10 and the proclamation by the Lieutenant Governor of other specified sections of the OSA Schedule occurs by September 28, 2009.

12. On July 20, 2009, the Commission revoked section 127 of R.R.O. 1990, Regulation 1015, as amended, made under the OSA (the "**OSA Regulation**"). The revocation of this section is also effective on September 28, 2009, assuming the proclamations described in paragraph 11 occur by September 28, 2009.

13. The Executive Director and the Commission consider it now desirable for the Existing Assignment to be replaced by this new Assignment.

NOW THEREFORE:

Subject to the proclamations described in paragraph 11 occurring by September 28, 2009,

1. Under subsection 21.5(3) of the OSA and subsection 20(3) of the CFA, the Executive Director revokes the Existing Assignment, effective on September 28, 2009, without prejudice to the effectiveness of any exercise, prior to such revocation, of the powers and duties that were assigned by the Existing Assignment.

2. Under subsection 21.5(2) of the OSA and subsection 20(2) of the CFA, effective on September 28, 2009, the Executive Director assigns to IIROC:

(A) with respect to applications for registration, applications for reinstatement of registration and applications for amendment of registration from individuals who are approved persons of members of IIROC and individuals who are applying to become approved persons of members of IIROC, the powers and duties vested in or imposed on the Director by:

(a) sections 27 and 31 of the OSA,

(b) section 23 of the CFA, and

(c) subsections 37(7) and 38(2) of R.R.O. 1990, Regulation 90, made under the CFA; and

(B) with respect to the registration of individuals who are approved persons of IIROC, the powers and duties vested in or imposed upon the Director by:

(a) section 28 of the OSA, but only in respect of the power to impose terms and conditions at any time during the period of registration, and paragraph 5 of section 31 of the OSA, and

(b) subsections 23(2) of the CFA, but only in respect of the power to impose terms and conditions at any time during the period of registration, and subsection 23(3) of the CFA.

DATED at Toronto, this 22nd day of September, 2009.

"Peggy Dowdall-Logie"
Executive Director

APPROVED at Toronto, this 22nd day of September, 2009.

"James E.A. Turner"
Commissioner

"Mary G. Condon"
Commissioner

Schedule A

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

AND

**THE COMMODITY FUTURES ACT,
R.S.O. 1990, c. 20, AS AMENDED
(the CFA)**

**IN THE MATTER OF
THE REVOCATION OF THE
ASSIGNMENT OF CERTAIN POWERS
AND DUTIES OF THE DIRECTOR TO THE
INVESTMENT DEALERS ASSOCIATION OF CANADA**

AND

**THE ASSIGNMENT OF
CERTAIN POWERS AND DUTIES OF
THE DIRECTOR TO THE
INVESTMENT INDUSTRY REGULATORY
ORGANIZATION OF CANADA (IIROC)**

**REVOCATION
Section 21.5(3) OSA**

**ASSIGNMENT
Section 21.5(2) OSA
Section 20(2) CFA**

WHEREAS:

1. Section 21.5(2) of the OSA provides that the Executive Director may, with the approval of the Ontario Securities Commission (the **Commission**), assign to a recognized self-regulatory organization any of the powers and duties of the Director under Part XI of the OSA or the regulations related to that Part;

2. Section 20(2) of the CFA provides that the Executive Director may, with the approval of the Commission, assign to a recognized self-regulatory organization any of the powers and duties of the Director under Part VIII of the CFA or the regulations related to that Part;

3. Section 21.5(3) of the OSA provides that, with the approval of the Commission, the Executive Director may at any time revoke, in whole or in part, an assignment of powers and duties made under section 21.5 of the OSA;

4. On July 2, 1996, the Executive Director assigned to the Investment Dealers Association of Canada (**IDA**), pursuant to section 21.5(2) of the OSA, certain powers and duties of the Director under Part XI of the OSA or the regulations related to that Part (the **Existing Assignment**);

5. A copy of the Existing Assignment is attached hereto as Schedule A;

6. The IDA has merged with Market Regulation Services Inc. to form the IIROC;

7. The IIROC is a recognized self-regulatory organization under section 21.1(1) of the OSA and section 16(1) of the CFA;

8. The Executive Director proposes to revoke the Existing Assignment and to assign to the IIROC certain powers and duties of the Director under Part XI of the OSA and the regulations related to that Part, and under Part VIII of the CFA; and

9. The Commission approves the revocation of the Existing Assignment and the assignment of certain powers and duties by the Executive Director to the IIROC.

NOW THEREFORE:

Under section 21.5(3) of the OSA, the Executive Director revokes the Existing Assignment, without prejudice to the effectiveness of any exercise prior to the date of this revocation of the powers and duties that were assigned by the Existing Assignment.

Under section 21.5(2) of the OSA and section 20(2) of the CFA, the Executive Director assigns to the IIROC:

(1) with respect to applications for registration, applications for reinstatement of registration and applications for amendment of registration from individuals who are approved persons of members of the IIROC and individuals who are applying to become approved persons of members of the IIROC, the powers and duties vested in or imposed on the Director by:

   (a) Section 26 of the OSA, with the exception of renewal of registration,

   (b) Section 23 of the CFA, with the exception of renewal of registration,

   (c) Sections 127(1) and 127(2)(b), (d), (e), (g), and (h) of R.R.O. 1990, Regulation 1015 made under the OSA, and

   (d) Sections 37(7) and 38(2) of R.R.O. 1990, Regulation 90 made under the CFA, and

(2) the powers and duties vested in or imposed on the Director by Parts 2 and 4 of OSC Rule 31-502 *Proficiency Requirements for Registrants*.

DATED this 1st day of June, 2008.

"Peggy Dowdall-Logie"
Executive Director

APPROVED this 1st day of June, 2008.

"Kevin Kelly"
Commissioner

"James E. A. Turner"
Commissioner

2.2.2 Axcess Automation LLC et al. – ss. 127(1), 127(8)

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

AND

**IN THE MATTER OF
AXCESS AUTOMATION LLC,
AXCESS FUND MANAGEMENT, LLC,
AXCESS FUND, L.P., GORDON ALAN DRIVER,
DAVID RUTLEDGE, STEVEN M. TAYLOR AND
INTERNATIONAL COMMUNICATION STRATEGIES**

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

WHEREAS on April 15, 2009, 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 (the "*Securities Act*") in respect of Axcess Automation LLC, Axcess Fund Management, LLC, Axcess Fund, L.P., Gordon Alan Driver and David Rutledge that all trading in securities by them cease, and that any exemptions contained in Ontario securities law do not apply to them;

AND WHEREAS on April 29, 2009, with the consent of Axcess Automation LLC, Axcess Fund Management, LLC, Axcess Fund, L.P., Gordon Alan Driver and David Rutledge the Commission continued the April 15, 2009 order until October 15, 2009, and ordered that the matter return before the Commission on October 14, 2009 at 10:00 a.m. or such other time as set by the Secretary's Office;

AND WHEREAS on October 2, 2009, the Commission made an order pursuant to sections 127(1) and (5) of the *Securities Act* in respect of Steven M. Taylor ("Taylor") and International Communication Strategies ("ICS") that all trading in securities by Taylor and ICS cease, and that any exemptions contained in Ontario securities law do not apply to Taylor and ICS;

AND WHEREAS Axcess Automation LLC, Axcess Fund Management, LLC, Axcess Fund, L.P., Gordon Alan Driver and David Rutledge consent to a continuation of the order dated April 29, 2009 until April 14, 2010;

AND UPON hearing submissions from Staff of the Commission and from Taylor on his own behalf and that of ICS, no one appearing for Axcess Automation LLC, Axcess Fund Management, LLC, Axcess Fund, L.P., Gordon Alan Driver and David Rutledge;

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

AND WHEREAS pursuant to subsection 127(8) of the *Securities Act*, satisfactory information has not been provided to the Commission by any of the Respondents;

IT IS ORDERED THAT:

1. in respect of Axcess Automation LLC, Axcess Fund Management, LLC, Axcess Fund, L.P., Gordon Alan Driver and David Rutledge, the April 29, 2009 order is continued until April 14, 2010 or until further order of the Commission;

2. in respect of Taylor and ICS, the October 2, 2009 order is continued until April 14, 2010 or until further order of the Commission; and

3. this matter shall return before the Commission on April 13, 2010 at 10:00 a.m. or such other time as set by the Secretary's Office.

DATED at Toronto this 14th day of October, 2009.

"David L. Knight"

2.2.3 Irwin Boock et al. – ss. 127, 127.1

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, as amended

AND

IN THE MATTER OF
IRWIN BOOCK, STANTON DEFREITAS, JASON WONG, SAUDIA ALLIE, ALENA DUBINSKY, ALEX KHODJIAINTS, 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

ORDER
(Section 127 and 127.1)

WHEREAS on October 16, 2008, the Commission commenced the within proceeding by issuing a Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act");

AND WHEREAS the hearing was adjourned from time to time until April 22, 2009 when the Commission ordered that the hearing of this matter on the merits was to be held on Monday, October 19, 2009 through to Friday, November 13, 2009, excluding Wednesday, November 11, 2009, commencing each day at 10:00 a.m. at the offices of the Commission on the 17th floor, 20 Queen Street West in Toronto;

AND WHEREAS on October 14, 2009 counsel for Stanton DeFreitas attended before the Commission and requested that the hearing scheduled to commence on October 19, 2009 be adjourned for the purpose of bringing a motion to obtain further disclosure from Staff of the Commission;

AND WHEREAS on October 14, 2009 counsel for Staff of the Commission attended as did counsel for Irwin Boock and counsel for Jason Wong;

AND WHEREAS on October 14, 2009 none of the other Respondents attended before the Commission nor did counsel for any of the other Respondents;

AND WHEREAS on October 14, 2009 counsel for Staff of the Commission did not oppose the adjournment request of counsel for Stanton DeFreitas, nor did counsel for Irwin Boock and counsel for Jason Wong;

AND WHEREAS the temporary orders made by the Commission on April 22, 2009 remain in place until the completion of the hearing on the merits of this matter;

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

IT IS ORDERED THAT the dates for the hearing of this matter on the merits which was to commence on Monday, October 19, 2009 be vacated and that the hearing is adjourned until December 1, 2009, or such other date as determined by the parties and the Secretary's office, for the purpose of setting dates for the hearing of this matter on the merits.

DATED at Toronto this 15th day of October, 2009.

"James E. A. Turner"

"Mary G. Condon"

2.2.4 W.J.N. Holdings Inc. et al.

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

AND

IN THE MATTER OF
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

ENDORSEMENT

WHEREAS Mr. Hill brought a request pursuant to sections 144 and 9(6) of the Act to vary an order of the Commission made August 25, 2009;

AND WHEREAS the hearing was scheduled for October 19, 2009 at 10:00 a.m., and Mr. Hill was unable to attend and requested an adjournment;

AND HAVING considered the materials filed by Mr. Hill by fax and the submissions of Staff;

IT IS ORDERED that the hearing is adjourned to October 29, 2009 at 10:00 a.m.

DATED at Toronto this 19th day of October, 2009.

"Patrick J. LeSage"

2.2.5 Paul Iannicca – s. 127

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

AND

IN THE MATTER OF
PAUL IANNICCA

ORDER
(Section 127 of the Securities Act)

WHEREAS on March 13, 2009, the Commission issued a Notice of Hearing pursuant to sections 127 and 127.1 of the Act accompanied by a Statement of Allegations dated March 12, 2009, issued by Staff of the Commission ("Staff") with respect to Paul Iannicca ("Iannicca");

AND WHEREAS on March 13, 2009, counsel for Iannicca was served with the Notice of Hearing and Statement of Allegations;

AND WHEREAS on March 20, 2009, upon hearing submissions from counsel for Staff, the hearing was adjourned to May 26, 2009;

AND WHEREAS on May 26, 2009, the hearing was adjourned until June 25, 2009 for the purpose of having a pre-hearing conference;

AND WHEREAS on June 25, 2009, the hearing was adjourned until August 18, 2009 for any other purpose that the parties may advise the Office of the Secretary;

AND WHEREAS on August 18, 2009, counsel for Iannicca did not attend but counsel for Staff informed the panel that both parties agreed to the adjournment of this hearing to October 7, 2009;

AND WHEREAS on August 18, 2009, upon hearing submissions from counsel for Staff the hearing was adjourned to October 7, 2009;

AND WHEREAS on October 7, 2009 upon hearing submissions from counsel for Staff and upon being informed that counsel for the Respondent did not oppose the adjournment of the hearing, the hearing was adjourned to date agreeable to all parties;

AND WHEREAS all parties have requested that the hearing be adjourned until December 2, 2009 at 2:00 p.m.;

IT IS ORDERED THAT the hearing is adjourned to December 2, 2009 at 2:00 p.m. or such other date as is agreed by the parties and determined by the Office of the Secretary.

DATED at Toronto this 21st day of October, 2009

"David L. Knight"

Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions, Orders and Rulings

3.1.1 Robert Kasner

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

AND

ROBERT KASNER

HEARING HELD PURSUANT TO SECTIONS 127 AND 127.1 OF THE SECURITIES ACT

SETTLEMENT HEARING RE: ROBERT KASNER

HEARING:	Wednesday, September 30, 2009	
PANEL:	Patrick J. LeSage, Q.C.	- Chair of the Panel
APPEARANCES:	Hugh Craig	- for Staff of the Ontario Securities Commission
	Robert Brush	- for Robert Kasner

ORAL RULING AND REASONS

The following text has been prepared for the purpose of publication in the Ontario Securities Commission Bulletin and is based on excerpts of the transcript of the hearing. The excerpts have been edited and supplemented and the text has been approved by the Chair of the Panel for the purpose of a public record of the decision.

Chair:

[1] Having heard the submissions of both Staff and counsel for the respondent, I am satisfied that the settlement agreement entered into by Mr. Kasner originally signed by himself and then a slightly amended one signed by Mr. Brush on his behalf as counsel, is a rational, reasonable and sensible resolution to this issue.

[2] The transgression was not an insignificant transgression, but it is one that is perhaps explainable when one understands the mental condition of the respondent at that time. I commend both counsel for the wisdom of this resolution which I think not only recognizes the circumstances in which it occurred but also the circumstances of the respondent.

[3] I am therefore satisfied that it is in the public interest that I accept the settlement and the draft order as it has been provided to me which basically is that Mr. Kasner be prohibited for one year from trading in securities of any issuer of which he is an officer, director or insider, including, but not limited to GLR Resources.

[4] Upon the expiration of the sanction outlined in the preceding paragraph, the respondent shall permanently be prohibited from directly trading in GLR Resources, but may do so through (1) a registrant; or (2) a lawyer or accountant in accordance with section 34(b) of the Act to whom a copy of the order is given and who agrees to such supervision; and where such registrant, lawyer or accountant confirms that the trades of the respondent are in compliance with Ontario securities law.

[5] Further, the respondent is to pay an administrative penalty of $8,000 to be allocated under section 3.4(2)(b) of the Act, to or for the benefit of third parties. A certified cheque for that amount has been provided to Staff by Mr. Brush on behalf of Mr. Kasner.

Approved by the Chair of the Panel on October 14, 2009.

Patrick J. LeSage, Q.C.

3.1.2 InterRent Real Estate Investment Trust and The Toronto Stock Exchange – ss. 8, 21.7 of the Act

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

AND

IN THE MATTER OF
INTERRENT REAL ESTATE INVESTMENT TRUST

AND

IN THE MATTER OF
A DECISION OF THE TORONTO STOCK EXCHANGE

REASONS FOR DECISION
(Sections 8 and 21.7 of the Act)

Hearing:	August 17, 2009	
Decision:	October 15, 2009	
Panel:	James E. A. Turner	- Vice-Chair and Chair of the Panel
	David L. Knight, F.C.A.	- Commissioner
Counsel:	David Hausman Scott Rollwagen Shelley Babin	- For NorthWest Value Partners Inc.
	Robert Cohen Ted Frankel	- For InterRent Real Estate Investment Trust
	Linda Plumpton Andrew Gray	- For the Toronto Stock Exchange
	Kelley McKinnon Tina Woodside	- For CLV Group Inc.
	Usman Sheikh Naizam Kanji Michael Tang	- For the Ontario Securities Commission

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REASONS FOR DECISION

I. Background

A. Introduction

[1] These are the reasons of the Ontario Securities Commission (the "**Commission**") on the preliminary motions described below brought in connection with an application, the Fresh as Amended Request for Hearing and Review, dated August 11, 2009 (the "**Application**"), by NorthWest Value Partners Inc. ("**NorthWest**") pursuant to sections 8 and 21.7 of the Securities Act, R.S.O. 1990, c. S.5, as amended (the "**Act**") to review two decisions of the Toronto Stock Exchange (the "**TSX**").

[2] The first decision under review pursuant to the Application is the decision by the Listings Committee of the TSX (the "**Listings Committee**") dated August 5, 2009, to accept notice of a private placement (the "**Private Placement**") of up to 9,333,333 units of InterRent Real Estate Investment Trust ("**InterRent**"), representing approximately 49% of the outstanding units, without requiring unitholder approval. That decision is referred to as the "**Listings Committee Decision**".

[3] The second decision under review pursuant to the Application is the decision by the TSX dated June 19, 2009 that the TSX did not object to InterRent delaying its annual and special meeting of unitholders, scheduled to take place on June 26, 2009, such delayed meeting to be held on or before September 30, 2009. That decision is referred to as the "**Meeting Date Decision**".

B. The Application and the Motions

[4] In the Application, NorthWest submits that the TSX should not have accepted notice of the Private Placement without requiring unitholder approval and that the TSX should not have granted InterRent's request to postpone its annual and special meeting of unitholders. NorthWest requests the following relief from the Commission:

(i) an order under sections 8(3) and 21.7 of the Act setting aside the Listings Committee Decision to accept the Private Placement without the requirement for a unitholder vote;

(ii) an order under sections 8(3) and 21.7 of the Act setting aside the Meeting Date Decision;

(iii) an order under sections 8(4) and 21.7 of the Act staying the decisions of the TSX pending the disposition of the balance of the Application; and

(iv) such further and other orders as counsel may advise and the Commission may permit.

[5] A hearing was held on August 17, 2009 to address preliminary motions in connection with the Application. We received materials and heard submissions on the motions from NorthWest, InterRent, the TSX, CLV Group Inc. ("**CLV**") and Staff of the Commission ("**Staff**"). At that hearing, the following preliminary motions were before us:

(i) CLV and Mike McGahan ("McGahan") brought a motion seeking full intervenor status for each of them; and

(ii) NorthWest brought a motion raising the following questions for determination:

(1) What is the appropriate standard of review of the Listings Committee Decision and the Meeting Date Decision?

(2) With respect to the standard of review, and given the TSX record that has been provided to the parties, should the Commission defer to the decisions of the TSX, and does the Commission need additional information beyond the TSX record?

(3) If the Commission should not defer to the Listings Committee Decision, is NorthWest entitled to particulars of (i) the names of the subscribers to the Private Placement (the "Subscribers"); and (ii) any transcripts of the evidence of the InterRent trustees and the Subscribers?

(4) If the Commission should defer to the Listings Committee Decision, is NorthWest entitled to particulars of (i) the names of the Subscribers; and (ii) any transcripts of the evidence of the InterRent trustees and the Subscribers?

(5) If NorthWest is entitled to particulars, what is the schedule for providing those particulars?

(6) Was the request for a hearing and review of the Meeting Date Decision filed in time?

C. The Commission's Decision

[6] Our decision dated August 26, 2009 addressed the issues raised by the motions as follows:

(i) CLV was granted full intervenor status and McGahan was denied intervenor status;

(ii) with respect to the issues raised in NorthWest's motion:

(1) we did not order disclosure of the names of the Subscribers, and as a result, it was unnecessary for us to address NorthWest's request to examine the Subscribers and to fix a schedule for doing so;

(2) we found that NorthWest had not met the onus of establishing any of the grounds upon which we are entitled to intervene in a TSX decision. We also found that we had a sufficient basis to defer to the Listings Committee Decision. Accordingly, we dismissed the Application as it related to the Listings Committee Decision; and

(3) we found that the request for a hearing and review of the Meeting Date Decision was filed more than 30 days after the date of that decision and, as a result, we dismissed the motion for a hearing and review of the Meeting Date Decision on the basis that the request for that hearing and review was filed out of time.

[7] On August 26, 2009, we issued our decision in this matter on an expedited basis. We did so because we were advised that the subscriptions for the Private Placement were being held in trust, but that the Private Placement could not be completed until the Commission made a decision with respect to the Application.

[8] On request, we agreed to give the parties advance notice of the time at which we would release our decision so that, if necessary, NorthWest could make arrangements to move before a court to stay our decision or to enjoin completion of the Private Placement, if NorthWest considered it desirable to do so.

[9] These are the full reasons for our decision in this matter.

D. The Parties

1. NorthWest

[10] NorthWest is a private real estate firm based in Toronto that owns, develops and manages real estate in Canada. NorthWest owns 3,495,194 units of InterRent, representing 18.4% of InterRent's currently outstanding units.

[11] NorthWest participated in InterRent's process to maximize unitholder value referred to in paragraph 20 below. NorthWest submitted seven proposals to InterRent between February 27, 2009 and July 22, 2009. Those proposals included transactions under which NorthWest would subscribe for units of InterRent, either for cash or as part of a property vend-in, and under which NorthWest would be entitled to appoint a majority of the board of trustees of InterRent.

[12] NorthWest was unable to agree with InterRent as to the terms of any transaction.

[13] NorthWest decided that it would take steps to replace the members of the board of trustees of InterRent at the annual and special meeting of unitholders originally scheduled to take place on June 26, 2009. At that time, NorthWest held approximately 19.85% of the outstanding units of InterRent.

[14] On June 24, 2009, NorthWest entered into a put/call arrangement with a fund managed by Phillips, Hager & North Investment Management Ltd. (the "**PH&N Agreement**"). This agreement provides NorthWest the right to appoint a proxy holder at the annual and special meeting of InterRent unitholders in respect of an additional 3,003,000 units, representing an additional 15.8% of the outstanding units of InterRent.

[15] As a consequence of its own holding of units, its rights under the PH&N Agreement and support NorthWest has received from two other institutional unitholders, NorthWest asserts that it would be able to carry any vote on the Private Placement and it would be able to replace the board of trustees of InterRent.

2. InterRent

[16] InterRent is an unincorporated, open-ended real estate investment trust based in Toronto. It was formed pursuant to a Declaration of Trust on October 10, 2006. InterRent units and 7.0% Series A subordinated convertible debentures are listed on the TSX. There are currently 19,041,141 outstanding InterRent units, including 381,184 special voting units.

[17] InterRent was created to acquire, own and operate income producing multi-family residential properties in Canada. It currently owns approximately 4,000 apartment suites.

[18] InterRent's principal objectives are to provide unitholders with stable and growing monthly cash distributions, primarily on a Canadian income tax-deferred basis, and to increase the value of the units through the effective management of its revenue producing properties and the acquisition of additional properties.

[19] Accordingly, property management is a core component of InterRent's business. InterRent employees are currently responsible for the management of approximately 83% of InterRent's 81 properties.

[20] On March 11, 2009, InterRent publicly announced that it had established a special committee of independent trustees with a mandate to examine alternatives to maximize value for unitholders. Subsequently, InterRent postponed its annual and special meeting of unitholders to allow the special committee of InterRent trustees to complete its review of potential strategic transactions.

[21] As a result of its strategic review, InterRent proposes to carry out the Private Placement. Under the Private Placement, 5,333,333 to 9,333,333 units are to be issued to institutional and high net worth investors. The initial closing date of the Private Placement was proposed as July 30, 2009. In its news release dated July 28, 2009, InterRent announced that concurrent with the initial closing of the Private Placement, InterRent also intends to enter into a property management agreement with CLV. InterRent stated in this news release that the Private Placement was the product of InterRent's process to maximize unitholder value announced on March 11, 2009. The Private Placement is described more fully below.

[22] Under the proposed property management agreement with CLV, all of InterRent's property management functions would be transferred or "externalized" to CLV. The entering into of the property management agreement was originally a condition of the Private Placement but this condition had been removed by the time of the Listings Committee Decision. The TSX has required that the property management agreement be submitted to disinterested unitholders of InterRent for approval (by a majority of votes) and the TSX agreed with InterRent that vote may include unitholders who acquire units under the Private Placement.

3. CLV

[23] CLV is a private property management firm based in Ottawa. It manages residential real estate properties in Ottawa and surrounding areas, and a commercial property portfolio that includes strip malls and industrial, retail and office buildings. CLV is at arm's length to InterRent.

[24] CLV has managed a portion of InterRent's properties for approximately seven years and currently manages all of InterRent's 14 properties in the Ottawa region (representing approximately 17% of InterRent's 81 properties).

[25] McGahan is CLV's Chief Executive Officer, sole director and shareholder and he is one of the Subscribers.

[26] CLV assisted in arranging for the group of investors who will subscribe for units under the Private Placement. It is also proposed that CLV provide all of InterRent's property management functions under the proposed property management agreement.

4. The TSX

[27] The TSX is a stock exchange recognized by the Commission under subsection 21(1) of the Act. The TSX regulates certain conduct of listed issuers through its applicable by-laws, rules, policies, interpretations and practices. The provisions of the TSX Company Manual (the "**TSX Manual**") relevant to this Application are set forth in Schedule A.

5. Commission Staff

[28] Commission Staff is a party to proceedings brought pursuant to sections 8 and 21.7 of the Act.

E. The Private Placement

[29] On July 28, 2009, InterRent issued a news release announcing the proposed Private Placement, the proposed property management agreement with CLV and proposed changes to the board of trustees of InterRent. The news release stated that the Private Placement would be a best-efforts non-brokered private placement of a minimum of 5,333,333 units (representing approximately 28% dilution) and a maximum of 9,333,333 units (representing approximately 49% dilution) at a price of $1.50 per unit. The Private Placement had an initial closing date of July 30, 2009 for the issuance of at least the minimum number of units, with one or more additional tranches to be completed on or prior to September 4, 2009.

[30] There are approximately forty Subscribers who will purchase units under the Private Placement, and approximately 52% of the units to be issued (under the maximum offering) will be held by four pension funds. CLV assisted in arranging for the group of investors who will subscribe for units under the Private Placement. The Subscribers are institutional and high net worth investors who are expected to vote in favour of the approval of the property management agreement proposed to be entered into between InterRent and CLV.

[31] Upon closing of the Private Placement, NorthWest's voting rights in InterRent will be diluted from approximately 34% to 23% (those voting rights include NorthWest's voting rights under the PH&N Agreement).

F. The TSX Decisions

1. The Meeting Date Decision

[32] On June 18, 2009, InterRent issued a news release announcing the postponement of its annual and special meeting of unitholders scheduled for June 26, 2009. InterRent requested the consent of the TSX for the postponement of that meeting to a date on or before September 30, 2009. InterRent's stated reason for this request was to allow more time for its special committee to evaluate proposals to maximize unitholder value.

[33] The TSX confirmed on June 19, 2009 that it did not object to InterRent delaying its annual and special meeting to a date on or before September 30, 2009.

2. The Listings Committee Decision

[34] On July 24, 2009, InterRent gave notice to the TSX pursuant to section 602 of the TSX Manual of the proposed Private Placement. The Private Placement was announced publicly in InterRent's news release of July 28, 2009.

[35] On July 30, 2009, NorthWest sent a letter to the TSX requesting that the TSX exercise its discretion under section 603 of the TSX Manual to require unitholder approval of the Private Placement.

[36] On August 4, 2009, TSX staff distributed a recommendation memorandum to the Listings Committee. TSX staff recommended that the Listings Committee exercise its discretion under section 603 of the TSX Manual to require that the Private Placement be submitted to disinterested unitholders for approval.

[37] The TSX staff recommendation was based on concerns with respect to InterRent's governance and disclosure practices and the size of the transaction relative to InterRent's liquidity. The externalization of InterRent's property management functions, which at that time was a condition to closing the Private Placement, was stated to be arguably "transformational".

[38] With respect to InterRent's governance practices, the following matters were identified in the TSX staff recommendation memorandum:

(i) the proposed new slate of trustees and the relationships between certain nominees and CLV;

(ii) the voting support agreements and the right of first refusal agreements to be entered into between current trustees and officers of InterRent and CLV;

(iii) the externalization of InterRent's property management functions without unitholder approval;

(iv) the proposed setting of a new record date for the unitholders' meeting to approve the proposed property management agreement that would allow the Subscribers to vote at the meeting; and

(v) the haste with which InterRent wished to close the Private Placement.

[39] The Listings Committee met on August 5, 2009 to consider the TSX staff recommendation. The Listings Committee did not accept TSX staff's recommendation to require unitholder approval of the Private Placement. The Listings Committee did conclude that "the property management agreement must be submitted to unitholders of [InterRent] for approval (which vote may include unitholders under the private placement) and that CLV, Mike McGahan and their related parties may not vote in respect of such approval".

[40] The Listings Committee found that the Private Placement was negotiated at arm's length and would not result in units being issued to insiders. Therefore, unitholder approval was not expressly required under subsections 604(a)(ii) or 607(g)(ii) of the TSX Manual. None of the Subscribers to the Private Placement would become a holder of 10% or more of the units (and therefore an insider) following completion of the Private Placement.

[41] The Listings Committee considered the dilution resulting from the Private Placement and concluded that, although the size of the Private Placement was large relative to InterRent's liquidity, the units would be issued at a premium to the current market price. The Listings Committee noted that the market price of the units on the TSX had not dropped significantly since InterRent's announcement of the Private Placement. As a result, unitholder approval was not expressly required under subsection 607(g)(i) of the TSX Manual.

[42] The Listings Committee also addressed whether the Private Placement would "materially affect control" of InterRent (under subsection 604(a)(i) of the TSX Manual). The Listings Committee noted that each of the Subscribers had represented and warranted in the subscription agreement that they did "not have any agreement or undertaking with any other subscriber under the [Private Placement] such that the subscriber could be considered to be acting jointly or in concert with any other subscriber". Relying in part on those representations, the Listings Committee concluded that the Private Placement would not materially affect control of InterRent because it would not result in a new holding of more than 20% of the units by any unitholder or combination of unitholders acting together. As a result, the Listings Committee concluded that unitholder approval was not required under subsection 604 of the TSX Manual.

[43] The Listings Committee went on to consider whether it should exercise its discretion under section 603 of the TSX Manual to require unitholder approval of the Private Placement. It considered the effect of the Private Placement on the "quality of the marketplace" and reviewed the factors listed in section 603 including the involvement of insiders in the Private Placement, the material effect on control of InterRent, InterRent's corporate governance practices, InterRent's disclosure practices, the size of the transaction relative to the liquidity of InterRent and the existence of any orders issued by a court or regulatory body that had considered unitholders' interests. While a large number of units would be issued, the Listings Committee concluded that "there would be no economic dilution to unitholders, and the proposed changes to the board of trustees and the proposed externalization of property management services would be submitted to unitholders for approval".

[44] The Listings Committee concluded that it would not exercise its discretion under section 603 of the TSX Manual to require unitholder approval of the Private Placement.

II. The Issues

[45] The intervenor motion requires us to address whether to grant standing to CLV and/or McGahan and on what terms.

[46] NorthWest's preliminary motion sets out six questions for our determination (see paragraph 5 of these reasons). Before we address those questions, we must first determine whether it is appropriate to deal with them on a preliminary motion. If we conclude that we will hear NorthWest's motion, in our view, we must then address the following questions:

(i) Is NorthWest entitled to particulars of the names of the Subscribers and any transcripts of evidence, and if so, what is the schedule for providing the particulars and transcripts?

(ii) What is the appropriate standard of review of the Listings Committee Decision?

(iii) Should we defer to the Listings Committee Decision?

(iv) Was the request for a hearing and review of the Meeting Date Decision filed in time?

(v) If so, should we defer to the Meeting Date Decision?

III. Analysis

A. The Intervenor Motion

1. Positions of the Parties

CLV

[47] Each of CLV and McGahan requested an order granting them full intervenor status, or in the alternative, intervenor status to make submissions only.

[48] CLV and McGahan submit that they are proper intervenors and would be able to assist the Commission in determining the matters at issue. They both seek full intervenor status on the grounds that they have been active participants in arranging the Private Placement and have knowledge of the facts and issues. They submit that they should have full standing because their conduct was raised in the allegations made by NorthWest as a relevant factor and because they will be affected by the outcome of the Application. CLV is also the proposed property manager under the proposed property management agreement to be entered into with InterRent.

NorthWest, InterRent, the TSX and Staff

[49] NorthWest, InterRent, the TSX and Staff consented to an order granting full intervenor status to CLV and McGahan.

2. The Commission's Rules of Procedure

[50] Subrule 1.8.1(4) of the Commission's *Rules of Procedure* (2009), 32 O.S.C.B. 1991 (the "**Rules of Procedure**") sets out factors a Commission Panel may consider when determining whether to grant intervenor status. That subrule provides as follows:

1.8.1 (4) Factors – In considering a motion for leave to intervene, a Panel may consider factors such as:

(a) the nature of the matter;

(b) the issues;

(c) whether the person or company is directly affected;

(d) the likelihood that the person or company will be able to make a useful and unique contribution to the Panel's understanding of the issues;

(e) any delay or prejudice to the parties; and

(f) any other factor the Panel considers relevant.

[51] Based on these factors, the Commission may decide to grant or deny intervenor status, and the Commission has the discretion to limit the scope of intervention and to impose any terms and conditions that are appropriate in the circumstances (Subrule 1.8.1(3) of the Rules of Procedure).

3. CLV is Granted Full Intervenor Status

[52] We granted full intervenor status to CLV. In our view, CLV is directly affected by the Listings Committee Decision and may be directly affected by the Commission's decision on the Application. It is also likely that CLV will be able to make a useful and unique contribution to our understanding of the issues. We also note that all of the parties consented to CLV participating in the hearing with full standing, and there were no concerns raised that CLV's participation would delay or prejudice any of the other parties.

[53] We denied intervenor status to McGahan. McGahan is CLV's Chief Executive Officer and sole director and shareholder. Given our decision to grant full intervenor status to CLV, we concluded that McGahan would not bring a different or unique perspective to the Application. He will be able to participate in the hearing through CLV and we do not believe that he has a separate or different perspective from that of CLV.

B. Is it Appropriate to Hear the Preliminary Motion Brought by NorthWest?

[54] In our view, certain of the issues raised in the preliminary motion brought by NorthWest have the potential to inappropriately bifurcate this proceeding. They are brought on the basis that we should decide in the first instance, on a preliminary motion, whether we will defer to the decisions of the TSX in this matter. If we decide not to defer, we would then hold a separate hearing *de novo* based on the evidence then presented to us.

[55] It is useful in considering this issue, to refer to the grounds upon which we may appropriately intervene in a decision of the TSX. The grounds upon which we may do so are set out in paragraphs 98 and 100 of these reasons. In our view, in order to assess those grounds, we must have a full record before us from the TSX as well as any additional evidence that is relevant to making those determinations. For example, we must be able to assess, in the circumstances, whether our perception of the public interest conflicts with that of the TSX. In our view, we cannot decide the question of whether we will defer to the decision of the TSX without essentially the same evidence that would be before us on a hearing *de novo*. In our view, if we conclude that we will not defer to the TSX, we should then decide the matter based on the evidence then before us. Accordingly, we should not be asked on a preliminary motion whether we will defer to the decisions of the TSX.

[56] In its motion, NorthWest has also requested that the Commission determine the appropriate standard of review of a TSX decision and whether we need additional information beyond the TSX record that is before us. In our view, it is also not appropriate on a preliminary motion for us to be asked to decide a legal question, such as what the standard of review should be. Nor is it for the Commission to decide whether we may need additional information in order to make a decision. It is up to the parties before us to make submissions on the appropriate standard of review and to determine what evidence they wish to introduce. It is for the Commission, as adjudicator, to decide what evidence may be admitted and the appropriate weight to be given to it, and to make decisions based on the evidence before us and the submissions made. It is not appropriate for us to suggest whether or not we think additional information may be necessary.

[57] Notwithstanding these concerns, we decided as a practical matter to proceed to hear the NorthWest motion with respect to those issues we considered appropriate. We did so on the basis that our objective was to make a decision on the Application and that we would not hold another separate hearing de novo in the event that we concluded that we could not defer to the decisions of the TSX in this matter. Proceeding on this basis seemed the best approach given that the parties were prepared to address all of the issues and that, in our view, a full record was before us. We recognized that being able to proceed on this basis could be affected by the question whether we would order particulars of the names of the Subscribers and their possible examination. As a result, we first addressed the issue of particulars.

C. Disclosure of the Names of the Subscribers

1. Positions of the Parties

NorthWest

[58] NorthWest requests disclosure of the names of the Subscribers (that were redacted from the TSX record) and particulars of the number of units for which each subscriber has subscribed. NorthWest makes this request, regardless of our determination of whether we will defer to the Listings Committee Decision.

[59] NorthWest submits that it is requesting the names of the Subscribers for the purpose of examining the Subscribers, either prior to the hearing of the Application or during the hearing of the Application by way of a summons. NorthWest submits

that knowledge of the identity of the Subscribers and the nature of their relationships with CLV is essential for determining whether the Private Placement will materially affect control of InterRent.

[60] NorthWest submits that the fact that the Listings Committee was aware of the names of the Subscribers at the time of the Listings Committee Decision, but redacted those names at the request of InterRent, is sufficient reason to require disclosure of the names of the Subscribers.

InterRent

[61] InterRent submits that the names of the Subscribers are irrelevant for purposes of this proceeding and the Commission's decision on the Application. It submits that the TSX was alive to NorthWest's concern over the relationships between the Subscribers and CLV and that the TSX undertook a full investigation and was satisfied on the issue of control. InterRent submits that the Listings Committee has already dealt with this issue and came to the conclusion that no insiders or other related parties of InterRent are involved in the Private Placement.

[62] InterRent submits that NorthWest's request for disclosure of the names of the Subscribers is an abuse of process. It is concerned that NorthWest's intention may be to undermine the Private Placement through other means.

[63] InterRent submits that NorthWest's request is an attempt to turn the TSX into a trier of fact that is required to conduct extensive inquiries. In InterRent's view, this should not be permitted as a matter of policy.

[64] Although InterRent does not believe that the identities of the Subscribers are relevant, it has no reservation about providing the information to the Commission on terms that respond to InterRent's concerns about the possible misuse of the information by NorthWest.

The TSX

[65] The TSX submits that NorthWest has been provided with all information relevant to this proceeding and that it does not need the identities of the Subscribers. The TSX also adopts the submissions of InterRent.

[66] The TSX submits that the standard of disclosure required of the Listings Committee does not require that the identity of all the Subscribers be set out in its reasons. It also submits that the Listings Committee satisfied itself on the question of whether the Private Placement would materially affect control, based on representations and warranties given by each Subscriber with respect to its relationship with the others.

[67] The TSX also submits that the Commission should not permit NorthWest to examine the Subscribers because that would essentially be permitting a full-scale cross-examination to determine whether or not the TSX was entitled to rely on the representations made to it in response to the questions it asked. The TSX emphasizes that "it does not generally have an obligation to conduct an investigation or to carry out due diligence when considering the exercise of its discretion under a provision of the TSX Manual".

CLV

[68] CLV supports the submissions of InterRent and the TSX. CLV submits that the names of the Subscribers are irrelevant given the officer's certificate delivered by CLV. The officer's certificate states, among other things, that CLV is not acting in trust for any of the Subscribers and does not have an agreement with any of the Subscribers with respect to the ownership or voting of the InterRent units to be issued pursuant to the Private Placement. In addition, there were representations and warranties given by the Subscribers that they are not acting jointly or in concert with each other. CLV is also concerned with the potential for intimidation of investors and delay of this proceeding that could result from NorthWest's requests.

[69] CLV submits that disclosing the names of the Subscribers and requiring examination of them in circumstances such as this, where the record before the TSX was comprehensive and its analysis and reasons were thorough, gives rise to the following policy concerns:

(i) it would establish a low threshold for admitting new or fresh evidence, particularly from third parties not otherwise involved in the proceeding;

(ii) it would create the prospect for abuse, intimidation and tactical delay in the regulatory approval process;

(iii) it would permit cross-examination of third parties when there is no evidence suggesting any wrong-doing by them; and

(iv) it would encourage speculative fishing expeditions and loss of privacy of such third parties.

Staff

[70] Staff submits that NorthWest's request for particulars of the names of the Subscribers is a classic example of a fishing expedition and asks the Commission to dismiss the request.

[71] In Staff's view, the identities of the Subscribers are not required to be disclosed in order for the Commission to make a decision in this matter. Staff submits that the TSX took the proper approach to the question of whether the Private Placement would materially affect control of InterRent by relying on the officer's certificate from CLV, the representations and warranties of the Subscribers, and the submissions of counsel for CLV and InterRent.

2. Conclusion on Disclosure of the Subscribers' Names

[72] The Commission has the authority to make orders requiring parties to a proceeding before it to provide particulars and/or disclosure (pursuant to section 5.4 of the *Statutory Powers Procedure Act*, R.S.O. 1990, c. S.22 and Rules 4.2 and 4.3 of the Commission's Rules of Procedure).

[73] While the Panel is entitled to see the full record that was before the TSX, we also have discretion to direct that documents and/or information be omitted from the public record (as permitted under subrule 14.3(3) of the Rules of Procedure).

[74] We decided at the hearing not to order disclosure of the names of the Subscribers.

[75] In our view, disclosure of the names of the Subscribers is not necessary in these circumstances in order for NorthWest to make its case on the Application or for us to make a decision. That is because (i) we know that the names of the Subscribers were before the TSX when it made its decision; (ii) we know that 52% of the units to be issued pursuant to the Private Placement will be held by four pension funds; (iii) representations and warranties were made by each of the Subscribers that they did not have any agreement or undertaking with any other Subscriber such that they could be considered to be acting jointly or in concert with other Subscribers; (iv) none of the Subscribers will become the holder of 10% or more of the units as a result of the Private Placement and none are currently insiders of InterRent, and (v) NorthWest will continue to control the largest number of units following the Private Placement.

[76] We were concerned that the request for the names of the Subscribers was a fishing expedition by NorthWest that included a request to examine the Subscribers. We did not consider that necessary in the circumstances.

[77] We would add that a proceeding such as this is not an appropriate forum for providing the kind of extensive discovery and examinations one might be entitled to in a court proceeding. While it is important for the Commission to have before it all of the information necessary to make a decision, the kind of discovery we are prepared to require in a matter such as this will be more limited than what may be available before the courts. The parties are aware of that in bringing an application before us.

[78] We also considered it important to protect the privacy of the Subscribers. We were concerned with revealing their names and in embroiling them in this proceeding. In another proceeding before the Commission, the disclosure of the identity of third party investors may be necessary; in this proceeding, it is not.

[79] Since we did not require disclosure of the names of the Subscribers, it is unnecessary for us to consider NorthWest's request to examine the Subscribers or whether we have authority to require such examinations outside the hearing on the merits.

D. Should the Commission Defer to the Listings Committee Decision?

1. Positions of the Parties

NorthWest

[80] NorthWest submits that the Commission should intervene in the Listings Committee Decision based on any of the five grounds set out in *Re Canada Malting Co*. (1986), 9 O.S.C.B. 3566 ("*Canada Malting*") and reaffirmed in *Re Hudbay Minerals Inc.* (2009), 32 O.S.C.B. 3733 ("*HudBay*") (see paragraph 98 of these reasons for a list of those grounds).

[81] NorthWest submits that the Listings Committee erred in not recognizing that the outcome of the vote of unitholders on the property management agreement would be a foregone conclusion, and that the Listings Committee ought to have had regard to the definition of "materially affect control" in the TSX Manual. NorthWest submits that the Subscribers' representations and warranties that they are not acting jointly or in concert are not sufficient evidence that there would be no material effect on control. NorthWest argues that there need not be an agreement between parties to act together for a transaction to materially affect control of an issuer.

[82] NorthWest also submits that the terms of the subscription agreements entered into by the Subscribers are material evidence not referred to in the Listings Committee Decision, and that new and compelling evidence, not before the TSX, exists by reason of the consents from unitholders holding more than 50% of the outstanding units for the removal of all InterRent trustees.

[83] NorthWest submits that the public interest requires unitholder approval of the Private Placement because it amounts to a business combination of InterRent and CLV, pursuant to which unitholders will receive no control premium or liquidity.

InterRent

[84] InterRent submits that the Commission ought to accord significant deference to the expertise of self-regulatory organizations and recognized stock exchanges such as the TSX, and that there is sufficient information in the TSX record to conclude that none of the *Canada Malting* factors upon which the Commission may intervene apply.

[85] InterRent submits that each of NorthWest's substantive concerns have been addressed by the Listings Committee in its review of the matter. InterRent submits that the TSX record is thorough in its disclosure of (i) the facts and circumstances before the Listings Committee, (ii) the factors and considerations weighed by the Listings Committee, and (iii) the reasoning that the Listings Committee applied in making its decision, including specific reference to applicable sections of the TSX Manual.

[86] InterRent submits that the Listings Committee was alert to the opposition to the Private Placement from unitholders, and was alive to NorthWest's concerns, including those regarding the impact of the Private Placement on dilution and control, at the time the Listings Committee made its decision.

The TSX

[87] The TSX submits that none of the grounds for intervention set out in *Canada Malting* exist, and that there is no basis to interfere with the Listings Committee Decision. The TSX submits that the Listings Committee went beyond the standard that is required for deference by the Commission to TSX decisions articulated in *HudBay*.

[88] In response to NorthWest's submissions on whether the Private Placement would materially affect control of InterRent, the TSX submits that the Listings Committee applied the correct test from the TSX Manual, and made specific reference to the relevant definition. The TSX submits that NorthWest's distinction between whether Subscribers are "acting jointly or in concert" or are "acting together" in order for there to be a material effect on control is not important, since both concepts require an agreement. The TSX submits that in the circumstances, there is no evidence of any agreement that the Subscribers will act together in the future. The TSX emphasizes that evidence in the record shows only that the Subscribers were identified by CLV and that NorthWest's assertions that the Subscribers will act together in the future is speculation.

[89] The TSX submits that the Listings Committee Decision was reasonable in all of the circumstances and is amply supported by reasons, and that the process leading up to that decision was fair and appropriate.

CLV

[90] CLV agrees with the submissions of InterRent and the TSX about the adequacy and completeness of the TSX record supporting the Listings Committee Decision.

[91] CLV submits that the Subscribers are participating in the Private Placement because of their knowledge of CLV's property management track record, and that the only common interest of CLV and the Subscribers is the improvement of the financial condition of InterRent.

Staff

[92] Staff submits that considerable deference should be given to decisions in the TSX's area of expertise. Staff submits that the TSX reasonably considered the relevant facts and circumstances and has weighed the relevant considerations in concluding that unitholder approval is not required, or would not be imposed, for the Private Placement under sections 603, 604(a) and 607(g) of the TSX Manual. Accordingly, Staff submits that the Commission should defer to the Listings Committee Decision.

[93] On the issue of whether the Private Placement would materially affect control, Staff refers to the Commission's decision in *HudBay,* where the Commission states that "Certainly, there is no evidence before us of any agreement, arrangement or understanding among those shareholders to vote together in the future" (*HudBay, supra* at para. 177). Staff submits that there is no evidence suggesting future joint action by the Subscribers that would support a conclusion that the Private Placement will materially affect control of InterRent.

2. The Law

a. Jurisdiction to Review

[94] The Commission has jurisdiction to review a decision of the TSX under section 21.7 of the Act, which states:

> **21.7(1) Review of decisions –** The Executive Director or a person or company directly affected by, or by the administration of, a direction, decision, order or ruling made under a by-law, rule, regulation, policy, procedure, interpretation, or practice of a recognized stock exchange, recognized self-regulatory organization, recognized quotation and trade reporting system or recognized clearing agency may apply to the Commission for a hearing and review of the direction, decision, order or ruling.
>
> **(2) Procedure** – Section 8 applies to the hearing and review of the direction, decision, order or ruling in the same manner as it applies to a hearing and review of a decision of the Director.

[95] Subsection 8(3) of the Act provides that on a review "the Commission may by order confirm the decision under review or make such other decision as the Commission considers proper".

b. Standard of Review

[96] Notwithstanding the broad power of review under sections 21.7 and 8 of the Act, the Commission has generally taken a restrained approach and has given considerable leeway to the TSX in determining the proper purposes and relevant considerations in making a decision (*HudBay, supra* at para. 104). Particular deference will be given to factual conclusions made in areas where the TSX has specialized expertise:

> Where the basis of the application is a decision of a recognized stock exchange, recognized self-regulatory organization or similar body pursuant to s. 21.7, the Commission will accord deference to factual determinations central to its specialized competence.
>
> (*Re Boulieris* (2004), 27 O.S.C.B. 1957 at para. 26)

[97] This principle was affirmed in *HudBay*, where the Commission stated that:

> The Commission generally shows deference to the decisions of the TSX, particularly in the areas of the TSX's expertise. We recognize the important role that the TSX plays within our regulatory framework. The Commission's authority under section 21.7 of the Act should not be used as a means to second-guess reasonable decisions made by the TSX. The Commission will not substitute its own view for that of the TSX simply because the Commission might have reached a different conclusion in the circumstances.
>
> (*HudBay, supra* at para. 103)

c. Grounds for Intervention

[98] *Canada Malting* sets out five grounds upon which the Commission may intervene in a decision of the TSX. Those grounds are whether:

> 1. the TSX has proceeded on an incorrect principle;
>
> 2. the TSX has erred in law;
>
> 3. the TSX has overlooked material evidence;
>
> 4. new and compelling evidence is presented to the Commission that was not presented to the TSX; or
>
> 5. the Commission's perception of the public interest conflicts with that of the TSX.
>
> (*Canada Malting, supra* at para. 59)

[99] There is a substantial onus upon an applicant to establish that one or more of these grounds exists. The Commission has stated that:

> Only in very rare circumstances should the Commission substitute its decision for that of the TSX. Subject to the discussion below, before the Commission intervenes in a decision of the TSX pursuant to section 21.7 of the Act, it

should ensure that the applicant has met the heavy burden of demonstrating that its case fits squarely within at least one of the five grounds for intervention identified in *Canada Malting*.

(*HudBay, supra* at para. 114)

[100] The Commission has also recognized that it may intervene in circumstances where it determines that the TSX did not exercise its discretion fairly, or where the standards of the TSX were inconsistent with the Commission's perception of the public interest (*Williams v. Toronto Stock Exchange* (1972), 7 O.S.C.B. 87 at 88 and 89).

[101] In *HudBay*, the Commission recognized the potential harm to the capital markets if the Commission is too interventionist in reviewing decisions of the TSX (*HudBay, supra* at para. 114). Market participants have a legitimate interest in transaction and regulatory certainty in relying on TSX decisions. Accordingly, the Commission should defer to decisions of the TSX where there is a reasonable basis to do so.

3. Deference to the Listings Committee Decision

a. Application of the Canada Malting Factors

[102] We find that NorthWest has not met the heavy onus of establishing any of the grounds set out in *Canada Malting* upon which we should intervene in the Listings Committee Decision.

[103] The Listings Committee considered whether the Private Placement would materially affect control of InterRent and, in doing so, considered the relevant definition and the factors to be considered as part of that definition. We do not find that the TSX proceeded on any incorrect principle or erred in law. The Listings Committee considered the following facts to be relevant to its analysis:

(i) NorthWest will continue to control the largest number of votes attached to the outstanding units following the completion of the Private Placement;

(ii) no Subscriber will own 20% or more of the units following completion of the Private Placement;

(iii) CLV has certified that it is not acting in trust for any of the Subscribers and there is no agreement between CLV and the Subscribers with respect to the ownership or voting of units to be issued under the Private Placement;

(iv) there are approximately forty Subscribers and approximately 52% of the privately placed units will be held by four pension funds;

(v) each Subscriber has provided a representation and warranty in its subscription agreement that it "does not have any agreement or undertaking with any other subscriber under the private placement such that the subscriber could be considered to be acting jointly or in concert with any other subscriber"; and

(vi) following the Private Placement, the Subscribers will have no different economic interest than the other unitholders of InterRent.

[104] There was no evidence before the TSX to suggest that any of the Subscribers intend to act together as a voting block or group in the future.

[105] In considering whether or not the Private Placement would materially affect control of InterRent, we recognize that it is not necessary for there to be an agreement among the Subscribers as to how they will vote. It is possible, as submitted by NorthWest, that an agreement or understanding by each Subscriber with CLV as to how they will vote (as opposed to an agreement or understanding among the Subscribers themselves) could give rise to a material effect on control. We also agree with NorthWest that there can be a material effect on control of InterRent even if CLV and the Subscribers are not parties to a voting agreement or are not "acting jointly or in concert". However, we believe that the TSX was alive to these issues when it made the Listings Committee Decision.

[106] We also acknowledge that the Subscribers are likely to vote in favour of the property management agreement. We understand that the reason why many of the Subscribers are participating in the Private Placement is their knowledge of CLV's business track record. In our view, the fact that they are likely to vote in favour of the property management agreement does not necessarily suggest that control of InterRent has been materially affected by the Private Placement (within the meaning of the TSX Manual). It simply indicates how Subscribers intend to vote on a particular matter.

[107] In our view, there were a number of additional considerations that may have influenced the TSX to come to the decision it did on whether to require approval by unitholders of the Private Placement under section 603 of the TSX Manual. Those considerations include that:

(i) the Private Placement and the entering into of the property management agreement are the result of a strategic review by the board of trustees of InterRent that was supported and approved by a special committee of independent trustees;

(ii) NorthWest participated in that process but ultimately was not able to reach agreement with InterRent as to the terms of a transaction; and

(iii) the Private Placement is being carried out at a premium to the market price of the units at the time it was agreed to and will not result in economic dilution to existing unitholders.

[108] We also note that no unitholder approval of the Private Placement is required under section 607(g)(i) of the TSX Manual because it is not being carried out at a price less than the market price of the units.

[109] It is clear that in considering the circumstances, the TSX focused on the key regulatory issues. We note in this respect that the TSX required public disclosure by InterRent of the Listings Committee Decision and clarification of the maximum dilution that would result from the Private Placement. The TSX required that public disclosure of the Private Placement be made at least 48 hours prior to the closing of the Private Placement. The TSX also confirmed with InterRent that there should be no change in trustees of InterRent without a unitholder vote, and it required unitholder approval of the proposed property management agreement and excluded CLV, McGahan and their related parties from the vote on that agreement. The TSX was clearly alive to the relevant regulatory issues and considerations.

[110] We have reviewed the record and in our view there is no basis for us to conclude that the TSX overlooked any material information when it came to its decision to accept notice of the Private Placement without requiring unitholder approval. We were not provided with any new and compelling evidence that was not presented to the TSX.

[111] We note that NorthWest submits that it now holds consents representing more than 50% of the outstanding units in favour of the removal of all of the InterRent trustees. That circumstance does not, in our view, constitute new or compelling evidence for purposes of the Application. If NorthWest holds or controls 50% or more of the votes, it is entitled to exercise those votes and its rights as a unitholder as it sees fit. That is not, however, a reason for the Commission to now intervene in the Listings Committee Decision.

[112] The TSX could have exercised its discretion in the circumstances to require unitholder approval of the Private Placement. The TSX did not do so and that seems to us to be a decision that the TSX could reasonably make in the circumstances. That is not to say that we would have made the same decision; only that it was the TSX's decision to make.

[113] In conclusion, in making the Listings Committee Decision, the TSX considered the relevant facts and information and assessed the relevant regulatory issues and considerations. The process it followed was appropriate and its reasons articulated its rationale for the decisions it made. In our view, there is a reasonable basis for us to defer to the Listings Committee Decision, and we do so.

[114] We therefore dismissed the Application as it relates to the Listings Committee Decision.

E. Request for a Hearing and Review of the Meeting Date Decision

1. Positions of the Parties

NorthWest

[115] NorthWest also requested that the Commission review the Meeting Date Decision. NorthWest submits that the delay of the annual and special meeting of unitholders continued to be a live issue at the time of the Listings Committee Decision. In support of this argument, NorthWest refers to the TSX Staff Recommendation Memorandum and the Listings Committee Decision, which both make reference to the postponement of the meeting.

InterRent

[116] InterRent submits that NorthWest's request for a hearing and review of the Meeting Date Decision was commenced outside of the 30-day period permitted under the Act, since the Meeting Date Decision was made on June 19, 2009 and the original Application was filed on August 4, 2009.

The TSX

[117] The TSX agrees with the submission of InterRent. The TSX also submits that the reference to the delay of the Meeting Date Decision in the Listings Committee Decision was simply a consideration of the effect of that decision on InterRent's corporate governance practices and it was not a live issue under consideration at the time.

[118] The TSX further submits that the basis for agreeing to a postponement of a meeting is that it be justifiable in the circumstances. If the Meeting Date Decision was justifiable, it should be shown deference by the Commission.

CLV

[119] CLV did not make submissions on this issue.

Staff

[120] Staff agrees and adopts the position of the TSX on the timeliness of NorthWest's request to review the Meeting Date Decision.

2. The Applicable Legislation

[121] Subsection 8(2) of the Act applies, with necessary changes, to an application for a hearing and review under section 21.7 of the Act (by reason of subsection 21.7(2)). Subsection 8(2) of the Act provides as follows:

> **8(2) Review of Director's decisions** – Any person or company directly affected by a decision of the Director may, by notice in writing sent by registered mail to the Commission within thirty days after the mailing of the notice of the decision, request and be entitled to a hearing and review thereof by the Commission.

[122] Therefore, a request for a hearing and review of a decision of a recognized stock exchange must be made within the 30-day period provided for in subsection 8(2) of the Act.

3. NorthWest's Application for Review is out of Time

[123] The Meeting Date Decision was confirmed by a letter from the TSX to InterRent on June 19, 2009. The correspondence shows that NorthWest was aware of that decision by June 24, 2009. The request for a hearing and review of that decision is dated August 4, 2009. Accordingly, NorthWest's request for a hearing and review of the Meeting Date Decision was made more than 30 days after the date of that decision and is out of time. Accordingly, we dismiss the Application as it relates to the Meeting Date Decision.

IV. Conclusions

[124] Although we are entitled to see the full record that was before the TSX in connection with the Listings Committee Decision, including the names of the Subscribers, we concluded that such disclosure was not necessary in this case.

[125] The TSX record demonstrates that the TSX considered the concerns expressed by NorthWest and that the TSX was alive to the relevant regulatory issues and considerations when it decided not to require unitholder approval of the Private Placement.

[126] In the circumstances, NorthWest has not met the heavy onus of demonstrating grounds upon which we should intervene in the Listings Committee Decision.

[127] Accordingly, we deferred to the Listings Committee Decision and dismissed the Application as it relates to that decision.

[128] We also dismissed the Application as it relates to the Meeting Date Decision because that application was filed out of time.

DATED at Toronto on the 15th day of October 2009.

"James E. A. Turner"

"David L. Knight"

SCHEDULE A – RELEVANT PROVISIONS OF THE TSX COMPANY MANUAL

Part I - Introduction

Interpretation

In this Manual,

…

"materially affect control" means the ability of any security holder or combination of security holders acting together to influence the outcome of a vote of security holders, including the ability to block significant transactions. Such an ability will be affected by the circumstances of a particular case, including the presence or absence of other large security holdings, the pattern of voting behaviour by other holders at previous security holder meetings and the distribution of the voting securities. A transaction that results, or could result, in a new holding of more than 20% of the voting securities by one security holder or combination of security holders acting together will be considered to materially affect control, unless the circumstances indicate otherwise. Transactions resulting in a new holding of less than 20% of the voting securities may also materially affect control, depending on the circumstances outlined above;

…

Part VI - Changes in Capital Structure of Listed Issuers

Sec. 602. General

(a) Every listed issuer shall immediately notify TSX in writing of any transaction involving the issuance or potential issuance of any of its securities other than unlisted, non-voting, non-participating securities.

(b) A listed issuer may not proceed with a Subsection 602(a) transaction unless accepted by TSX. Failure to comply with this provision may result in the suspension and delisting of the listed issuer's listed securities (see Part VII of this Manual).

…

Sec. 603. Discretion

TSX has the discretion: (i) to accept notice of a transaction; (ii) to impose conditions on a transaction; and (iii) to allow exemptions from any of the requirements contained in Parts V or VI of this Manual.

In exercising this discretion, TSX will consider the effect that the transaction may have on the quality of the marketplace provided by TSX, based on factors including the following:

(i) the involvement of insiders or other related parties of the listed issuer in the transaction;

(ii) the material effect on control of the listed issuer;

(iii) the listed issuer's corporate governance practices;

(iv) the listed issuer's disclosure practices;

(v) the size of the transaction relative to the liquidity of the issuer; and

(vi) the existence of an order issued by a court or administrative regulatory body that has considered the security holders' interests.

Sec. 604. Security Holder Approval

(a) In addition to any specific requirement for security holder approval, TSX will generally require security holder approval as a condition of acceptance of a notice under Section 602 if, in the opinion of TSX, the transaction:

(i) materially affects control of the listed issuer; or

(ii) provides consideration to insiders in aggregate of 10% or greater of the market capitalization of the listed issuer and has not been negotiated at arm's length.

If any insider of the listed issuer has a beneficial interest, direct or indirect, in the proposed transaction which differs from other security holders of the same class TSX will regard such a transaction as not having been negotiated at arm's length.

(b) For other transactions, TSX's decision as to whether to require security holder approval will depend on the particular fact situation having specific regard to those items listed in Subsection 604(a). For the purposes of Subsection 604(a)(ii), the insiders participating in the transaction are not eligible to vote their securities in respect of such approval.

…

Sec. 607. Private Placements

(a) TSX defines the term "private placement" as an issuance of treasury securities for cash consideration or in payment of an outstanding debt of the listed issuer without prospectus disclosure, in reliance on an exemption from the prospectus requirements under applicable securities laws.

…

(c) Private placements not subject to Sections 604 and 717 and that are:

(i) offered at a price per security at or above market price, regardless of the number of listed securities issuable, or

(ii) for an aggregate number of listed securities issuable equal to or less than 25% of the number of securities of the listed issuer which are outstanding, on a non-diluted basis, prior to the date of closing of the transaction where the price per security is less than the market price but within the applicable discounts set out in Subsection 607(e),

will be accepted by TSX generally within three (3) business days of TSX receiving notice thereof. Notice to TSX of this type of private placement is effected by submitting Form 11 "Private Placement—Expedited Filing" found in Appendix H.

…

(g) TSX will require that security holder approval be obtained for private placements:

(i) for an aggregate number of listed securities issuable greater than 25% of the number of securities of the listed issuer which are outstanding, on a non-diluted basis, prior to the date of closing of the transaction if the price per security is less than the market price; or

(ii) that during any six month period are to insiders for listed securities or options, rights or other entitlements to listed securities greater than 10% of the number of securities of the listed issuer which are outstanding, on a non-diluted basis, prior to the date of closing of the first private placement to an insider during the six month period.

…

3.1.3 Hahn Investment Stewards & Co. Inc.

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

AND

IN THE MATTER OF
HAHN INVESTMENT STEWARDS & CO. INC.

AND

IN THE MATTER OF
A DECISION OF THE INVESTMENT INDUSTRY
REGULATORY ORGANIZATION OF CANADA

REASONS AND DECISION

Hearing:	March 12, 2009	
Decision:	October 19, 2009	
Panel:	Patrick J. Lesage, Q.C.	- Commissioner and Chair of the Panel
	Suresh Thakrar	- Commissioner
	Margot C. Howard	- Commissioner
Counsel:	Jeffrey Larry Danny Kastner	- For Hahn Investment Stewards & Co. Inc.
	Brian Gover Andrea Gonsalves	- For Investment Industry Regulatory Organization of Canada
	Yvonne B. Chisholm Matthew Thompson	- For the Ontario Securities Commission
	Luis Sarabia Linus Yung	- For TSX Inc.

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REASONS AND DECISION

I. OVERVIEW

A. Introduction

[1] On March 12, 2009, we heard an application (the "Application") by Hahn Investment Stewards & Co. Inc. ("Hahn Investment") for a Hearing and Review of the decision of the Investment Industry Regulatory Organization of Canada ("IIROC") made October 17, 2008 refusing to vary or cancel certain trades made in Exchange Traded Funds ("ETFs").

[2] Hahn Investment requests a variation or cancellation of the ETF trades made on its behalf on October, 14, 2008 between 9:30 a.m. and the suspension of trading in some of these ETFs commencing around 9:36 a.m., because of the significant divergence that day between the underlying values of the indices that the ETFs track and the traded prices of the ETFs on the Toronto Stock Exchange (the "Exchange").

[3] On October 14, 2008, the day of the trades at issue, Hahn Investment's broker-dealer, Penson Worldwide ("Penson") requested that IIROC rule that the trades were unreasonable and thus cancel or reprice them, pursuant to paragraph 10.9(d) of

the Universal Market Integrity Rules ("UMIR"). Chris Lewer ("Lewer"), IIROC's Manager of Market Supervision refused Penson's request (the "Initial Decision").

[4] On October 15, 2008, Wilfred Hahn ("Hahn"), the President and Chief Executive Officer of Hahn Investment contacted Michael Prior ("Prior"), Vice President Surveillance of IIROC, asking him to reconsider the Initial Decision. On October 16, 2008, pursuant to this request, Prior conducted an internal review of the Initial Decision and concluded that the decision was correct (the "Internal Review").

[5] On October 16, 2008, pursuant to Rule 11.3 of UMIR, Barclays Global Investors Canada Limited ("Barclays"), the manufacturer of the ETFs at issue, made a formal appeal to Rosemary Chan ("Chan"), the Senior Vice-President and General Counsel of IIROC of the Initial Decision. On October 17, 2008, IIROC made its appeal decision which denied Barclays' appeal (the "Chan Decision").

[6] Hahn Investment, through its application filed on November 13, 2008, seeks a Hearing and Review of the Chan Decision before a panel of the Ontario Securities Commission (the "Commission"). The Application requires us to consider, based on the facts and circumstances in this case, whether we should confirm IIROC's decision or make such other decision as proper pursuant to section 21.7 of the Securities Act, R.S.O. 1990, c. S.5, as amended (the "Act").

[7] It is clear that the trade fills that occurred were within the parameters of how they were entered into the market from a technical basis. It is also clear that the results of these trades were not what was expected and we accept that this is not a case of an Investment Counsel and Portfolio Manager ("ICPM") or buyer trying to cancel a trade as a result of a "bad fill". We must decide whether we are prepared to substitute our decision for IIROC's decision.

B. The Parties

1. Hahn Investment Inc.

[8] Hahn Investment is a wealth manager that was founded in 2001, and is licensed as an ICPM in Ontario and British Columbia. It has a head office located in Kelowna, British Columbia and a regional office located in Oakville, Ontario. Hahn Investment manages portfolios of assets for individual investors. Hahn Investment employs an investment strategy comprised exclusively of ETFs.

2. IIROC

[9] IIROC is a self-regulatory organization ("SRO") that oversees all investment dealers and trading activity on debt and equity marketplaces in Canada. IIROC was formed in 2008 through the consolidation of Market Regulation Services Inc. ("RS") and the Investment Dealers Association of Canada ("IDA").

3. The TSX

[10] TSX Inc. ("TSX") is a company organized under the *Business Corporations Act*, R.S.O. 1990, c. B.16. The TSX owns and operates the Exchange and TSX Venture Exchange. The Exchange is a virtual marketplace where participating organizations of the Exchange "meet" to buy and sell securities on a computer-based platform in what is known as a "central limit order book".

[11] The TSX sought and obtained intervenor status in this proceeding to address assertions regarding its conduct with regards to the ETFs that are the subject of the Application.

4. Staff

[12] Staff of the Commission ("Staff") is also a party to the Hearing and Review proceeding before the Commission. Staff's written and oral submissions focused on the appropriate standard of review that the Commission should apply, and on the appropriate remedy, if any, that the Commission should impose in the circumstances.

II. BACKGROUND

A. Trading on the TSX

1. The TSX's role with respect to trading on the Exchange

[13] The TSX facilitates trading on both the Exchange and the TSX Venture Exchange by managing the computer-based central limit order book, including monitoring the daily opening of trading in accordance with the Exchange's rules.

2. IIROC's role with respect to trading on the Exchange

[14] The TSX has delegated its authority over market regulation services to IIROC. IIROC sets and enforces market integrity rules, the UMIR, regarding trading activity on Canadian equity marketplaces. Among its responsibilities, IIROC has authority under Rule 10.9(1)(d) to "vary or cancel any trade which, in the opinion of [an IIROC] Market Integrity Official, is unreasonable or not in compliance with" the UMIR. The authority under Rule 10.9(1)(d) is referred to as a "Trade Ruling".

3. The opening of trading on the Exchange

[15] Before reviewing the relevant facts, it is necessary to outline certain background information regarding trading on the TSX. This information is necessary for a proper understanding of the relevant facts.

[16] Trading on the Exchange normally opens at 9:30 a.m. and closes at 4:00 p.m. (EST) every business day. Participating organizations may place orders for any security beginning at 7:00 a.m. prior to the opening of trading on a given day. Orders placed before the opening of trading are not immediately filled. If these orders are "market buy" they are filled at the lowest existing offer to sell or the Calculated Opening Price (the "COP") once the market opens. If theses orders are "limit buy" they can be filled up to their specified limit price.

[17] The COP is a figure which is determined by a computer program, during the pre-opening of the Exchange. The COP of a particular security is based on the buy and sell orders in the central limit order book prior to opening.

[18] An updated COP value of each security is continuously provided to market participants, prior to the opening of trading. During this time, participating organizations are permitted to adjust or withdraw orders if the COP varies from their desired execution price.

[19] The Exchange's computer system automatically prompts the TSX's Trading Services Team if the COP of a particular security exhibits significant volatility relative to its previous closing price ("Opening Alert") or if a single order would create significant volatility relative to the last completed trade ("Trade Freeze").

B. ETFs

[20] One type of security traded on the Exchange is an ETF. An ETF is a hybrid investment vehicle in that it is both an open-ended fund and a listed security which trades on a public stock exchange. ETFs are securities that state legal right of ownership over part of a basket of other securities. ETFs usually replicate the composition of the stocks that comprise an index such as the S&P 500. During 2008, the aggregate value of trades in ETFs on the Exchange was $152 billion, as stated on the TSX's website.

[21] A unique characteristic of ETFs is the fact that, pursuant to an agreement with the manufacturer of the ETF, a registered broker or a dealer, generally referred to as a "Designated Broker" and sometimes referred to as an "Authorized Participant" may create shares of the ETF for sale and will generally purchase the individual stocks contained in the ETF basket of stocks in the relevant market to offset their liability. The creation process and a similar redemption process helps to keep the share price of an ETF very close to the net asset value ("NAV") of the ETF.

[22] The ETFs at issue are:

(a) XIN, an ETF, which we now know owns a single security, EFA. EFA is XIN's U.S. counterpart which trades on the NYSE during the same hours that XIN trades on the Exchange. EFA tracks the Morgan Stanley Capital International Europe Australasia and Far East stock index (the "MSCI EAFE"). The MSCI EAFE is commonly used as a measure of broad international stock performance;

(b) XSP is an ETF that tracks the Standard & Poor ("S&P") 500 index of stocks. The S&P 500 index is comprised of 500 large cap stocks which trade actively in the United States;

(c) XIC is an ETF that tracks the S&P/TSX Capped Composite index of stocks. This index is comprised of a selection of the largest and most liquid securities on the TSX; and

(d) XFN is an ETF that tracks the S&P/TSX Capped Financial index of stocks.

C. Chronology of Relevant Events

1. Events before trading on October 14, 2008

[23] On Monday, October 13, 2008, the Exchange was closed for trading for Canadian Thanksgiving Day. On the same day, the Dow Jones Industrial Average, in the United States, advanced 976 points, the largest advance ever during a session and the largest advance on a percentage basis since 1932.

[24] On that day, Tyler Mordy ("Mordy") of Hahn Investment contacted Penson with a request to execute a number of trades on the Exchange and the New York Stock Exchange ("NYSE"). As the Canadian markets were closed, only the U.S. trades were effected. Mordy instructed Penson's trader Farah Kamal ("Kamal") to enter the Canadian orders at the opening of trading on October 14, 2008.

[25] In the written transcripts of the phone conversations between Mordy and Kamal on October 13 and 14, 2008, prior to the opening of trading on the Exchange, Mordy requested that Kamal place the requested orders at "fill upon opening" to get the opening prices for each ETF on October 14, 2008 but asked Kamal to "work" the orders and indicates that he did not want to move the market. Kamal cautioned that the volume of the orders placed by Mordy was very large and offered to refer him to a specialist, however there is no record of a conversation between Mordy and a Penson specialist.

[26] Given the extreme market movements on October 13, 2008 in the United States, while the Exchange was closed, it was anticipated that there would be significant market activity on October 14, 2008. In particular, the TSX anticipated that a large number of buy offers would significantly drive up the COP for most if not all stocks on October 14, 2008.

[27] Prior to the opening of trading on the Exchange on October 14, 2008, a large number of securities produced Opening Alerts. Because of the significant number of Opening Alerts, the Trading Services Team was physically unable to investigate and clear all the alerts before opening. All of the ETFs in issue in this proceeding caused Opening Alerts.

2. Events during trading on October 14, 2008

[28] Penson entered its first limit buy order for 75,000 shares of XIN at $25.00 at 8:44:52 a.m., 45 minutes before the Exchange was scheduled to open. The COP of XIN had steadily increased from $22.20 at 8:00 a.m. to $25.00 after Penson placed this order. Just prior to the placement of this order, the COP was $24.00. The COP remained constant at $25.00 until Penson placed a second limit buy order for an additional 50,000 shares of XIN at $28.00. The placement of this limit buy order above the COP of $25.00 at that point increased the COP to $28.00, until additional sell orders entered the market that reduced the COP back to $25.00 at 9:29:33 a.m. At 9:33:43 a.m., just before XIN was cleared to open, Penson entered its third limit buy order for 55,900 shares of XIN at $23.00 (for a total of 180,900 shares valued at approximately $4.5 million).

[29] As a result of the market volatility, an Opening Alert for XIN was triggered and the TSX decided not to clear XIN to trade at 9:30 a.m. XIN was cleared to open at 9:34:30 a.m. The decision to clear XIN to open was based, in part, on the fact that the TSX believed the COP of XIN to be showing reasonable stability.

[30] The TSX considered the COPs of XIC, XIU and XFN stable and cleared each ETF to open at 9:30 a.m. XSP was cleared to open at 9:31:34 a.m.

[31] By 9:36 a.m., market volatility had caused XIN, and other securities, to trigger Trade Freezes. The backlog of Trade Freezes prevented TSX staff from releasing delayed and frozen stocks and forced a halt in trading of XIN from 9:36 a.m. to 11:30 a.m. Like XIN, market volatility triggered a Trade Freeze on XIC, XIU and XFN and due to the backlog of Trade Freezes, trading in these ETFs was also halted from 9:36 a.m. to 11:30 a.m.

[32] Prior to trading being halted, Penson had buy orders for 125,000 shares of XIN filled at $25.00 each. Once Mordy learned of the prices at which the ETFs had been purchased, he requested that remaining unfilled orders be cancelled and both Penson and Hahn Investment personnel began contacting IIROC.

3. Events after trading was halted on October 14, 2008

[33] When trading of XIN resumed, the trading price was $17.00.

[34] At 11:47 a.m. on October 14, 2008, Joe Skaf ("Skaf") of Penson called IIROC to request a Trade Ruling on the opening trades of XIN. IIROC surveillance considered the request. Lewer made the decision that the trades would stand.

[35] Lewer was empowered to make such a ruling by virtue of paragraph 10.9(1)(d) of the UMIR– Power of Market Integrity Officials, which states the following:

> (1) A Market Integrity Official may, in governing trading in securities on the marketplace:
>
> …
>
> (d) vary or cancel any trade which, in the opinion of such Market Integrity Official, is unreasonable or not in compliance with UMIR or any Policy;

[36] In his request to Prior, on October 15, 2008, Hahn outlined Hahn Investment's position on the alleged mispricing and Penson's actions and provided Prior with an account of the events that led up to the trades in dispute. When Prior received Hahn's request, Prior was in Philadelphia with other IIROC Staff, attending a conference.

[37] On October 16, 2008, Penson contacted IIROC and asked for a reconsideration of the Initial Decision. Penson provided IIROC with email and telephone recordings which outlined the correspondence between Hahn Investment and Penson personnel regarding the trades. Prior had electronic access to the emails and telephone recordings submitted by Hahn Investment. Prior's Internal Review concluded that Lewer had properly ruled that the trades were not unreasonable after considering IIROC's internal policies on the exercise of IIROC's authority under Rule 10.9 of UMIR, and all the information that was available, including all the information provided by Hahn Investment and Penson.

[38] Later that same day, Barclays, on behalf of RBC DS, MD Management, Edward Jones and Hahn Investment, appealed to Chan under Rule 11.3 of UMIR, for a review of the Initial Decision (and implicitly Prior's Internal Review). On October 17, 2008, Chan concluded that the trades at issue were not unreasonable and thus, decided to let the Initial Decision stand.

[39] Barclays appeal to Chan was made pursuant to Rule 11.3 of UMIR – Review or Appeal of Market Regulator Decisions, which states the following:

> Any person directly affected by any direction or decision of a Market Integrity Official or a Market Regulator made in connection with the administration of UMIR shall request a review of the direction or decision by an executive officer of the Market Regulator prior to applying to the applicable securities regulatory authority for a hearing and review or appeal.

[40] On November 13, 2008, Hahn Investment filed this Application, seeking a review of the Chan Decision.

4. IIROC's Decision

[41] In its request to Chan for a review of the Initial Decision pursuant to Rule 11.3 of the UMIR, Barclays put forward the following arguments:

> (a) XIN, XFN, and XIC opened at premiums to their previous closing price of 67%, 27% and 36% respectively, and maintained these levels during their brief trading session;
>
> (b) To ensure the integrity of any marketplace, the rules and procedures which govern market opening and freezing must apply in a consistent, non-discretionary and transparent manner and must result in predictable outcomes;
>
> (c) In the abnormal circumstances that prevailed on the morning of October 14, these standards were clearly not met and the result was:
>
> (i) Markets which should have been frozen were permitted to open; and
>
> (ii) The price levels at which those markets opened, and at which participants subsequently traded, were unreasonable and would not have prevailed in an appropriately ordered market opening.
>
> (d) The only appropriate recourse in this case is the re-pricing or reversal of all trades which took place under these circumstances.

[42] By letter dated October 17, 2008, Chan communicated her decision to let the Initial Decision stand.

[43] With respect to XFN and XIC, Chan stated the following:

> I have concluded that the trades in the ETFs trading under the symbols XFN and XIC were not unreasonable, given the prices at which those trades occurred and prevailing market conditions. The prices at which the trades occurred in these securities are within the acceptable parameters set out in our internal policies.

[44] With respect to XIN, Chan stated that while the prices at which the trades in XIN occurred initially appear to raise concerns about the reasonableness of those trades, the Initial Decision was correct based on the following:

(a) By its nature, an ETF does not trade at the net asset value of the fund, but trades at a premium or discount to net asset value based on investor sentiment;

(b) During the pre-open on October 14, the S&P/TSX futures indicated that the Exchange was going to move significantly higher when it opened;

(c) XIN indicated a COP of $24.00 prior to the entry of the first client order on behalf of Hahn Investment by Penson at approximately 8:45 a.m.;

(d) In observing the COP of $24.00, Penson entered a portion of the Hahn Investment order with a limit of $25.00. Penson indicated to Mordy, of Hahn Investment, that the size of the order would likely impact the opening price and sought guidance as to how it should proceed. Hahn Investment was specific in that it desired a fill at the opening price if at all possible but not to "chase" the ETF. Following this conversation, Penson entered an additional order on behalf of Hahn Investment to buy XIN with a limit of $28.00. This order did not significantly impact the COP which rose slightly then returned to the $25.00 level shortly afterwards. Shortly after 9:30 a.m., the S&P TSX Composite Index was up approximately 16% over the previous closing level and appeared to be climbing higher. It was under these circumstances that Penson executed additional trades on Hahn Investment's behalf;

(e) In cases where hedge trades in the underlying securities cannot readily be executed (as is the case for XIN because most of the securities that underlie XIN are foreign), spreads for ETFs generally widen. In such circumstances, pricing of such ETFs is impacted more by supply and demand than it is by the value of the underlying securities. The COP demonstrated that there was strong demand for XIN during the pre-open on October 14; and

(f) The determination under paragraph 10.9(1)(d) of the UMIR as to whether or not a trade is unreasonable is made as of the time at which the trade occurred. Given the circumstances, outlined above, the trades by Hahn Investment in XIN were not unreasonable, notwithstanding the price at which those trades occurred.

[45] Barclays' appeal did not address XSP.

[46] Following the Chan Decision, on November 13, 2008, Hahn Investment filed this Application seeking a Hearing and Review of the Chan Decision. The Application raises several issues which we have set out below.

III. THE ISSUES

[47] When considering the Application, we must consider the following issues:

(a) What is the regulatory framework and appropriate standard of review under section 21.7 of the Act?

(b) Did IIROC err in law or proceed on an incorrect principle by failing to properly apply its own Policies and Procedures?

(c) Did IIROC overlook any material evidence?

(d) Is there new and compelling evidence before this Commission that was not presented to IIROC?

(e) In the event that we were to determine that IIROC's decision requires to be reviewed, what is the appropriate remedy?

IV. ANALYSIS

A. What is the regulatory framework and appropriate standard of review under section 21.7 of the Act?

1. Parties' Submissions

a) Hahn Investment

[48] In its written submissions, Hahn Investment submits that by reason of subsection 21.7(2) of the Act, the Commission exercises original jurisdiction when exercising its power of review under subsection 21.7(1) and thus, is free to substitute its

decision for that of IIROC, without deference. However, during oral submissions, Hahn Investment agreed that deference should be given to IIROC's decisions.

[49] Hahn Investment submits that the Commission is particularly free to substitute its own decision where the Commission has the benefit of a much more complex and extensive record than was before IIROC as it is in a better position to make a decision. Hahn Investment cites Investment Dealers Assn. of Canada v. Taub. (2007), 30 O.S.C.B. 4739 at paras. 26-27 ("*Taub*") and *Investment Dealers Assn. of Canada v. Boulieris* (2005), 2005 CarswellOnt 1995 (Ont. Div. Ct.) at para. 19; affirming *Investment Dealers Assn. of Canada v. Boulieris* (2004), 27 O.S.C.B. 1597 ("*Boulieris*") in support of its position.

[50] Hahn Investment submits that the Commission has held that it will interfere with a decision of an SRO, such as IIROC, if one of the following grounds is present:

(a) the SRO has proceeded on an incorrect principle;

(b) the SRO has erred in law;

(c) the SRO has overlooked some material evidence;

(d) new and compelling evidence is presented to the Commission that was not presented to the SRO; or

(e) the SRO's perception of the public interest conflicts with that of the Commission.

[51] Hahn Investment cites Taub, Boulieris and *Re Canada Malting Co*. 1986, 9 O.S.C.B. 3566 at 3587 ("*Re Canada Malting*") in support of this submission.

[52] Hahn Investment submits that it is clear that IIROC made fundamental legal errors that require IIROC's decision be reversed. Hahn Investment further submits that the integrity of the capital markets and confidence in the capital markets will be compromised if the unreasonable trades are allowed to stand.

b) IIROC

[53] IIROC submits that its authority under subrule 10.9(1) of the UMIR is a discretionary one to be exercised according to its mandate and expertise.

[54] IIROC submits that the established standard of review is reasonableness. IIROC relies on the definition of deference provided by the Supreme Court of Canada in *New Brunswick (Board of Management) v. Dunsmuir*, [2008] 1 S.C.R. 190, at paras. 48-49.

[55] IIROC submits that the Commission should accord deference to factual determinations of the SRO that are central to the SRO's specialized competence, and should not lightly set aside a decision of an SRO that involves such determinations. IIROC cites *Re Shambleau* (2002), 25 O.S.C.B. 1850 in support of this position.

[56] IIROC submits that it has developed a considerable expertise with respect to the issue of market integrity and that a decision falling within the scope of that expertise, such as that under review, merits appropriate deference on review.

[57] IIROC submits that the circumstances in which it must make Trade Rulings support a deferential standard of review. IIROC submits that it must make Trade Rulings within a few minutes of the trade but at worst before settlement, which usually happens within days of the trade, because of the disruption to trading that will result if it decides to cancel or vary a trade.

[58] IIROC submits that timely decisions are central to market integrity as investors must have confidence that a trade, once made, will be permanent. IIROC further submits that the more time that passes before a trade is varied or cancelled, the more it will prejudice a party who is not responsible for any error and thus rulings to cancel or vary trades pose a particularly significant risk to market integrity.

[59] IIROC submits that it cannot be empowered and required to make a decision in real time and then have that decision second-guessed based on hindsight and on an expanded record. Accordingly, IIROC submits that the heightened record available to the Commission in this review proceeding should not be considered significant, notwithstanding the Commission's original jurisdiction.

[60] IIROC submits that applying the reasonableness standard of review, the Commission has no basis on which to interfere with the Chan Decision. IIROC submits that it followed the principles as set out in UMIR and its procedures manual and made no error in law.

[61] IIROC submits that given the general market conditions at the time of Hahn Investment's Trade Ruling request, had it made the Trade Ruling requested in this case, the floodgates would not have just opened, they would have broken off entirely. IIROC further submits that deference is essential to allow it to properly perform its regulatory functions in times of unprecedented market volatility, such as those that existed on the day of this trade.

c) The TSX

[62] The TSX agrees with IIROC that the Commission should exercise a deferential standard of review for a Trade Ruling.

[63] The TSX submits that where IIROC is called upon to review a trade, its decision should be seen to be authoritative and final only to be overturned in the most exceptional of circumstances.

d) Staff

[64] Staff agrees with Hahn Investment's submission that in *Re Canada Malting*, the Commission established the principles that dictate when it will intervene pursuant to an application filed under section 21.7 of the Act.

[65] Staff submits that in *Re Canada Malting*, the Commission made clear that it would intervene if one of the five grounds was made out. Staff further submits that the Commission described the applicants as having a "heavy burden" of showing that their case fits within one of five grounds established in *Re Canada Malting*.

[66] Staff submits that highly technical decisions are more likely to engage the specific expertise of the SRO and in respect of those decisions, a more deferential posture on the part of the Commission will generally be appropriate.

[67] Staff submits that the Chan Decision was a highly technical, factually specific and time sensitive one which engaged IIROC's expertise. Staff further submits that a review of Commission hearing and review cases suggests that this is the sort of decision which should not be lightly set aside.

[68] Staff cites *Re Security Trading Inc*. (1994), 17 O.S.C.B. 6097 ("*Security Trading*") in support of its position. Staff submits that *Security Trading* involved a review of a decision by the Board of Governors of the TSX by which it revoked the rights and privileges of membership of Security Trading Inc. The Commission found that given that *Security Trading* involved the suitability of a firm for membership with the TSX, it should defer to the decision of the TSX.

[69] Staff also cites *Re Cavalier Energy Ltd*. (1991), 14 O.S.C.B. 1480 ("*Cavalier Energy*") in support of its position. Staff submits that in *Cavalier Energy* the TSX's Board of Governors imposed certain conditions on its approval of the original listing of Cavalier Energy Limited on the Exchange. The Commission expressed its reluctance to substitute its own view for that of the TSX, if the conclusions of the TSX were based on some evidence that could support its decision, acting reasonably.

[70] Staff submits that, although the Commission did not defer to the TSX in *Re HudBay Minerals Inc*. (2009), 32 O.S.C.B. 1089, the Commission affirmed that it generally defers to the judgment of the TSX, particularly in the areas of the TSX's expertise.

[71] Staff also submits that though the Commission intervened in *Re Shambleau* and intervened in part in *Boulieris*, in both cases the Commission affirmed that it will accord deference to factual determinations central to the specialized competence of recognized stock exchanges and SROs.

[72] Finally, Staff cites *Re Berry* (2008), 31 O.S.C.B. 5441 as another example of the Commission affirming its "restraint approach" to intervening in the decisions of SROs even though in that case the Commission did intervene on the grounds that the SRO in that case did not have unique or special expertise in the contested issue.

[73] Staff submits that generally speaking, the cases demonstrate that the Commission has been more likely to intervene when broad based principles are at issue, and less likely to intervene when the SRO has made a technical decision which requires it to call upon the SRO's expertise.

[74] While Staff is generally in agreement with IIROC's submissions on the standard of review, Staff submits that the Commission should not import a reasonableness standard akin to that employed by courts in reviewing decisions of administrative tribunals. In Staff's view, the existing body of Commission cases provide ample guidance for the determination and application of the standard of review to the Chan Decision.

[75] Staff submits that the Chan Decision under review involves a technical issue squarely within the expertise of IIROC and thus, the Commission should not lightly interfere with the Chan Decision.

2. Law

[76] Section 21.7 of the Act empowers the Commission to hold a hearing and review of a direction, decision, order or ruling of an SRO such as IIROC. Section 21.7 of the Act states:

> Review of decisions
>
> 21.7 (1) The Executive Director or a person or company directly affected by, or by the administration of, a direction, decision, order or ruling made under a by-law, rule, regulation, policy, procedure, interpretation or practice of a recognized stock exchange, recognized self-regulatory organization, recognized quotation and trade reporting system or recognized clearing agency may apply to the Commission for a hearing and review of the direction, decision, order or ruling.
>
> Procedure
>
> (2) Section 8 applies to the hearing and review of the direction, decision, order or ruling in the same manner as it applies to a hearing and review of a decision of the Director.

[77] Section 8 of the Act outlines the procedures that must be followed and the powers of the Commission when conducting a hearing and review. Subsection 8(3) grants the Commission the power to confirm the decision being reviewed or make any other decision it deems proper. Subsection 8(3) of the Act states:

> Power on review
>
> (3) Upon a hearing and review, the Commission may by order confirm the decision under review or make such other decision as the Commission considers proper.

3. Analysis

[78] IIROC, the TSX and Staff all agree, in both their oral and written submissions, that the the Commission should generally show deference to a decision of an SRO. While Hahn Investment states in its written submissions that the Commission is "free to substitute its judgment for that of IIROC, without deference", in its oral submissions Hahn Investment agreed that the Commission should show deference to these decisions.

[79] As Staff submitted to us, there exists an extensive body of case law of the Commission, dealing with standard of review that provides ample guidance for the determination and application of the standard of review to the Chan Decision.

[80] *Re Canada Malting* stands as the foundational case of the Commission, on the standard of review. In that case, the Commission outlined the five grounds on which it might intervene with a decision of an SRO. The SRO in *Re Canada Malting* was the TSX as it then was. The five grounds established by the Commission in *Re Canada Malting* are:

> (a) the self-regulatory entity has proceeded on an incorrect principle;
>
> (b) the self-regulatory entity has erred in law;
>
> (c) the self-regulatory entity has overlooked some material evidence;
>
> (d) new and compelling evidence is presented to the Commission that was not presented to the self-regulatory entity; or
>
> (e) the self-regulatory entity's perception of the public interest conflicts with that of the Commission.
>
> *Re Canada Malting, supra* at para. 24.

[81] We affirm that the Commission will not intervene simply because it may disagree with a decision (see *Security Trading, supra* at para. 37).

[82] More recently, in *Re Berry*, the Commission affirmed that we will employ a restrained approach to intervening in decisions of SROs, notwithstanding our broad powers of review (*Re Berry, supra* at para. 62).

[83] Deference to factual determinations made by SROs where those factual determinations are based on the specialized competences of the SRO will be the norm, consistent with our broad powers of review (*Re Shambleau, supra* at para. 15 and Boulieris, supra at para. 27).

[84] IIROC's mandate, as outlined in IIROC's Recognition Order (2008), 31 O.S.C.B. 5615 at 5615, is, in part, to:

> […]
>
> e. provide services to exchanges and quotation and trade reporting systems (QTRSs) (together with ATSs, Marketplace Members) that choose to retain it as a regulation services provider, as that term is defined under National Instrument 21-101 Marketplace Operation;
>
> f. if retained by an exchange or QTRS, administer, monitor and/or enforce rules pursuant to a regulation services agreement between IIROC and that exchange or QTRS (RSA);
>
> […]

[85] IIROC was exercising its authority under Rule 10.9 of the UMIR to deny a request for a cancellation or variation of a trade. The size, complexity and time sensitive nature of the trading which occurs on the Exchange requires that the institution, and its personnel possess unique knowledge and expertise about trading on the Exchange.

[86] We agree that the Chan Decision was very fact specific and time sensitive and, we therefore agree with the submissions of all the parties, that it is deserving of deference and should not be lightly set aside. Further, the predominant concern of the Commission should be market integrity, investor protection, and public interest considerations over the specific financial or business implications of our decision.

[87] When the Commission decides to intervene, we should explicitly state on what grounds we are intervening (*Boulieris, supra* at para. 35).

4. Conclusion

[88] Having reviewed the relevant case law cited above, we agree with the submissions of the parties, that deference should be afforded to a decision of an SRO under section 21.7 of the Act, and that we should be guided by the test set out in *Re Canada Malting*.

[89] While Hahn Investment made written submissions arguing that "IIROC made fundamental legal errors", this position was not pursued with much vigour in oral or written submissions. Lewer was authorized pursuant to paragraph 10.9(1)(d) of the UMIR to make a Trade Ruling and Chan was authorized pursuant to Rule 11.3 of the UMIR to conduct a review of Lewer's Trade Ruling. The Trade Ruling and Chan's review required factual determinations and analysis. We find that Lewer and Chan were clearly authorized to make the decisions they made.

[90] In the appropriate circumstances, we have the authority to substitute our own decision for an SRO's decision if we deem such a substitution in the public interest, however there were no submissions that IIROC's perception of the public interest conflicts with that of the Commission's, nor do we find any grounds for making such a ruling after reviewing the record.

[91] In light of these preliminary observations, we will focus our analysis on the remaining grounds for intervention set out in Re Canada Malting.

B. Did IIROC err in law or proceed on an incorrect principle by failing to properly apply its own Policies and Procedures?

1. Parties' Submissions

a) Hahn Investment Inc.

[92] Hahn Investment submits that IIROC misapplied its internal policy or misapprehended the evidence. The IIROC procedure sets 10% as a threshold for considering whether a price difference will impair market integrity. In particular:

(a) the trades of XIC were filled at $19.95, which was almost 36% higher than the closing price on the previous day of trading, while the underlying index, the S&P/TSX Capped Composite, was only 18.84% higher. As such, the fill price of XIC was almost 20% above fair value, and far above the 10% threshold contemplated in the IIROC's internal policy; and

(b) IIROC misapplied its own procedure with respect to the trades in XIC and, therefore erred in deciding that it was unnecessary to conduct the full unreasonableness analysis of the XIC trades.

[93] With respect to XFN, Hahn Investment submits that it purchased XFN at $24.00. This price reflected a 26.65% increase over the previous closing price, while the underlying index saw a price increase of 19.97%. Although this variance (of approximately 7%) is not as dramatic as the variances in the other ETFs in question, this variance is still unreasonable for an ETF, particularly one which tracks a large cap domestic index.

[94] With respect to XIN, Hahn Investment submits that:

(a) The discrepancy of more than 50% between XIN's trading price and the performance of the underlying index is, in itself, overwhelming and conclusive evidence of the unreasonableness of the trades.

(b) It is simply not credible to suggest that the trades were "deliberate" and that Hahn somehow expected, or even assumed the risk, that XIN would trade at $25.00, a price that would indicate a one day jump in broad international stock market indexes of more than 60%; and

(c) Regarding Penson, whether a civil remedy may be available is not a relevant consideration for IIROC or the Commission and that a fair and efficient capital market requires that unreasonable trades be reversed without regard to whether a civil remedy may exist.

b) IIROC

[95] IIROC submits that its procedures manual requires it to begin its approach to Trade Rulings with the presumption that "the best course of action is for market forces to drive trading activity without interference by IIROC". IIROC submits that it will only intervene where market integrity is at risk.

[96] Further, IIROC submits that while fair value is an important component of its inquiry, it is the beginning of the inquiry rather than the end. IIROC submits that its role is not to guarantee that securities will trade at fair value. According to IIROC, where there is a discrepancy between the trade price and the estimated fair value, the entire context of the trade must be considered to determine whether the discrepancy rises to the level of unreasonableness.

[97] IIROC submits that its role is to preserve market integrity, not to reverse trades that turn out to be unprofitable, and that it makes Trade Rulings based on whether or not the price paid was fair and reasonable at the time of the trade, not with the benefit of hindsight or after the markets have turned.

[98] IIROC submits that whether or not a trade is unreasonable under paragraph 10.9(1)(d) of the UMIR must be clear at the time it is made, and that there must be an expectation of due diligence on the part of the market participant and it is not the role of the SRO to do that due diligence. According to IIROC, a mere difference between the price of an ETF and the performance of its underlying index cannot be enough to make a trade unreasonable. IIROC further submits that its procedures manual expressly directs the Surveillance Officer ("SO") to consider the price difference in the context of all other relevant factors. The COP and the market price of an ETF are functions of supply and demand. IIROC submits that it cannot be responsible for ensuring that market participants post orders that do not significantly deviate from an ETF's NAV by reversing all trades where the difference is significant.

[99] In addition, IIROC points out that we should be considering the actions of Hahn Investment and Penson as they were entirely relevant to IIROC's assessment of whether the trades were unreasonable. IIROC submits that one of the relevant factors listed in its procedures manual is whether the trades were made in error or were deliberate. IIROC relies on the evidence of Hahn Investment's and Penson's conduct, which can be summarized as follows:

(a) Hahn Investment could have imposed a lower buy limit for the orders if it had a concern about paying too high a price; and

(b) There was no indication from the volume or number of transactions that Hahn Investment's orders were entered erroneously. The trading activity suggests that the person entering the trades had seen and considered the COP.

[100] With respect to XIN, IIROC submits that its internal procedures manual directs a SO to consider the price difference between the trade price and the estimated fair value, and suggests a 10% differential as a benchmark. IIROC submits that 10% is only a guideline. IIROC further submits that a 10% differential is a reasonable guideline on an ordinary trading day; but in the context of the historic rise in the U.S. markets experienced on October 13, 2008, and the extreme volatility experienced by markets on October 14, 2008, the standards for an ordinary day did not apply.

[101] In oral testimony, Prior commented on this extreme volatility by noting that:

> I think we gave more consideration and more weighting to the fact that the market had fallen 800 points during that two-hour period [The two hour period during which trading on the TSX was halted].

[102] With respect to XIC, XSP and XFN, IIROC submits that none of those securities exhibited a price differential that IIROC considered to be significant given the context in which the trades were made.

c) The TSX

[103] The TSX submits that the reasonableness of a trade should be determined with respect to the actions of a reasonable market participant in the circumstances. The TSX submits that under paragraph 10.9(1)(d) of the UMIR, a trade is unreasonable only if no reasonable market participant would have made the trade in the circumstances.

[104] The TSX submits that the actions of other market participants are strong evidence of the reasonableness of the trades at issue:

(a) Despite the quoted COP, a significant number of sellers did not enter the market at that price;

(b) After the opening of trading in XIN on October 14, 2008, 249 unique trades were executed at or above the price of $25.00 per share, the price Hahn paid, which they now seek to rescind or reprice. 209 of these trades did not involve Hahn Investment as a buyer; and

(c) Sophisticated market participants such as TD Securities, RBC Capital Markets, National Bank Financial Inc., Canaccord Capital Corp. and Penson Financial Services Canada Inc. also were willing to purchase XIN at or above $25.00 per share.

[105] The TSX submits that the number of market participants including very sophisticated participants who executed trades in volume similar to Hahn Investment's trades is compelling evidence that the trades in question were reasonable.

[106] Further, the TSX agrees with the conclusion reached by Chan that any security trading on the Exchange is not bound to the NAV of the security but "reflects either a discount or a premium to the [NAV] based on investor sentiment".

[107] According to the TSX, market regulators and trading service providers should not be asked to assess the relative value of securities. The TSX concurs with the position of IIROC that in making a Trade Ruling, "the best course of action is for market forces to drive trading activity without interference".

[108] The TSX further submits that it is the responsibility of market participants to attribute a value to securities they acquire. The TSX further submits that market participants will frequently attribute different values to the same security. The TSX submits that the mere fact that market forces price a trade outside of a particular calculation of NAV does not by itself render that trade unreasonable.

d) Staff

[109] Staff made no submissions on this point.

2. Law

[110] As established in Re Canada Malting and discussed above, where it finds that an SRO has erred in law, has proceeded on an incorrect principle or has made an unreasonable decision, the Commission will intervene in the SRO's decision.

3. Analysis

[111] As explained above, IIROC made two decisions related to Hahn Investment's October 14, 2008 trades and conducted the Internal Review. Lewer declined Penson's request made pursuant to paragraph 10.9(1)(d) of the UMIR to vary or cancel the trades; Prior's Internal Review concluded that the Initial Decision was correct; and Chan declined Barclay's request pursuant to rule 11.3 of the UMIR to overrule the Initial Decision.

a) The Initial Decision

[112] IIROC received the initial request for a Trade Ruling at 11:47 a.m. on October 14, 2008 from Skaf and communicated its decision to Skaf at 2:01 p.m. In making his decision, Lewer considered the following:

(a) Trading in over 100 securities was delayed at the opening due to extreme price changes;

(b) The market as a whole opened significantly higher than the previous close and continued to rise following the open;

(c) The Manager, Market Quality, TSX had reviewed the opening price between 9:30 a.m. and 9:34 a.m. during the delay and had determined that the price was reasonable and released the stock;

(d) The length of time that had passed between the time of the trades (9:34 a.m.) and the request for a ruling (11:47 a.m.); and

(e) The market had changed direction since the trades had occurred.

b) Prior's Internal Review of the Initial Decision

[113] On October 15th at 3:50 p.m., Hahn asked Prior to reconsider the Initial Decision. On October 16, 2008 at 10:08 a.m., in an email correspondence, Prior made the following request to Hahn:

> We would like to know:
>
> (1) the terms of the orders when entered including buy or sell, quantity, security, executing dealer, time of entry;
>
> (2) market quote or indicated opening price at the time your orders were entered;
>
> (3) execution price, theoretical fair value based upon either current market price or indicated opening price of the underlying securities at time of entry and at time of execution; and
>
> (4) any other factors that you may consider relevant to this matter.

[114] IIROC requested that Penson provide "…whatever information it had concerning the trades…". The information provided by Penson consisted of email and telephone conversations between Mordy and Penson which occurred on October 13, 2008, and during the pre-market open period on October 14, 2008.

[115] In his affidavit, Prior testifies that he spent several hours reviewing the Initial Decision, the information that was provided and TOQ reports showing trading history which was provided by IIROC's Trade Review and Analysis staff. Prior also spoke with Lewer about the Initial Decision and the context in which that decision was made.

[116] Prior testifies that his conclusion was not conveyed to Hahn Investment or Barclays because it was internal.

c) Chan's consideration of the Appeal of the Initial Decision

[117] On October 16, 2008, Barclays formally requested that Chan review the Initial Decision. After receipt of Barclay's formal appeal of the Initial Decision, Chan asked Prior for an explanation of the process that Prior had followed and the grounds for his conclusion. Prior reviewed the circumstances of the trades, Lewer's analysis and Prior's own conclusions, with Chan.

[118] In her decision dated October 17, 2008, Chan stated the following, with regards to the steps taken to review the Initial Decision:

> In the course of this review, IIROC staff have reviewed order and trade information, tape recordings of telephone conversations between certain of the appellants identified in your letter and their investment dealers, and other relevant information. We have also reviewed and applied IIROC's internal policies governing the exercise of the powers under UMIR s. 10.9.

d) IIROC Policies and Procedures

[119] In his affidavit, Prior testified that IIROC's approach to Trade Rulings has been developed by benchmarking the practices of other market regulators, applying IIROC staff's long term experience with market surveillance, and regulatory precedents. Rulings are made in real time, and analysis is usually made within minutes of the request. Analysis and decisions are based on a 6-step process, as outlined in IIROC's procedures manual.

[120] IIROC's process for conducting an analysis and making a decision includes the following:

(a) First, the SO shall determine whether the buyer and/or seller have contacted IIROC to request a cancellation or variation, whether IIROC should proactively contact the buyer and seller, and/or whether a buyer and seller to a trade disagree on the proper course of action;

(b) The SO will then determine the current fair value for the security;

(c) The SO will determine the difference in price between the order or trade that is the subject of the inquiry and the current fair value for the security;

(d) The SO must consider the context of the price difference, whether the volume of the order or trade that is the subject of the inquiry is relevant in the circumstances, and any other relevant circumstances;

(e) In light of that context, the SO must decide whether the variation or cancellation of the order or trade, or halting or suspension is required; and

(f) Once the decision is made, the SO will issue the ruling (including a ruling settling a dispute between a buyer and seller, if necessary) and commence the halt, cancellation or variation, and communicate that ruling to all relevant parties.

[121] In addition, amongst other things, IIROC's procedures manual requires compliance with subrule 10.9(2) of the UMIR, which states the following:

In determining whether any quotation or trade in a security is unreasonable, the Market Regulator shall consider:

(a) prevailing market conditions;

(b) the last sale price of the security as displayed in a consolidated market display;

(c) patterns of trading in the security on the marketplace including volatility, volume and number of transactions;

(d) whether material information concerning the security is in the process of being disseminated to the public; and

(e) the extent of the interest of the person for whose account the order is entered in changing the price or quotation for the security.

[122] IIROC's procedures manual also requires that an SO consider all relevant factors, including the following:

(a) Prevailing market conditions;

(b) The amount of time that has passed since the subject order or trade was entered into the marketplace;

(c) Impact the request would have on the maintenance of an orderly market;

(d) The difference between the trade price and estimated fair value of the security. Is the difference greater than 10%?

(e) Recent trading patterns of the security on the marketplace;

(f) Was the trade made in error or was it the result of a deliberate trade?

e) Discussion

[123] With respect to XSP, we choose not to review IIROC's decision not to cancel, reprice or vary the trades in XSP that took place on October 14, 2008. Rule 11.3 of the UMIR is reproduced below.

Any person directly affected by any direction or decision of a Market Integrity Official or a Market Regulator made in connection with the administration of UMIR *shall* request a review of the direction or decision by an executive officer of the Market Regulator prior to applying to the applicable securities regulatory authority for a hearing and review or appeal.

[Emphasis added]

[124] As the Trade Rulings in XSP were not appealed to an executive officer of IIROC, we decline to exercise our discretion to review the trades in XSP.

[125] While IIROC's procedures manual provides a 6-step process for analyzing whether or not a trade is reasonable, the overall process appears to be greatly impacted by the context within which the decision is made. This is evidenced by Prior's testimony that trades that result in a change in price of less than 10% are generally not reviewed. Prior testified that:

> Actually, we tend to consider anything under 10 percent as what other markets would call a "no bust zone". So if you're not at least 10 percent away we're probably not going to give consideration to a cancellation or adjustment.

[126] It is worth clarifying that there are two 10% references in the record. The first, which is the initial threshold level that determines if further analysis will be completed is based on the change in price of the security in question. The second, which is referred to in IIROC's procedures manual, is part of the analysis once the 10% threshold has been breached and a more detailed analysis undertaken. This second 10% reference, relates to the difference between the trade price and estimated fair value.

[127] Prior also testified that in markets that are experiencing significant swings in prices, the 10% threshold is automatically increased to 20% or greater. As the price variances for XIC and XFN were less than 20%, IIROC did not engage in further analysis of these ETFs and ruled that the trades in these ETFs were not unreasonable.

[128] Hahn Investment submits that the policy of doubling the threshold to 20% ought to slide downwards when you are dealing with an ETF that tracks the largest index in Canada and one that is readily predictable and understandable.

[129] IIROC's procedures manual is not public and the policy of increasing the initial threshold to review a trade to 20% appears to be an unwritten internal policy. While there is likely value in having a more transparent process that is widely available to the public, we recognize IIROC's need for flexibility when determining whether or not to conduct a trade review. The maintenance of efficient markets dictates that IIROC make decisions very quickly and flexibility is necessary where quick decisions are required.

[130] We found that Prior's articulation of IIROC's policy, including the move to a 20% or greater threshold, in these circumstances, did not seem unreasonable.

[131] Based on the evidence presented to us, we therefore understand IIROC's process as: first a determination as to whether the loss in question meets the threshold and then if the threshold is met, a full analysis as to the reasonableness of the trade, using the 6-step analysis process, and at all times, considering the context surrounding the trade in question.

[132] Hahn Investment submits that a proxy for determining the difference between fair value and trade price was to compare the increase in price of the ETFs in question to the increase in price of the underlying indices of each ETF. IIROC submits that the determination of fair value is not conclusive, but rather is the beginning of the review process. The evidence before us suggests that IIROC appropriately followed its policy, as articulated to us in both written and oral evidence.

[133] The chart below, with the exception of the fourth and eighth columns which we added, was submitted by Hahn Investment and outlines the variance between the increase in each of the ETFs at issue and the increase in their respective underlying index from the close of trading on Friday October 10, 2008, to the close of trading on Tuesday October 14, 2008.

1	2	3	4	5	6	7	8
Symbol	Tracked Index	Closing Price (Oct. 10/08)	(Oct. 13/08) - Dow Jones Industrial Average, in the United States, advanced a record 976 points	Trade Fill Price (Oct.14/08)	Increase in price over (Oct.10/08)	Increase in Underlying Index from close of Oct. 10 to close of Oct. 14	Increase in ETF price less the Increase in Underlying Index
XIN	MSCI EAFE	$15.25		$25.00	63.9%	7.9%	56.0%
XSP	S&P 500	$11.10		$13.25	19.4%	12.3%	7.1%
XIC	S&P/TSX Capped Composite	$14.70		$19.95	35.7%	18.8%	16.9%
XFN	S&P/TSX Capped Financials	$18.95		$24.00	26.7%	20.0%	6.7%

[134] Based on Hahn Investment's submissions, the increase in price of XIN between the close of trading on October 10, 2008 and the time Hahn Investment's order was filled on October 14, 2008 was approximately 56% greater than the increase in the underlying index between the close of trading on October 10, 2008 and the close of trading on October 14, 2008. The corresponding variance for XSP, XIC and XFN were 7.1%, 16.9% and 6.7%.

[135] We note that the increases in the underlying indices submitted by Hahn were based on the values at the end of trading on October 14, 2008 while the actual trades occurred at the opening. Given the volatility on the morning of October 14, 2008, it is likely that the index values at the time Hahn Investment's orders were filled would have been greater than their closing values and thus would have resulted in smaller variances between the increase in price of each ETF and the increase in value of each respective underlying the index.

[136] The record provides ample evidentiary support for the conclusion that at the time of the trades at issue stocks on the Toronto market were trading at levels materially higher than the levels at which they ultimately closed.

(a) In the Chan Decision, Chan notes that "[s]hortly after 9:30 a.m., the S&P/TSX Composite Index was up approximately 16% over the previous closing level and appeared to be climbing higher";

(b) In oral testimony Victor Ciampini ("Ciampini"), Manager of Market Quality for the TSX, gave the following testimony with respect to what was anticipated on the morning of October 14, 2008:

> It appeared from the indications, the U.S. future indications, that we were looking at another at least several-hundred-point rise in the U.S. markets, which meant that not only would we have to gain the ground from Monday, we would also have to gain whatever rise occurred off the opening that morning as well. So add that onto the 1,000 points from the previous day, and that's likely what we were looking at right on the opening.

(c) Finally, as referred to above, in oral testimony, Prior stated that the Toronto market fell by 800 points during the period when trading on the Exchange was halted.

[137] On October 13, 2008, the Dow Jones Industrial Average in the U.S. increased by a record 976 points or 11%. Given that the Exchange was closed in Toronto on October 13, 2008, significant market movement was anticipated once the markets opened on October 14, 2008. Accepting Prior's testimony that the policy of IIROC was to move to a 20% or greater threshold during periods of extreme market shifts, we find it acceptable that IIROC would have increased the threshold to 20% for trades that occurred on October 14, 2008.

[138] At a 20% threshold, IIROC was acting within its policy when it chose not to review the XSP, XFN and XIC trades.

[139] With respect to the XIN trades, consistent with its policy, IIROC did review these trades. Both Chan, in her letter to Barclays, and Prior, in his testimony, state that IIROC reviewed all the evidence it had before it and considered the context

within which the trades were made. Without opining on the correctness of the decision reached by IIROC, we are satisfied that the process undertaken by IIROC was consistent with its policies and procedures.

4. Conclusion

[140] Given the foregoing analysis, we find that IIROC applied its own policies and procedures correctly. In particular, we conclude that:

(a) IIROC considered all the information submitted by Penson, Hahn Investments and its staff;

(b) IIROC, consistent with its policy, which it developed based on its specialized expertise, doubled the threshold percentage it uses to determine whether or not to intervene, given the prevailing market conditions. Also, consistent with its policy, IIROC only engaged in a detailed analysis of the single ETF whose change in price breached the threshold standard.

[141] We now turn to the issue of whether IIROC overlooked any material evidence.

C. Did IIROC overlook any material evidence?

1. Parties' Submissions

a) Hahn Investment Inc.

[142] Hahn Investment submits that Rule 10.9 of the UMIR requires an objective assessment of whether a trade is unreasonable.

[143] Hahn Investment submits that there was a discrepancy of more than 50% between XIN's trading price and the performance of the underlying index, which in itself, is overwhelming and conclusive evidence of the unreasonableness of the trades.

[144] Hahn Investment submits that IIROC failed to appreciate that EFA, which trades on the NYSE during the same hours that XIN trades on the Exchange, is the only security held by XIN and erroneously believed that the securities underlying XIN traded on foreign exchanges which were, or may have been closed at the time of the XIN trades.

[145] Hahn Investment further submits that IIROC failed to consider the performance of EFA. In particular, Hahn Investment points out:

(a) That EFA did not trade at unreasonably high levels on October 14, 2008. EFA's opening price was 19% higher than its October 10, 2008 close as compared to XIN's opening price, which was 64% higher than its October 10, 2008 close;

(b) That IIROC's procedures manual for unreasonable trades lists whether the security in question is inter-listed as a relevant factor to consider, and that this consideration is relevant because trading on one exchange will provide strong guidance about the fair value of the trades in question on another exchange;

(c) That XIN is nothing more than EFA with a Canadian dollar hedge and thus, excluding foreign exchange considerations, XIN and EFA perform nearly identically. Further, Hahn Investment submits that the EFA's performance and trading history at the relevant times provides conclusive proof that the XIN trades were considerably in excess of fair value; and

(d) Alternatively, this evidence about EFA may be characterized as new and compelling evidence that was not before IIROC at the time of making its decision, which goes to establish that the trades were unreasonable and ought to be reversed.

[146] Hahn Investment submits that the best indicator of the value of the ETFs is the underlying performance of the index and, for all ETFs in question, that information was available or could easily have been available.

b) IIROC

[147] IIROC submits that it did not overlook material evidence and in fact requested via email that Hahn Investment provide it with all information that was relevant to its request for a Trade Ruling.

c) The TSX

[148] The TSX made no submissions on this point.

d) Staff

[149] Staff made no submissions on this point.

2. Law

[150] As established in Re Canada Malting, the Commission will intervene in an SRO's decision where it finds that an SRO overlooked any material evidence.

3. Analysis

[151] As was discussed in the preceding section. Hahn requested that Prior reconsider the Initial Decision and in response Prior requested all relevant information from Hahn. Hahn provided Prior the following information:

(a) A written email outlining Hahn Investment's position on why the trades were unreasonable;

(b) A spreadsheet showing the volumes and potential losses associated with the 5 contested trades; and

(c) A transcript of Mordy's recollections of conversations with Penson traders.

[152] Hahn and Hahn Investment failed to provide IIROC with any information on XIN's relationship relative to EFA, EFA's trading prices and volumes at the relevant times or changes in the US$/C$ foreign exchange rates which might have impacted XIN's trading value to EFA. Instead, Hahn submitted in his email, that since the XIN ETF trades went through at more than 60% above their prior close, the TSX Index would have had to trade in the vicinity of 16,000 points for the trades in XIN to be reasonable. It is worth noting that Penson, on behalf of Hahn, entered XIN orders with limits of $25.00, $28.00 and $23.00, which is an arithmetic increase of 64%, 84% and 51% respectively versus the October 10, 2008 close of XIN.

[153] On October 16, 2008, Penson requested that IIROC reconsider the Initial Decision. Penson provided IIROC with the email correspondence between Mordy and Penson of October 13 and 14 and the recordings of the telephone conversations between Mordy and Kamal of October 13 and October 14.

[154] Prior testified that he spent several hours considering the trades and Lewer's ruling, emails between Penson and Hahn Investment, voice recordings provided by Hahn Investment and TOQ reports of the trading history provided by IIROC's Trade Review and Analysis staff. Piror also testified that he reviewed this process and his conclusion with Chan.

[155] In his affidavit, Prior indicates that his conclusion was based on the following nine factors:

XIN is based on European, Australasian and Far East stocks. Those markets experienced significant volatility on October 13 and 14;

Many of the overseas markets were closed by the time the TSX opened on October 14. Many of the underlying securities were not available for trading and potential sellers had no guarantee they could suitably hedge a low sale price in the ETF. Anyone selling the ETF at the opening on October 14 could remain unhedged until the foreign markets responded for trading the next day;

The COP of XIN hovered around $25 and higher for an hour before the TSX opened XIN for trading on October 14. Even then, some sellers refused to sell at that price;

TSX staff had reviewed the opening price of XIN during the time that it was delayed and had determined that it was reasonable to allow it to open at $25;

The Penson trader appeared to have observed that the COP was at $24 prior to the entry of the order and had made a decision to pay $25 in order to guarantee participation at the open;

The XIN price increased after Hahn Investment's order was filled;

The COP of XIN was at $24 at the time the Penson trader entered a portion of Hahn Investment's order with a limit of $25. While that order likely drove the COP of $25, subsequent orders pushed the COP even higher, to $26;

> Mordy appeared to be unaware of the COP until after the orders were filled, but he confirmed that the Penson trader should put in the order "at the opening price", and he had the means available to him to determine the COP;
>
> Given the activity of other markets on October 13, Mordy would have known that the price of XIN was likely to increase from the previous close of October 10.

[156] In cross-examination, Prior testified that an additional factor, though a "small factor", considered by IIROC was the fact that the securities were available for trading on alternative trading systems in Canada.

[157] In oral testimony, Prior testified that his email request to Hahn sought information that would help IIROC determine:

> (a) Whether the trades were erroneously entered by a trader or whether the bid prices were entered correctly;
>
> (b) What Hahn believed the price of the respective ETFs should have been as cancellation was probably not possible and thus any remedy would have been some kind of price adjustment.

[158] Prior further testified that Hahn's response was inconclusive as to what the fair value should have been and only served to reinforce the difficulty of determining fair value.

[159] Given Prior's testimony with regards to the information he requested, obtained and considered and his testimony that he reviewed this information, and the process with Chan, there is no basis for finding that IIROC overlooked information that it obtained from Hahn Investment or Penson.

[160] In cross-examination and closing submissions, Hahn Investment appears to make the claim that at the time of the Chan Decision, IIROC failed to consider information which would have informed it as to how the MSCI EAFE performed at the relevant times. This information was not available at the time of the Initial Decision but was available at the time of the Chan Decision.

[161] In cross-examination, Hahn Investment's counsel asked Prior the following question:

> By the time you got to Ms. Chan's decision you didn't just have that information available [information on the previous market close of the MSCI EAFE index]; you did have information available to you that – you could have had information available to you about what did the MSCI EAFE Index do on that day [October 14, 2008]. That information was certainly available wasn't it?

[162] Prior agreed on cross-examination that information regarding the MSCI EAFE index could have been obtained. Prior also agreed that IIROC probably assumed that the MSCI EAFE index, the S&P/TSX Composite and the S&P 500 Index would generally move in similar directions.

[163] However, Prior also testified on cross-examination that the MSCI EAFE index was not trading at the time Lewer made his decision and thus information related to that index was not overlooked by Lewer. Prior also testified that while information regarding how MSCI EAFE traded on October 14, 2008 was available, but not reviewed, by the time Chan made her decision, IIROC must review the Initial Decision in the context within which he made his decision. Prior testified as follows:

> But the point I'm making was that index [the MSCI EAFE] was not openly trading at the time Lewer made the decision. Yes, we had now the benefit of hindsight, what happened eight, ten hours after Mr. Lewer's decision as to what happened to the MSCI Index. But we don't typically use information like that subsequent to market movements that weren't available at the time to go back and revisit the decision. We have to rely on the information that we had at the time of the decision. You can't modify decisions based upon subsequent information that becomes available.

[164] Prior further testified that Hahn had suggested the TSX as a proxy for determining fair value of XIN. Therefore to assist them to determine what the fair value of XIN should have been, IIROC compared the change in the TSX index to the change in price of XIN.

[165] With respect to IIROC's efforts to determine the fair value of XIN, we find the following statements by Hahn, in his email reply to Prior, rather instructive:

> A great difficulty for us is to calculate what the theoretical index values should have been at the opening, given that these themselves will be reliant on the smooth functioning of the indices themselves (at least one of the contested trades being linked to the S&P/TSX Index). *In the meantime, we are getting assistance from a major trading firm based in New York to help attempt to compute what value should have been. Likely, this will prove impossible* and as such will put us in a very vulnerable position with respect to our fiduciary client responsibilities.
>
> [Emphasis added]

[166] When reviewing the evidence, including the above quote, in the context of a deferential standard of review, accepting that IIROC made a technical decision which utilized its particular expertise, we do not find that IIROC overlooked material evidence.

[167] As the statement from Hahn suggests, in the immediate aftermath of the trades and at the time a Trade Ruling and a subsequent appeal were requested, it was unclear, to all involved, how to best estimate fair value. Using the information and recommendation of Hahn, IIROC made a judgment as to the best proxy for fair value and subsequently whether there was any need for further reasonableness analysis.

[168] Information regarding exactly what security was held by XIN was presented to IIROC well after the Chan Decision which is at the heart of this Application.

4. Conclusion

[169] It is clear that Hahn Investment whose expertise and principal area of trading is ETFs ought to have known that EFA was the only security held by XIN at the time IIROC was reviewing the trades at issue. It is also clear at the time IIROC was reviewing the trades at issue, Hahn Investment knew or ought to have known that the trades in XIN deviated from the values at which EFA was trading. However, Hahn Investment failed to provide this information to IIROC despite Prior's request for any information that Hahn Investment considered relevant.

[170] When one analyzes all the evidence and the context in which the trades were made, including the time sensitive nature of its decisions, we are satisfied that IIROC adequately reviewed all the information it had and did not overlook any material information which it had before it.

[171] We will now address the new information which was presented to the Commission.

D. Is there new and compelling evidence before the Commission that was not presented to IIROC?

1. Parties' Submissions

a) Hahn Investment Inc.

[172] Although the Chan Decision did not deal specifically with XSP, Hahn Investment submits that the Commission has the power to address the trades in XSP and ought to reverse or re-price them. Hahn Investment purchased XSP at $13.25. This price on the morning of October 14th reflected a 19.4% increase over the previous closing price, while the underlying index saw a price increase of 12.3% by the end of the day.

[173] Hahn Investment submits that XIN holds only one security, the shares of EFA, its U.S. counterpart which trades on the NYSE, and that this is new and compelling evidence that was not presented to IIROC. According to Hahn Investment, this is new and compelling evidence because it challenges one of the basis for IIROC's ruling, as in its ruling IIROC relied on the assumption that there was no "suitable hedge" for XIN shares.

[174] Hahn Investment submits that it was entitled to assume that the market regulator would have current information before it and it is not its fault that IIROC did not know that XIN's only holding is EFA. Before Mordy's supplemental affidavit, Lewer, Prior and Chan believed that XIN tracked the MSCI EAFE directly. Prior testified that IIROC used the original listing statements of the TSX to ascertain what index each ETF tracks to help it determine how to best benchmark each ETFs value. The original listing statement for XIN showed its underlying index to be MSCI EAFE. The TSX does not update the original listing statement and unbeknownst to IIROC, Barclays had changed the underlying assets of XIN to EFA several years earlier. Hahn Investment further submits that EFA was a suitable hedge that was trading on October 14, 2008 on the NYSE.

b) IIROC

[175] IIROC submits that, at the time it considered Hahn Investment's request for a Trade Ruling, it was not aware that XIN's sole underlying security was EFA or that EFA was a NYSE-listed ETF.

[176] IIROC submits that despite Hahn Investment's obligation under Subrule 10.9(3) of the UMIR to provide IIROC with any information in its possession or control that might be relevant to the decision, Hahn Investment failed to provide the information it now submits regarding the EFA. In any event, IIROC submits that there is no evidence that Hahn Investment considered EFA in deciding what price it was willing to pay for XIN.

[177] IIROC submits that Hahn Investment concedes that some explanation for the difference in performance between the underlying foreign index and securities such as XIN and EFA that track it, is due to the fact that the underlying index has

different trading hours than those of the TSX. IIROC therefore submits that it cannot be said that XIN will under all circumstances replicate the performance of EFA.

[178] According to IIROC, fair value could not be assessed solely by looking at the NAV and the performance of the underlying assets, particularly in times of volatility.

[179] Further, Hahn Investment had repeatedly instructed Penson to place the buy orders at the "opening price" with knowledge that based on the preceding days activities the markets were likely to open substantially higher. IIROC further submits that Hahn Investment made the trade request without checking the COP or discussing a price with Penson, and the COP of XIN had been accurately displayed before Penson entered the first order.

[180] IIROC submits that the expanded record and consideration of the EFA do not address the fact that the COP of XIN was precisely what Hahn Investment ended up paying for the XIN shares purchased on behalf of its clients.

[181] IIROC submits that market forces and investor sentiment established the opening price for XIN and the other ETFs at issue.

c) The TSX

[182] The TSX made no submissions on this point.

d) Staff

[183] Staff submits that the enhanced record in a hearing and review of a time-sensitive decision of a SRO is different than the case of a hearing and review of a listing decision or disciplinary decision. Staff submits that in the present case, IIROC was making a time-sensitive decision, both at first instance and in the Chan's decision. Therefore, in assessing the expanded record, Staff submits that the Commission should not scrutinize IIROC's decision on a standard of perfection but should understand and appreciate the structures within which IIROC was working.

2. Law

[184] As established in *Re Canada Malting*, the Commission will intervene, in an SRO's decision, where it finds that there is new and compelling evidence before the Commission that was not presented to the SRO.

3. Analysis

[185] In determining if the information regarding EFA is "new and compelling information", we will first discuss the fact that Hahn Investment is a sophisticated market participant, a point that is relevant as to the timing of when the EFA information was brought to the attention of IIROC. We will then discuss what is meant by "new and compelling" in the circumstances of this case and assess whether the EFA information is "new and compelling".

[186] By all accounts Hahn Investment is a sophisticated market participant generally, and with respect to ETFs should be considered as having expertise. Hahn Investment is a licensed ICPM in Ontario and British Columbia and employs an investment strategy comprised exclusively of ETFs. In his affidavit dated November 13, 2008, Mordy states that "Hahn [Investment] has one of the longest track records in the industry for managing ETF-only portfolios."

[187] To execute its trades, Hahn Investment employs the services of Penson. No evidence was provided regarding Penson's history as a broker, however we have no reason to believe that Penson is not an experienced and sophisticated broker.

[188] Prior testified and we agree that the deliberateness of the actions taken to effect the trade was an important consideration. Specifically, Prior testified that:

> Yes, it told us that a trader, a professional trader had managed the order, had taken a look at the market price for the security prior to entering the order, and had put a limit that the trader felt was appropriate under the circumstances for that particular day and at that particular time, which suggested to us that it was not an erroneous order entry, that the price was not keyed in incorrectly or the volume or the symbol mistakenly applied.

[189] We are satisfied that it is clear that all the trades at issue were completed by and at the direction of informed individuals at Penson and Hahn Investments and agree with Prior that this is an important consideration. The following exchange between Mordy and Kamal on October 13, 2008 at 10:44 a.m. supports this conclusion:

Mordy: …wondering about the Canadian markets because they're obviously going to pop tomorrow too. Is there any way you can put 'em in for like the opening'?

Kamal: Ya, definitely. Did you want just the calculated opening price on those?

Mordy: Ya, just get the opening price.

Kamal: o.k. I'll do that then.

Mordy: And uh just put em in right away, if you can

Kamal: Oh ya definitely I will…so we'll get the opening prices for all the Canadian stuff for you

Mordy: Ok Fantastic – so you can do that then, you can just say fill upon opening?

Kamal: Yah exactly

Mordy: Ok perfect

[190] This exchange was followed by another on the morning of October 14, 2008 at 9:13 a.m., a portion of which is re produced below:

Mordy: So it would be I guess X..XIN & XFP… would be the big ones

Kamal: ya exactly, the big ones

Mordy: ok so uhm ya I mean if you can work those, that'd be great

Kamal: Ya we can definitely work those for you.

Mordy: Ya

Kamal: Just cuz I mean right now even uhm there's not that much volume on the offering

Mordy: Really on..

Kamal: Ya well especially in the morning, like I know these are pretty big and they're pretty liquid but uhm in the morning, we don't want to drive up the pricing either

Mordy: Right right

Kamal: Uhm.. we could talk to a specialist if you lime uhm..like and then see..uhh

Mordy: Sure ya…I mean I, I, we just wanted to get…I wanted to get in on Friday as you know

[191] We note that Penson placed limit orders on behalf of Hahn Investment, however the issue as to whether Penson should have done more to secure a more favourable price for Hahn Investments is not an issue for this Commission to decide.

[192] Having established that Hahn Investment is a sophisticated market participant with expertise in ETFs, we are satisfied that it is reasonable to conclude that Hahn Investment ought to have known that the EFA ETF was the only security owned by XIN at the time of the trades, and that, at the time of the request for a ruling, the trades were executed at prices that deviated from expectations.

[193] Despite these reasonable expectations, the evidence provided to us establishes that Hahn Investment did not provide IIROC with the information that EFA was the underlying security of XIN. In fact, Hahn's email stated that there would be great difficulty in establishing theoretical values. Prior testified that the EFA information was the type of information that he was seeking from Hahn when he made his email request for further information, which we referred to earlier. Prior testified that IIROC monitors 5000 different securities, and given the immediacy of the Trade Ruling request, IIROC cannot "be experts in every single security within a very short period of time."

[194] Hahn Investment's failure to inform IIROC of the relationship between XIN and EFA, despite our reasonable expectation that they ought to have known of this relationship at the time of the Initial Decision and the Chan Decision is an important factor that we considered in determining if this information was "new and compelling". IIROC was not made aware of

the relationship between EFA and XIN until Mordy's supplemental affidavit dated February 13, 2009, filed in support of this Application.

[195] We reiterate here that we are reviewing the actions of IIROC with deference, accepting that the decision as to whether or not a trade is unreasonable is a technical one within the particular expertise of IIROC. The determination as to whether or not the disclosure of EFA's relationship to XIN is new and compelling must be made in this context.

[196] Given the time sensitive nature of Trade Rulings, and the impact that reversing, cancelling or varying a trade can have on the market place, especially when done months after the trade in question took place, we are concerned with parties classifying as new, evidence which that party knew or ought to have known at the time of the Trade Ruling.

[197] Absent, compelling explanatory evidence to the contrary, we are of the view that in the circumstances of this case, "new" means information that was not known to the party purporting to introduce it as new at the time of the SRO's decision. However, even if the information regarding EFA that was provided to IIROC in February 2009 was considered new evidence, we do not find this evidence to be compelling.

[198] In our view, that information would be considered "compelling" if it would have changed the SRO's decision, had it been known at the time of the decision.

[199] Applying this standard of "new and compelling", the information regarding EFA is not new as it ought to have been known by Hahn Investment at the time of the trades, given Hahn Investment's expertise in ETFs. For reasons to be discussed below, we are also not satisfied that this information is compelling.

[200] Hahn Investment's argument is that as the only security of XIN, EFA is the best indicator of the fair value of XIN. We agree that EFA provides better, more precise, information as to the fair value of XIN. However we are not satisfied that IIROC would have changed or would likely have changed its decision if it had the EFA information. Thus, this information is not compelling.

[201] The evidence indicates that the EFA's opening price on October 14, 2008 was 19% greater than its closing price on October 10, 2008, while XIN's opening price on October 14, 2008 was 64% greater than its closing price on October 10, 2008.

[202] We understand Hahn Investment's argument to be that if IIROC had the information regarding EFA, it would have seen that EFA, the underlying security of XIN, only increased by 19% while XIN increased by 64%. Therefore, the increase in XIN was 45% greater than the increase in EFA. This variance, Hahn Investment believes, would have caused IIROC to find the trades in XIN unreasonable.

[203] However, Prior testified that IIROC probably assumed that all major indices would generally move in similar directions (see paragraph 162) and Hahn Investment's email reinforced this by pointing out that the TSX would have had to trade at 16,000 to make sense of the level that XIN traded at. This implies the S&P/TSX Index was in the vicinity of 10,000 before trading commenced. Hahn Investment recommended the S&P/TSX Index as a proxy for the underlying value of XIN. From the Chan Decision, we also know that the S&P/TSX Index was up 16% at the beginning of trading on October 14, 2008, while XIN was up 64%. Using the S&P/TSX Index as a proxy for the fair value of the underlying index of XIN, IIROC would have believed that at the opening of trading on October 14, 2008, the increase in value of XIN was 48% greater than the increase in value of the index, it was using as a proxy for fair value.

[204] At the time of its decisions, IIROC therefore knew that there was a dramatic increase in the price of XIN over the instrument being used to assess its underlying value. It is worth noting that the approximate variance between the increase in XIN and the S&P/TSX Index at the opening of trading on October 14, 2008 – 48% – is similar to the variance between the increase in XIN and EFA – 45%.

[205] Even with the EFA information, IIROC's arithmetic estimation of the price variance from fair value, using the EFA as the underlying security would have been very similar to the arithmetic calculation it obtained using the TSX Index as the underlying index of XIN.

[206] Notwithstanding Prior's testimony that the information regarding EFA's relationship to XIN is "significant and material evidence", the above analysis shows that this information, cannot, in and of itself, lead to a different conclusion. This conclusion is supported by Prior's testimony.

[207] Prior testified that even if IIROC had known that EFA is the sole underlying security of XIN he cannot say that IIROC's opinion on the reasonableness of the trades would have changed.

[208] In explaining the above comments during direct examination Prior stated:

> While it would have had a significant weighting in our decision, some of the other factors that we considered such as the COP being displayed for 45 minutes and then the ETF continuing to trade at or above the price for a period of time following the open, and the fact that the trader had selected the limit after reviewing the COP, those were factors that really carried significant weighting in our decision. It would be hypothetical for me to recreate now what the actual frame of mind would have been at the time.
>
> We also were looking at this in the context of literally hundreds of stocks that had moved significantly, a number of other ETFs (sic). You know, those were all factors that played significant weighting in our decision. So this is just one other factor.

4. Conclusion

[209] For these reasons, we are not satisfied that the EFA information would have changed the decision of IIROC.

[210] Rather, we believe that even with the EFA information, the dramatic nature of trading on October 14, 2008 would have influenced IIROC's decision. We think it important to reiterate the following:

(a) On October 13, 2008 the Dow Jones Industrial Average, in the United States, advanced 976, the largest ever advance during a session and the largest advance on a percentage basis since 1932.

(b) Ciampini, testified that:

(i) It appeared from the indications, the U.S. future indications, that we were looking at *another at least several-hundred-point rise in the U.S. markets*, which meant that not only would we have to gain the ground from Monday, *we would also have to gain whatever rise occurred off the opening that morning as well. So add that onto the 1,000 points from the previous day, and that's likely what we were looking at right on the opening*.

[Emphasis added]

(c) On October 14, 2008, the TSX Index increased by 16% immediately, then fell by 800 points during the two hour period that trading was halted;

(d) Mordy's instruction to Kamal was to get in at the open, "just get the opening prices";

(e) Penson's placed limit orders, which showed that there was a deliberate consideration as to the price at which XIN was selling and a conscious attempt to control the price at which Hahn Investment purchased XIN. The price at which the Penson orders, on behalf of Hahn Investment, were filled was within the limit set by Penson, on behalf of Hahn Investment.

[211] We accept, in these circumstances, IIROC's submission that where there is a discrepancy between the trade price and the estimated fair value, the entire context of the trade must be considered.

V. CONCLUSION

[212] Penson, at the direction of and on behalf of Hahn Investment, attempted to get into the market as quickly as possible on the morning of October 14, 2008. The prices at which the ETFs at issue were available upon market opening was known before the orders were placed on behalf of Hahn Investment.

[213] IIROC appropriately followed its internal policies and procedures and concluded that it should not cancel, reprice or vary the trades at issue. Information regarding EFA being the only security owned by XIN, which was brought to IIROC's attention in February 2009, almost 4 months after the date of the trade, ought to have been known to Hahn Investment at the date of the trades. In any event, while this information gives more precise information, it does not materially change the picture that IIROC was looking at.

[214] Submissions were made regarding the Hearing and Review being illusory in that the Commission may not have been able to cancel, reprice or vary the trades, even if it felt that the trades were unreasonable. With respect, we do not agree. Had we concluded that the trades were unreasonable, it would have been within our authority to order a cancellation, repricing or variation of trades.

[215] For all the reasons discussed above, Commissioner Thakrar dissenting in part, we dismiss the Application.

Dated this 19th day of October, 2009.

"Patrick J. LeSage"

"Margot C. Howard"

VI. REASONS OF COMMISSIONER THAKRAR (DISSENTING IN PART):

A. Overview

[216] I concur with the following conclusions reached by the Majority:

(a) when conducting a review of a decision of an SRO under section 21.7 of the Act, we should be guided by the test set out in Re Canada Malting;

(b) IIROC applied its own policies and procedures correctly and considered all the information submitted by Penson, Hahn Investment, TSX and its staff and appropriately relied on its knowledge and expertise to determine whether or not to intervene, given the prevailing market conditions; and

(c) IIROC did not overlook any material information it had before it.

[217] However, I am unable to concur with the conclusion of the Majority with respect to the issue of whether there is "new and compelling evidence" regarding XIN (which showed the greatest increase in trading price from its previous day closing price). I find that the evidence presented to the panel clearly demonstrates that EFA was the sole underlying security for XIN. This information constitutes "new and compelling" information that was not presented or known to IIROC at the time of the Initial Review or the Chan Decision.

B. Is there new and compelling evidence before the Commission that was not presented to IIROC or known to IIROC?

1. The underlying security of XIN is a single NYSE listed security, and not many securities

[218] Prior, for the purposes of his Internal Review, in concluding that Lewer had properly ruled that the trades were not unreasonable, relied on the following factors that were inaccurate:

- XIN is based on European, Australasian and Far East stocks. Those markets experienced significant volatility on October 13 and 14; and
- Many of the overseas markets were closed by the time the TSX opened on October 14. As a result, many of the underlying securities were not available for trading and potential sellers had no guarantee they could suitably hedge a low sale price in the ETF. Anyone selling the ETF at the opening on October 14 could remain unhedged until the foreign markets responded for trading the next day.

Chan also relied upon this inaccurate information in her decision.

[219] We now know, from the new evidence, that XIN holds only one underlying security, the shares of EFA, its U.S. counterpart, which trades on the NYSE. The correct product characteristics and structure of XIN and EFA are:

> **XIN** is the TSX ticker symbol for the iShares Canadian MSCI EAFE Index Fund 100% hedged to Canadian dollars. The investment strategy of XIN is to invest primarily in the U.S. based iShares EFA Fund (that tracks the MSCI EAFE index) and to hedge any resulting foreign currency exposure back to Canadian dollars. For XIN there is only one currency exposure, US$.
>
> **EFA** is the trading symbol for the U.S. based iShares MSCI EAFE Index Fund listed on the NYSE. The investment strategy of EFA is to seek investment results that correspond generally to the price and yield of the MSCI EAFE Index.
>
> **The MSCI EAFE Index**, EFA's underlying index, has been developed by MCSI Inc. as an equity benchmark for its international stock performance. The EAFE index includes stocks from **E**urope, **A**ustralasia, **F**ar **E**ast, it consists of 21 developed market indexes and is designed to measure the equity market performance of developed markets, excluding the U.S. & Canada. The benchmark captures approximately 85% of the market capitalisation in approximately 21 countries.

[220] Based on this new XIN information, I conclude that the Initial Review and the Chan Decision relied on what we know now to be incorrect information. This is not to suggest that IIROC erred in its review of the information or overlooked material information for concluding that the XIN opening trades were reasonable.

2. Prior testified that the information regarding EFA, being the underlying asset for XIN, was "new"

[221] Prior testified that he and IIROC first became aware of the fact that EFA was the sole underlying asset of XIN upon reading Mordy's Supplemental Affidavit filed February 13, 2009:

> *IIROC was not aware at the time* [October 2008] when it considered Hahn's request for a Trade ruling that XIN's sole underlying security was EFA or that EFA was a NYSE-listed ETF based upon the same underlying assets. In fact, *the documents available to us suggested otherwise*.
>
> [Emphasis added]

[222] Before Mordy's Supplemental Affidavit, Prior and Chan believed that XIN directly tracked the MSCI EAFE index. Prior testified that IIROC relied on the original listing statement of the TSX dated September 7, 2001 to ascertain what index XIN tracks to help it determine how to best benchmark XIN's fair value:

> We relied on the original listing statement for XIN, which indicated that *XIN's underlying assets were "exchange-traded futures*" that replicate the indices that make up the EAFE index. Such "exchange-traded futures" could only be purchased in foreign markets, many of which were closed at the time of Hahn's trade on October 14, 2008.
>
> [Emphasis added]

[223] The original listing statement for XIN showed its underlying index to be MSCI EAFE. The TSX does not update original listing statements and unbeknownst to IIROC, Barclays (iShares) had changed the underlying assets of XIN to EFA several years earlier. Prior testified:

> After reading the Supplemental Affidavit of Mordy, IIROC learned that several years ago, Barclays changed the underlying assets of XIN to a basket of EFA ETFs. The TSX did not update its documentation.

[224] This clearly demonstrates that the XIN information was "new" to IIROC and was not presented to or known to IIROC and its reviewers and decision makers at the time of the Initial Decision, the Initial Review or the Chan Decision.

3. Prior testified that the information regarding EFA, being the underlying asset for XIN, as "very significant and material" information

[225] Prior testified that IIROC, at the time of its various decisions, believed that there would be a difference between the prices of XIN and its underlying securities because IIROC assumed the underlying securities to be exchange-traded futures on foreign markets, markets that IIROC believed to be closed at the time of the trades in question. However, this was not the case for XIN.

[226] Prior agreed there can be no better indicator as to XIN's price than by observing the performance of EFA, its underlying security. Prior testified that EFA and XIN are "interchangeable". Prior also acknowledged the importance of the information that EFA is the only stock held by XIN. He testified that he considers it to be a "significant piece of information" and, on multiple occasions, he characterized it as both significant and material.

[227] On the interchangeability, significance and materiality of the XIN/EFA information, Prior testified as follows:

> Counsel for Hahn Investment: Right. But *in terms of the performance of XIN, there can be no better indicator than the performance of EFA* because that's the *only thing* that it is.
>
> Prior: *Correct*.
>
> Counsel for Hahn Investment: You will agree with me?
>
> Prior: Oh, yes. Yes.
>
> Counsel for Hahn Investment: They're one and the same thing.
>
> Prior: *They're interchangeable, yes*.

Counsel for Hahn Investment: And you say that if you had that information at the time, you said in your affidavit -- to be fair to you, I don't want to misstate. I think you said you couldn't say whether your –

Prior: It may have made a difference and it may not have because of all of the other factors as well considered in their entirety.

Counsel for Hahn Investment: *I think you will certainly agree with me that this is material information* –

Prior: *It's a very significant piece of information*.

Counsel for Hahn Investment: -- *that is before this Commission today that you didn't have the benefit of at the time*?

Prior: *Correct*.

[Emphasis added]

[228] With respect to the significance and materiality of the actual trading activity on the NYSE of EFA (the underlying security for XIN) on Tuesday, October 14, 2008, when XIN was trading on the TSX, Prior testified as follows:

Counsel for Hahn Investment: …. These are showing there are three charts for EFA, and the highlighted in yellow shows the open, high, low and close of EFA on October 14th. Do you see that sir?

Prior: Yes, I do..

Counsel for Hahn Investment: And I'll suggest to you that an open of ($)50.41; its high was hardly much above that at all, ($)50.89; a low of a couple – 3 percent less on my math or a couple of percent less; and then a close of again, just a couple percent less than the open?

Prior: Yes.

Counsel for Hahn Investment: So *I would suggest it traded fairly regularly that day*; you will agree with that?

Prior: *Yes, they did*.

Counsel for Hahn Investment: And *if that information was available to you, I trust you would consider that to be significant*.

Prior: It would have been, yes. *That's a significant factor*.

Counsel for Hahn Investment: Right. And it's *significant and material evidence that's before this Commission*, you will agree?

Prior: Yes.

[Emphasis added]

[229] With respect to the actual trading activity of EFA on the NYSE on previous days, Friday, October 10 and Monday, October 13, 2008 (when TSX was closed), Prior agreed that EFA did not experience any "wild swings" in trading and this information would have been a factor in his review:

Counsel for Hahn Investment:…And then also attached are the same information for October 13th and October 10th for EFA, if you want to look at those.

Prior: Yes.

Counsel for Hahn Investment: I would also put it to you *that there were no wild swings in any of the trading on that day, it traded fairly regularly*.

Prior: Yes.

Counsel for Hahn Investment: Again, *if that information was before you, you would have considered it significant*? Not as significant as the date in question.

Prior: *Yes, Yes. Yes. It would have been a factor.*

[Emphasis added]

[230] In answer to a question about the predominant consideration in the price of an ETF, Prior testified as follows:

> Well, the first thing we would look at is what are the underlying securities to the ETF and use that as a way to try to gauge what the fair value should be. And the trading price would normally be somewhat similar to fair value.

[231] Prior also agreed that where a security trades on two exchanges, trading on one exchange can be the best indicator of fair value of the security on the other exchange. He further agreed that the underlying index is perhaps the best indicator of fair value for an ETF, if the market for the underlying index is open.

[232] It is worth noting that Prior is IIROC's Vice-President of Surveillance and has 16 years of experience in market surveillance. His use of terms such as: "significant factor", "significant and material", "significant piece of information", "information would have been a factor" when describing the EFA information, and his characterization of EFA as being "interchangeable" with XIN, strongly suggests that he and IIROC would have considered this new information as "compelling information".

[233] XIN had only one underlying foreign security, denominated in one currency, requiring only one foreign currency hedge in a primary global currency and generally trading on an exchange with similar trading hours of operation. This is in sharp contrast with the original understanding by IIROC that XIN had many foreign securities, based on 21 developed market indices, denominated in as many currencies, requiring multiple foreign currency hedges, and trading on various exchanges incorporating most time zones. In my view, this new evidence that XIN holds only one underlying security, the shares of EFA, is unambiguously "new" and very "compelling".

4. The availability of the new information regarding XIN/EFA would have changed IIROC's decision

[234] Prior's specific comments about EFA are strongly supportive of the fact that the new EFA information is "new and compelling information". On this basis, I believe that IIROC's decisions (Initial Decision, Initial Review and Chan Decision) would have been different if IIROC had the information that XIN has only one underlying asset, EFA, which was trading at the same time on NYSE.

[235] At the time of the Initial Review and the Chan Decision, without the knowledge about EFA being the only security of XIN, IIROC had to estimate the fair value for XIN using another proxy as many of the foreign markets were closed at the time of the trades. It was within this context that IIROC used the TSX index, as a proxy for the fair value of underlying securities of XIN. As Prior stated in cross examination:

> Well, we had some proxies for an estimated value, yes. We had the Standard & Poor's Index, we had the previous closing index of the MSCI, but, of course, those markets were closed at the time so we could only imagine what they might be worth at that point in time.

Based on this, IIROC concluded that the significant variance (between the trade price of XIN and the proxy fair value of the underlying assets) of 45%, as discussed earlier, indicated that the XIN trades occurred at prices beyond its published 10% threshold differential for a trade review and even beyond its internal unpublished threshold of 20%. As such the trades deserved and received due consideration by IIROC.

[236] However, the significant variance of more than 4 times its published threshold was not sufficient by itself to lead IIROC to a ruling that the trades in XIN were unreasonable. IIROC believed it had to adjust for potential multiple foreign exchange hedges, and it believed that such foreign exchange-traded futures could only be purchased in foreign markets, many of which were closed at the time of the trades on October 14th. These assumptions led IIROC to further discount the 45% variance to the point it no longer exceeded its threshold test. This decision made in real time appears to be reasonable at the time, given IIROC's understanding that XIN is based on European, Australasian and Far East stocks.

[237] The importance and relevance of the new XIN information is also underscored by the following passage from the Chan Decision:

> In cases where hedge trades in the underlying securities cannot readily be executed (as is the case for XIN because most of the securities that underlie XIN are foreign), spreads for ETFs generally widen.

The Chan Decision also assumed that the underlying securities of XIN were securities trading on numerous foreign stock exchanges (and in many foreign currencies) that were closed at the time XIN was trading on the TSX on the morning of October

14, 2008. Given this belief, Chan in her review of the Initial Decision also assumed that foreign exchange hedge trades in multiple foreign currencies could not be readily executed.

[238] IIROC's 6-step process for Trade Rulings (defined at para. 120 above) highlights how important the fair value calculation is to the analysis that IIROC undertook. The fair value calculation is the second step of the 6-step process. The four remaining steps – steps (3) to (6) – are dependent on the determination of current fair value. If the fair value calculation is inaccurate, the entire analytical process is skewed. This conclusion provides a convincing and compelling argument that had IIROC known that the underlying security of XIN is EFA, its whole analysis for fair value, and assumptions for discounting the variance between the XIN's trade price and its estimated fair value, would have been totally different.

[239] In her appeal decision, Chan also relied on the "supply and demand" factor stating that where hedge trades in the underlying securities cannot be readily executed (as is the case with XIN), pricing of such ETFs is impacted more by supply and demand than by the NAV.

[240] We also heard testimony that a unique characteristic of ETFs is the fact that a "Designated Broker" may create or redeem shares of the ETF, which tends to keep the share price of an ETF very close to its net asset value and the underlying index.

[241] I note that the creation/redemption features of ETFs significantly weaken the argument that supply and demand dictates the pricing. In a non-ETF security, the factors of supply and demand are determinative as the supply of shares of a security that is trading in the marketplace is finite. The price of such a security will reflect market liquidity, a function of the supply and demand of that security. However, the ETF product structure is designed such that the price of an ETF normally stays in line with the net asset value of the ETF as a result of the creation/redemption features.

[242] ETFs can essentially provide unlimited liquidity through the creation/redemption features. The creation feature allows a Designated Broker to create on-demand new units of the ETF whenever demand for that ETF drives up the price beyond the net asset value of the ETF or demand exceeds the supply. The redemption feature works in reverse. Thus, if the supply of units of an ETF exceeds demand and there seems to be limited liquidity in the marketplace, the Designated Broker can redeem units of an ETF; this will tend to keep the trading price close to its net asset value.

[243] The impact of the creation/redemption features is also illustrated by the measurement of tracking errors, another unique feature of ETFs. A tracking error is a difference between the total return of an ETF and the NAV of the underlying index or securities that make up the ETF. It is also a measure used to see how consistently the ETF returns match its benchmark. We heard submissions that would suggest that tracking errors are irrelevant because what matters is supply and demand. We also heard other submissions that suggest that tracking errors should not be greater than a fraction of a percentage point. In the case of XIN, evidence submitted indicated that the historical tracking error was 1.8% from the time of XIN's inception (November 17, 2005) until the close of trading on October 10, 2008 (the last day of trading prior to the trading in question).

[244] While submissions were made that suggested that the prospectus of the ETF at issue here warned investors of tracking errors, the very same prospectus also informed investors that large tracking errors were not the norm, as described below:

> The Units of the iShares Funds may trade below, at, or above their respective Net Asset Values per Unit. The Net Asset Values per Unit will fluctuate with changes in the market value of an iShares Fund's holdings. The trading prices of the Units will fluctuate in accordance with changes in the applicable iShares Fund's Net Asset Value per Unit, as well as market supply and demand on the TSX. *However, given that unitholders may subscribe for or exchange a Prescribed Number of Units of any iShares Funds at the Net Asset Value per Unit, Barclays Canada believes that large discounts or premiums to the Net Asset Value per Unit of the iShares Funds should not be sustained.*
>
> [Emphasis added]

[245] We have now been provided with new information that XIN had only one underlying security, EFA, to which a US$ hedge is attached. IIROC did not have to estimate the fair value for XIN. There was in fact an easily available and incontrovertible measure for determining fair value, in the form of the trading value of its underlying security that was trading on the NYSE at the same time.

[246] As both the U.S. and Canadian financial and capital markets, including NYSE and TSX, were open with the same trading hours, real time current information was readily available on October 14, 2008. As such, the trading value of XIN's underlying security EFA was readily available on the NYSE. As EFA is a NYSE listed security and is the only security held by XIN, the only hedge that had to be considered was a US$/C$ hedge. For the same reasons, a foreign exchange hedge trade, for US$/C$, in fact could have been easily estimated or executed.

[247] As a result, no significant assumptions or adjustments for the currency hedge would be required, and the "supply and demand" factor would not be a relevant factor. As such, no significant discounting of the variance would have been imputed by IIROC in analysing its threshold tests. It is fair to conclude and expect that had IIROC had the accurate information that EFA was the only security held by XIN, its analysis and review would have and should have been different, with a different outcome.

5. Conclusion

[248] In my view, had this new information that XIN had only one underlying security denominated in one foreign currency been available to IIROC, it would have significantly impacted its review and analysis of the reasonableness of the XIN trades. Its estimation of fair value would have been different based on the new factors and assumptions: XIN has one underlying security, EFA; hedging is required for only one currency (US$); financial and capital markets were open; real time current information was readily available; discounting, if any, for the variance between fair value and trading price would have been minimal; and the "supply and demand" factor would not have been as significant. In my view, this would have led IIROC to a different conclusion and a different ruling.

[249] We heard that comparing the opening trading price of XIN and the value of its actual underlying security, EFA, showed a variance of 64%. This is very substantial for an ETF that has a tracking error averaging 1.8% over the past 3 years. This huge variance, combined with the uniqueness of ETFs, where a Designated Broker is able to create new units to keep the actual price of the ETF in line with the value of its underlying assets, also strongly suggests that IIROC would have found the trades at issue had to be unreasonable.

[250] For this reason, I find the evidence presented regarding EFA as being the sole underlying security of XIN "new and compelling evidence" as contemplated in Re Canada Malting. This information was not presented or known to IIROC when it made its Trade Ruling. In my opinion, IIROC with this "new and compelling" information would have ruled that the opening trades in XIN were unreasonable.

[251] On this basis, I find the opening trades in XIN on October 14th were unreasonable within the meaning of Rules 10.9(1)(d) and 10.9(2) of UMIR.

C. Responsibility for Updating Information

[252] The Majority place significance on the fact that Hahn Investment failed to inform IIROC that EFA was the sole underlying security of XIN. While I agree that Hahn Investment bears some responsibility for failing to provide IIROC with this XIN information, I note that it is unclear as to who was ultimately responsible for ensuring that IIROC had the relevant ETF information at the time of the Initial Decision. Was it IIROC as market regulator, the TSX as a stock exchange, Hahn Investment as ICPM, Penson as broker/dealer and trader, or Barclays as trustee and manager of the iShare Funds?

[253] Prior testified that since this matter, IIROC has amended its policies so as not to rely on clients to provide the most up to date information on the underlying security of an ETF. We were told that IIROC has amended its procedures to ascertain that information independently.

D. The Appropriate Remedy

[254] Having found that opening trades in XIN on October 14th were unreasonable, I now turn to the issue of the appropriate remedy in the circumstances The parties provided submissions regarding remedy which the Majority did not have to consider in light of their conclusion that there are no grounds to intervene in IIROC's decision.

1. Parties' submissions on the XIN trades at issue

a) Hahn Investment Inc.

[255] Hahn Investment submits that if the trades were unreasonable, failing to cancel or vary the trades would make IIROC the final and only arbiter for Trade Rulings. It argues that this is not in the public interest and it would impair investor confidence if an unreasonable trade was permitted to stand.

[256] Hahn Investment submits that sophisticated counterparties and designated market makers who spotted the huge pricing anomaly or saw an arbitrage opportunity must vary the trades they entered into. It argues that varying the trades will instil more confidence in the markets to know that trades have to be fair and for fair value. It restores integrity to markets to know that unfair, unreasonable prices ought not to be allowed to stand, and, on further review, this Commission will not allow them to stand.

[257] Hahn Investment argues that the Act contemplates and permits a hearing and review by the Commission of IIROC's Trade Rulings. This right of appeal to the Commission must be meaningful; a hearing and review without a potential remedy

would be meaningless. It submits that, while it recognizes the general importance of bringing finality to trading, the need for the Commission to intervene in this case far outweighs the general objective of finality.

b) IIROC

[258] IIROC submits that the nature of financial markets dictates that IIROC must make Trade Rulings quickly, and as close to real time as possible. To overturn its decisions and cancel or vary the trades at this stage, several months after the trades occurred, would undermine investor confidence in the market and market integrity.

[259] IIROC submits that as between Hahn Investment and the counterparties to the trades, it is only fair that Hahn Investment bear the costs of the trades. In the circumstances of this case, the decision that was made ought not to be undone.

[260] Further, IIROC submits that the appropriate remedy is to require IIROC to amend its policies and procedures for determining whether a trade is unreasonable and to ensure proper rulings in the future. It believes this remedy is appropriate to its role as market regulator acting in the public interest.

c) The TSX

[261] The TSX submits that Hahn Investment knowingly placed orders to purchase ETFs at the market driven opening price and assumed that natural market forces would price the ETFs in accordance with the underlying NAV.

[262] The TSX submits that where a security is improperly priced too high, market forces naturally "correct" the mispricing by providing incentive for more sellers to enter the market at the higher price. Sellers need to be assured of the certainty of their trades before they enter the market. An order by the Commission to vary or cancel the trades in question will create uncertainty. An order to vary or cancel the trades will negatively effect innocent counterparties.

[263] The TSX further submits that an order to cancel or re-price the trades would adversely affect market integrity. As a matter of protecting market integrity, it is preferable to deny relief to the party that failed to take the most rudimentary cautionary steps before entering into the market transactions than to vary or cancel trades involving hundreds of thousands of units and dozens of innocent ETF unitholders none of whom have been consulted or even identified to date and many of whom have since altered their financial position or ETF unit ownership.

[264] The TSX submits that the most appropriate measure would be to require IIROC to amend its policies and procedures for determining whether a trade is reasonable.

d) Staff

[265] Staff submits that the determination of this case has implications for the market generally. Accordingly, the Commission should consider whether in all the circumstances it is appropriate to intervene, including whether concerns for market efficiency and integrity militate toward granting or denying the relief sought by Hahn Investment.

[266] Staff further submits that the Commission should consider the impact that the cancellation or re-pricing of the trades would have on the confidence of market participants in the certainty and finality of settled trades.

2. Submissions on amendments to policies, rules and procedures re ETFs

[267] In response to the TSX and IIROC's submissions on remedies, we requested at the Hearing for submissions on potential amendments that could be made to the policies, rules and procedures specific to ETFs, the parties made written submissions after the hearing. The salient points are summarised below.

a) IIROC

[268] IIROC acknowledges that it was in possession of outdated information and that it is desirable that IIROC make its decisions based on the best information available to it.

[269] IIROC submits that it might revise its Procedures Manual with respect to information gathering in the following three ways:

(a) IIROC can make revisions to expressly widen the sources it consults for information relevant to Trade Ruling. IIROC's procedure manual could direct its SOs to take reasonable steps to consult accurate, reliable and current independent sources to obtain information relevant to the nature of the security, its theoretical fair value at the time of the trade/order and its typical trading performance;

(b) IIROC accepts that particularly where a Trade Ruling involves an ETF, information about the underlying security may be a factor. IIROC's procedure manual could direct its SOs to consult available reliable sources to obtain recent and accurate information on the underlying assets of an ETF prior to making a Trade Ruling;

(c) Revise the manual to recognize that in the case of ETF securities, in certain circumstances, IIROC may require information about the underlying assets of the ETF in order to vary a trade.

[270] In response to a question in oral argument, counsel for IIROC suggested that UMIR might be amended to reflect a more formal information-gathering process when IIROC is required to make a Trade Ruling. However, in its written submissions, IIROC submits that any such rule amendment must be done cautiously and after appropriate public consultation.

[271] IIROC submits that as an SRO, it exercises its rule-making power following due deliberation and in accordance with its recognition orders. UMIR was developed and is amended through an on-going process, drawing on IIROC's institutional expertise, benchmarking the rules of regulators in other jurisdictions, and consulting with the public and stakeholders. IIROC will review UMIR in light of the decision the Commission reaches in this matter. And, in this respect, IIROC submits that its careful, consultative process for rule changes should be respected and supported by the Commission and that the Commission should not use this Hearing and Review to direct IIROC to make any amendments to UMIR.

b) Hahn Investments

[272] Hahn Investment submits the following proposed rule changes:

(a) That an exchange be required to maintain up-to-date listing statements for all securities that trade on that exchange;

(b) That the TSX and IIROC align and harmonize their procedures, policies and education in respect of the role and importance of ETFs;

(c) That for purposes of determining whether trades in ETFs are unreasonable IIROC must refrain from focusing on factors of "supply and demand" and instead focus more prominently on the ETF's NAV which at all times is a near perfect reflection of an ETF's fair value;

(d) Similarly, for determining the COP of an ETF or assessing whether an ETF exceeds internal volatility parameters, the TSX must consider the NAV. As the TSX itself recognizes and advertises on its website, an ETF's price will always be very true to its NAV, which makes ETFs different from every other type of security which trades on the TSX;

(e) That IIROC develop a transparent, non-arbitrary set of rules to determine the role of "fair value" in its trade dispute determinations involving ETFs. As a result of ETFs' unique creation and redemption process, market volatility and other market factors do not meaningfully impact upon ETFs and should not be a significant factor considered in trade rulings;

(f) That for ETFs, IIROC's Procedures Manual be amended to adjust downwards the 10% threshold for determining whether a price variance will impair market integrity and that IIROC's arbitrary practice of increasing the 10% threshold to 20% in "volatile" markets ought not to apply to ETFs for the reasons stated above; and,

(g) That IIROC and TSX establish guidelines for Designated Brokers (market makers) who have an unfair advantage over all other market participants by reason of the fact that they can create or redeem units to sell and buy into the market if they see the opportunity to arbitrage a price anomaly where the price varies substantially from "fair value". To ensure a fair and equitable marketplace, IIROC and the TSX must ensure that Designated Brokers use this preferential authority only to ensure that ETFs maintain a low price variance to the NAV and not for their own benefit.

c) The TSX

[273] The TSX initially indicated that it had no submissions with respect to rule and policy amendments; however in response to Hahn Investment's submissions, TSX filed a letter objecting to the proposals put forward by Hahn Investment.

[274] The TSX submits that it would be inappropriate for the Commission to attempt to direct the implementation of policy and regulatory changes outside the legislative and regulatory processes which already exist.

[275] With respect to the specific proposals made by Hahn Investment, the TSX raises the following objections:

(a) The TSX submits that it is entirely inappropriate for Hahn Investment to request the Commission to impose any order upon the TSX as Hahn Investment's factum and its oral submissions do not challenge the propriety of any of TSX's actions or procedures;

(b) The TSX submits that there is no basis for the Commission to impose any order upon Designated Brokers as Designated Brokers have no contractual relationship with TSX or IIROC and there is no evidence before the Commission to suggest that the legal free market actions of Designated Brokers are subject to sanction by IIROC or TSX;

(c) The TSX submits that there is no basis for the Commission to make an order requiring a change to IIROC's price variance thresholds. TSX submits that such an order would fundamentally alter the regulation of all securities within IIROC's regulatory jurisdiction without arguments or evidence being advanced on the issue;

(d) The TSX submits that there is no basis for the Commission to make an order requiring NAV to be the sole factor in assessing unreasonable trades. TSX submits that this would have the effect of changing the fundamental policy of both IIROC and TSX that market forces are the appropriate mechanism by which security prices are determined.

3. Analysis

a) XIN Trades at issue

[276] Mordy submitted that Hahn Investment:

(a) has one of the longest track records in the industry for managing ETF-only portfolios;

(b) employs an investment strategy comprised exclusively of ETFs;

(c) has developed and utilizes sophisticated investment management software;

(d) has a strong reputation in the Canadian wealth management industry; and

(e) has a leading reputation as an innovative user of ETFs.

[277] On this basis, Hahn Investment ought to have known that EFA was the only security owned by XIN and could have brought this information to the attention of IIROC. Absent this failure on the part of Hahn Investment, this matter might very well have been settled in a different way on October 14, 2008.

[278] Market integrity would be undermined if the relevant trades were cancelled, repriced or varied months after the date of the actual trades. Such a decision could severely undermine the certainty and finality of settled trades, and introduce uncertainty that could have serious consequences on the orderly conduct of the market.

b) Potential amendments to the policies, rules and procedures specific to ETFs

[279] While I acknowledge that IIROC's role is to enforce market integrity rules regarding trading activity on Canadian equity marketplaces and while I do not seek to direct IIROC's actions, this case has highlighted the need for IIROC to review and amend its policies and procedures with respect to how it regulates market conduct related to ETFs. IIROC in its submission also concurs that such a review is appropriate to its role as market regulator acting in the public interest.

[280] We received submissions that: trading in ETFs now account for approximately 10% of the average daily trading volume on the TSX, compared to only 2% two years ago; the aggregate value of trades in ETFs during 2008 was $152 billion; the 2008 trading activity in ETFs of 6.3 million trades with 7 billion units traded was a substantial increase over 2007; and 36 new ETFs were listed in 2008 representing 29% of the new listings on TSX for 2008. These numbers highlight the popularity and the significant growth of the ETF product in our marketplace.

[281] We heard submissions that IIROC's policies and procedures including UMIR, and the TSX's policies and procedures including determining COP, need to be reviewed to address these unique characteristics of ETFs (such as, the underlying security, existence of tracking error, creation and redemption features, designated broker, etc.). In fact, Prior testified "there's nothing specific in [IIROC's] policies regarding ETFs".

[282] We also heard arguments that simply relying on the supply and demand forces to determine fair value when making trade rulings in respect of trades in ETFs is not sufficient; and a further analysis is required for ETFs in such circumstances and IIROC should articulate that additional level of analysis in its procedures and policies.

[283] Hahn Investment raised questions about the obligations on Designated Brokers due to their ability to create ETF units with a goal to keeping the price of an ETF in line with the NAV of the underlying security(ies), including the opportunity for significant arbitrage profits by the Designated Broker. These are questions that regulators and industry need to tackle to ensure that the regulatory structure adequately addresses the ETF product features in order to foster fair and efficient capital markets and provide protection to investors from unfair practices.

[284] Prior also testified that depending on the market activity at the time of the trades in question, IIROC may adjust the price change threshold that it uses to determine if a detailed trade ruling analysis is required. In the present case, IIROC increased the threshold to 20%. While I recognize IIROC's need to make real-time, timely decisions, there appears to be a lack of transparency to this process. To provide greater certainty to market participants, I would urge IIROC to review and publish all guidelines about its threshold considerations and numerical levels and the conditions under which those numerical thresholds will be either increased or decreased; and if they should be lower and/or different for ETFs.

[285] I note that subsequent to the Chan Decision, IIROC has amended its policies with respect to how it will gather information on the underlying securities of ETFs. This significant change to IIROC's policy and procedures is a welcome development. However, I believe that various questions raised by this matter have emphasized that a more comprehensive review of policies, rules, procedures and guidelines regarding ETFs needs to be undertaken.

E. Conclusion

[286] For the reasons and considerations discussed above, I would not order a cancellation, repricing or variation of the opening trades in XIN which were made on behalf of Hahn Investment on October 14, 2008. The main reasons and considerations are:

(a) Hahn Investment ought to have known the underlying security of XIN and to have communicated that information to IIROC;

(b) the unprecedented and abnormal nature of market trading on the morning of October 14, 2008;

(c) the market volatility and the resulting Opening Alerts and Trade Freezes;

(d) the importance of certainty of settled trades;

(e) the uncertainty that would be introduced into the market if relevant trades are cancelled, repriced or varied almost a year after they were completed; and

(f) the concerns for market integrity and efficiency.

[287] In my view, an order for a cancellation, repricing or variation of the opening trades in XIN at this stage, almost a year later, would disrupt the orderly conduct of capital markets and would not meet the Commission's mandate of fostering fair and efficient capital markets.

[288] While it would not be appropriate to order IIROC to amend its policies, it is appropriate to highlight that ETFs have experienced exponential growth in a very short time without the attendant adjustment to our regulatory framework to keep pace with the innovative and unique nature of ETFs; unique characteristics that are different from other traditional exchange traded securities. To protect investors and the public interest, it is important to ensure that our regulatory oversight, policies, rules, procedures and processes are keeping pace with this innovative product which is becoming an important and growing component of investors portfolio.

[289] The Commission should not attempt to direct the implementation of policy and regulatory changes outside of the existing legislative and regulatory protocols and processes. Fostering fair and efficient capital markets and confidence in those capital markets includes acknowledging potential regulatory gaps and encouraging the appropriate regulatory bodies to address those gaps through established regulatory processes.

[290] For these reasons, I would suggest that IIROC, in its role as market regulator acting in the public interest, review the regulatory framework as it relates to ETFs with the objective of amending its policies, rules and procedures for determining whether a trade is unreasonable.

F. Other Matters

[291] There are other issues surrounding ETFs raised by the parties, such as: the role of the designated broker, supply and demand considerations, the appropriate levels of numerical thresholds, and the value and determination of the COP, which may also require consideration by other regulators and market participants. A timely and proactive response to innovation and market developments is an important responsibility of regulators, including SROs.

Dated this 19th day of October, 2009.

“Suresh Thakrar”

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
American Insulock Inc.	07 Oct 09	19 Oct 09	19 Oct 09	
Lands End Resources Ltd.	19 Oct 09	30 Oct 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
Coalcorp Mining Inc.	07 Oct 09	19 Oct 09	19 Oct 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
Sprylogics International Corp.	02 June 09	15 June 09	15 June 09		
Norwall Group Inc.	02 Sept 09	14 Sept 09	14 Sept 09	20 Oct 09	
Strategic Resource Acquisition Corporation	23 Sept 09	05 Oct 09	05 Oct 09		
Coalcorp Mining Inc.	07 Oct 09	19 Oct 09	19 Oct 09		

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Chapter 6

Request for Comments

6.1.1 Notice and Request for Comment – Proposed Amendments to NI 31-103 Registration Requirements and Exemptions and Companion Policy 31-103CP Registration Requirements and Exemptions and Proposed Amendments to NI 33-109 Registration Information

NOTICE AND REQUEST FOR COMMENT

PROPOSED AMENDMENTS TO
NATIONAL INSTRUMENT 31-103 REGISTRATION REQUIREMENTS AND EXEMPTIONS
AND
COMPANION POLICY 31-103 CP REGISTRATION REQUIREMENTS AND EXEMPTIONS

AND

PROPOSED AMENDMENTS TO NATIONAL INSTRUMENT 33-109 REGISTRATION INFORMATION

Introduction

We, the Canadian Securities Administrators (CSA), except the Autorité des marchés financiers and the New Brunswick Securities Commission, are publishing for a 90 day comment period proposed amendments to:

- National Instrument 31-103 *Registration Requirements and Exemptions* (NI 31-103),
- Companion Policy 31-103CP *Registration Requirements and Exemptions* (31-103CP), and
- National Instrument 33-109 *Registration Information* (NI 33-109).

This notice forms part of a series of notices that address proposed changes to securities legislation arising from the upcoming changeover to International Financial Reporting Standards (IFRS).

Appendix A summarizes the terminology changes that would arise with a changeover to IFRS. Appendix B sets out the proposed amendments to NI 31-103 and 31-103CP. Appendix C sets out the proposed amendments to NI 33-109.

We invite comment on the proposed amendments to NI 31-103, 31-103CP and NI 33-109 (proposed amendments). As the proposed amendments relate primarily to the upcoming changeover to IFRS in Canada and need to be in place before January 1, 2011, we are not inviting comment on the provisions of the rules and policies that would not be affected by the changeover to IFRS.

Background

NI 31-103 provides a harmonized registration regime across Canada. NI 31-103 sets out when a person must be registered and the obligations a person must meet once registered, including financial reporting requirements. All registered firms must deliver audited annual financial statements. In addition, all investment fund managers and registered dealers, other than exempt market dealers, must deliver unaudited interim financial information. All financial statements and interim financial information delivered under NI 31-103 must comply with National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency* (NI 52-107).

NI 52-107 requires domestic registrants to prepare financial statements in accordance with Canadian generally accepted accounting principles (Canadian GAAP) applicable to public enterprises. The Canadian Accounting Standards Board (AcSB) establishes Canadian GAAP and publishes it in the Canadian Institute of Chartered Accountants Handbook (the Handbook). Following a period of public consultation, the AcSB adopted a strategic plan to move financial reporting for Canadian publicly accountable enterprises to IFRS as issued by the International Accounting Standards Board (IASB). For financial years beginning on or after January 1, 2011, Canadian GAAP for publicly accountable enterprises will be IFRS incorporated into the CICA Handbook.

The CSA proposes to replace NI 52-107 with a new National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* (Proposed NI 52-107) that addresses Canada's changeover to IFRS. We published Proposed NI 52-107 for public comment on September 25, 2009.

Substance and Purpose of the Proposed Amendments

The primary purpose of these changes is to accommodate the transition to IFRS. We are proposing to update the accounting terms and references in NI 31-103, 31-103CP and NI 33-109 to reflect the fact that, for financial years beginning on or after January 1, 2011, Canadian GAAP for publicly accountable enterprises will be IFRS as incorporated into the CICA Handbook.

Registrants will transition to IFRS (Canadian GAAP for publicly accountable enterprises in the Handbook) for financial years beginning on or after January 1, 2011. However, not all registrants have calendar year ends. Accordingly, we are proposing that the proposed amendments only apply to periods relating to financial years beginning on or after January 1, 2011. Registrants delivering financial statements and other financial information relating to financial years beginning before January 1, 2011 would be required to comply with the current versions of NI 31-103 and NI 33-109, which contain the existing Canadian GAAP terms and phrases.

Summary of the Proposed Amendments

NI 52-107 sets out the accounting principles and auditing standards that apply to financial statements delivered to a securities regulatory authority or regulator in a jurisdiction. Under Proposed NI 52-107, domestic issuers and registrants would be required to use IFRS (Canadian GAAP for publicly accountable enterprises in the Handbook) for financial years beginning on or after January 1, 2011.

The proposed amendments to NI 31-103, 31-103CP and NI 33-109 would replace existing Canadian GAAP terms and phrases with IFRS terms and phrases.

The proposed amendments to NI 31-103 would also:

- Provide a 15-day extension to the deadline for registered dealers and investment fund managers to deliver their first interim financial information and completed Form 31-103F1 required to be filed in the year of adopting IFRS in respect of an interim period beginning on or after January 1, 2011.

- Provide an exemption from the requirement to provide comparative information in financial statements and financial information for financial years beginning in 2011. This means that for registrants relying on this exemption, their date of transition to IFRS will be the first day of their financial year beginning in 2011.

Accounting Terms and Phrases

The proposed amendments include new terms and phrases that are consistent with those used in IFRS and replace terms and phrases used in existing Canadian GAAP.

The proposed amendments do not reflect the impact of exposure drafts or discussion papers from the IASB prior to their adoption into IFRS. The proposed definition of IFRS in National Instrument 14-101 *Definitions* (NI 14-101) would take into account amendments made from time to time.

The proposed amendments are not intended to substantively alter securities law requirements. For example, we are proposing to replace the existing Canadian GAAP term "balance sheet" with the corresponding IFRS term "statement of financial position". This is intended to be a change in terminology only.

A detailed list of the changes to accounting terms and phrases is set out in Appendix A to this notice.

Changes to Financial Statement Requirements in NI 31-103

1. Transition Provisions - Extension for delivery of first IFRS Interim Financial Information

Subsection 12.15(2) provides an extension for filing the first interim financial information and completed Form 31-103F1 required to be delivered by a registered dealer during the year of adopting IFRS. Subsection 12.15 (3) provides a similar exemption for investment fund managers.

We think this extension should be provided as the first IFRS interim financial information will be due soon after the filing of the Canadian GAAP annual financial statements for the preceding year. We recognize that registered dealers and investment fund managers will require additional time to review and approve the first IFRS interim financial information. Other jurisdictions that transitioned to IFRS also granted filing extensions for the first IFRS filing.

2. Transition Provisions – Comparative information not required for financial years in 2011

Registrants are required to provide comparative information for previous periods when preparing annual financial statements, interim financial information and Form 31-103F1 *Calculation of Excess Working Capital*. Section 12.15(1) provides an exemption from this requirement for a registrant's financial year beginning in 2011 and for interim periods relating to that financial year.

Alternatives Considered

Instead of proposing these amendments, we considered leaving the existing Canadian GAAP terms and references in NI 31-103, 31-103CP and NI 33-109 and issuing a notice to the effect that registrants may interpret any reference in the rules to a term or provision defined, or referred to, in existing Canadian GAAP as a reference to the corresponding term or provision in IFRS.

We decided not to proceed with this option for several reasons. Leaving the existing Canadian GAAP terms and phrases in the rules raises the potential for significant confusion as these terms will become less well known as time passes. In addition, the use of different terminology in securities legislation and accounting rules detracts from the goal of moving to a global accounting language.

Unpublished materials

In proposing the proposed amendments, we have not relied on any significant unpublished study, report, or other written materials.

Publications in Quebec and New Brunswick

The Autorité des marchés financiers and the New Brunswick Securities Commission are publishing for comment today a staff notice that sets out the substantive proposed changes reflected in the proposed amendments published in the other CSA jurisdictions. Because of the legal obligation to publish amending instruments simultaneously in French and English in Québec and New Brunswick, and because the French IFRS terminology is still in a state of flux, publication for comment of proposed amendments in these provinces is presently not feasible. The Autorité des marchés financiers and the New Brunswick Securities Commission expect to publish for comment corresponding proposed amendments, in French and in English, during the first quarter of 2010. However, market participants in Québec and New Brunswick are encouraged to comment on the substantive proposed changes presented in the staff notices, and on the amendments published by the other CSA jurisdictions.

Comments

We request your comments on the proposed amendments outlined above. Please provide your comments in writing by January 21, 2010. If you are not sending your comments by email, an electronic file containing the submissions should also be provided (Windows format, Word).

Address your submission to all of the Canadian securities regulatory authorities, as follows:

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission
Manitoba Securities Commission
Ontario Securities Commission
Superintendent of Securities, Prince Edward Island
Nova Scotia Securities Commission
Securities Commission of Newfoundland and Labrador
Superintendent of Securities, Yukon Territory
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Nunavut

Deliver your comments **only** to the following address. Your comments will be distributed to the other participating CSA member jurisdictions.

Leslie Rose, Senior Legal Counsel
British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, BC, V7Y 1L2
Fax: (604) 899-6814
Email: lrose@bcsc.bc.ca

Please note that comments received will be made publicly available and posted at www.osc.gov.on.ca and the websites of certain other securities regulatory authorities. We cannot keep submissions confidential because securities legislation in certain provinces requires that a summary of the written comments received during the comment period be published.

Questions

Please refer your questions to any of:

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October 23, 2009

Appendix A Summary of Changes to Accounting Terms and Phrases

Appendix B Proposed Amendments to National Instrument 31-103 *Registration Requirements and Exemptions* and Companion Policy

Schedule B-1 Proposed Amendment Instrument for National Instrument 31-103 *Registration Requirements and Exemptions*

Schedule B-2 Proposed Amendments to Companion Policy 31-103CP *Registration Requirements and Exemptions*

Appendix C Proposed Amendments to National Instrument 33-109 *Registration Information*

Appendix A

Summary of Changes to Accounting Terms and Phrases

Accounting Terms or Phrases

We replaced the following terms and phrases used in the registration requirements and exemptions rule with comparable IFRS terms or phrases.

Original Term or Phrase	IFRS Term or Phrase
balance sheet	statement of financial position
cash flow statement	statement of cash flows
earnings	profit or loss (as appropriate)
income statement	statement of comprehensive income
sales/operating revenues	revenue (as appropriate)
statement of retained earnings	statement of changes in equity

Other IFRS-related changes

Explanation of Change	Reference
We amended subsection 12.10(1) to reflect the terminology in Canadian GAAP for publicly accountable enterprises, which is IFRS.	NI 31-103 Subsection 12.10(1)
We amended subsection 12.11(1) to reflect the terminology in Canadian GAAP for publicly accountable enterprises, which is IFRS.	NI 31-103 Subsection 12.11(1)
We have added section 12.15 to provide exemptions during the first year of IFRS. One of these exemptions provides registrants with additional time to deliver their first interim financial information, completed Form 31-103F1 and description of any net asset value adjustment, if applicable. Another exemption allows registrants to exclude comparative information in annual financial statements, interim financial information and completed Form 31-103F1 for a financial year beginning in 2011 or for interim periods relating to a financial year beginning in 2011.	NI 31-103 12.15

Housekeeping Changes

Explanation of Change	Reference
We added a definition of “interim period” and replaced the term “quarter” with “interim period”.	NI 31-103 Section 1.1 Subsections 12.12(2) and 12.14(2)
We repealed subsection 12.10(3) because proposed amendments to National Instrument 52-107 will address what accounting principles and auditing standards apply to registrants, including the requirement that registrants prepare their financial statements and other financial information on a non-consolidated basis.	NI 31-103 Subsection 12.10(3)
National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency* is proposed to be renamed National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*. We have updated Part 12 of NI 31-103 for this name change.	NI 31-103 Throughout Part 12
We have clarified the reference to “unconsolidated basis” in the Notes to Form 31-103F1 to refer to “non-consolidated basis; registrants must account for investments in subsidiaries, jointly controlled entities and associates in the manner specified for separate financial statements in Canadian GAAP for publicly accountable enterprises as set out in the Handbook”.	Form 31-103F1

Appendix B

Proposed Amendments to National Instrument 31-103 Registration Requirements and Exemptions and Companion Policy

Schedule B-1 Proposed Amendment Instrument for

National Instrument 31-103 Registration Requirements and Exemptions

1. National Instrument 31-103 Registration Requirements and Exemptions is amended by this Instrument.

2. Section 1.1 of National Instrument 31-103 is amended by adding the following definition before the definition of **"**investment dealer**":**

"interim period" means a period commencing on the first day of the financial year and ending 9, 6 or 3 months before the end of the financial year.

3. Section 12.10 of the Instrument 31-103 is amended by

(a) repealing subsection (1) and substituting the following:

(1) Annual financial statements delivered to the regulator under this Division for financial years beginning on or after January 1, 2011 must include the following:

(a) a statement of comprehensive income, a statement of changes in equity and a statement of cash flows, each prepared for the most recently completed financial year and the financial year immediately preceding the most recently completed financial year, if any;

(b) a statement of financial position, signed by at least one director of the registered firm, as at the end of the most recently completed financial year and the financial year immediately preceding the most recently completed financial year, if any;

(c) notes to the financial statements.

(b) repealing subsection (3).

4. Section 12.11 of National Instrument 31-103 is amended by repealing subsection (1) and substituting the following:

(1) Interim financial information delivered to the regulator under this Division for interim periods relating to financial years beginning on or after January 1, 2011 may be limited to the following:

(a) a statement of comprehensive income for the 3-month period ending on the last day of the interim period and for the same period of the immediately preceding financial year, if any;

(b) a statement of financial position, signed by at least one director of the registered firm, as at the end of the interim period and as at the end of the same interim period of the immediately preceding financial year, if any.

5. Section 12.12 is amended by striking out "quarter***" wherever it occurs and substituting "***interim period***".***

6. Section 12.14 of National Instrument 31-103 is amended by striking out "quarter***" wherever it occurs and substituting "***interim period***".***

7. Part 12 of National Instrument 31-103 is amended by adding the following after Section 12.14:

12.15 Exemptions for financial years beginning in 2011

(1) Despite subsections 12.10(1), 12.11(1), 12.12(1) and (2), 12.13 and 12.14(1) and (2), the annual financial statements, the interim financial information, and the completed Form 31-103F1 *Calculation of Excess Working Capital*, for a financial year beginning in 2011 or for interim periods relating to a financial year beginning in 2011 may exclude comparative information for the preceding financial period.

(2) Despite subsection 12.12(2), the first interim financial information, and the completed Form 31-103F1 *Calculation of Excess Working Capital*, required to be delivered in respect of an interim period beginning on or after January 1, 2011 must be delivered no later than the 45th day after the end of the interim period.

(3) Despite subsection 12.14(2), the first interim financial information, the completed Form 31-103F1 *Calculation of Excess Working Capital*, and the description of any net asset value adjustment, required to be delivered in respect of an interim period beginning on or after January 1, 2011 must be delivered no later than the 45th day after the end of the interim period.

8. Form 31-103F1 Calculation of Excess Working Capital is amended in the first line following "Notes" by striking out "unconsolidated basis***" and substituting "***non-consolidated basis; registrants must account for investments in subsidiaries, jointly controlled entities and associates in the manner specified for separate financial statements in Canadian GAAP for publicly accountable enterprises as set out in the Handbook.***".***

9. This Instrument only applies to periods relating to financial years beginning on or after January 1, 2011.

10. This Instrument comes into force on January 1, 2011.

Schedule B-2 Proposed Amendments to Companion Policy 31-103CP
Registration Requirements and Exemptions

1. Companion Policy 31-103CP to National Instrument 31-103 Registration Requirements and Exemptions is amended by this document.

2. Companion Policy 31-103CP is amended by adding the following after section 12.6:

12.10 Annual financial statements

Changeover to International Financial Reporting Standards

Registrants are required to deliver financial statements and interim financial information prepared in accordance with National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* (NI 52-107). NI 52-107 contains transition provisions to address Canada's changeover from Canadian generally accepted accounting principles to International Financial Reporting Standards (IFRS). Depending on the financial year, a registrant will look to different parts of NI 52-107 to determine which accounting principles and auditing standards apply:

- Part 3 of NI 52-107 applies for financial years beginning on or after January 1, 2011
- Part 4 of NI 52-107 applies to financial years beginning before January 1, 2011.

Under Part 3 of NI 52-107, a registrant is required to prepare its annual financial statements and interim financial information, if applicable, in accordance with Canadian GAAP applicable to publicly accountable enterprises. This is IFRS as incorporated into the Handbook of the Canadian Institute of Chartered Accountants (the Handbook) as Part I. Registrants will be required to prepare their financial statements and interim financial information on a non-consolidated basis; they must account for investments in subsidiaries, jointly controlled entities and associates in the manner specified for separate financial statements in Canadian GAAP for publicly accountable enterprises as set out in the Handbook.

Under Part 4 of NI 52-107, a registrant is required to prepare its annual financial statements and interim financial information in accordance with Canadian GAAP for public enterprises, which is Canadian GAAP as it existed before the mandatory effective date for the adoption of IFRS, included in the Handbook as Part IV. Section 4.2(2) of NI 52-107 specifies that financial statements and interim financial information delivered by a registrant must be prepared on a non-consolidated basis.

When preparing annual financial statements, interim financial information or Form 31-103F1 for a financial year beginning in 2011 or for interim periods relating to a financial year beginning in 2011, registrants may rely on the exemption in subsection 12.15(1) to exclude comparative information for the preceding financial year. If a registrant relies on this exemption, its date of transition to IFRS will be the first day of its financial year beginning in 2011.

Canadian GAAP for publicly accountable enterprises (which is IFRS incorporated into the Handbook) requires financial statements contain comparative information for the preceding financial year. For periods beginning in 2011, subsection 3.2(4) of NI 52-107 provides an exemption from the Canadian GAAP requirement to provide comparative information for the preceding financial year. The exemption in NI 52-107 requires specific disclosure to be included in the annual financial statements when a registrant is relying on this exemption.

3. These amendments only apply to periods relating to financial years beginning on or after January 1, 2011.

4. These amendments become effective on January 1, 2011.

Appendix C

Proposed Amendments to National Instrument 33-109 Registration Information

1. ***National Instrument 33-109 is amended by this Instrument.***

2. ***Section 5.13 of Form 33-109F6 Firm Registration is amended by striking out "***balance sheet***" and substituting "***statement of financial position***".***

3. ***This instrument only applies to periods relating to financial years beginning on or after January 1, 2011.***

4. ***This instrument comes into force on January 1, 2011.***

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Chapter 7

Insider Reporting

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

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

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

Chapter 8

Notice of Exempt Financings

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

Transaction Date	# of Purchasers	Issuer/Security	Total Purchase Price ($)	# of Securities Distributed
09/11/2009	11	3039255 Nova Scotia Limited - Common Shares	546,000.00	2,873,685.00
01/01/2009	1	514935 New Brunswick Inc. - Preferred Shares	52,204.00	1,022,040.00
09/18/2009	1	Active Control Technology Inc. - Units	26,000.00	260,000.00
09/17/2009	28	Advantel Minerals (Canada) Ltd. - Units	257,500.00	1,030,000.00
08/01/2009	21	Alberta Oil & Gas Income Partnership Inc. - Debentures	1,396,500.00	139.65
09/29/2009	1	Alexandria Real Estate Equities, Inc. - Common Shares	4,341,750.00	4,600,000.00
09/15/2009	2	Algonquin Credit Card Trust - Notes	100,000,000.00	N/A
09/25/2009	3	Alstef YUL LP - Bonds	46,000,000.00	46,000,000.00
09/08/2009	1	AngloGold Ashanti Limited - Common Shares	8,019,180.00	200,000.00
09/02/2009	13	Apella Resources Inc. - Units	438,000.00	2,920,000.00
09/30/2009	36	Argosy Energy Inc. - Warrants	6,000,000.00	N/A
09/25/2009	212	Ascot Resources Ltd. - Flow-Through Shares	1,800,000.00	4,000,000.00
09/09/2009	1	Axela Inc. - Debentures	400,000.00	N/A
09/22/2009	5	Axtel, S.A.B. de C.V. - Notes	535,000.00	1.00
09/30/2009	37	Belvedere Resources Ltd. - Common Shares	1,613,728.00	20,171,600.00
09/11/2009	11	Brazil Potash Corp. - Common Shares	27,361,861.42	N/A
09/30/2009	1	Burlington Partners 1 L.P. - Units	60,000.00	60.00
08/07/2009	58	Cadan Resources Corporation - Units	2,500,000.00	25,000,000.00
09/23/2009	1	Cal Dive International, Inc. - Common Shares	3,745,000.00	350,000.00
09/30/2009	132	Canada Lithium Corp. - Units	15,260,739.45	27,746,799.00
09/24/2009 to 09/25/2009	19	Canadian Horizons First Mortgage Investment Corporation - Preferred Shares	438,506.00	438,506.00
09/25/2009	36	Canadian Shield Resources Ltd. - Units	1,200,000.00	1,500,000.00

Transaction Date	# of Purchasers	Issuer/Security	Total Purchase Price ($)	# of Securities Distributed
09/25/2009	33	Carbon2Green Corporation - Common Shares	5,587,345.20	N/A
09/24/2009	13	CareVest Blended Mortgage Investment Corporation - Preferred Shares	413,298.00	870.00
09/24/2009	9	CareVest Capital Blended Mortgage Investment Corp. - Preferred Shares	308,102.00	308,102.00
09/24/2009	15	CareVest First Mortgage Investment Corporation - Preferred Shares	381,416.00	73,424.00
09/24/2009	1	Caza Gold Corp, - Common Shares	100,000.00	400,000.00
09/28/2009	2	CEMEX, S.A.B. de C.V. - Certificate	28,518,000.00	N/A
09/16/2009	1	Center Point Energy Inc. - Common Shares	3,840,000.00	300,000.00
09/09/2009 to 09/19/2009	5	CMC Markets UK Plc - Contracts for Differences	99,000.00	5.00
08/25/2009	97	Comaplex Minerals Corp. - Common Shares	23,502,500.00	5,530,000.00
09/18/2009	1	Continental Resources Inc. - Notes	1,595,087.76	N/A
09/23/2009	95	Corex Gold Corporation - Units	2,300,000.00	4,600,000.00
09/29/2009	24	Culane Energy Corp. - Flow-Through Shares	3,003,550.00	1,397,000.00
09/29/2009	46	Currie Rose Resources Inc. - Units	672,500.00	13,450,000.00
10/01/2009	1	Del Monte Corporation - Notes	105,878.00	N/A
09/30/2009	1	Dumont Nickel Inc. - Flow-Through Shares	50,000.00	N/A
09/08/2009	25	Econo-Malls Limited Partnership #8 - Limited Partnership Interest	3,600,001.00	N/A
09/30/2009	2	ECU Silver Mining Inc. - Common Shares	2,000,000.00	3,980,100.00
09/14/2009	3	Edgeworth Mortgage Investment Corporation - Preferred Shares	126,860.00	N/A
09/25/2009	1	Elliott & Page Limited - Common Shares	3,000,000.00	134,529.00
09/14/2009	2	Elpida Memory Inc. - Common Shares	12,045,600.00	875,000.00
09/01/2009	8	Fancamp Exploration Ltd. - Units	329,630.00	499,439.00
09/11/2009	1	First Leaside Premier Limited Partnership - Units	30,155.41	27,793.00
09/17/2009 to 09/18/2009	3	First Leaside Wealth Management Inc. - Preferred Shares	496,976.00	496,976.00
08/31/2009	80	FT Capital Investment Fund - Units	1,236,500.00	2,473.00
09/29/2009	61	Galway Resources Ltd. - Units	12,000,000.00	24,000,000.00
09/04/2009 to 09/15/2009	11	Gateway Mortgage Investment Corp. - Common Shares	365,800.00	N/A

Transaction Date	# of Purchasers	Issuer/Security	Total Purchase Price ($)	# of Securities Distributed
09/28/2009 to 10/02/2009	8	General Motors Acceptance Corporation of Canada, Limited - Notes	3,118,497.87	3,118,497.87
09/21/2009	9	GGL Resources Corp. - Non-Flow Through Units	242,440.08	N/A
09/29/2009	1	Gold Canyon Resources Inc. - Common Shares	250,000.00	1,000,000.00
09/09/2009	20	Golden Predator Royalty & Development Corp. - Units	7,000,000.00	12,500,000.00
09/09/2009	1	Great Western Minerals Group Ltd. - Common Shares	346,653.00	1,216,325.00
09/30/2009	2	Greening Canada Fund L.P. - Limited Partnership Interest	13,000,000.00	N/A
09/17/2009	6	Headwaters Incorporated - Common Shares	3,527,017.44	852,128.00
08/19/2009	1	Horizons Betapro NYMexcrude - Common Shares	34,008.44	2,800.00
09/16/2009	2	Horsehead Holding Corp. - Common Shares	392,000.00	8,050,000.00
09/29/2009	7	Houston Lake Mining Inc. - Units	325,000.00	1,300,000.00
09/08/2009 to 09/11/2009	7	IGW Real Estate Investment Trust - Trust Units	170,987.69	171,666.97
09/21/2009 to 09/28/2009	25	IGW Real Estate Investment Trust - Trust Units	747,902.77	753,334.24
09/11/2009	22	IPICO Inc. - Debentures	3,500,000.00	N/A
08/04/2009	1	iShares Inc MSCI Japan Index - Common Shares	273,236.40	25,000.00
08/18/2009	1	iShares MSCI Brazil - Common Shares	460,679.19	7,200.00
04/09/2009	2	iShares MSCI Emerging Mkts Index - Common Shares	5,066,240.26	126,000.00
09/07/2009	11	JD Capital Canada LP I - Limited Partnership Units	1,856,790.00	17.25
09/14/2009	3	Jennerex Inc. - Units	374,565.68	1,084,343.00
09/25/2009	1	J.P. Morgan Secondary Private Equity Investors Offshore Special L.P. - Limited Partnership Interest	21,830,000.00	1.00
09/30/2009	1	Kingwest Canadian Equity Portfolio - Units	50,000.00	4,736.69
09/28/2009	8	Kneebone Incorporated - Common Shares	306,248.80	471,152.00
09/17/2009	1	Lateegra Gold Corp, - Common Shares	94,000.00	200,000.00
10/05/2009	28	Latin America Minerals Inc. - Units	1,499,500.00	10,000,000.00
09/10/2009	52	Legend Power Systems Inc. - Common Shares	4,534,000.00	100,000.00

Transaction Date	# of Purchasers	Issuer/Security	Total Purchase Price ($)	# of Securities Distributed
09/28/2009 to 10/05/2009	2	Magenta II Mortgage Investment Corporation - Common Shares	171,072.57	N/A
09/17/2009	1	MB Financial Inc. - Common Shares	849,040.00	12,578,125.00
09/11/2009 to 09/21/2009	13	MBMI Resources Inc. - Debentures	1,600,000.00	N/A
09/25/2009	20	McConachie Development Investment Corporation - Units	545,460.00	54,546.00
09/11/2009	16	McConachie Development Limited Partnership - Units	1,094,560.00	109,456.00
09/18/2009	29	Meize Energy Industries Holding Limited - Common Shares	2,638,335.00	1,403,000.00
09/25/2009	1	MINT Income Fund - Trust Units	29,576,022.27	3,371,368.00
09/23/2009 to 09/29/2009	73	Mooncor Oil & Gas Corp, - Units	1,837,950.60	N/A
09/16/2009	1	Morrison Laurier Mortgage Corporation - Preferred Shares	8,000,000.00	800,000.00
09/21/2009	4	Mountain Boy Minerals Ltd. - Units	499,999.94	4,545,454.00
09/25/2009	58	Nebu Resources Inc. - Units	1,500,000.00	N/A
10/01/2009	34	New World Lenders Corp, - Bonds	2,385,729.00	N/A
09/25/2009	17	New World Resource Corp. - Units	3,100,000.14	11,481,482.00
10/01/2009	6	New World RRSP Lenders Corp. - Bonds	92,000.00	92.00
09/30/2009	60	Newport Strategic Yield Fund - Units	2,714,750.10	240,254.00
09/23/2009	9	Nichromet Extraction Inc. - Units	1,129,602.00	11,296,922.00
09/29/2009	1	PHH Corporation - Notes	543,000.00	N/A
09/29/2009	9	Plasco Energy Group Inc. - Units	4,300,025.00	286,667.00
09/25/2009	3	Plato Gold Corp. - Units	365,000.00	811,110.00
09/25/2009	1	Primera Bioscience Research Inc. - Common Shares	37,500.00	375,000.00
09/11/2009	1	Proforma Capital Bond Corporation - Bonds	150,000.00	N/A
09/08/2009	93	Puget Ventures Inc. - Flow-Through Shares	3,452,400.00	942,500.00
09/23/2009 to 09/30/2009	45	Queenston Mining Inc. - Units	17,000,004.00	2,428,572.00
09/21/2009	19	Rare Element Resources Ltd. - Units	3,000,000.00	1,000,000.00
09/25/2009	11	Richardson International Limited - Debentures	102,930,000.00	N/A
10/01/2009	2	Riverbank Power Corporation - Common Shares	2,000,000.00	1,000,000.00
09/24/2009	9	Saber Energy Corp. - Common Shares	2,432,482.20	37,300,000.00

Transaction Date	# of Purchasers	Issuer/Security	Total Purchase Price ($)	# of Securities Distributed
08/31/2009 to 09/16/2009	79	Silver Quest Resources Ltd. - Units	1,350,000.00	6,875,000.00
09/08/2009 to 09/18/2009	2	Silvercove Capital (Canada) Inc. - Preferred Shares	50,000.00	N/A
09/24/2009	4	Sirios Resources Inc. - Units	64,000.00	640,000.00
09/23/2009	3	Solomon Resources Limited - Common Shares	325,000.00	1,547,617.00
09/23/2009	3	Sonic Automotive, Inc. - Notes	1,823,080.00	1.00
10/05/2009	1	Sovran Self Storage, Inc. - Common Shares	960,000.00	30,000.00
08/08/2009 to 08/25/2009	3	SPDR Gold Trust - Common Shares	3,763,895.94	36,300.00
09/24/2009	3	Spirit AeroSystems Inc. - Notes	1,860,305.43	N/A
10/01/2009	3	Stacey Muirhead Limited Partnership - Limited Partnership Units	183,815.33	5,102.10
10/01/2009	2	Stacey Muirhead RSP Fund - Trust Units	2,587.96	267.97
09/09/2009	2	Sturgeon 2 Limited Partnership - Loans	50,000.00	N/A
09/22/2009	1	Synovus Financial Corp. - Common Shares	6,409,800.00	150,000,000.00
09/17/2009	31	Ten Peaks Capital Trust - Trust Units	1,803,950.00	180,395.00
10/01/2009	4	The Investment Partners Fund - Trust Units	382,092.55	25,472.84
09/24/2009	12	The Toronto-Dominion Bank - Notes	1,000,700.00	N/A
09/24/2009	2	The Toronto-Dominion Bank - Notes	500,000.00	N/A
09/22/2009	10	Tranzeo Wireless Technologies Inc. - Units	2,284,000.00	4,078,570.00
09/22/2009	4	Uldaman Capital Corp, - Common Shares	35,700.00	1,020,000.00
09/16/2009	33	Uldaman Capital Corp. - Common Shares	237,150.00	7,905,000.00
08/06/2009	1	ULtrashort FTSE/Xinhua China25 Proshares - Common Shares	64,510.37	6,200.00
09/15/2009	15	Walton AZ Sawtooth Investment Corporation - Common Shares	274,680.00	27,468.00
09/25/2009	9	Walton AZ Silver Reef Investment Corporation - Common Shares	133,990.00	13,399.00
09/25/2009	3	Walton AZ Silver Reef Limited Partnership - Limited Partnership Units	191,026.83	17,556.00
09/25/2009	18	Walton AZ Silver Reef Limited Partnership 2 - Limited Partnership Units	579,141.22	53,225.00
09/09/2009	21	Walton AZ Vista Del Monte 2 Investment Corporation - Common Shares	467,140.00	46,714.00
09/09/2009	16	Walton TX Cornerstone Investment Corporation - Common Shares	619,230.00	61,923.00

Transaction Date	# of Purchasers	Issuer/Security	Total Purchase Price ($)	# of Securities Distributed
09/11/2009	15	Walton TX Garland Heights Investment Corporation - Common Shares	292,830.00	29,283.00
10/01/2009	3	Western Standard Metals Ltd. - Common Shares	1,350,100.00	N/A
08/19/2009	4	Weststar Resources Corp. - Flow-Through Shares	500,000.00	5,000,000.00
09/24/2009	1	WG Limited - Common Shares	434,286.04	1,142,858.00
09/18/2009	15	Worldwide Promotional Management Inc. - Common Shares	328,625.00	N/A

Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
Active Control Technology Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated October 14, 2009
NP 11-202 Receipt dated October 14, 2009
Offering Price and Description:
$ ● - ● COMMON SHARES Price: $ * per Common Share
Underwriter(s) or Distributor(s):
Paradigm Capital Inc.
Promoter(s):
-
Project #1485497

Issuer Name:
Arcan Resources Ltd.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated October 15, 2009
NP 11-202 Receipt dated October 15, 2009
Offering Price and Description:
$11,250,000.00 - 9,000,000 Common Shares Price: $1.25 Per Offered Share
Underwriter(s) or Distributor(s):
Wellington West Capital Markets Inc.
FirstEnergy Capital Corp.
Haywood Securities Inc.
Paradigm Capital Inc.
PI Financial Corp.
Promoter(s):
-
Project #1486030

Issuer Name:
Bear Creek Mining Corporation
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated October 20, 2009
NP 11-202 Receipt dated October 20, 2009
Offering Price and Description:
$ * - * Common Shares Price: $ * per Common Share
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
Promoter(s):
-
Project #1487212

Issuer Name:
Coastal Energy Company
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated October 20, 2009
NP 11-202 Receipt dated October 20, 2009
Offering Price and Description:
$30,000,000.00 - 6,000,000 Common Shares Price: $5.00 per Offered Share
Underwriter(s) or Distributor(s):
Macquarie Capital Markets Canada Ltd.
Canaccord Capital Corporation
Thomas Weisel Partners Canada Inc.
Paradigm Capital Inc.
RBC Dominion Securities Inc.
CIBC World Markets Inc.
Promoter(s):
-
Project #1487325

Issuer Name:
Connor, Clark & Lunn 2009 Flow-Through Limited Partnership
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated October 13, 2009
NP 11-202 Receipt dated October 14, 2009
Offering Price and Description:
Maximum Offering: $20,000,000.00 (800,000 Units); Minimum Offering: $3,000,000.00 (120, 000 Units)
Price: $25.00 per Unit Minimum Purchase: $5,000 (200) Units
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
National Bank Financial Inc.
Scotia Capital Inc.
TD Securities Inc.
GMP Securities L.P.
Canaccord Capital Corporation
HSBC Securities (Canada) Inc.
Raymond James Ltd.
Blackmont Capital Inc.
Dundee Securities Corporation
Manulife Securities Incorporated
Wellington West Capital Markets Inc.
Promoter(s):
Connor, Clark & Lunn Capital Markets Inc.
Project #1485371

Issuer Name:
Convertible Debenture Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated October 9, 2009
NP 11-202 Receipt dated October 14, 2009
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
Middlefield Group Limited
Middlefield Fund Management Limited
Project #1485382

Issuer Name:
China 88 Capital Corp.
Principal Regulator - Alberta
Type and Date:
Preliminary CPC Prospectus dated October 8, 2009
NP 11-202 Receipt dated October 13, 2009
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Research Capital Corporation
Promoter(s):
-
Project #1485169

Issuer Name:
CanAsia Financial Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Long Form Prospectus dated October 8, 2009
NP 11-202 Receipt dated October 13, 2009
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
Jay Leung
Project #1484423

Issuer Name:
Canyon Services Group Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated October 13, 2009
NP 11-202 Receipt dated
Offering Price and Description:
$20,000,000.00 - 10,000,000 Common Shares Price: $2.00 per Common Share
Underwriter(s) or Distributor(s):
Cormark Securities Inc.
Peters & Co. Limited
Raymond James Ltd.
Promoter(s):
-
Project #1485061

Issuer Name:
Crescent Point Energy Corp.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated October 20, 2009
NP 11-202 Receipt dated
Offering Price and Description:
$500,267,500.00 - 13,430,000 Common Shares Price: $37.25 per Common Share
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
FirstEnergy Capital Corp.
TD Securities Inc.
National Bank Financial Inc.
GMP Securities L.P.
Macquarie Capital Markets Canada Ltd.
Peters & Co. Limited
Promoter(s):
-
Project #1487260

Issuer Name:
DualEx Energy International Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated October 19, 2009
NP 11-202 Receipt dated October 19, 2009
Offering Price and Description:
MINIMUM $3,000,000.00 (* Units) MAXIMUM $7,000,000 (* Units) Price: $ * per Unit
Underwriter(s) or Distributor(s):
Clarus Securities Inc.
Jennings Capital Inc.
Promoter(s):
-
Project #1486882

Issuer Name:
EPCOR Power Equity Ltd.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated October 14, 2009
NP 11-202 Receipt dated October 14, 2009
Offering Price and Description:
$100,000,000.00 - 4,000,000 Cumulative Rate Reset Preferred Shares, Series 2 Price: $25.00 per Series 2 Share to yield initially 7.00%
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
RBC Dominion Securities Inc.
TD Securities Inc.
HSBC Securities (Canada) Inc.
National Bank Financial Inc.
Canaccord Capital Corporation
Desjardins Securities Inc.
Promoter(s):
-
Project #1485616

Issuer Name:
GINSMS Inc.
Principal Regulator - Alberta
Type and Date:
Amended and Restated Preliminary Long Form Prospectus dated October 15, 2009
NP 11-202 Receipt dated October 16, 2009
Offering Price and Description:
Minimum Offering: $1,200,000.00 or 8,000,000 Units; Maximum Offering: $2,025,000 or 13,500,000 Units Price: $0.15 per Unit
Underwriter(s) or Distributor(s):
CTI Capital Securities Inc.
Promoter(s):
Man Kon (Jonathan) Lai
Project #1441581

Issuer Name:
IMRIS Inc.
Principal Regulator - Manitoba
Type and Date:
Preliminary Short Form Prospectus dated October 19, 2009
NP 11-202 Receipt dated
Offering Price and Description:
$18,004,000.00 - 3,215,000 COMMON SHARES PRICE: $5.60 PER COMMON SHARE
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
GMP Securities L.P.
Canaccord Capital Corporation
Cormark Securities Inc.
Dundee Securities Corporation
Promoter(s):
-
Project #1486826

Issuer Name:
Indigo Exploration Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary Long Form Prospectus dated October 14, 2009
NP 11-202 Receipt dated October 14, 2009
Offering Price and Description:
$600,000.00 - 4,000,000 Common Shares PRICE : $0.1 5 per Share
Underwriter(s) or Distributor(s):
Union Securities Ltd.
Promoter(s):
-
Project #1485683

Issuer Name:
Lazard Strategic Global Convertible Bond Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated October 19, 2009
NP 11-202 Receipt dated October 20, 2009
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
Navina Capital Corp.
Project #1486842

Issuer Name:
Moly Mines Limited
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated October 16, 2009
NP 11-202 Receipt dated October 19, 2009
Offering Price and Description:
Rights to Purchase up to C$□ Shares at a Price of C$0.75 per Share Price: C$0.75 per Share
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1486501

Issuer Name:
Norsemont Mining Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated October 19, 2009
NP 11-202 Receipt dated October 19, 2009
Offering Price and Description:
$20,010,250.00 - 8,515,000 Units Price: $2.35 per Unit
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
Cormark Securities Inc.
Paradigm Capital Inc.
Wellington West Capital Markets Inc.
Promoter(s):
-
Project #1486872

Issuer Name:
Plutonic Power Corporation
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated October 19, 2009
NP 11-202 Receipt dated October 19, 2009
Offering Price and Description:
$70,350,000.00 - 21,000,000 Common Shares Price: $3.35 per Common Share
Underwriter(s) or Distributor(s):
Cormark Securities Inc.
GMP Securities L.P.
Macquarie capital Markets Canada Ltd.
Scotia Capital Inc.
Toll Cross Securities Inc.
Canaccord Capital Corporation
M Partners Inc.
PI Financial Corp.
Salman Partners Inc.
Versant Partners Inc.
Promoter(s):
-
Project #1486811

Issuer Name:
Rock Energy Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated October 15, 2009
NP 11-202 Receipt dated October 15, 2009
Offering Price and Description:
$15,225,000.00 - 4,350,000 Common Shares Price: $3.50 per Common Share
Underwriter(s) or Distributor(s):
Wellington West Capital Markets Inc.
FirstEnergy Capital Corp.
National Bank Financial Inc.
Cormark Securities Inc.
Dundee Securities Corporation
Research Capital Corporation
Promoter(s):
-
Project #1486019

Issuer Name:
Signature Diversified Yield Corporate Class
Signature Diversified Yield Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectuses dated October 16, 2009
NP 11-202 Receipt dated October 19, 2009
Offering Price and Description:
(Class A, F and I Units, and Class A, AT5, AT8, F, FT5, FT8, I, IT5 and IT8 Shares)
Underwriter(s) or Distributor(s):
-
Promoter(s):
CI Investments Inc.
Project #1486570

Issuer Name:
Signature Diversified Yield Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated October 16, 2009
NP 11-202 Receipt dated October 19, 2009
Offering Price and Description:
(Class C Units)
Underwriter(s) or Distributor(s):
-
Promoter(s):
CI Investments Inc.
Project #1486569

Issuer Name:
Velo Energy Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Long Form Prospectus dated October 15, 2009
NP 11-202 Receipt dated October 15, 2009
Offering Price and Description:
Minimum Offering: $● (● Common Shares); Maximum Offering: $● (● Common Shares) Price: $● per Common Share
Underwriter(s) or Distributor(s):
GMP Securities Inc.
Canaccord Capital Corporation
Genuity Capital Corporation
Scotia Capital Inc.
Promoter(s):
-
Project #1486128

Issuer Name:
Vermilion Energy Trust
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated October 16, 2009
NP 11-202 Receipt dated October 16, 2009
Offering Price and Description:
$225,013,800.00 - 7,282,000 Trust Units Price: $30.90 per Trust Unit
Underwriter(s) or Distributor(s):
TD Securities Inc.
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
National Bank Financial Inc.
FirstEnergy Capital Corp.
Canaccord Capital Corporation
Peters & Co. Limited
Macquarie Capital Markets Canada Ltd.
Genuity Capital Markets
Raymond James Ltd.
Promoter(s):
-
Project #1486505

Issuer Name:
Vuzix Corporation
Principal Regulator - Ontario
Type and Date:
Second Amended and Restated Preliminary Long Form Base PREP Prospectus dated October 16, 2009
NP 11-202 Receipt dated October 19, 2009
Offering Price and Description:
A Maximum Offering of $12,500,000.00; A Minimum Offering of $6,000,000.00 Up to 50,000,000 Units (each Unit consisting of one share of common stock and one-half of one common stock purchase warrant)
PRICE CDN$ * PER UNIT
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
Bolder Investment Partners, Ltd.
Promoter(s):
-
Project #1443965

Issuer Name:
Ag Growth International Inc.
Principal Regulator - Manitoba
Type and Date:
Final Short Form Prospectus dated October 19, 2009
NP 11-202 Receipt dated October 19, 2009
Offering Price and Description:
$100,000,000.00 - 7.0% Convertible Unsecured Subordinated Debentures
Underwriter(s) or Distributor(s):
TD Securities Inc.
CIBC World Markets Inc.
National Bank Financial Inc.
Cormark Securities Inc.
Wellington West Capital Markets Inc.
Genuity Capital Markets
Macquarie Capital Markets Canada Ltd.
Promoter(s):
-
Project #1484681

Issuer Name:
Mutual Fund Units and Class F Units, unless otherwise indicated, of:
AIC Advantage Fund
AIC Advantage Fund II
AIC American Advantage Fund
AIC Global Advantage Fund
AIC Diversified Canada Fund
AIC Canadian Equity Fund
AIC Value Fund
AIC American Small to Mid Cap Fund
AIC Canadian Focused Fund
AIC American Focused Fund
AIC Global Focused Fund
AIC Global Real Estate Fund
AIC Global Wealth Management Fund (also, Class T5 Units and Class T8 Units)
Brookfield Redding Global Infrastructure Fund
AIC Canadian Balanced Fund
AIC Global Balanced
AIC Dividend Income Fund
AIC Preferred Income Fund
AIC Global Premium Dividend Income Fund (also, Class T6 Units and Class F-T6 Units)
AIC Global Fixed Income Fund
AIC Bond Fund
AIC Global Bond Fund
AIC Money Market Fund
AIC U.S. Money Market Fund
Value Leaders Income Portfolio (also, Class G Units, Class W Units and Class T4 Units)
Value Leaders Balanced Income Portfolio (also, Class G Units, Class W Units and Class T5 Units)
Value Leaders Balanced Growth Portfolio (also, Class G Units, Class W Units and Class T6 Units)
Value Leaders Growth Portfolio (also, Class G Units, Class W Units and Class T6 Units)
Value Leaders Maximum Growth Portfolio (also, Class G Units, Class W Units and Class T7 Units)
Copernican International Dividend Income Fund (also, Class T6 Units and Class F-T6 Units)
Principal Regulator - Ontario
Type and Date:
Amendment #3 dated September 28, 2009 to the Simplified Prospectuses and Annual Information Forms dated April 6, 2009
NP 11-202 Receipt dated October 16, 2009
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
Copernican Capital Corp.
Project #1377391

Issuer Name:
AIC Advantage II Corporate Class
AIC American Advantage Corporate Class
AIC Global Advantage Corporate Class
AIC Diversified Canada Corporate Class
AIC Value Corporate Class
AIC Canadian Focused Corporate Class
AIC American Focused Corporate Class
AIC Global Focused Corporate Class
AIC Global Real Estate Corporate Class
Brookfield Redding Global Infrastructure Corporate Class
AIC Canadian Balanced Corporate Class
AIC Global Premium Dividend Income Corporate Class
AIC Total Yield Corporate Class
AIC Money Market Corporate Class
(Mutual Fund Shares and Series F Shares)
Principal Regulator - Ontario
Type and Date:
Amendment #2 dated September 28, 2009 to the Simplified Prospectuses and Annual Information Forms dated April 1, 2009
NP 11-202 Receipt dated October 16, 2009
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
AIC Limited
Project #1368652

Issuer Name:
Alaris Royalty Corp.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated October 16, 2009
NP 11-202 Receipt dated October 16, 2009
Offering Price and Description:
$12,000,000.00 - 2,000,000 Units @ Per Unit $6.00
Underwriter(s) or Distributor(s):
Acumen Capital Finance Partners Limited
CIBC World Markets Inc.
Cormark Securities Inc.
HSBC Securities (Canada) Inc.
Canaccord Capital Corporation
Promoter(s):
-
Project #1483551

Issuer Name:
Canyon Services Group Inc.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated October 20, 2009
NP 11-202 Receipt dated October 20, 2009
Offering Price and Description:
$20,000,000.00 - 10,000,000 Common Shares Price: $2.00 per Common Share
Underwriter(s) or Distributor(s):
Cormark Securities Inc.
Peters & Co. Limited
Raymond James Ltd.
Promoter(s):
-
Project #1485061

Issuer Name:
Capital International - Growth and Income
Capital International - International Equity
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated October 8, 2009 to the Simplified Prospectuses and Annual Information Forms dated June 11, 2009
NP 11-202 Receipt dated October 15, 2009
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
CAPITAL INTERNATIONAL ASSET MANAGEMENT (CANADA), INC.
Project #1419168

Issuer Name:
Class A Units and Class O Units, unless otherwise noted, of:
CIBC Money Market Fund (and Premium Class Units)
CIBC U.S. Dollar Money Market Fund (and Premium Class Units)
CIBC Short-Term Income Fund
CIBC Canadian Bond Fund (and Premium Class Units)
CIBC Monthly Income Fund
CIBC Global Bond Fund
CIBC Global Monthly Income Fund
CIBC Dividend Income Fund
CIBC Dividend Growth Fund
CIBC Canadian Equity Value Fund
CIBC Disciplined U.S. Equity Fund
CIBC U.S. Small Companies Fund
CIBC Disciplined International Equity Fund
CIBC European Equity Fund
CIBC Emerging Markets Fund
CIBC Asia Pacific Fund
CIBC Canadian Short-Term Bond Index Fund
CIBC Canadian Index Fund
CIBC U.S. Broad Market Index Fund
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated October 14, 2009 to the Simplified Prospectuses and Annual Information Forms dated July 22, 2009
NP 11-202 Receipt dated October 20, 2009
Offering Price and Description:
Class A Units
Underwriter(s) or Distributor(s):
CIBC Securities Inc.
Promoter(s):
Canadian Imperial Bank of Commerce
Project #1429250

Issuer Name:
Colossus Minerals Inc.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated October 15, 2009
NP 11-202 Receipt dated October 16, 2009
Offering Price and Description:
$63,250,000.00 - 11,000,000 Common Shares Price: $5.75 per Common Share
Underwriter(s) or Distributor(s):
Macquarie Capital Markets Canada Ltd.
Thomas Weisel Partners Canada Inc.
Canaccord Capital Corporation
GMP Securities L.P.
Promoter(s):
-
Project #1483327

Issuer Name:
Connacher Oil and Gas Limited
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated October 15, 2009
NP 11-202 Receipt dated October 15, 2009
Offering Price and Description:
$26,195,000.00 - 20,150,000 Flow-Through Common Shares Per Flow-Through Share $1.30
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
TD Securities Inc.
GMP Securities L.P.
Raymond James Ltd.
D&D Securities Company
Macquarie Capital Markets Canada Ltd.
Promoter(s):
-
Project #1483481

Issuer Name:
DragonWave Inc.
Principal Regulator - Ontario
Type and Date:
Final Short Form PREP Prospectus dated October 14, 2009
NP 11-202 Receipt dated October 14, 2009
Offering Price and Description:
U.S.$129,723,000.00 - 12,972,300 Common Shares Price: U.S.$10.00 per Common Share
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
CIBC World Markets Inc.
GMP Securities L.P.
RBC Dominion Securities Inc.
Dundee Securities Corporation
TD Securities Inc.
Promoter(s):
-
Project #1478690

Issuer Name:
DRM Ventures Inc.
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated October 15, 2009
NP 11-202 Receipt dated October 19, 2009
Offering Price and Description:
Maximum Offering: $1,000,000.00 or 5,000,000 Common Shares; Minimum Offering: $500,000.00 or 2,500,000 Common Shares Price: $0.20 per Common Share
Underwriter(s) or Distributor(s):
Haywood Securities Inc.
Promoter(s):
Amin Khalifa
Project #1480692

Issuer Name:
Front Street Flow-Through 2009-II Limited Partnership
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated October 13, 2009
NP 11-202 Receipt dated October 14, 2009
Offering Price and Description:
$50,000,000.00 - (Maximum Offering) – 2,000,000 Units @ $25.00 per Unit; $10,000,000.00 - (Minimum Offering) - 400,000 Units @ $25.00 per Unit
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
Blackmont Capital Inc.
Canaccord Capital Corporation
GMP Securities L.P.
Manulife Securities Inc.
Raymond James Ltd.
Tuscarora Capital Inc.
Wellington West Capital Markets Inc.
Promoter(s):
Front Street Capital Management General Partner II Corp.
Front Street Capital 2004
Project #1472643

Issuer Name:
Front Street Special Opportunities Canadian Fund Ltd.
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated October 9, 2009 to the Simplified Prospectus and Annual Information Form dated June 22, 2009
NP 11-202 Receipt dated October 16, 2009
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1422585

Issuer Name:
Horizons AlphaPro Gartman ETF
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated October 14, 2009
NP 11-202 Receipt dated October 14, 2009
Offering Price and Description:
Class E Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
AlphaPro Management Inc.
Project #1475168

Issuer Name:
Imperial Canadian Equity Pool
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated October 8, 2009 to the Simplified Prospectus and Annual Information Form dated January 29, 2009
NP 11-202 Receipt dated October 20, 2009
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1354532

Issuer Name:
Manitoba Telecom Services Inc.
Principal Regulator - Manitoba
Type and Date:
Final Shelf Prospectus dated October 16, 2009
NP 11-202 Receipt dated October 19, 2009
Offering Price and Description:
$500,000,000.00 - Medium Term Notes (unsecured)
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
National Bank Financial Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
Promoter(s):
-
Project #1482238

Issuer Name:
Mega Uranium Ltd.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated October 19, 2009
NP 11-202 Receipt dated October 19, 2009
Offering Price and Description:
$50,000,400.00 - 58,824,000 Units $0.85 per Unit
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
UBS Securities Canada Inc.
Macquarie Capital Markets Canada Ltd.
Thomas Weisel Partners Canada Inc.
Haywood Securities Inc.
Salman Partners Inc.
Dundee Securities Corporation
Promoter(s):
-
Project #1483449

Issuer Name:
Newalta Inc.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated October 16, 2009
NP 11-202 Receipt dated October 19, 2009
Offering Price and Description:
$40,162,500.00 - 5,250,000 Common Shares Price: $7.65 per Offered Share
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
Canaccord Capital Corporation
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Promoter(s):
-
Project #1484642

Issuer Name:
Pathway Oil & Gas 2009 Flow-Through Limited Partnership
Principal Regulator - Ontario
Type and Date:
Amended and Restated Long Form Prospectus dated October 20, 2009 amending and restating the Long Form Prospectus dated July 20, 2009
NP 11-202 Receipt dated October 20, 2009
Offering Price and Description:
$10,000,000.00 (Maximum Offering); $2,500,000.00 (Minimum Offering) A Maximum of 1,000,000 and a Minimum of 250,000 Limited Partnership Units Minimum Subscription: 250 Limited Partnership Units
Subscription Price: $10.00 per Limited Partnership Unit
Underwriter(s) or Distributor(s):
Wellington West Capital Inc.
HSBC Securities (Canada) Inc.
Burgeonvest Securities Limited
Canaccord Capital Corporation
Raymond James Ltd.
Blackmont Capital Corporation
Desjardins Securities Inc.
Industrial Alliance Securities Inc.
Laurentian Bank Securities Inc.
Research Capital Corporation
Integral Wealth Securities Limited
Argosy Securities Inc.
Promoter(s):
Pathway Oil & Gas 2009 Inc.
Project #1415852

Issuer Name:
Progress Energy Resources Corp.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated October 15, 2009
NP 11-202 Receipt dated October 15, 2009
Offering Price and Description:
$200,000,000.00 - 5.25% Convertible Unsecured Subordinated Debentures Due October 31, 2014 at $1,000.00 per Debenture
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
CIBC World Markets Inc.
Cormark Securities Inc.
FirstEnergy Capital Corp.
Peters & Co. Limited
RBC Dominion Securities Inc.
Canaccord Capital Corporation
Macquarie Capital Markets Canada Ltd.
National Bank Financial Inc.
GMP Securities L.P.
Raymond James Ltd.
Promoter(s):
-
Project #1483556

Issuer Name:
Student Transportation of America Ltd.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated October 19, 2009
NP 11-202 Receipt dated October 20, 2009
Offering Price and Description:
$45,000,000.00 - 7.5% Convertible Subordinated Unsecured Debentures Price: $1,000 per Debenture
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
Cormark Securities Inc.
Wellington West Capital Markets Inc.
National Bank Financial Inc.
Raymond James Ltd.
Promoter(s):
-
Project #1484634

Issuer Name:
TIS Preservation & Growth Fund
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated October 8, 2009 to the Simplified Prospectus and Annual Information Form dated April 9, 2009
NP 11-202 Receipt dated October 16, 2009
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
Gatehouse Capital Inc.
Project #1384453

Issuer Name:
TransAlta Corporation
Principal Regulator - Alberta
Type and Date:
Final Shelf Prospectus dated October 19, 2009
NP 11-202 Receipt dated October 19, 2009
Offering Price and Description:
$1,000,000,000.00:
Common Shares
First Preferred Shares
Warrants
Subscription Receipts
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1484740

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Name Change	From: Conning Asset Management Company To: Conning, Inc.	Portfolio Manager	October 9, 2009
Name Change	From: Blueprint Investment Corp. To: TeamMax Investment Corp.	Mutual Fund Dealer	October 13, 2009
Change of Category	Globeinvest Capital Management Inc.	From: Exempt Market Dealer, Portfolio Manager To: Portfolio Manager	October 14, 2009
Name Change	From: Alpha Funds Management Inc. To: Spartan Fund Management Inc.	Exempt Market Dealer, Portfolio Manager & Commodity Trading Manager	October 15, 2009
Suspension of Registration	Longview Holdings Inc.	Exempt Market Dealer	October 15, 2009

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Chapter 13

SRO Notices and Disciplinary Proceedings

13.1.1 CNSX Markets Inc. Notice 2009-001 – Notice and Request for Comments – Proposed Policy and Rule Changes – Policy 1, Policy 2, Policy 4, Policy 5 and related forms, and Rule 1-101, Rule 11-102 and Rule 11-103

NOTICE 2009-001

PROPOSED POLICY AND RULE CHANGES –
POLICY 1, POLICY 2, POLICY 4, POLICY 5 AND RELATED FORMS,
AND RULE 1-101, RULE 11-102 AND RULE 11-103

NOTICE AND REQUEST FOR COMMENTS

October 23, 2009

The Board of Directors of CNSX Markets Inc. (the "Board") has passed a resolution to amend Policy 2 – Qualifications for Listing and add new Policy 10 -Specialist Securities as well as to amend Rule 1-101 – Definitions, Rule 11-102 – Qualification for Alternative Market and Rule 11-103 – Access by Eligible Clients to the Alternative Market, subject to Ontario Securities Commission approval, following public notice and comment. Attached are clean and blacklined copies of Policies 1, 2, 4 and 5, the text of new Policy 10, extracts of Rules 1-101, 11-102 and 11-103, and Forms 1A, 1B, 2A, 2B, and 4.

The Board has determined that the proposed amendments are in the public interest and have authorized them to be published for public notice and comment. Comments should be made no later than 30 days from the date of publication of this notice and should be addressed to:

CNSX Markets Inc.
220 Bay Street, 9th Floor
Toronto, ON
M5J 2W4

Attention: Mark Faulkner, Director, Listings and Regulation
Fax: 416.572.4160
Email: Mark.Faulkner@cnsx.ca

A copy should be provided to the Ontario Securities Commission (OSC) at the following address:

Market Regulation Branch
Ontario Securities Commission
Suite 1903, Box 55
20 Queen Street West
Toronto, ON
M5H 3S8

Attention: Manager, Market Regulation
Fax: 416.595.8940

I. Proposed Changes

A. Policy Changes

CNSX Markets is proposing amendments to Policy 2 – Qualifications for Listing. The first group of amendments restructures the policy to remove listing criteria for specific products from the main text and include them as appendices. As a result of the changes, new Appendices have been added with specifics relating to equity and debt securities. In the future, should CNSX plan to add new products, additional Appendices will be submitted for approval. Consequential amendments are proposed to Policies 4 – Corporate Governance and Miscellaneous Provisions and 5 – Timely Disclosure, Trading Halts and Posting Requirements and the related Forms, and a new Policy 10 – Specialist Securities adds guidance for securities with special, non-financial requirements. As part of the review of the policies, CNSX Markets also took the opportunity to make certain house-

keeping changes to Policy 1 – Interpretation and General Provisions, such as those to reflect the name changes of the exchange and IIROC.

Other amendments to Policy 2, described below, are being proposed to clarify and codify a number of existing practices and procedures and include a "Full, True and Plain Disclosure" requirement and a further requirement for Issuers to take all reasonable care to ensure that any information provided to CNSX or otherwise made available to CNSX is not misleading or deceptive and does not omit anything likely to affect the import of the document or information provided.

B. Rule Changes

The proposed rule amendments relate to: 1) changes to the definition of "Alternative Market Security" in Rule 1-101 – Definitions to include a CNSX-listed security, plus a consequential change to Rule 11-102 – Qualification for Alternative Market, which sets out the securities that qualify for trading in the Alternative Market (Pure Trading); and 2) the addition, in Rule 11-103 – Access by Eligible Clients to the Alternative Market, of a new category of eligible client that may access the Alternative Market.

II. Rationale

A. Policy Changes

The addition of specific listing criteria for different products will provide better guidance for issuers seeking to list securities other than equity securities, and specific disclosure requirements more appropriate to each type of product will ensure that investors and other market participants have access to relevant disclosure. Inclusion of the criteria and requirements in Policy 2 and its Appendices will ensure transparency of CNSX requirements. The changes to Policies 4 and 5 resulted from the review and restructuring of Policy 2 and the focus on differentiating by security type.

The requirements for different types of securities were established based on CNSX Markets' approach to offer competitive, less restrictive service while still requiring issuers to meet minimum standards.

To be eligible for listing, an issuer must still be a reporting issuer or the equivalent in a jurisdiction in Canada.

B. Rule Changes

Initially, the Alternative Market was developed to provide competition in the Canadian markets and, consequentially, was focused on the securities listed on other exchanges. CNSX Markets has since considered that there may be benefits to having the ability to list a security on CNSX and trade it on the Alternative Market facility. To allow this flexibility, we are proposing the amendments to Rule 1-101 and Rule 11-102.

The change to Rule 11-103 relating to access to the Alternative Market by eligible clients is being proposed to better reflect the range of clients of CNSX Dealers to include all clients that meet the spirit of the "eligible client" definition due to sophistication, financial assets and/or size and to bring the definition in line with that in place at the other exchanges.

III. Description of the Policy and Rule Changes

A. Policy Changes

The amendments include a restructuring of Policy 2, some additional requirements, new Appendices, and consequential amendments to Policies 4 and 5 and to certain forms.

1. Structure

We propose to move the product-specific eligibility requirements out of the main body of the Policy and into Appendices, as follows:

a) Appendix A - Equity Securities

b) Appendix B - Debt Securities

2. Basic Qualifications for Listing

- The current eligibility criterion in Policy 2-1.1 that an issuer must be a reporting issuer or the equivalent in a jurisdiction in Canada remains unchanged.

- Proposed new Policy 2-4.1 codifies a previously-understood requirement that all securities for which a listing is sought should be fully paid and non-assessable.

- Proposed new Policy 2-7.2 provides that all documents must be posted in the data format prescribed by CNSX from time to time. This will enable CNSX to prescribe that filings be made in the emerging XBRL format at a suitable future date. Policy 2-7.2 (e) has been amended to require the posting only of an index of all documents comprising the Issuer's SEDAR record, for the previous two calendar years, rather than the posting of all the documents and an index of those documents.

- Proposed Policy 2-9.1(e) now provides a CNSX Issuer need not post a public document submitted to SEDAR on the CNSX website if identical disclosure has already been posted in a CNSX Form.

- Proposed Policy 2-12 entitled Transfer and Registration of Securities was moved from Policy 4. The out-dated requirement to maintain transfer facilities in the City of Toronto has been removed and the proposed amendment states only that the Issuer must maintain transfer and registration facilities in good standing where the securities of the Issuer are directly transferable and that certificates must name the cities where they are transferable and must be interchangeably transferable and identical in colour and form with each other.

- Proposed Policy 2-13 entitled Share Certificates was moved from Policy 4. It states that share certificates must bear a valid CUSIP number but the amendments remove the out-dated requirement that all certificates must be printed by a recognized bank note company or its affiliate or other security printer which has a contractual affiliation with a recognized bank note company.

- Proposed Policy 2-14 entitled Book-Based System has been moved from Policy 4.

- Proposed new disclosure requirements:

    - Policy 2-15 entitled Full, True & Plain Disclosure is a new provision that reinforces the securities regulatory requirements for disclosures. In particular, that the Listing Statement filed with CNSX must, as an overriding principle, contain such information which, according to the particular nature of the Issuer and the securities for which listing is sought, is necessary to enable an investor to make an informed assessment of the activities, assets and liabilities, financial position, management and prospects of the Issuer and of its profits and losses (and of any guarantor) and of the rights attaching to such securities, and must set out such information in true and plain English.

    - In addition, new Policy 2-9.1(g) requires that an Issuer must take all reasonable care to ensure that any statement, document or other information provided to CNSX or which is made available to CNSX or posted by the Issuer is not misleading, false or deceptive and does not omit anything likely to affect the import of such statement, document or other information.

3. Appendix A - Equity Securities

There are no significant changes proposed to the current minimum requirements. The proposed changes, which serve to reinforce the current standards in practice, are as follows:

- The public float must be at least 500,000 freely-tradeable shares worth at least $250,000 (currently $50,000) and consisting of at least 150 public holders. We propose to raise the dollar value minimum requirement to better reflect our experience over the last five years and the public float requirement of equivalent exchanges in Canada.

- An Issuer must have "demonstrable revenue from operations" (previously "cash generating capacity") or have working capital of $100,000 ($50,000 if recently listed on another exchange).

- An Issuer identified as a "thin float" Issuer will have an identifying marker added to its disclosure on the CNSX.ca website.

- In section 1.7 of Appendix A to the Policy, investment companies (which are no longer referred to as "Merchant Banking" or "venture capital" companies in the Policies) must have minimum net assets (currently "net tangible assets") of $2 million, at least 50% of which has been allocated to at least two specific investments, or $4 million.

- The Builder's Share guidelines and escrow policies, which had been previously approved in principle by the Board and published in a Regulatory Notice, have now been included in Appendix A of the Policy with no significant changes to those requirements. A minor change is to alter the definition of Builder Shares to shares issued for "less than $0.02 per share (previously it was "$0.02 or less"). Paragraph 2.8(c) of Appendix A to the Policy now explicitly states that CNSX,

in its sole discretion, may impose escrow arrangements that are in addition to those required by National Policy 46-201 *Escrow for Initial Public Offerings*, or consider different proposals such as an "earn-out" escrow, on a case-by-case basis.

- The list of documents required to be filed with a listing application has been amended so that the existing requirement to post legal opinions on good standing, etc., on the CNSX website has been deleted because legal counsel do not generally consent to such publication of their opinions. The requirement to file two copies of the Listing Statement and other forms, etc., has also been changed to a single copy as most documents are now submitted electronically.

4. Appendix B - Debt Securities

For the purposes of this Appendix, "debt securities" includes bonds, debentures, notes, Eurobonds, Medium Term Notes, Sukuk (Islamic bonds) and any other fixed income securities that CNSX deems to be debt securities.

- An Issuer of debt securities must have net assets of at least $1 million or, where the Issuer is a special purpose vehicle or a holding company that does not meet this requirement itself, CNSX may consider the assets of an underlying entity. The Issuer must appoint and maintain a payment agent acceptable to CNSX. We propose this low minimum requirement to attract issuers to list their debt issues, and thus create a more open and transparent secondary trading market for debt securities in Canada, while ensuring that the issuer has a credible level of net assets.

- There are additional requirements in the case of asset-backed securities, including a requirement that a trustee or other independent representative must be appointed to represent the interests of the holders of the asset-backed securities and the trustee or an independent custodian must hold the underlying assets and all money and benefits flowing from the assets to the Issuer or the holder of the asset-backed securities. In drawing up these requirements we have studied the requirements of several international exchanges that list debt securities (including TSX, the Bermuda Stock Exchange, the Cayman Islands Stock Exchange, the Dubai International Financial Exchange, the Irish Stock Exchange, the London Stock Exchange, NASDAQ and NYSE).

- Where an Issuer issues debt securities of the same class on a regular basis under an issuance programme, sections 2.4 and 2.5 of Part B of Appendix B enable an Issuer to make an application for the pre-approval of the listing of a specified number of securities, which may be issued in a particular case, and to list tranches subsequently issued pursuant to the programme on the basis of a short form pricing or "term sheet". The debt securities to be issued under an issuance programme must be identical, except in respect of their designation (they may be different series), the term of the securities (the maturity date may vary), the amount of the tranche (within the overall maximum amount of the programme), and the yield (the coupon rate may vary). Securities that are not identical may not be issued under a programme and will require a separate application.

- Under section 2.6 of Part B of Appendix B, CNSX reserves the right to impose additional requirements on an issue made under an issuance programme, including imposing a requirement to make a new application in respect of that issue, if it considers that the issue does not fall within the scope of the programme.

5. Policy 4 – Corporate Governance

Under the proposed changes, the[CP1] transfer and share certificate policies previously set out in Policy 4 (as referred to above) have been moved into Policy 2[CP2].

6. Policy 5 - Timely Disclosure, Trading Halts And Posting Requirements

- Proposed new Policy 5-13.2 indicates that, in respect of every debt security listed on CNSX, the CNSX Issuer must post the following documents (rather than the longer list of documents required for equity securities):

  a) every document required (i) to be filed with any Commission for a jurisdiction in which the issuer is a reporting issuer or equivalent, (ii) to be delivered to shareholders of the Issuer, or (iii) to be filed on SEDAR - concurrently or as soon as practicable following the filing with the Commission or SEDAR or the delivery to shareholders[CP3]; and

  b) an annually-updated Listing Statement completed to reflect all changes to information appearing in the previously posted Listing Statement - concurrently with the Issuer's audited annual financial statements.

- Proposed new Policy 5-14 provides for certain Continuous Disclosure Obligations. Generally, paragraph 14.1(a) provides that a CNSX Issuer must disclose to the public as soon as reasonably practicable any information relating to the Issuer or any of its subsidiaries that has come to the knowledge of the Issuer, if the information:

i) is necessary to enable the public to appraise the financial position of the issuer and its subsidiaries;

ii) is necessary to avoid the creation or continuation of a false market in the securities of the Issuer; or

iii) might reasonably be expected to materially affect market activity in or the price of the securities of the Issuer.

- Proposed Policy 5-14.1, paragraph (b), states that paragraph (a) does not apply to information that:

i) affects the market or a sector of the market generally; and

ii) has already been made available to the investing public.

7. Special Requirements – e.g., Islamic Securities

A proposed new Policy 10 states that where the securities to be listed are held out as being in compliance with specific, non-exchange mandated requirements, the Issuer must disclose how it has been established and, if relevant, who has established that the securities are in compliance with the stated requirements.

For example, in the case of securities that are held out as being in compliance with Shari'ah, this requirement is met if the issuer:

a) appoints a Shari'ah Supervisory Board, with at least two members, to advise in respect of Shari'ah compliance, on all aspects of the offering, including advice on the information to be provided;

b) discloses the names of the members of the Shari'ah Supervisory Board and their respective qualifications, experience and expertise in Islamic jurisprudence and Islamic finance; and

c) ensures that that the Shari'ah Supervisory Board issues a Shari'ah pronouncement in writing that is signed by the Chairman and at least one other member of the Shari'ah Supervisory Board.

In drawing up these requirements we have studied the requirements of other exchanges that list Islamic securities (including the Dubai International Financial Exchange and the London Stock Exchange).

8. House-keeping changes

The term "CNQ" has been changed to "CNSX" throughout to reflect the name change in November, 2008.

The following changes have been made to the definitions in Policy 1:

"CNSX" and the **"Exchange"** both now mean the Canadian National Stock Exchange operated by CNSX Markets Inc.

"CNSX Board" has been amended to reflect the fact that the Board is CNSX Markets Inc.'s Board.

"CNSX Issuer" and **"Issuer"** both mean an issuer which has its securities qualified for listing on the CNSX System or which has applied to have its securities qualified for listing on the CNSX System, as applicable.

"IIROC" means as the Investment Industry Regulatory Organization of Canada, which replaces references to the IDA and Market Regulation Services Inc., as applicable.

"Listing" has been added to better reflect the change from the original form of the organization as a quotation and trade reporting system and means the grant of a listing and quotation of, and permission to deal in, securities on CNSX and the CNSX System, and "listed" and "quoted" shall be construed accordingly.

"Market Regulator" has been updated to refer to IIROC.

"UMIR" was amended to reflect the name changes – i.e. that the Universal Market Integrity Rules are administered by IIROC and adopted by CNSX.

In Policy 1-1.4 reference to a marker on the stock symbol in the CNSX Marketplace has been deleted.

Also, in section 5.2 under **Appeals of Decisions**, the reference to the "Listing Advisory Committee" has been amended to refer to the "Listing Committee".

9. Forms

By way of further house-keeping amendments, the Listing Statement (Form 2A) has been updated to conform with the Long Form prospectus requirements of National Instrument 41-101 *General Prospectus Requirements* as set out in Form 41-101F1 *Information Required in a Prospectus*.

As a matter of practice, CNSX allows an Issuer that is preparing a Listing Statement to use the contents of a current prospectus by preparing a table of concordance which clearly states under each heading in the Form where the appropriate disclosure can be found within the prospectus. Accordingly, the updated Form 2A does not mirror the following requirements of the long form prospectus (since these disclosures are made in the prospectus):

a) the information regarding the distribution of securities supported by a prospectus such as the plan of distribution and the earnings coverage ratio of the securities being distributed;

b) the detailed requirements for financial statements - CNSX allows an issuer to rely on the most recently filed audited financial statements if it is already a reporting issuer, or the financial statements set out in the prospectus if it is not; and

c) terms like "IPO Venture" and "junior issuer" are excluded, but the disclosure requirements are the same in the Form 2A and Form 41-101F1.

Details of the specific disclosure requirements for Mineral Projects and Oil & Gas Operations have been removed from the body of Form 2A and added as Appendices A and B respectively. Each new appendix provides a list of the items that must be included within the Form 2A.

Minor conforming amendments, which can be seen in the blacklined versions of the Forms attached to this notice, have been made to Form 1A – Application Letter, Form 1B - Listing Application, Form 2B – Listing Summary and Form 4 – Listing Agreement. By way of house-keeping amendments, Form 1A has also been amended to delete an outdated reference to 4-character trading symbols, and to replace an incomplete picklist of newswire services with a simple request for the name of the service used.

B. Rule Changes

1. Alternative Market Security

The current definition of an "Alternative Market Security" in Rule 1-101 is "…a security other than a CNSX-listed security that is listed on another Canadian stock exchange and approved for trading on CNSX" (*emphasis added*). We propose to change the definition to:

> …a security that is listed on a Canadian stock exchange and approved for trading on the Alternative Market.

Rule 11-102(1) currently states that: "…CNSX may designate securities listed on another stock exchange recognized in a jurisdiction in Canada as eligible for trading in the Alternative market provided such securities are not suspended or subject to a regulatory halt" (*emphasis added*). We propose to replace "another" with "a" in that sentence.

2. "Eligible Client" definition

CNSX's Rule 11-103 sets out the requirements for access by eligible clients to the Alternative Market. We propose to add the following category of eligible client, replacing the existing paragraph (i) with the following and making existing paragraph (i), paragraph (j):

> …a client that is a non-individual with total securities under administration or management exceeding $10 million, where the client is resident in a jurisdiction that falls within the definition of "Basle Accord Countries" as defined in the General Notes and Definitions section of the Joint Regulatory Financial Questionnaire and Report…

IV. Impact of the Proposed Changes

The proposed changes to both the Policies and Rules will not require any technological changes or development by CNSX Dealers or issuers currently listed on CNSX. There will be no direct costs associated with compliance.

A. Policy Changes

The addition in the Policies of the product-specific listing criteria and disclosure requirements for securities other than equity securities will increase general awareness of the full range of listing services provided by CNSX and offer better guidance on the minimum requirements for each type of security to listing applicants (and more easily allow CNSX to introduce specific requirements for other security types in the future).

It is not anticipated that the increase in minimum float value for equity securities will have any noticeable impact on issuers.

B. Rule Changes

The changes to the rules relating to Alternative Market securities expand the range of securities that may be traded in the Alternative Market by adding those of another recognized exchange – CNSX. There are no additional obligations or costs imposed on CNSX Dealers or Issuers, but the change could provide additional competition in the listings area, which could provide benefits to both groups. There will be minor costs to service providers in adding new securities to those eligible for trading on the Alternative Market, but these are the same as for any new securities added at present.

V. Consultation

A. Policy Changes

In determining the suitability of the listing criteria for specific securities CNSX consulted with issuers and conducted a review of listing requirements of a number of exchanges (both in North America and elsewhere), as noted above. No formal consultation was conducted for the restructuring of the Policy or the consequential and minor changes.

B. Rule Changes

Some consultation was carried out with a small group of specialty issuers (on a confidential basis) to understand their needs in the current environment. Flexibility was a key factor, and this led, in part to the proposed changes to the definition of "Alternative Market Security".

There were no consultations in relation to the changes to the list of eligible clients as the proposal simply mirrors a new category of eligible client already in place in Canada.

VI. Alternatives

A. Policy Changes

The purpose of the proposed structural changes is to provide more clarity for each type of security to be listed. As such, the only significant alternatives considered were the minimum thresholds for listing, and the reporting requirements for each type of security. Minimum standards were established based on CNSX's goal to provide a well regulated market with less restrictive access requirements.

B. Rule Changes

The proposed changes to the Rules are minor, technical changes necessary to broaden the provisions to accommodate future business strategies. No alternatives were considered.

VII. Comparable Rules

A. Policy Changes

Other Canadian stock exchanges have specific criteria for the types of securities to be listed. Furthermore, other exchanges have more specific criteria for equity securities based on the line of business of the issuer.

B. Rule Changes

The proposed changes to Alternative Market Security do not have comparable provisions in the rules of other stock exchanges because of the unique structure of CNSX Markets' facilities – i.e., that the Alternative Market is a facility of the exchange. Unlisted trading privileges are allowed in US markets pursuant to the Securities Exchange Act of 1934, subparagraph 12f-1(A), which states generally that: "…any national securities exchange, in accordance with the requirements of this subsection and the rules hereunder, may extend unlisted trading privileges to (i) any security that is listed and registered on a national securities exchange…"

The additional category of eligible client is the same as that added by the TSX and TSXV previously.

Request for comments

CNSX Markets specifically requests comments on the following areas:

1. The specific eligibility criteria and disclosure requirements for each of the new products set out in Appendices A and B to Policy 2.

2. For which, if any, additional products should CNSX consider introducing product specific Appendices.

POLICY 1

INTERPRETATION AND GENERAL PROVISIONS

1. CNSX Philosophy

1.1 CNSX believes that the fundamental requirements for a fair and efficient capital market that fosters confidence and protects investors from unfair, improper or fraudulent practices are: (a) high quality, timely and continuous disclosure by issuers, (b) trading rules designed to ensure integrity and a fair and orderly market, and (c) comprehensive and independent market regulation to administer and enforce the trading rules and timely and continuous disclosure requirements.

1.2 CNSX believes recent advances in technology such as SEDAR and the Internet which facilitate instant, widespread and economical dissemination of information permit CNSX to require and CNSX Issuers to provide an enhanced standard of disclosure to secondary market investors, irrespective of an Issuer's size.

1.3 Fundamental to CNSX is the establishment by CNSX Issuers of a comprehensive, publicly-available disclosure base, providing enhanced quality and timeliness of information. CNSX's Issuer disclosure obligations aim to ensure that investors may trade informed by current full, true and plain disclosure concerning CNSX Issuers.

1.4 CNSX's Issuer disclosure commences with the Listing Statement, an Issuer prepared document intended to provide prospectus level disclosure (other than certain financial disclosure and interim Management's Discussion and Analysis). The Listing Statement is accompanied by the Listing Summary which provides a high-level summary of the Listing Statement. The Listing Statement must be supplemented and updated annually. A CNSX Issuer must prepare, certify and post a Quarterly Listing Statement including quarterly financial statements, management's discussion and analysis and updating any changes to the Listing Statement and a Monthly Progress Report, reporting activity (or lack of activity) by the Issuer in the preceding calendar month accompanied by a Certificate of Compliance, certifying that the Issuer is in compliance with applicable securities legislation. CNSX Issuers must also prepare and post Notices of any distribution of securities, transactions or developments or proposed distributions, transactions or developments. CNSX Issuer disclosure obligations are in addition to or supplementary to the continuous disclosure obligations under applicable securities legislation. Notices of proposed distributions and transactions must be updated every two weeks, either indicating completion or ongoing status. Issuers failing to provide updates will be subject to suspension if not remedied within a further two weeks.

2. CNSX Discretion

2.1 The Policies of CNSX have been put in place to serve as guidelines to Issuers, Issuers applying for qualification for listing of securities, and their professional advisers. However, CNSX reserves the right to exercise its discretion in applying the policies in all respects. CNSX can waive or modify an existing requirement or impose additional requirements. Any such waiver, modification or imposition of additional requirements may be general or particular in its application, as determined by CNSX. In exercising its discretion, CNSX will take into consideration facts or situations unique to a particular party. Listing of securities on CNSX is a privilege, not a right, and CNSX may grant or deny an application, including an application for the qualification for listing, notwithstanding the published Policies of CNSX.

3. Definitions

3.1 Unless otherwise defined or interpreted or the subject matter or context otherwise requires, every term used in these Policies that is:

(a) defined or interpreted in section 1 of the *Securities Act* has the meaning ascribed to it in that section;

(b) defined in subsection 1(2) of the Regulation has the meaning ascribed to it in that subsection;

(c) defined in subsection 1.1(3) of National Instrument 14-101 has the meaning ascribed to it in that subsection;

(d) defined in subsection 1.1(2) of Ontario Securities Commission Rule 14-501 has the meaning ascribed to it in that section;

(e) defined or interpreted in Part 1 of National Instrument 21-101 has the meaning ascribed to it in that subsection;

(f) defined in subsection 1.1 of National Instrument 44-101 has the meaning ascribed to it in that subsection;

(g) defined in section 1.1 of UMIR has the meaning ascribed to it in that section; and

(h) a reference to a requirement of CNSX shall have the meaning ascribed to it in the applicable by-law, Rule or Policy of CNSX.

3.2 In all Policies, unless the subject matter or context otherwise requires:

"affiliated entity" has the meaning ascribed to it in Ontario Securities Commission Rule 45-501.

"beneficial holders" means those security holders of an issuer that are included in either:

(a) a Demographic Summary Report available from the International Investors Communications Corporation; or

(b) a non-objecting beneficial owner list for the issuer under National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*;

"Board Lot" means a standard trading unit.

"Business Day" means any day from Monday to Friday inclusive, excluding Statutory Holidays.

"by-laws" means any by-law of CNSX as amended and supplemented from time to time.

"CNSX" and **"Exchange"** both mean the Canadian National Stock Exchange operated by CNSX Markets Inc.

"CNSX Board" means the Board of Directors of CNSX Markets Inc. and includes any committee of CNSX Markets Inc.'s Board of Directors to which powers have been delegated in accordance with the by-laws, Policies or Rules.

"CNSX Bulletin" means an electronic communication from CNSX to CNSX Dealers;

"CNSX Dealer" means a Participant which has applied to CNSX for, and has been permitted by CNSX, access to the CNSX system, provided such access has not been terminated or suspended.

"CNSX Issuer" and **"Issuer"** both mean an issuer which has its securities qualified for listing on the CNSX System or which has applied to have its securities qualified for listing on the CNSX System, as applicable.

"CNSX Requirements" means collectively:

(a) the Rules;

(b) these Policies;

(c) UMIR; and

(d) any Decision,

as amended, supplemented and in effect from time to time.

"CNSX System" means the electronic system operated by CNSX for trading and quoting securities.

"CNSX Trading and Access Systems" includes all facilities and services provided by CNSX to facilitate quotation and trading, including, but not limited to: the CNSX System, data entry services; any other computer-based quotation and trading systems and programs, communications facilities between a system operated or maintained by CNSX and a trading or order routing system operated or maintained by a CNSX Dealer, another market or other person approved by CNSX, a communications network linking authorized persons to quotation dissemination, trade reporting and order execution systems and the content entered, displayed and processed by the foregoing, including price quotations and other market information provided by or through CNSX.

"Clearing Corporation" means The Canadian Depository for Securities Limited or such other person as recognized by the Commission as a clearing agency for the purposes of the *Securities Act* and which has been designated by CNSX as an acceptable clearing agency.

"Certificate of Compliance" means the certificate of compliance which each CNSX Issuer must complete and post in Form 6.

"control block holder" means any person or combination of persons holding a sufficient number of any securities of a CNSX Issuer or CNSX Dealer to affect materially the control of that CNSX Issuer or CNSX Dealer, but any holding of any person or combination of persons holding more than 20% of the outstanding voting securities of a CNSX Issuer or CNSX Dealer shall, in the absence of evidence to the contrary, be deemed to affect materially the control of that CNSX Issuer or CNSX Dealer.

"Decision" means any decision, direction, order, ruling, guideline or other determination of CNSX, including any committee of CNSX, or the Market Regulator made in the administration or application of these Policies or any Rule.

"disqualify", **"disqualification"** and **"disqualified"** where used in relation to the listing of an Issuer's securities means termination of the qualification of an Issuer for listing of its securities on the CNSX System.

"freely tradeable" in respect of securities means securities that have no restriction on resale or transfer, including restrictions imposed by pooling or other arrangements or in a shareholder agreement.

"Handbook" means the Handbook of the Canadian Institute of Chartered Accountants, as amended from time to time.

"IIROC" means the Investment Industry Regulatory Organization of Canada or any successor organization.

"Investor Relations Activities" means any activities or oral or written communications, by or on behalf of a CNSX Issuer or shareholder of a CNSX Issuer that promote or reasonably could be expected to promote the purchase, or sale of securities of the CNSX Issuer, but does not include:

(a) the dissemination of information provided, or records prepared, in the ordinary course of business of the CNSX Issuer

(i) to promote the sale of its products or services, or

(ii) to raise public awareness of the CNSX Issuer,

that cannot reasonably be considered to promote the purchase, or sale of securities of the CNSX Issuer;

(b) activities or communications necessary to comply with

(i) applicable securities legislation, or

(ii) CNSX Requirements or the requirements of any other regulatory body having jurisdiction over the CNSX Issuer;

(c) communications by a publisher of, or writer for, a newspaper, magazine or business or financial publication that is of general and regular circulation if

(i) the communication is only through the newspaper, magazine or publication, and

(ii) the publisher or writer receives no commission or other consideration other than for acting in the capacity of publisher or writer; or

(d) such other activities or communications that may be specified by CNSX.

"Listing" means the grant of a listing and quotation of, and permission to deal in, securities on CNSX and the CNSX System and "listed" and "quoted" shall be construed accordingly.

"Listing Agreement" means Form 4.

"Listing Statement" means Form 2A together with all required supporting documents.

"Listing Summary" means Form 2B.

"Market Regulator" means IIROC or such other person recognized by the Commission as a regulation services provider for the purposes of the *Securities Act* and which has been designated by CNSX as an acceptable regulation services provider.

"material information" means a material fact, a material change and any other information that might influence or change an investment decision of either a reasonable conservative or speculative investor.

"Monthly Progress Report" means Form 7.

"MR Policy" means a Policy as defined in UMIR, being a policy statement adopted by the Market Regulator in connection with the administration or application of the Rules as such policy statement is amended, supplemented and in effect from time to time.

"outside director" means a director who is not an officer or employee of an Issuer or any of its affiliates.

"Personal Information Form" or **"PIF"** means Form 3.

"Policy" means any policy statement and any direction or decision adopted by the CNSX Board in connection with the administration or application of these Policies, as such policy statement, direction or decision is amended, supplemented and in effect from time to time.

"post" means submitting a document in prescribed electronic format to the CNSX.ca website and, in the case of a requirement to post a share certificate, means filing a definitive specimen with CNSX and posting an electronic version of the certificate on the CNSX.ca website in PDF format.

"Quarterly Listing Update" means Form 5.

"Record Date" means the date fixed as the record date for the purpose of determining shareholders of a CNSX Issuer eligible for a distribution or other entitlement.

"registered holders" means the registered security holders of an issuer that are beneficial owners of the equity securities of that issuer. For the purposes of this definition, where the beneficial owner controls or is an affiliate of the registered security holder, the registered security holder shall be deemed to be the beneficial owner.

"Regulation" means Ontario Regulation 1015 - General Regulation made under the *Securities Act*, as amended from time to time.

"Related Entity" means, in respect of a CNSX Issuer

(a) a person

(i) that is an affiliated entity of the CNSX Issuer,

(ii) of which the CNSX Issuer is a control block holder;

(b) a management company or distribution company of a mutual fund that is a CNSX Issuer; or

(c) a management company or other company that operates a trust or partnership that is a CNSX Issuer.

"Related Person" means, in respect of a CNSX Issuer

(a) a Related Entity of the CNSX Issuer;

(b) a partner, director or officer of the CNSX Issuer or Related Entity;

(c) a promoter of or person who performs Investor Relations Activities for the CNSX Issuer or Related Entity;

(d) any person that beneficially owns, either directly or indirectly, or exercises voting control or direction over at least 10% of the total voting rights attached to all voting securities of the CNSX Issuer or Related Entity; and

(e) such other person as may be designated from time to time by CNSX.

"*Securities Act*" means the *Securities Act*, R.S.O. 1990, c.S.5 as amended from time to time.

"SEDAR" means the System for Electronic Document Analysis and Retrieval.

"significant connection to Alberta" means, with respect to a CNSX Issuer or an issuer applying to become listed on CNSX, that the issuer has:

(a) registered holders and beneficial holders resident in Alberta who beneficially own more than 20% of the total number of equity securities beneficially owned by the registered holders and beneficial holders of the issuer; or

(b) mind and management principally located in Alberta and has registered holders and beneficial holders resident in Alberta who beneficially own more than 10% of the total number of equity securities beneficially owned by the registered holders and beneficial holders of the issuer.

For the purposes of item (b), the residence of the majority of the directors in Alberta or the residence of the president or chief executive officer in Alberta may be considered determinative in assessing whether the mind and management of the issuer is principally located in Alberta.

"Statutory Holiday" means such day or days as may be designated by the CNSX Board or established by law applicable in Ontario.

"stock option" means an option to purchase shares from treasury granted to an employee, director, officer, consultant or service provider of a CNSX Issuer.

"Trading Day" means a business day during which trades are executed on the CNSX System.

"UMIR" means the Universal Market Integrity Rules administered by the Market Regulator and adopted by the Exchange, as amended from time to time.

"unrelated director" means an outside director who has no relationship with the Issuer, in any capacity (e.g. as lawyer, accountant, banker, supplier or customer), save as a shareholder of the Issuer who is not a control block holder.

3.3 *Interpretation*. In these Policies and accompanying forms:

"person" includes without limitation a company, corporation, incorporated syndicate or other incorporated organization, sole proprietorship, partnership or trust.

4. Rules of Construction

4.1 The division of CNSX Requirements into separate Rules, Policies, divisions, sections, subsections and clauses, the provision of a table of contents and index thereto, and the insertion of headings, indented notes and footnotes are for convenience of reference only and shall not affect the construction or interpretation of CNSX Requirements.

4.2 The use of the words "hereof", "herein", "hereby", "hereunder" and similar expressions indicated the whole of the Policies and not only the particular Policy in which the expression is used, unless the context clearly indicates otherwise.

4.3 The word "or" is not exclusive and the word "including", when following any general statement or term, does not limit that general statement or term to the specific matter set forth immediately after the statement or term, whether or not non-limited language (such as "without limitation" or "but not limited to" or similar words) is used.

4.4 Any reference to a statute, unless otherwise specified, is a reference to that statute and the regulations made pursuant to that statute, with all amendments made and in force from time to time, and to any statute or regulation that may be passed which supplements or supersedes that statute or regulation.

4.5 Unless otherwise specified, any reference to a policy, rule, blanket order or instrument includes all amendments made and in force from time to time and any policy, rule, blanket order or instrument which supplements or supersedes that policy, rule, blanket order or instrument.

4.6 Grammatical variations of any defined term shall have similar meanings; words imputing the masculine gender include the feminine or neuter gender and words in the singular include the plural and vice versa.

4.7 All times mentioned in CNSX Requirements shall be local time in Toronto on the day concerned, unless the subject matter or context otherwise requires.

4.8 Any reference to currency refers to lawful money of Canada (unless expressed to be in some other currency).

4.9 Failure by CNSX to exercise any of its rights, powers or remedies under the CNSX Requirements or its delay to do so will not constitute a waiver of those rights, powers or remedies. The single or partial exercise of a right, power or remedy will not prevent its subsequent exercise or the exercise of any other right, power or remedy. CNSX will not be deemed to have waived the exercise of any right, power or remedy unless such waiver is made in writing and delivered to the person to whom such waiver applies or is published, if such waiver applies generally. Any waiver may be general or particular in its application, as determined by CNSX.

5. Appeals of Decisions

5.1 A CNSX Issuer or any person directly affected by a Decision under these Policies, other than a Decision of the Market Regulator, may appeal such Decision to the CNSX Board.

5.2 At the request of either the appellant or CNSX management, the matter may first be considered by the Listing Committee for an advisory opinion, but the Committee shall not have the power to make a final determination of the matter.

5.3 A Decision of the Market Regulator or a Market Integrity Official made pursuant to these Policies may be appealed pursuant to the provisions of Rule 11.3 of UMIR.

POLICY 1

INTERPRETATION AND GENERAL PROVISIONS

1. CNSX Philosophy

1.1 CNSX believes that the fundamental requirements for a fair and efficient capital market that fosters confidence and protects investors from unfair, improper or fraudulent practices are: (a) high quality, timely and continuous disclosure by issuers, (b) trading rules designed to ensure integrity and a fair and orderly market, and (c) comprehensive and independent market regulation to administer and enforce the trading rules and timely and continuous disclosure requirements.

1.2 CNSX believes recent advances in technology such as SEDAR and the Internet which facilitate instant, widespread and economical dissemination of information permit CNSX to require and CNSX Issuers to provide an enhanced standard of disclosure to secondary market investors, irrespective of an Issuer's size.

1.3 Fundamental to CNSX is the establishment by CNSX Issuers of a comprehensive, publicly-available disclosure base, providing enhanced quality and timeliness of information. CNSX's Issuer disclosure obligations aim to ensure that investors may trade informed by current full, true and plain disclosure concerning CNSX Issuers.

1.4 CNSX's Issuer disclosure commences with the Listing Statement, an Issuer prepared document intended to provide prospectus level disclosure (other than certain financial disclosure and interim Management's Discussion and Analysis). The Listing Statement is accompanied by the Listing Summary which provides a high-level summary of the Listing Statement. The Listing Statement must be supplemented and updated annually. A CNSX Issuer must prepare, certify and post a Quarterly Listing Statement including quarterly financial statements, management's discussion and analysis and updating any changes to the Listing Statement and a Monthly Progress Report, reporting activity (or lack of activity) by the Issuer in the preceding calendar month accompanied by a Certificate of Compliance, certifying that the Issuer is in compliance with applicable securities legislation. CNSX Issuers must also prepare and post Notices of any distribution of securities, transactions or developments or proposed distributions, transactions or developments. CNSX Issuer disclosure obligations are in addition to or supplementary to the continuous disclosure obligations under applicable securities legislation. Notices of proposed distributions and transactions must be updated every two weeks, either indicating completion or ongoing status. Issuers failing to provide updates will ~~have an indication of non compliance attached to their stock symbol in the CNSX Marketplace and~~ be subject to suspension if not remedied within a further two weeks.

2. CNSX Discretion

2.1 The Policies of CNSX have been put in place to serve as guidelines to Issuers, Issuers applying for qualification for listing of securities, and their professional advisers. However, CNSX reserves the right to exercise its discretion in applying the policies in all respects. CNSX can waive or modify an existing requirement or impose additional requirements. Any such waiver, modification or imposition of additional requirements may be general or particular in its application, as determined by CNSX. In exercising its discretion, CNSX will take into consideration facts or situations unique to a particular party. Listing of securities on CNSX is a privilege, not a right, and CNSX may grant or deny an application, including an application for the qualification for listing, notwithstanding the published Policies of CNSX.

3. Definitions

3.1 Unless otherwise defined or interpreted or the subject matter or context otherwise requires, every term used in these Policies that is:

(a) defined or interpreted in section 1 of the *Securities Act* has the meaning ascribed to it in that section;

(b) defined in subsection 1(2) of the Regulation has the meaning ascribed to it in that subsection;

(c) defined in subsection 1.1(3) of National Instrument 14-101 has the meaning ascribed to it in that subsection;

(d) defined in subsection 1.1(2) of Ontario Securities Commission Rule 14-501 has the meaning ascribed to it in that section;

(e) defined or interpreted in Part 1 of National Instrument 21-101 has the meaning ascribed to it in that subsection;

(f) defined in subsection 1.1 of National Instrument 44-101 has the meaning ascribed to it in that subsection;

(g) defined in section 1.1 of UMIR has the meaning ascribed to it in that section; and

(h) a reference to a requirement of CNSX shall have the meaning ascribed to it in the applicable by-law, Rule or Policy of CNSX.

3.2 In all Policies, unless the subject matter or context otherwise requires:

"affiliated entity" has the meaning ascribed to it in Ontario Securities Commission Rule 45-501.

"**beneficial holders**" means those security holders of an issuer that are included in either:

(a) a Demographic Summary Report available from the International Investors Communications Corporation; or

(b) a non-objecting beneficial owner list for the issuer under National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*;

"Board Lot" means a standard trading unit.

"Business Day" means any day from Monday to Friday inclusive, excluding Statutory Holidays.

"by-laws" means any by-law of CNSX as amended and supplemented from time to time.

"CNSX" ~~means~~and "**Exchange**" both mean the Canadian National Stock Exchange operated by CNSX Markets Inc.

"CNSX Board" means the Board of Directors of CNSX Markets Inc. and includes any committee of CNSX Markets Inc.'s Board of Directors to which powers have been delegated in accordance with the by-laws, Policies or Rules.

"CNSX Bulletin" means an electronic communication from CNSX to CNSX Dealers;

"CNSX Dealer" means a Participant which has applied to CNSX for, and has been permitted by CNSX, access to the CNSX system, provided such access has not been terminated or suspended.

"CNSX Issuer" ~~means an~~ and "**Issuer**" both mean an issuer which has its securities qualified for listing on the CNSX System or which has applied to have its securities qualified for listing on the CNSX System, as applicable.

"CNSX Requirements" means collectively:

(a) the Rules;

(b) these Policies;

(c) UMIR; and

(d) any Decision,

as amended, supplemented and in effect from time to time.

"CNSX System" means the electronic system operated by CNSX for trading and quoting securities.

"CNSX Trading and Access Systems" includes all facilities and services provided by CNSX to facilitate quotation and trading, including, but not limited to: the CNSX System, data entry services; any other computer-based quotation and trading systems and programs, communications facilities between a system operated or maintained by CNSX and a trading or order routing system operated or maintained by a CNSX Dealer, another market or other person approved by CNSX, a communications network linking authorized persons to quotation dissemination, trade reporting and order execution systems and the content entered, displayed and processed by the foregoing, including price quotations and other market information provided by or through CNSX.

"Clearing Corporation" means The Canadian Depository for Securities Limited or such other person as recognized by the Commission as a clearing agency for the purposes of the *Securities Act* and which has been designated by CNSX as an acceptable clearing agency.

"Certificate of Compliance" means the certificate of compliance which each CNSX Issuer must complete and post in Form 6.

"control block holder" means any person or combination of persons holding a sufficient number of any securities of a CNSX Issuer or CNSX Dealer to affect materially the control of that CNSX Issuer or CNSX Dealer, but any holding of any person or combination of persons holding more than 20% of the outstanding voting securities of a CNSX Issuer or CNSX Dealer shall, in the absence of evidence to the contrary, be deemed to affect materially the control of that CNSX Issuer or CNSX Dealer.

"Decision" means any decision, direction, order, ruling, guideline or other determination of CNSX, including any committee of CNSX, or the Market Regulator made in the administration or application of these Policies or any Rule.

"disqualify", **"disqualification"** and **"disqualified"** where used in relation to the listing of an Issuer's securities means termination of the qualification of an Issuer for listing of its securities on the CNSX System.

"freely tradeable" in respect of securities means securities that have no restriction on resale or transfer, including restrictions imposed by pooling or other arrangements or in a shareholder agreement.

"Handbook" means the Handbook of the Canadian Institute of Chartered Accountants, as amended from time to time.

"IIROC" means the Investment Industry Regulatory Organization of Canada or any successor organization.

"Investor Relations Activities" means any activities or oral or written communications, by or on behalf of a CNSX Issuer or shareholder of a CNSX Issuer, that promote or reasonably could be expected to promote the purchase, or sale of securities of the CNSX Issuer, but does not include:

(a) the dissemination of information provided, or records prepared, in the ordinary course of business of the CNSX Issuer

(i) to promote the sale of its products or services, or

(ii) to raise public awareness of the CNSX Issuer,

that cannot reasonably be considered to promote the purchase, or sale of securities of the CNSX Issuer;

(b) activities or communications necessary to comply with

(i) applicable securities legislation, or

(ii) CNSX Requirements or the requirements of any other regulatory body having jurisdiction over the CNSX Issuer;

(c) communications by a publisher of, or writer for, a newspaper, magazine or business or financial publication that is of general and regular circulation if

(i) the communication is only through the newspaper, magazine or publication, and

(ii) the publisher or writer receives no commission or other consideration other than for acting in the capacity of publisher or writer; or

(d) such other activities or communications that may be specified by CNSX.

"Listing" means the grant of a listing and quotation of, and permission to deal in, securities on CNSX and the CNSX System and "listed" and "quoted" shall be construed accordingly.

"Listing Agreement" means Form 4.

"Listing Statement" means Form 2A together with all required supporting documents.

"Listing Summary" means Form 2B.

"~~IIROC~~Market Regulator" means ~~Market Regulation Services Inc.~~IIROC or such other person ~~as~~ recognized by the Commission as a regulation services provider for the purposes of the *Securities Act* and which has been designated by CNSX as an acceptable regulation services provider.

"material information" means a material fact, a material change and any other information that might influence or change an investment decision of either a reasonable conservative or speculative investor.

"Monthly Progress Report" means Form 7.

"MR Policy" means a Policy as defined in UMIR, being a policy statement adopted by the Market Regulator in connection with the administration or application of the Rules as such policy statement is amended, supplemented and in effect from time to time.

"outside director" means a director who is not an officer or employee of an Issuer or any of its affiliates.

"Personal Information Form" or **"PIF"** means Form 3.

"Policy" means any policy statement and any direction or decision adopted by the CNSX Board ~~or any committee of the CNSX Board~~ in connection with the administration or application of these Policies, as such policy statement, direction or decision is amended, supplemented and in effect from time to time.

"post" means submitting a document in prescribed electronic format to the CNSX.ca website and, in the case of a requirement to post a share certificate, means filing a definitive specimen with CNSX and posting an electronic version of the certificate on the CNSX.ca website in PDF format.

"Quarterly Listing Update" means Form 5.

"Record Date" means the date fixed as the record date for the purpose of determining shareholders of a CNSX Issuer eligible for a distribution or other entitlement.

"**registered holders**" means the registered security holders of an issuer that are beneficial owners of the equity securities of that issuer. For the purposes of this definition, where the beneficial owner controls or is an affiliate of the registered security holder, the registered security holder shall be deemed to be the beneficial owner~~;~~.

"Regulation" means Ontario Regulation 1015 - General Regulation made under the *Securities Act*, as amended from time to time.

"Related Entity" means, in respect of a CNSX Issuer

(a) a person

(i) that is an affiliated entity of the CNSX Issuer~~;~~,

(ii) of which the CNSX Issuer is a control block holder;

(b) a management company or distribution company of a mutual fund that is a CNSX Issuer; or

(c) a management company or other company that operates a trust or partnership that is a CNSX Issuer.

"Related Person" means, in respect of a CNSX Issuer

(a) a Related Entity of the CNSX Issuer;

(b) ~~partners, directors and officers~~a partner, director or officer of the CNSX Issuer or Related Entity;

(c) a promoter of or person who performs Investor Relations Activities for the CNSX Issuer or Related Entity;

(d) any person that beneficially owns, either directly or indirectly, or exercises voting control or direction over at least 10% of the total voting rights attached to all voting securities of the CNSX Issuer or Related Entity; and

(e) such other person as may be designated from time to time by CNSX.

"*Securities Act*" means the *Securities Act*, R.S.O. 1990, c.S.5 as amended from time to time.

"SEDAR" means the System for Electronic Document Analysis and Retrieval.

"**significant connection to Alberta**" means, with respect to a CNSX Issuer or an issuer applying to become listed on CNSX, that the issuer has:

(a) registered holders and beneficial holders resident in Alberta who beneficially own more than 20% of the total number of equity securities beneficially owned by the registered holders and beneficial holders of the issuer; or

(b) mind and management principally located in Alberta and has registered holders and beneficial holders resident in Alberta who beneficially own more than 10% of the total number of equity securities beneficially owned by the registered holders and beneficial holders of the issuer.

For the purposes of item (b), the residence of the majority of the directors in Alberta or the residence of the president or chief executive officer in Alberta may be considered determinative in assessing whether the mind and management of the issuer is principally located in Alberta.

"Statutory Holiday" means such day or days as may be designated by the CNSX Board or established by law applicable in Ontario.

"stock option" means an option to purchase shares from treasury granted to an employee, director, officer, consultant or service provider of a CNSX Issuer.

"Trading Day" means a business day during which trades are executed on the CNSX System.

"UMIR" means the Universal Market Integrity Rules ~~adopted~~administered by the Market Regulator and adopted by the Exchange, as amended from time to time.

"unrelated director" means an outside director who has no relationship with the Issuer, in any capacity (e.g. as lawyer, accountant, banker, supplier or customer), save as a shareholder of the Issuer who is not a control block holder.

3.3 *Interpretation.* In these Policies and accompanying forms:

"person" includes without limitation a company, corporation, incorporated syndicate or other incorporated organization, sole proprietorship, partnership or trust.

4. Rules of Construction

4.1 The division of CNSX Requirements into separate Rules, Policies, divisions, sections, subsections and clauses, the provision of a table of contents and index thereto, and the insertion of headings, indented notes and footnotes are for convenience of reference only and shall not affect the construction or interpretation of CNSX Requirements.

4.2 The use of the words "hereof", "herein", "hereby", "hereunder" and similar expressions indicated the whole of the Policies and not only the particular Policy in which the expression is used, unless the context clearly indicates otherwise.

4.3 The word "or" is not exclusive and the word "including", when following any general statement or term, does not limit that general statement or term to the specific matter set forth immediately after the statement or term, whether or not non-limited language (such as "without limitation" or "but not limited to" or similar words) is used.

4.4 Any reference to a statute, unless otherwise specified, is a reference to that statute and the regulations made pursuant to that statute, with all amendments made and in force from time to time, and to any statute or regulation that may be passed which supplements or supersedes that statute or regulation.

4.5 Unless otherwise specified, any reference to a policy, rule, blanket order or instrument includes all amendments made and in force from time to time and any policy, rule, blanket order or instrument which supplements or supersedes that policy, rule, blanket order or instrument.

4.6 Grammatical variations of any defined term shall have similar meanings; words imputing the masculine gender include the feminine or neuter gender and words in the singular include the plural and vice versa.

4.7 All times mentioned in CNSX Requirements shall be local time in Toronto on the day concerned, unless the subject matter or context otherwise requires.

4.8 Any reference to currency refers to lawful money of Canada (unless expressed to be in some other currency).

4.9 Failure by CNSX to exercise any of its rights, powers or remedies under the CNSX Requirements or its delay to do so will not constitute a waiver of those rights, powers or remedies. The single or partial exercise of a right, power or remedy will not prevent its subsequent exercise or the exercise of any other right, power or remedy. CNSX will not be deemed to have waived the exercise of any right, power or remedy unless such waiver is made in writing and delivered to the person to ~~which~~whom such waiver applies or is published, if such waiver applies generally. Any waiver may be general or particular in its application, as determined by CNSX.

5. Appeals of Decisions

5.1 A CNSX Issuer or any person directly affected by a Decision under these Policies, other than a Decision of the Market Regulator, may appeal such Decision to the CNSX Board.

5.2 At the request of either the appellant or CNSX management, the matter may first be considered by the Listing ~~Advisory~~ Committee for an advisory opinion, but the Committee shall not have the power to make a final determination of the matter.

5.3 ~~[Repealed March 1, 2004]~~5.4 A Decision of the Market Regulator or a Market Integrity Official made pursuant to these Policies may be appealed pursuant to the provisions of Rule 11.3 of UMIR.

POLICY 2

QUALIFICATIONS FOR LISTING

1 General

1.1 To be eligible for listing an Issuer must:

a) be a reporting issuer or the equivalent in a jurisdiction in Canada; and

b) not be in default of any requirements of securities legislation in any jurisdiction in Canada.

In addition, an issuer that is a reporting issuer in a jurisdiction in Canada solely as a result of BC Instrument 51-509 *Issuers Quoted in the U.S. Over-the-Counter Markets* (or any successor rule) or any similar rule that may be made by a securities regulator or securities regulatory authority in Canada is not eligible for listing unless the issuer files and obtains a receipt for a preliminary prospectus and a prospectus in a jurisdiction in Canada.

1.2 Each Issuer wishing to qualify for listing of its securities must:

a) prepare and file with CNSX a Listing Statement and prescribed documentation;

b) enter into a CNSX Issuer Agreement; and

c) pay to CNSX the relevant listing fees, based on the type of securities to be listed, in accordance with the amounts and the payment schedule prescribed by CNSX from time to time, plus applicable taxes, and the listing of the Issuer's securities will not be completed until the relevant listing fees have been paid to CNSX.

1.3 This Policy sets out the basic conditions that must be met as a pre-requisite to the listing of securities on CNSX. They apply to every method by which securities may be brought to listing and to both new applicants and listed Issuers, except where otherwise stated. It should be noted that:

a) these requirements are not exhaustive and CNSX may impose additional requirements in a particular case; and

b) CNSX retains an absolute discretion to accept or reject applications for listing, and compliance with the relevant conditions may not of itself ensure an applicant's suitability for listing.

1.4 Where application is made to list a security that is convertible into another security CNSX must be satisfied that investors will be able to obtain the necessary information to form a reasoned opinion regarding the value of the underlying security. This requirement may be met where the underlying security is listed on a stock exchange.

2 Eligibility for Listing

2.1 An Issuer must meet the eligibility requirements set out in the appendices to this Policy, based on the type of securities to be listed, as follows:

a) equity securities – Appendix A: Part A; and

b) debt securities – Appendix B: Part A.

2.2 In addition, if the Issuer's securities are held out as being in compliance with specific, non-exchange-mandated requirements, the Issuer must also comply with the requirements of Policy 10.

3 Required Documentation

3.1 In connection with an initial application for listing, an Issuer must file with CNSX the documents set out in the appendices to this Policy, based on the type of securities to be listed, as follows:

a) equity securities – Appendix A: Part B; and

b) debt securities – Appendix B: Part B.

4 Limited Liability

4.1 All securities to be listed should be fully paid and non-assessable.

5 Responses and Additional Information and Documentation

5.1 The Issuer must submit any additional information, documents or agreements requested by CNSX.

6 Final Documentation

6.1 CNSX must receive the following documents prior to qualification for listing:

a) one original executed copy of the Listing Statement (Form 2A) dated within three business days of the date it is submitted to CNSX together with any additions or amendments to the supporting documentation previously provided as required by Appendix A to the Listing Application;

b) one original executed copy of the Listing Summary (Form 2B) dated within three business days of the date it is submitted to CNSX;

c) two original executed copies of the applicable Listing Agreement (Form 4A);

d) three choices for a stock symbol;

e) a legal opinion that the Issuer:

i. is in good standing under and not in default of applicable corporate law or other applicable laws of establishment,

ii. is a reporting issuer or equivalent under the securities legislation of [state applicable jurisdictions] and is not in default of any requirement of any jurisdiction in which it is a reporting issuer or equivalent,

iii. has the corporate power and capacity to own its properties and assets, to carry on its business as it is currently being conducted, and to enter into the Listing Agreement and to perform its obligations thereunder, and

iv. has taken all necessary corporate action to authorize the execution, delivery and performance of the Listing Agreement and that the Listing Agreement has been duly executed and delivered by the Issuer and constitutes a legal, valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms;

f) a legal opinion that all securities previously issued of the class of securities to be listed or that may be issued upon conversion, exercise or exchange of other previously-issued securities are or will be duly issued and are or will be outstanding as fully paid and non-assessable securities; and

g) a certificate of the applicable government authority that the Issuer is in good standing under and not in default of applicable corporate law or other applicable laws of establishment.

7 CNSX Postings

7.1 **Access** – The Issuer must have high speed access to the Internet.

7.2 **Postings** – The Issuer must post on the CNSX.ca website the following:

a) the Listing Statement, including all reports required to be filed therewith;

b) the Listing Summary;

c) the Listing Agreement;

d) an executed Certificate of Compliance (Form 6); and

e) an index of all documents comprising the Issuer's SEDAR record, for the previous two calendar years.

7.3 All documents must be posted in the data format prescribed by CNSX from time to time.

8 Posting Officer

8.1 A CNSX Issuer must designate at least one individual to act as the Issuer's posting officer and at least one alternate. The posting officers will be responsible for posting or arranging for the posting, on behalf of the Issuer, of all of the documents required to be posted by the Issuer.

8.2 A CNSX Issuer may post documents through the facilities of a third-party service provider.

9 Continuing to Qualify for Listing

9.1 To continue to qualify for listing, a CNSX Issuer must meet all of the following requirements:

a) the CNSX Issuer must be in good standing under and not in default of applicable corporate law;

b) the CNSX Issuer must remain a reporting issuer or equivalent in good standing in each jurisdiction in which it is a reporting issuer or equivalent and must not be in default of any requirement of any such jurisdiction;

c) the CNSX Issuer must be in compliance with CNSX Requirements, and the terms of the Listing Agreement;

d) the CNSX Issuer must post all required documents and information required under the Policies of CNSX;

e) the CNSX Issuer must concurrently post all public documents submitted to SEDAR (unless identical disclosure has not already been posted in a CNSX Form);

f) if the Issuer is required to submit Personal Information Forms for each Related Person at the time of listing then the CNSX Issuer must submit a Personal Information Form for any new Related Person of the Issuer (and if any of these persons is not an individual, a Personal Information Form for each director, officer and each person who beneficially, directly or indirectly owns, controls or exercises direction over 20% or more of the voting rights of such non-individual); and

g) the Issuer must take all reasonable care to ensure that any statement, document or other information which is provided to or made available to CNSX or posted by the Issuer is not misleading, false or deceptive and does not omit anything likely to affect the import of such statement, document or other information.

9.2 Each CNSX Issuer that is not a reporting issuer in Alberta must:

a) assess whether it has a significant connection to Alberta;

b) upon becoming aware that it has a significant connection to Alberta as a result of complying with section 9.2 a) above or otherwise, immediately notify CNSX and promptly make a *bona fide* application to the Alberta Securities Commission to be deemed to be a reporting issuer in Alberta (a CNSX Issuer must become a reporting issuer in Alberta within six months of becoming aware that it has a significant connection to Alberta);

c) assess, on an annual basis, in connection with the delivery of its annual financial statements to securityholders, whether it has a significant connection to Alberta;

d) obtain and maintain for a period of three years after each annual review referenced in this section, evidence of residency of their registered holders and beneficial holders; and

e) if requested, provide to CNSX evidence of the residency of its non-objecting beneficial owners (as defined in National Policy 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* or its successor instruments).

9.3 Where it appears to CNSX that an Issuer making an application for listing on CNSX has a significant connection to Alberta, CNSX will, as a condition of its acceptance or approval of the listing application, require the Issuer to provide to CNSX evidence that it has made a *bona fide* application to the Alberta Securities Commission to become a reporting issuer in Alberta.

10 Suspensions

10.1 CNSX will automatically suspend from trading the securities of a CNSX Issuer if CNSX or the Market Regulator determines that the CNSX Issuer fails to meet any of the above criteria or it is in the public interest to suspend trading of the securities of the CNSX Issuer.

11 Listing in US Dollars

11.1 Securities may be traded and quoted in US dollars.

12 Transfer and Registration of Securities

12.1 The Issuer must maintain transfer and registration facilities in good standing where the securities of the Issuer are directly transferable. Certificates must name the cities where they are transferable and must be interchangeably transferable and identical in colour and form with each other.

13 Share Certificates

13.1 Certificates must bear a valid CUSIP number.

13.2 All certificates must conform with the requirements of the corporate and securities legislation applicable to the Issuer.

13.3 The foregoing requirements, except for a CUSIP number, do not apply to a completely non-certificated issue that complies with the requirements of the Clearing Corporation.

14 Book-Based System

14.1 The securities of the Issuer must be qualified for and entered into the book-based system maintained by the Clearing Corporation.

15 Full, True & Plain Disclosure

15.1 As an overriding principle, the Listing Statement must contain such particulars and information which, according to the particular nature of the Issuer and the securities for which listing is sought, are necessary to enable an investor to make an informed assessment of the activities, assets and liabilities, financial position, management and prospects of the Issuer and of its profits and losses (and of any guarantor) and of the rights attaching to such securities and must set out such information in true and plain English.

APPENDIX A: Equity Securities

Important Note: All securities are subject to the requirements of the "General" section of Policy 2

For the purposes of this Appendix, equity securities include any securities that are convertible into equity securities and any other security that CNSX deems to be an equity security.

PART A: Eligibility for Listing

1 GENERAL

1.1 An Issuer of equity securities must have a public float of at least 500,000 freely-tradeable shares worth at least $250,000 and consisting of at least 150 public holders holding at least a board lot each of the security. The public float must constitute at least 10% of the total issued and outstanding of that security, provided that a CNSX Issuer may have a public float that constitutes less than 10% but at least 5% of the total issued and outstanding securities if the total number of shares in the public float, the value of the public float and the number of public holders of at least a board lot each of the security are significantly greater than the basic requirements. For the purposes of this Policy, a "public holder" is any shareholder other than a Related Person, an employee of a Related Person of a CNSX Issuer or any person or group of persons acting jointly or in concert holding:

a) more than 5% of the issued and outstanding securities; or

b) securities convertible or exchangeable into the listed equity security and would, on conversion or exchange, hold more than 5% of the issued and outstanding securities.

1.2 CNSX shall designate as a "thin float" Issuer any CNSX Issuer that has less than 10% of the total issued and outstanding securities held by the public holders as freely tradeable shares.

a) CNSX will also apply this designation to companies that have a smaller public float as a percentage of the issued and outstanding securities than would be determined by the following formula:

Target % freely tradeable shares = 35 — (0.05 x actual number of public holders of at least a board lot).

For example, an Issuer that had a public float comprising 25% of the outstanding shares would need to have at least 200 public board lot holders to avoid being a thin float Issuer (35 — (0.05 x 200) = 25). If the float were 20% of the outstanding, the Issuer would need at least 300 shareholders (35 — (0.05 x 300) = 20). An Issuer that has a public float comprising at least 27.5% of the outstanding and that otherwise meets the requirements for listing would not be a thin float Issuer as the formula is satisfied by the minimum number of shareholders (35 — (0.05 x 150) = 27.5). An Issuer that has a public float of 10% or less of the outstanding will always be a thin float Issuer.

b) An identifying marker will be added to the Issuer's disclosure on the CNSX.ca website.

1.3 Notwithstanding compliance with the foregoing, CNSX may in its discretion designate any CNSX Issuer as a "thin float" Issuer whose shareholder distribution profile indicates a susceptibility to market volatility.

1.4 An Issuer must have:

a) demonstrable revenue from operations;

b) a recent history as a listed company and a minimum working capital of $50,000; or

c) a minimum working capital of $100,000.

a company has a "recent history as a listed company" if it has been listed on a Canadian stock exchange within the previous 6 months and has not violated any of that exchange's requirements (other than minimum financial or shareholder distribution requirements for maintaining a listing) or applicable securities legislation.

1.5 An operating company in any industry must have achieved revenue from the sale of goods or the delivery of services to customers and these revenues must appear on its audited financial statements, or on an interim statement supported by a comfort letter from the company's auditor. Such companies, if not yet profitable, must have liquid assets or a business plan that demonstrates a reasonable likelihood that the company can sustain its operations and achieve its objectives.

1.6 A non-operating company in any industry must have a reasonable plan to develop an active business and the financial resources to carry out that plan. A company at an early stage of development must be able to achieve limited objectives that will advance its development to a stage where additional financing is typically available to the companies in its industry. In particular, the following criteria apply:

a) A mineral resource company must have title to a property that is prospective for minerals and on which there has been exploration previously conducted. It must have obtained an independent report that meets the requirements of National Instrument 43-101 or any successor instrument and that recommends further exploration on the property. If the company does not have title to the property, it must have the means and ability to earn a significant interest in the property upon completion of a fully-financed exploration program that will be completed within a reasonable time.

b) An energy resource company must have title to a property on which measurable quantities of conventional energy resources have been identified or the means and ability to earn a significant interest in the property upon completion of a fully-financed exploration program. The company must also submit a qualifying report on the property in accordance with National Instrument 51-101 or any successor instrument.

1.7 An investment company must have an appropriate balance between income and activity depending on the nature of its investments. A holding company that is not active in the management of investee companies should own majority interests or have effective control in businesses that can generate returns that will flow to the shareholders through distributions, or have prospects for growth through the reinvestment of earnings. Such companies must have minimum net assets of:

a) $2 million, at least 50% of which has been allocated to at least 2 specific investments; or

b) $4 million; and

c) a track record of acquiring and divesting interests in arm's-length enterprises in a manner that can be characterized as conducting an active business.

1.8 CNSX will not approve an Issuer for listing if any Related Persons, or investor relations persons associated with the Issuer have been convicted of fraud, breach of fiduciary duty, violations of securities legislation (other than a minor breach that does not necessarily give rise to investor protection or market integrity concerns) or any other activity that concerns integrity of conduct unless the Issuer first severs relations with such person(s) to CNSX's satisfaction.

1.9 CNSX may not approve an Issuer for listing if any Related Persons, or investor relations person(s) associated with the Issuer:

a) have entered into a settlement agreement with a securities regulator or other authority;

b) are known to be associated with other offenders depending on the nature and extent of the relationship and the seriousness of the offence committed; or

c) have a consistent record of business failures, particularly failures involving public companies,

unless the Issuer first severs relations with such person(s) to CNSX's satisfaction.

1.10 CNSX may deem any person to be unacceptable to be associated in any manner with a CNSX Issuer if CNSX reasonably believes such association will give rise to investor protection concerns or could bring CNSX into disrepute.

2 CAPITAL STRUCTURE, BUILDER SHARES AND ESCROW

2.1 Capital Structure

An Issuer's capital structure must be acceptable to CNSX.

2.2 Definition of Builder Shares

"Builder Shares" means any security issued or issuable upon conversion of another security to:

a) any person for less than $0.02 per security;

b) a Related Person to the Issuer for the purchase of an asset with no acceptable supporting valuation;

c) a Related Person to settle a debt or obligation for less than the last issued price per security; or

d) a Related Person for the primary purpose of increasing that principal's interest in the Issuer without a corresponding tangible benefit to the Issuer.

2.3 **Pricing**

The Issuer may not sell securities pursuant to an initial public offering for less than $0.10 per share or unit. For Issuers not yet generating revenue from business activity, CNSX will not consider an application where Builder Shares have been issued for less than $0.005 in the previous 18 month period.

2.4 **Specific Restrictions**

a) The ratio of shares in the post-offering or reverse takeover capital structure must not exceed one Builder Share for every three non-Builder Shares.

b) Where there is no concurrent financing, the minimum permitted price at which the securities can be exercisable or convertible and not be subject to escrow is $0.10. CNSX will not permit the exercise, conversion or exchange price of any exercisable, convertible or exchangeable security to be fixed until the security has been granted to a particular person.

2.5 **Substantial Float**

CNSX may consider exercising discretion to amend or waive the provisions of paragraphs 11, 12 and 13 if an Issuer has a "Substantial Float". CNSX will generally consider an Issuer that meets all the following criteria to have a Substantial Float:

a) $1,000,000 public float value;

b) 1,000,000 free trading shares;

c) 200 public shareholders with a minimum of one board lot each with no resale restrictions, and

d) 20% of the issued and outstanding shares held by public shareholders.

2.6 Acceptance of an alternative proposed structure is contingent upon an evaluation by CNSX using the following criteria:

a) track record, quality and experience of management and board;

b) percentage of time devoted by management to the Issuer;

c) capital contribution (cash paid in, reasonable value of assets and reasonable value of services performed, less any cash payments) by Related Persons;

d) relationship of capital contribution to ownership by Related Persons; and

e) relationship of share price in pre-IPO financing rounds to the IPO price.

2.7 All issuances prior to listing will be reviewed seriatim to determine suitability taking into account management activity, significant developments, and elapsed time as well as arm's-length party participation.

2.8 **Escrow**

Prior to listing, all securities issued to Related Persons are generally required to be subject to an escrow agreement pursuant to National Policy 46-201.

a) In addition, where convertible securities (such as stock options, common share purchase warrants, special warrants, convertible debentures or notes) are issued less than 18 months before listing and exercisable or convertible into listed shares at a price that is less than the issuance price per security under a prospectus offering or other financing or acquisition made contemporaneously with the listing application then the underlying security will be subject to escrow with releases scheduled at periods specified under National Policy 46-201.

b) An Issuer that has, within the six months prior to applying to list on CNSX, completed a transaction that would have been considered a "fundamental change", as defined in section 1.1 of Policy 8, must enter into escrow agreements with the Related Persons as if the Issuer was subject to the requirements of National Policy 46-201 and the provisions of section 1.8 of Policy 8 shall apply in all respects to the Issuer.

c) CNSX, in its sole discretion, may impose escrow arrangements that are in addition to those required by National Policy 46-201, or consider different proposals such as an "earn-out" escrow, on a case-by-case basis.

PART B: Documents required with application

3 Application

3.1 The application for listing must include the following:

a) a letter applying to qualify for listing (Form 1A – Equity Securities) requesting qualification for listing of one or more specific classes of equity securities of the Issuer and indicating the number and class of the Issuer's securities issued and outstanding and, if convertible or exchangeable securities are issued and outstanding, the number and type of securities reserved for issuance;

b) a completed Listing Application (Form 1B – Equity Securities) together with the supporting documentation set out in Appendix A to the Listing Application;

c) a draft Listing Statement (Form 2A) including financial statements approved by the Issuer's Board of Directors and its Audit Committee, if the Issuer has an Audit Committee;

d) a duly executed Personal Information Form (Form 3) from each Related Person of the Issuer and, if any of these persons is not an individual, a Personal Information Form from each director, senior officer and each person who beneficially, directly or indirectly owns, controls or exercises direction over 20% or more of the voting rights of such non-individual;

e) current insider reports from each person required to file a Personal Information Form, as filed with the Commission;

f) the escrow agreement required under paragraph 2.8 of Part A of this Appendix; and

g) the relevant portion of the Listing Fees, plus applicable taxes.

APPENDIX B: Debt Securities

Important Note: All securities are subject to the requirements of the "General" section of Policy 2

For the purposes of this Appendix, debt securities includes bonds, debentures, notes, Eurobonds, Medium Term Notes, Sukuk (Islamic bonds) and any other fixed income security that CNSX deems to be a debt security.

PART A: Eligibility for Listing

1 General

1.1 An Issuer must have net assets of at least $1 million or where the Issuer is a special purpose vehicle, or a holding company that does not meet this requirement itself, then CNSX may consider the assets of an underlying entity.

1.2 In the case of asset-backed securities, a trustee or other independent representative must be appointed to represent the interests of the holders of the asset-backed securities and the trustee or an independent custodian must hold the underlying assets and all money and benefits flowing from the assets to the Issuer or the holder of the asset-backed securities.

1.3 In the case of asset-backed securities that are secured on debt obligations or other receivables from a managed pool of assets, the entity appointed to manage the pool of assets must have adequate experience and expertise and such entity must be required to provide periodic financial reports on the performance and credit quality of the pool, for the benefit of the trustee.

1.4 In the case of asset-backed securities that are secured by equity securities, the equity securities must represent minority interests in, and must not carry legal or management control of, the underlying entities and must be listed on CNSX or listed on another exchange recognised for this purpose by CNSX.

1.5 The Issuer must appoint and maintain a payment agent acceptable to CNSX.

PART B: Documents required with application

2 Application

2.1 The application for listing must include the following:

a) a letter applying to qualify for listing (Form 1A – Debt Securities) requesting qualification for listing of one or more specific classes of securities of the Issuer;

b) a completed Listing Application (Form 1B – Debt Securities) together with the supporting documentation set out below;

c) a draft Listing Statement (Form 2A); and

d) the relevant portion of the Listing Fees, plus applicable taxes.

2.2 **Listing Statement**

The Listing Statement required to be submitted to CNSX shall comprise:

a) a document that contains all of the information required by Form 2A; or

b) in the case of a tranche issued pursuant to a programme, a term sheet (see Form 2C – Debt Securities).

2.3 **Supporting Documents**

In addition to the Listing Application (Form 1B – Debt Securities) the Issuer must submit:

a) the participation agreement; and

b) the declaration of trust or other document constituting the securities.

CNSX may also require a legal opinion that confirms that the debt securities have been duly constituted and, when issued, will be fully paid and non-assessable.

2.4 **Pre-approval of issuance programmes**

a) Where an Issuer issues debt securities of the same class on a regular basis under an issuance programme an Issuer may make an application for the pre-approval of the listing of a specified number of securities which may be issued in a particular case.

b) Where debt securities are to be issued under an issuance programme, the initial application must cover the maximum amount of securities that may be in issue at any one time under the programme. If CNSX approves the application, it will grant pre-approval for the listing of all the securities that may be issued under the programme within twelve (12) months after the approval, subject to CNSX receiving:

i. advice of the final terms of each issue,

ii. copies of any supplementary document or pricing supplement issued in support of the tranche or series,

iii. confirmation that the Issuer is still in full compliance with these Listing Rules and that the issue falls within the terms and conditions of the issuance progamme, and

iv. confirmation that the securities in question have been issued.

c) The debt securities to be issued under an issuance programme must be identical, except in respect of their designation (i.e., they can be different series), the term of the securities (i.e., the maturity date may vary), the amount of the tranche (within the overall maximum amount of the programme), and the yield (e.g., the coupon rate may vary). Securities that are not identical may not be issued under a programme and will require a separate application.

2.5 The final terms of each issue which is intended to be listed must be submitted in writing to CNSX as soon as possible after they have been agreed and in any event no later than two (2) Business Days before the listing is required to become effective. CNSX reserves the right to impose additional requirements on an issue made under an issuance programme, including imposing a requirement to make a new application in respect of that issue, if it considers that the issue does not fall within the scope of the programme.

POLICY 2

QUALIFICATIONQUALIFICATIONS FOR LISTING

~~1. Eligibility for Listing~~

1 General

1.1 To be eligible for listing an Issuer must:

a) be a reporting issuer or the equivalent in a jurisdiction in Canada; and

b) ~~1.1 Only an Issuer that is a reporting issuer or the equivalent in a jurisdiction in Canada and that is not~~ be in default of any requirements of securities legislation in any jurisdiction in Canada ~~is eligible for listing.~~ .

In addition, an issuer that is a reporting issuer in a jurisdiction in Canada solely as a result of BC Instrument 51-509 *Issuers Quoted in the U.S. Over-the-Counter Markets* (or any successor rule) or any similar rule that may be made by a securities regulator or securities regulatory authority in Canada is not eligible for listing unless the issuer files and obtains a receipt for a preliminary prospectus and a prospectus in a jurisdiction in Canada.

~~1.2~~ ~~1.2~~ Each Issuer wishing to qualify for listing of its securities must:

~~a)~~ ~~(a)~~ prepare and file with CNSX ~~the~~a Listing Statement and prescribed documentation;

~~b)~~ ~~(b)~~ enter into a CNSX Issuer Agreement~~;~~

~~(c) have high speed access to the Internet and post on the CNSX.ca website the Listing Statement and prescribed documentation~~; and

~~c)~~ ~~(d)~~ pay to CNSX the ~~non-refundable listing application fee prescribed by Policy 10-Schedule of Fees~~relevant listing fees, based on the type of securities to be listed, in accordance with the amounts and the payment schedule prescribed by CNSX from time to time, plus applicable taxes, and the listing of the Issuer's securities will not be completed until the relevant listing fees have been paid to CNSX.

~~1.3 Each CNSX Issuer must have a public float of at least 500,000 freely-tradeable shares worth at least $50,000 and consisting of at least 150 public holders holding at least a board lot each of the security. The public float must constitute at least 10% of the total issued and outstanding of that security, provided that a CNSX Issuer may have a public float that constitutes at least 5% of the total issued and outstanding if it has at least 200 public holders of at least a board lot each of the security. For the purposes of this Policy, a "public holder" is any shareholder other than a Related Person, an employee or a Related Person of a CNSX Issuer or any person or group of persons acting jointly or in concert holding~~

~~(a) more than 5% of the issued and outstanding; or~~

~~(b) securities convertible or exchangeable into the listed security and would, on conversion or exchange, hold more than 5% of the issued and outstanding.~~

~~1.4 CNSX shall designate as a "thin float issuer" any CNSX Issuer that has less than 10% of the total issued and outstanding held by the public holders as freely tradeable shares. CNSX will also apply this designation to companies that have a smaller public float as a percentage of the issued and outstanding than would be determined by the following formula:~~

~~Target % freely tradeable shares = 35 — (0.05 x actual number of public holders of at least a board lot)~~
~~For example, an issuer that had a public float comprising 25% of the outstanding shares would need to have at least 200 public board lot holders to avoid being a thin float issuer (35 — (0.05 x 200) = 25). If the float were 20% of the outstanding, the issuer would need at least 300 shareholders (35 — (0.05 x 300) = 20). An issuer that has a public float comprising at least 27.5% of the outstanding and that otherwise meets the requirements for listing would not be a thin float issuer as the formula is satisfied by the minimum number of shareholders (35 — (0.05 x 150) = 27.5). An issuer that has a public float of 10% or less of the outstanding will always be a thin float issuer.~~

~~An identifying marker will be added to the Issuer's stock symbol and disclosure on the CNSX.ca website.~~

1.5 Notwithstanding compliance with the foregoing, CNSX may in its discretion designate any CNSX Issuer as a "thin float" issuer whose shareholder distribution profile indicates a susceptibility to market volatility.

1.6 Operating companies in any industry must have achieved revenue from the sale of goods or the delivery of services to customers and these revenues must appear on its audited financial statements, or on an interim statement supported by a comfort letter from the company's auditor. These companies, if not yet profitable, must have liquid assets or a business plan that demonstrates a reasonable likelihood that the company can sustain its operations and achieve its objectives.

1.7 Non-operating companies in any industry must have a reasonable plan to develop an active business and the financial resources to carry out that plan. Companies at an early stage of development must be able to achieve limited objectives that will advance their development to a stage where additional financing is typically available to the companies in their industry. In particular, the following criteria apply:

(a) Mineral resource companies must have title to a property that is prospective for minerals and on which there has been exploration previously conducted. It must have obtained an independent report that meets the requirements of National Instrument 43-101 and that recommends further exploration on the property. If the company does not have title to the property, it must have the means and ability to earn a significant interest in the property upon completion of a fully-financed exploration program that will be completed within a reasonable time.

(b) Energy resource companies must have title to a property on which measurable quantities of conventional energy resources have been identified or the means and ability to earn a significant interest in the property upon completion of a fully-financed exploration program. The company must also submit a qualifying report on the property in accordance with National Policy 2B or any successor instrument.

(c) Investment companies must have an appropriate balance between income and activity depending on the nature of their investments. Holding companies that are not active in the management of investee companies should own majority interests or have effective control in businesses that can generate returns that will flow to the shareholders of the issuer through distributions, or have prospects for growth through the reinvestment of earnings. Merchant banking or venture capital companies must have minimum net tangible assets of

(i) $2 million, at least 50% of which has been allocated to at least 2 specific investments, or

(ii) $4 million,

and a track record of acquiring and divesting interests in arm's-length enterprises in a manner that can be characterized as conducting an active business.

1.8 An Issuer must have (i) cash generating capacity; (ii) a recent history as a listed company and a minimum working capital of $50,000; or (iii) a minimum working capital of $100,000. A company has a "recent history as a listed company" if it has been listed on a Canadian stock exchange within the previous 6 months and has not violated any of that exchange's requirements (other than minimum financial or shareholder distribution requirements for maintaining a listing) or applicable securities legislation.

1.9 CNSX will not approve an Issuer for listing if any Related Persons, or investor relations persons associated with the Issuer have been convicted of fraud, breach of fiduciary duty, violations of securities legislation (other than a minor breach that does not necessarily give rise to investor protection or market integrity concerns) or any other activity that concerns integrity of conduct unless the Issuer severs relations with such person to CNSX's satisfaction.

1.10 CNSX may not approve an Issuer for listing if any Related Persons, or investor relations persons associated with the Issuer

(a) have entered into a settlement agreement with a securities regulator or other authority;

(b) are known to be associated with other offenders depending on the nature and extent of the relationship and the seriousness of the offence committed; or

(c) have a consistent record of business failures, particularly failures involving public companies,

unless the Issuer severs relations with such person to CNSX's satisfaction.

~~1.11 CNSX may deem any person to be unacceptable to be associated in any manner with a CNSX Issuer if CNSX reasonably believes such association will give rise to investor protection concerns or could bring the CNSX marketplace into disrepute.~~

1.3 This Policy sets out the basic conditions that must be met as a pre-requisite to the listing of securities on CNSX. They apply to every method by which securities may be brought to listing and to both new applicants and listed Issuers, except where otherwise stated. It should be noted that:

a) these requirements are not exhaustive and CNSX may impose additional requirements in a particular case; and

b) CNSX retains an absolute discretion to accept or reject applications for listing, and compliance with the relevant conditions may not of itself ensure an applicant's suitability for listing.

1.4 Where application is made to list a security that is convertible into another security CNSX must be satisfied that investors will be able to obtain the necessary information to form a reasoned opinion regarding the value of the underlying security. This requirement may be met where the underlying security is listed on a stock exchange.

2. Eligibility for Listing

2.1 An Issuer must meet the eligibility requirements set out in the appendices to this Policy, based on the type of securities to be listed, as follows:

a) equity securities – Appendix A: Part A; and

b) debt securities – Appendix B: Part A.

2.2 In addition, if the Issuer's securities are held out as being in compliance with specific, non-exchange-mandated requirements, the Issuer must also comply with the requirements of Policy 10.

~~3~~ ~~2.~~ Required Documentation

3.1 In connection with an initial application for listing, an Issuer must file with CNSX the documents ~~described below.~~set out in the appendices to this Policy, based on the type of securities to be listed, as follows:

~~2.1 Application~~

~~The application for listing must include the following:~~

~~(a) a letter applying to qualify for listing (Form 1A) requesting qualification for listing of one or more specific classes of equity securities of the Issuer and indicating the number and class of the Issuer's securities issued and outstanding and, if convertible or exchangeable securities are issued and outstanding, the number and type of securities reserved for issuance;~~

~~(b) a completed Listing Application (Form 1B) together with the supporting documentation set out in Appendix A to the Listing Application;~~

~~(c) a draft Listing Statement (Form 2A) (including financial statements approved by the Issuer's Board of Directors and its Audit Committee, if the Issuer has an Audit Committee);~~

~~(d) a draft Listing Summary (Form 2B);~~

~~(e) a duly executed Personal Information Form (Form 3) from each Related Person of the Issuer; if any of these persons is not an individual, a PIF from each director, senior officer and each person who beneficially, directly or indirectly owns, controls or exercises direction over 20% or more of the voting rights of such non-individual;~~

~~(f) current insider reports from each person required to file a PIF, as filed with the Commission; and~~

~~(g) the application fee prescribed by Policy 10 - Schedule of Fees.~~

a) equity securities – Appendix A: Part B; and

b) debt securities – Appendix B: Part B.

4 Limited Liability

4.1 All securities to be listed should be fully paid and non-assessable.

5 ~~2.2 **Comments,** **Responses and Additional** **Information and** **Documentation**~~

5.1 The Issuer must ~~respond to any questions or comments, written or oral, from CNSX, and~~ submit any additional information, documents or agreements requested by CNSX.

~~6~~ ~~2.3 **Final Documentation**~~

6.1 CNSX must receive the following documents prior to qualification for listing:

a) ~~(a) two originally~~one original executed ~~copies~~copy of the Listing Statement (Form 2A) dated within three business days of the date ~~they are~~it is submitted to CNSX together with any additions or amendments to the supporting documentation previously provided as required by Appendix A to the Listing Application;

b) ~~(b) two originally~~one original executed ~~copies~~copy of the Listing Summary (Form 2B) dated within three business days of the date ~~they are~~it is submitted to CNSX;

c) ~~(c)~~ two ~~duly~~original executed copies of the applicable Listing ~~Agreements~~Agreement (Form 4A);

d) ~~(d)~~ three choices for a stock symbol;

e) ~~(e) an~~a legal opinion ~~of counsel~~ that the Issuer:

i. ~~(i)~~ is in good standing under and not in default of applicable corporate law~~;~~ or other applicable laws of establishment,

ii. ~~(ii)~~ is a reporting issuer or equivalent under the securities legislation of [state applicable jurisdictions] and is not in default of any requirement of any jurisdiction in which it is a reporting issuer or equivalent~~;~~,

iii. ~~(iii)~~ has the corporate power and capacity to own its properties and assets, to carry on its business as it is currently being conducted, and to enter into the Listing Agreement and to perform its obligations thereunder~~;~~, and

iv. ~~(iv)~~ has taken all necessary corporate action to authorize the execution, delivery and performance of the Listing Agreement and that the Listing Agreement has been duly executed and delivered by the Issuer and constitutes a legal, valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms;

f) ~~(f) an~~a legal opinion ~~of counsel~~ that all ~~shares~~securities previously issued of the class of securities to be listed or that may be issued upon conversion, exercise or exchange of other previously-issued securities are or will be duly issued and are or will be outstanding as fully paid and non-assessable ~~shares;~~securities; and

g) ~~(g)~~ a certificate of the applicable government authority that the Issuer is in good standing under and not in default of applicable corporate law~~;~~ or other applicable laws of establishment.

~~(h) a certificate of the applicable commission(s) that the Issuer is a reporting issuer and not on the list of defaulting reporting issuers maintained under applicable securities legislation; and~~

~~(i) [Repealed].~~

~~2.4 **Posting Officer**~~

~~(a) A CNSX Issuer may not post any documents required under the CNSX Requirements except through its designated posting officer who has been designated, trained and approved as follows:~~

~~(i) The Issuer must designate at least one individual to act as the Issuer's posting officer and at least one backup. The posting officers will be responsible for executing, on behalf of the Issuer, all of the postings required of the Issuer under the CNSX Requirements.~~

(ii) The Issuer's designated postings officers must be trained by CNSX or a party selected by CNSX to execute postings on CNSX's Internet website.

(iii) The Issuer's designated posting officers will not be permitted to execute any postings until CNSX is satisfied that the designated posting officers are capable of executing postings.

(b) A CNSX Issuer may post documents through the facilities of a third party CNSX approved posting service provider.

7. 2.5 **CNSX Postings**

7,1 (a) **Access** – The Issuer must have high speed access to the Internet.

7.2 (b) **Postings** – The Issuer must post on the CNSX.ca website the following:

a) (i) the Listing Statement, including all reports required to be filed therewith;

b) (ii) the Listing Summary;

c) (iii) the Listing Agreement;

(iv) the opinions of counsel described in Policy 2 - 2.3(e) and (f);

(v) the certificate of good standing described in Policy 2 – 2.3(g);

(vi) the reporting issuer certificate described in Policy 2 - 2.3(h);

d) (vii) an executed Certificate of Compliance (Form 6); and

e) (viii) an index of all documents comprising the Issuer's SEDAR record, and an index of such filings, for the previous two calendar years.

7.3 All documents must be posted in the data format prescribed by CNSX from time to time.

8 Posting Officer

8.1 A CNSX Issuer must designate at least one individual to act as the Issuer's posting officer and at least one alternate. The posting officers will be responsible for posting or arranging for the posting, on behalf of the Issuer, of all of the documents required to be posted by the Issuer.

8.2 A CNSX Issuer may post documents through the facilities of a third-party service provider.

9 3. Continuing to Qualify for Listing

9.1 3.1 To continue to qualify for listing on the CNSX System, a CNSX Issuer must meet all of the following requirements:

a) (a) the CNSX Issuer must be in good standing under and not in default of applicable corporate law;

b) (b) the CNSX Issuer must remain a reporting issuer or equivalent in good standing in each jurisdiction in which it is a reporting issuer or equivalent and must not be in default of any requirement of any such jurisdiction;

c) (c) the CNSX Issuer must be in compliance with the CNSX Requirements, and the terms of the Listing Agreement;

d) (d) the CNSX Issuer must post all required documents and information required under the Policies of CNSX, including without limitation, the requirement to post a monthly Certificate of Compliance (Form 6);

e) (e) the CNSX Issuer must concurrently post all public documents submitted to SEDAR (unless identical disclosure has not already been posted in a CNSX Form); and

f) (f) Theif the Issuer is required to submit Personal Information Forms for each Related Person at the time of listing then the CNSX Issuer must submit a Personal Information Form for any new Related Person of the

Issuer (and if any of these persons is not an individual, a ~~PIF from~~Personal Information Form for each director, officer and each person who beneficially, directly or indirectly owns, controls or exercises direction over 20% or more of the voting rights of such non-individual)~~.~~; and

g) the Issuer must take all reasonable care to ensure that any statement, document or other information which is provided to or made available to CNSX or posted by the Issuer is not misleading, false or deceptive and does not omit anything likely to affect the import of such statement, document or other information.

9.2 Each CNSX Issuer that is not a reporting issuer in Alberta must:

a) ~~3.2 All CNSX Issuers and applicants for listing that are not reporting issuers in Alberta must immediately~~ assess whether ~~they have~~it has a significant connection to Alberta~~.~~;

~~3.3 Where it appears to CNSX that an issuer making an initial application for listing on CNSX has a significant connection to Alberta, CNSX will, as a condition of its acceptance or approval of the listing application, require the issuer to provide to CNSX evidence that it has made a *bona fide* application to the Alberta Securities Commission to become a reporting issuer in Alberta.~~

b) ~~3.4 Where a CNSX Issuer that is not a reporting issuer in Alberta becomes~~upon becoming aware that it has a significant connection to Alberta as a result of complying with section ~~3.2~~9.2 a) above or otherwise, ~~the CNSX Issuer must~~ immediately notify CNSX and promptly make a *bona fide* application to the Alberta Securities Commission to be deemed to be a reporting issuer in Alberta~~. The~~ (a CNSX Issuer must become a reporting issuer in Alberta within six months of becoming aware that it has a significant connection to Alberta~~.~~);

c) assess, on an annual basis, in connection with the delivery of its annual financial statements to securityholders, whether it has a significant connection to Alberta;

d) ~~3.5 All CNSX Issuers that are not reporting issuers in Alberta must assess, on an annual basis, in connection with the delivery of their annual financial statements to securityholders, whether they have a significant connection to Alberta. All CNSX Issuers that are not reporting issuers in Alberta must~~ obtain and maintain for a period of three years after each annual review referenced in this section, evidence of residency of their registered holders and beneficial holders~~.~~; and

e) ~~3.6 If~~if requested, ~~CNSX Issuers must~~ provide to CNSX evidence of the residency of ~~their~~its non-objecting beneficial owners (as defined in National Policy 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* or its successor instruments).

~~**4. Procedure**~~

9.3 Where it appears to CNSX that an Issuer making an application for listing on CNSX has a significant connection to Alberta, CNSX will, as a condition of its acceptance or approval of the listing application, require the Issuer to provide to CNSX evidence that it has made a *bona fide* application to the Alberta Securities Commission to become a reporting issuer in Alberta.

10 Suspensions

10.1 ~~4.1~~ CNSX will automatically suspend from ~~quotation~~trading the securities of a CNSX Issuer if CNSX or the ~~CNSX~~ Market Regulator determines that the CNSX Issuer fails to meet any of the above criteria or it is in the public interest to suspend ~~quotation~~trading of the securities of the CNSX Issuer.

11 ~~5.~~ Listing in US Dollars

~~The CNSX System accommodates trading~~

11.1 Securities may be traded and quoted in US dollars.

~~**6. Listing of Securities Convertible or Exercisable into Securities of Exchange Listed Issuers**~~
~~**[repealed September 12, 2006, Notice 2006-005]**~~

12 Transfer and Registration of Securities

12.1 The Issuer must maintain transfer and registration facilities in good standing where the securities of the Issuer are directly transferable. Certificates must name the cities where they are transferable and must be interchangeably

transferable and identical in colour and form with each other.

13 Share Certificates

13.1 Certificates must bear a valid CUSIP number.

13.2 All certificates must conform with the requirements of the corporate and securities legislation applicable to the Issuer.

13.3 The foregoing requirements, except for a CUSIP number, do not apply to a completely non-certificated issue that complies with the requirements of the Clearing Corporation.

14 Book-Based System

14.1 The securities of the Issuer must be qualified for and entered into the book-based system maintained by the Clearing Corporation.

15 Full, True & Plain Disclosure

15.1 As an overriding principle, the Listing Statement must contain such particulars and information which, according to the particular nature of the Issuer and the securities for which listing is sought, are necessary to enable an investor to make an informed assessment of the activities, assets and liabilities, financial position, management and prospects of the Issuer and of its profits and losses (and of any guarantor) and of the rights attaching to such securities and must set out such information in true and plain English.

APPENDIX A: Equity Securities

Important Note: All securities are subject to the requirements of the "General" section of Policy 2

For the purposes of this Appendix, equity securities include any securities that are convertible into equity securities and any other security that CNSX deems to be an equity security.

PART A: Eligibility for Listing

1 GENERAL

1.1 An Issuer of equity securities must have a public float of at least 500,000 freely-tradeable shares worth at least $250,000 and consisting of at least 150 public holders holding at least a board lot each of the security. The public float must constitute at least 10% of the total issued and outstanding of that security, provided that a CNSX Issuer may have a public float that constitutes less than 10% but at least 5% of the total issued and outstanding securities if the total number of shares in the public float, the value of the public float and the number of public holders of at least a board lot each of the security are significantly greater than the basic requirements. For the purposes of this Policy, a "public holder" is any shareholder other than a Related Person, an employee of a Related Person of a CNSX Issuer or any person or group of persons acting jointly or in concert holding:

a) more than 5% of the issued and outstanding securities; or

b) securities convertible or exchangeable into the listed equity security and would, on conversion or exchange, hold more than 5% of the issued and outstanding securities.

1.2 CNSX shall designate as a "thin float" Issuer any CNSX Issuer that has less than 10% of the total issued and outstanding securities held by the public holders as freely tradeable shares.

(a) CNSX will also apply this designation to companies that have a smaller public float as a percentage of the issued and outstanding securities than would be determined by the following formula:

Target % freely tradeable shares = 35 — (0.05 x actual number of public holders of at least a board lot).

For example, an Issuer that had a public float comprising 25% of the outstanding shares would need to have at least 200 public board lot holders to avoid being a thin float Issuer (35 — (0.05 x 200) = 25). If the float were 20% of the outstanding, the Issuer would need at least 300 shareholders (35 — (0.05 x 300) = 20). An Issuer that has a public float comprising at least 27.5% of the outstanding and that otherwise meets the requirements for listing would not be a thin float Issuer as the formula is satisfied by the minimum number of shareholders (35 — (0.05 x 150) = 27.5). An Issuer that has a public float of 10% or less of the outstanding will always be a thin float Issuer.

(b) An identifying marker will be added to the Issuer's disclosure on the CNSX.ca website.

1.3 Notwithstanding compliance with the foregoing, CNSX may in its discretion designate any CNSX Issuer as a "thin float" Issuer whose shareholder distribution profile indicates a susceptibility to market volatility.

1.4 An Issuer must have:

a) demonstrable revenue from operations;

b) a recent history as a listed company and a minimum working capital of $50,000; or

c) a minimum working capital of $100,000.

a company has a "recent history as a listed company" if it has been listed on a Canadian stock exchange within the previous 6 months and has not violated any of that exchange's requirements (other than minimum financial or shareholder distribution requirements for maintaining a listing) or applicable securities legislation.

1.5 An operating company in any industry must have achieved revenue from the sale of goods or the delivery of services to customers and these revenues must appear on its audited financial statements, or on an interim statement supported by a comfort letter from the company's auditor. Such companies, if not yet profitable, must have liquid assets or a business plan that demonstrates a reasonable likelihood that the company can sustain its operations and achieve its objectives.

1.6 A non-operating company in any industry must have a reasonable plan to develop an active business and the financial resources to carry out that plan. A company at an early stage of development must be able to achieve limited objectives that will advance its development to a stage where additional financing is typically available to the companies in its industry. In particular, the following criteria apply:

a) A mineral resource company must have title to a property that is prospective for minerals and on which there has been exploration previously conducted. It must have obtained an independent report that meets the requirements of National Instrument 43-101 or any successor instrument and that recommends further exploration on the property. If the company does not have title to the property, it must have the means and ability to earn a significant interest in the property upon completion of a fully-financed exploration program that will be completed within a reasonable time.

b) An energy resource company must have title to a property on which measurable quantities of conventional energy resources have been identified or the means and ability to earn a significant interest in the property upon completion of a fully-financed exploration program. The company must also submit a qualifying report on the property in accordance with National Instrument 51-101 or any successor instrument.

1.7 An investment company must have an appropriate balance between income and activity depending on the nature of its investments. A holding company that is not active in the management of investee companies should own majority interests or have effective control in businesses that can generate returns that will flow to the shareholders through distributions, or have prospects for growth through the reinvestment of earnings. Such companies must have minimum net assets of:

a) $2 million, at least 50% of which has been allocated to at least 2 specific investments; or

b) $4 million; and

c) a track record of acquiring and divesting interests in arm's-length enterprises in a manner that can be characterized as conducting an active business.

1.8 CNSX will not approve an Issuer for listing if any Related Persons, or investor relations persons associated with the Issuer have been convicted of fraud, breach of fiduciary duty, violations of securities legislation (other than a minor breach that does not necessarily give rise to investor protection or market integrity concerns) or any other activity that concerns integrity of conduct unless the Issuer first severs relations with such person(s) to CNSX's satisfaction.

1.9 CNSX may not approve an Issuer for listing if any Related Persons, or investor relations person(s) associated with the Issuer:

a) have entered into a settlement agreement with a securities regulator or other authority;

b) are known to be associated with other offenders depending on the nature and extent of the relationship and the seriousness of the offence committed; or

c) have a consistent record of business failures, particularly failures involving public companies,

unless the Issuer first severs relations with such person(s) to CNSX's satisfaction.

1.10 CNSX may deem any person to be unacceptable to be associated in any manner with a CNSX Issuer if CNSX reasonably believes such association will give rise to investor protection concerns or could bring CNSX into disrepute.

2 CAPITAL STRUCTURE, BUILDER SHARES AND ESCROW

2.1 Capital Structure

An Issuer's capital structure must be acceptable to CNSX.

2.2 Definition of Builder Shares

"Builder Shares" means any security issued or issuable upon conversion of another security to:

a) any person for less than $0.02 per security;

b) a Related Person to the Issuer for the purchase of an asset with no acceptable supporting valuation;

c) a Related Person to settle a debt or obligation for less than the last issued price per security; or

d) a Related Person for the primary purpose of increasing that principal's interest in the Issuer without a corresponding tangible benefit to the Issuer.

2.3 **Pricing**

The Issuer may not sell securities pursuant to an initial public offering for less than $0.10 per share or unit. For Issuers not yet generating revenue from business activity, CNSX will not consider an application where Builder Shares have been issued for less than $0.005 in the previous 18 month period.

2.4 **Specific Restrictions**

a) The ratio of shares in the post-offering or reverse takeover capital structure must not exceed one Builder Share for every three non-Builder Shares.

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b) Where there is no concurrent financing, the minimum permitted price at which the securities can be exercisable or convertible and not be subject to escrow is $0.10. CNSX will not permit the exercise, conversion or exchange price of any exercisable, convertible or exchangeable security to be fixed until the security has been granted to a particular person.

2.5 **Substantial Float**

CNSX may consider exercising discretion to amend or waive the provisions of paragraphs 11, 12 and 13 if an Issuer has a "Substantial Float". CNSX will generally consider an Issuer that meets all the following criteria to have a Substantial Float:

a) $1,000,000 public float value;

b) 1,000,000 free trading shares;

c) 200 public shareholders with a minimum of one board lot each with no resale restrictions, and

d) 20% of the issued and outstanding shares held by public shareholders.

2.6 Acceptance of an alternative proposed structure is contingent upon an evaluation by CNSX using the following criteria:

a) track record, quality and experience of management and board;

b) percentage of time devoted by management to the Issuer;

c) capital contribution (cash paid in, reasonable value of assets and reasonable value of services performed, less any cash payments) by Related Persons;

d) relationship of capital contribution to ownership by Related Persons; and

e) relationship of share price in pre-IPO financing rounds to the IPO price.

2.7 All issuances prior to listing will be reviewed seriatim to determine suitability taking into account management activity, significant developments, and elapsed time as well as arm's-length party participation.

2.8 **Escrow**

Prior to listing, all securities issued to Related Persons are generally required to be subject to an escrow agreement pursuant to National Policy 46-201.

a) In addition, where convertible securities (such as stock options, common share purchase warrants, special warrants, convertible debentures or notes) are issued less than 18 months before listing and exercisable or convertible into listed shares at a price that is less than the issuance price per security under a prospectus offering or other financing or acquisition made contemporaneously with the listing application then the underlying security will be subject to escrow with releases scheduled at periods specified under National Policy 46-201.

b) An Issuer that has, within the six months prior to applying to list on CNSX, completed a transaction that would have been considered a "fundamental change", as defined in section 1.1 of Policy 8, must enter into escrow agreements with the Related Persons as if the Issuer was subject to the requirements of National Policy 46-201 and the provisions of section 1.8 of Policy 8 shall apply in all respects to the Issuer.

c) CNSX, in its sole discretion, may impose escrow arrangements that are in addition to those required by National Policy 46-201, or consider different proposals such as an "earn-out" escrow, on a case-by-case basis.

PART B: Documents required with application

3 Application

3.1 The application for listing must include the following:

a) a letter applying to qualify for listing (Form 1A – Equity Securities) requesting qualification for listing of one or more specific classes of equity securities of the Issuer and indicating the number and class of the Issuer's securities issued and outstanding and, if convertible or exchangeable securities are issued and outstanding, the number and type of securities reserved for issuance;

b) a completed Listing Application (Form 1B – Equity Securities) together with the supporting documentation set out in Appendix A to the Listing Application;

c) a draft Listing Statement (Form 2A) including financial statements approved by the Issuer's Board of Directors and its Audit Committee, if the Issuer has an Audit Committee;

d) a duly executed Personal Information Form (Form 3) from each Related Person of the Issuer and, if any of these persons is not an individual, a Personal Information Form from each director, senior officer and each person who beneficially, directly or indirectly owns, controls or exercises direction over 20% or more of the voting rights of such non-individual;

e) current insider reports from each person required to file a Personal Information Form, as filed with the Commission;

f) the escrow agreement required under paragraph 2.8 of Part A of this Appendix; and

g) the relevant portion of the Listing Fees, plus applicable taxes.

APPENDIX B: Debt Securities

Important Note: All securities are subject to the requirements of the "General" section of Policy 2

For the purposes of this Appendix, debt securities includes bonds, debentures, notes, Eurobonds, Medium Term Notes, Sukuk (Islamic bonds) and any other fixed income security that CNSX deems to be a debt security.

PART A: Eligibility for Listing

1 General

1.1 An Issuer must have net assets of at least $1 million or where the Issuer is a special purpose vehicle, or a holding company that does not meet this requirement itself, then CNSX may consider the assets of an underlying entity.

1.2 In the case of asset-backed securities, a trustee or other independent representative must be appointed to represent the interests of the holders of the asset-backed securities and the trustee or an independent custodian must hold the underlying assets and all money and benefits flowing from the assets to the Issuer or the holder of the asset-backed securities.

1.3 In the case of asset-backed securities that are secured on debt obligations or other receivables from a managed pool of assets, the entity appointed to manage the pool of assets must have adequate experience and expertise and such entity must be required to provide periodic financial reports on the performance and credit quality of the pool, for the benefit of the trustee.

1.4 In the case of asset-backed securities that are secured by equity securities, the equity securities must represent minority interests in, and must not carry legal or management control of, the underlying entities and must be listed on CNSX or listed on another exchange recognised for this purpose by CNSX.

1.5 The Issuer must appoint and maintain a payment agent acceptable to CNSX.

PART B: Documents required with application

2 Application

2.1 The application for listing must include the following:

a) a letter applying to qualify for listing (Form 1A – Debt Securities) requesting qualification for listing of one or more specific classes of securities of the Issuer;

b) a completed Listing Application (Form 1B – Debt Securities) together with the supporting documentation set out below;

c) a draft Listing Statement (Form 2A); and

d) the relevant portion of the Listing Fees, plus applicable taxes.

2.2 **Listing Statement**

The Listing Statement required to be submitted to CNSX shall comprise:

a) a document that contains all of the information required by Form 2A; or

b) in the case of a tranche issued pursuant to a programme, a term sheet (see Form 2C – Debt Securities).

2.3 **Supporting Documents**

In addition to the Listing Application (Form 1B – Debt Securities) the Issuer must submit:

a) the participation agreement; and

b) the declaration of trust or other document constituting the securities.

CNSX may also require a legal opinion that confirms that the debt securities have been duly constituted and, when issued, will be fully paid and non-assessable.

2.4 **Pre-approval of issuance programmes**

a) Where an Issuer issues debt securities of the same class on a regular basis under an issuance programme an Issuer may make an application for the pre-approval of the listing of a specified number of securities which may be issued in a particular case.

b) Where debt securities are to be issued under an issuance programme, the initial application must cover the maximum amount of securities that may be in issue at any one time under the programme. If CNSX approves the application, it will grant pre-approval for the listing of all the securities that may be issued under the programme within twelve (12) months after the approval, subject to CNSX receiving:

i. advice of the final terms of each issue,

ii. copies of any supplementary document or pricing supplement issued in support of the tranche or series,

iii. confirmation that the Issuer is still in full compliance with these Listing Rules and that the issue falls within the terms and conditions of the issuance progamme, and

iv. confirmation that the securities in question have been issued.

c) The debt securities to be issued under an issuance programme must be identical, except in respect of their designation (i.e., they can be different series), the term of the securities (i.e., the maturity date may vary), the amount of the tranche (within the overall maximum amount of the programme), and the yield (e.g., the coupon rate may vary). Securities that are not identical may not be issued under a programme and will require a separate application.

2.5 The final terms of each issue which is intended to be listed must be submitted in writing to CNSX as soon as possible after they have been agreed and in any event no later than two (2) Business Days before the listing is required to become effective. CNSX reserves the right to impose additional requirements on an issue made under an issuance programme, including imposing a requirement to make a new application in respect of that issue, if it considers that the issue does not fall within the scope of the programme.

POLICY 4

CORPORATE GOVERNANCE AND MISCELLANEOUS PROVISIONS

1. Introduction

1.1 Boards of directors should be structured and their proceedings conducted in a way calculated to encourage, reinforce, and demonstrate the board's role as an independent and informed monitor of the conduct of the corporation's affairs and the performance of its management. Board structure and practice will, over time, significantly affect the extent to which a board of directors is likely to exercise is powers and discharge its obligations in a manner that effectively advances corporate objectives.

1.2 No single governance structure fits all publicly held corporations, and there is considerable diversity of organizational styles. Each CNSX Issuer should develop a governance structure that is appropriate to its nature and circumstances.

2. Corporate Governance

2.1 The board of directors of every CNSX Issuer is responsible for, among other things, the following matters:

(a) strategic planning;

(b) principal business risks and risk management;

(c) appointing, training and monitoring senior management;

(d) executive compensation;

(e) succession planning;

(f) communications policy; and

(g) internal control and management information systems.

2.2 Canadian corporate law generally prescribes requirements related to the number or percentage of outside directors. For example, the Business Corporations Act (Ontario) requires that an offering corporation have at least three directors, at least one-third of whom are outside directors. The similar provisions of the *Canada Business Corporations Act* require that at least two directors be outside directors. An outside director may or may not be an unrelated director, which is a director who has no tie to the corporation other than as a director or as a shareholder who is not a control block holder. Both outside and unrelated directors can bring a fresh perspective to issuers in addition to acting as an independent discipline on management. CNSX considers that a requirement to have a specified number or percentage of outside directors or a specified number or percentage of unrelated directors may not be suitable for all CNSX Issuers. Smaller corporations frequently do not have the resources or the ability to attract talented individuals to serve as outside or unrelated directors. It may also be more important for small issuers to have on the board individuals who have a prior familiarity with the issuer's business rather than those who can bring an independent perspective or discipline. For this reason CNSX does not prescribe requirements dealing with outside or unrelated directors; however CNSX Issuers must comply with applicable corporate law. However, CNSX Issuers are encouraged to examine the appropriateness of including either or both outside or unrelated directors, on their boards of directors.

2.3 Every CNSX Issuer, as an integral element of the process for appointing new directors, should provide an orientation and education program or manual for new recruits to the board.

2.4 Every board of directors should examine its size and, with a view to determining the impact of the number of directors upon effectiveness, undertake where appropriate, a program to reduce or increase the number of directors to a number which facilitates more effective decision-making.

2.5 The board of directors, together with the senior management, such as the Chief Executive Officer or President, should develop position descriptions for the board and for the senior management, involving the definition of the limits to management's responsibilities. In addition, the board should approve or develop the corporate objectives which the senior management is responsible for meeting.

2.6 Canadian corporate law generally prescribes a minimum number or percentage of directors sitting on the audit committee of the board of directors that must be outside directors. For example, the *Business Corporations Act*

(Ontario) requires that an offering corporation have an audit committee composed of not less than three directors, a majority of whom are not officers or employees of the corporation or any of its affiliates.

2.7 The Canadian Securities Administrators (the "CSA") Notice respecting audit committees provides additional guidelines to CNSX Issuers. The CSA Notice provides that the objectives of an audit committee are as follows:

(a) to help directors meet their responsibilities, especially for accountability;

(b) to provide better communication between directors and external auditors;

(c) to enhance the external auditor's independence;

(d) to increase the credibility and objectivity of financial reports; and

(e) to strengthen the role of the outside directors by facilitating in-depth discussions between directors on the audit committee, management and external auditors.

2.8 The role of audit committees is continuing to evolve. Boards of directors of CNSX Issuers should adapt the responsibilities of their audit committees to their particular circumstances. CNSX agrees with the CSA Notice that no published set of practices can substitute for the active commitment to high standards by every party having responsibility for the corporate disclosure system.

2.9 CNSX strongly encourages boards of directors of CNSX Issuers to select independent directors as members of audit committees, to limit membership to such directors whenever possible and that the chairperson of the audit committee should be an independent director.

2.10 For reasons similar to those expressed in paragraph 2.2, CNSX does not consider that it is appropriate to prescribe a higher threshold for CNSX Issuers than that prescribed by corporate law or recommended by the CSA. However, CNSX endorses the recommendations and guidelines of the CSA Notice. CNSX Issuers should consider that placing a greater number or higher percentage of outside or unrelated directors on the audit committee may function as an effective protection of shareholder interests.

2.11 The board of directors should implement a system which enables an individual director to engage an outside adviser at the expense of the CNSX Issuer in appropriate circumstances. The engagement of the outside advisor should be subject to the approval of an appropriate committee of the board.

2.12 Although CNSX does not prescribe corporate governance requirements, investors will expect that all CNSX Issuers are subject to the requirements that generally apply to Canadian corporations unless informed otherwise. Therefore, non-corporate issuers and issuers incorporated in jurisdictions outside of Canada must state in their listing statement the nature and extent to which their governing legislation or constating documents differ materially from Canadian legislation with respect to the aspects of corporate governance described in this Policy.

3. Directors and Officers

3.1 The identity, history and experience of management, including officers and directors, is important information concerning a CNSX Issuer.

3.2 Every officer and director of a CNSX Issuer is required to complete a Personal Information Form (Form 3) upon their appointment or election as an officer or director of a CNSX Issuer.

3.3 CNSX may collect such personal information about the directors and officers of a CNSX Issuer as CNSX may require and, notwithstanding the qualification for listing of its securities, a CNSX Issuer must remove, or cause the resignation of, any director or officer which CNSX determines is not suitable for the purpose of acting as a director or officer of a CNSX Issuer, failing which CNSX may immediately disqualify for listing the Issuer's securities.

3.4 Where a CNSX Issuer has a significant connection to Alberta, CNSX may refuse to accept any director, officer or insider, or revoke, amend or impose conditions in connection with CNSX acceptance of any such application until such time as the CNSX Issuer has complied with a direction from CNSX or CNSX requirement to make application to the Alberta Securities Commission and to become a reporting issuer in Alberta.

POLICY 4

CORPORATE GOVERNANCE AND MISCELLANEOUS PROVISIONS

1. Introduction

1.1 Boards of directors should be structured and their proceedings conducted in a way calculated to encourage, reinforce, and demonstrate the board's role as an independent and informed monitor of the conduct of the corporation's affairs and the performance of its management. Board structure and practice will, over time, significantly affect the extent to which a board of directors is likely to exercise is powers and discharge its obligations in a manner that effectively advances corporate objectives.

1.2 No single governance structure fits all publicly held corporations, and there is considerable diversity of organizational styles. Each ~~corporation~~CNSX Issuer should develop a governance structure that is appropriate to its nature and circumstances.

2. Corporate Governance

2.1 The board of directors of every CNSX Issuer is responsible for, among other things, the following matters:

(a) strategic planning;

(b) principal business risks and risk management;

(c) appointing, training and monitoring senior management;

(d) executive compensation;

(e) succession planning;

(f) communications policy; and

(g) internal control and management information systems.

2.2 Canadian corporate law generally prescribes requirements related to the number or percentage of outside directors. For example, the *Business Corporations Act* (Ontario) requires that an offering corporation have at least three directors, at least one-third of whom are outside directors. The similar provisions of the *Canada Business Corporations Act* require that at least two directors be outside directors. An outside director may or may not be an unrelated director, which is a director who has no tie to the corporation other than as a director or as a shareholder who is not a control block holder. Both outside and unrelated directors can bring a fresh perspective to issuers in addition to acting as an independent discipline on management. CNSX considers that a requirement to have a specified number or percentage of outside directors or a specified number or percentage of unrelated directors may not be suitable for all CNSX Issuers. Smaller corporations frequently do not have the resources or the ability to attract talented individuals to serve as outside or unrelated directors. It may also be more important for small issuers to have on the board individuals who have a prior familiarity with the issuer's business rather than those who can bring an independent perspective or discipline. For this reason CNSX does not prescribe requirements dealing with outside or unrelated directors; however CNSX Issuers must comply with applicable corporate law. However, CNSX Issuers are encouraged to examine the appropriateness of including either or both outside or unrelated directors, on their boards of directors.

2.3 Every CNSX Issuer, as an integral element of the process for appointing new directors, should provide an orientation and education program or manual for new recruits to the board.

2.4 Every board of directors should examine its size and, with a view to determining the impact of the number of directors upon effectiveness, undertake where appropriate, a program to reduce or increase the number of directors to a number which facilitates more effective decision-making.

2.5 The board of directors, together with the senior management, such as the Chief Executive Officer or President, should develop position descriptions for the board and for the senior management, involving the definition of the limits to management's responsibilities. In addition, the board should approve or develop the corporate objectives which the senior management is responsible for meeting.

2.6 Canadian corporate law generally prescribes a minimum number or percentage of directors sitting on the audit committee of the board of directors that must be outside directors. For example, the *Business Corporations Act*

(Ontario) requires that an offering corporation have an audit committee composed of not less than three directors, a majority of whom are not officers or employees of the corporation or any of its affiliates.

2.7 The Canadian Securities Administrators (the "CSA") Notice respecting audit committees provides additional guidelines to CNSX Issuers. The CSA Notice provides that the objectives of an audit committee~~,~~ are as follows:

(a) to help directors meet their responsibilities, especially for accountability;

(b) to provide better communication between directors and external auditors;

(c) to enhance the external auditor's independence;

(d) to increase the credibility and objectivity of financial reports; and

(e) to strengthen the role of the outside directors by facilitating in ~~-~~depth discussions between directors on the audit committee, management and external auditors.

2.8 The role of audit committees is continuing to evolve. Boards of directors of CNSX Issuers should adapt the responsibilities of their audit committees to their particular circumstances. CNSX agrees with the CSA Notice that no published set of practices can substitute for the active commitment to high standards by every party having responsibility for the corporate disclosure system.

2.9 CNSX strongly encourages boards of directors of CNSX Issuers to select independent directors as members of audit committees, to limit membership to such directors whenever possible and that the chairperson of the audit committee should be an independent director.

2.10 For reasons similar to those expressed in paragraph 2.2, CNSX does not consider that it is appropriate to prescribe a higher threshold for CNSX Issuers than that prescribed by corporate law or recommended by the CSA. However, CNSX endorses the recommendations and guidelines of the CSA Notice. CNSX Issuers should consider that placing a greater number or higher percentage of outside or unrelated directors on the audit committee may function as an effective protection of shareholder interests.

2.11 The board of directors should implement a system which enables an individual director to engage an outside adviser at the expense of the CNSX Issuer in appropriate circumstances. The engagement of the outside advisor should be subject to the approval of an appropriate committee of the board.

2.12 Although CNSX does not prescribe corporate governance requirements, investors will expect that all CNSX ~~issuers~~Issuers are subject to the requirements that generally apply to Canadian corporations unless informed otherwise. Therefore, non-corporate issuers and issuers incorporated in jurisdictions outside of Canada must state in their listing statement the nature and extent to which their governing legislation or constating documents differ materially from Canadian legislation with respect to the aspects of corporate governance described in this Policy.

3. Directors and Officers

3.1 The identity, history and experience of management, including officers and directors, is important information concerning a CNSX Issuer.

3.2 Every officer and director of a CNSX Issuer is required to complete a Personal Information Form (Form 3) upon their appointment or election as an officer or director of a CNSX Issuer.

3.3 CNSX may collect such personal information about the directors and officers of a CNSX Issuer as CNSX may require and, notwithstanding the qualification for listing of its securities, a CNSX Issuer must remove, or cause the resignation of, any director or officer which CNSX determines is not suitable for the purpose of acting as a director or officer of a CNSX Issuer, failing which CNSX may immediately disqualify for listing the Issuer's securities.

3.4 Where a CNSX Issuer has a significant connection to Alberta, CNSX may refuse to accept any director, officer or insider, or revoke, amend or impose conditions in connection with CNSX acceptance of any such application until such time as the CNSX Issuer has complied with a direction from CNSX or CNSX requirement to make application to the Alberta Securities Commission and to become a reporting issuer in Alberta.

4. Transfer and Registration of Securities

4.1 Every CNSX Issuer must maintain in good standing transfer and registration facilities in the City of Toronto, where the securities of the CNSX Issuer must be directly transferable. Where transfer facilities are maintained in other cities, certificates must be interchangeably transferable and identical in colour and form with the certificates transferable in Toronto. Certificates must name the cities where they are transferable.

5. Share Certificates

5.1 Certificates must bear a CUSIP number which can be obtained from the Clearing Corporation.

5.2 All certificates must conform with the requirements of the corporate and securities legislation applicable to the CNSX Issuer. All certificates must be printed by a recognized bank note company or its affiliate or other security printer which has a contractual affiliation with a recognized bank note company.

5.3 The foregoing requirements, except for a CUSIP number, do not apply to a completely non-certificated issue that complies with the requirements of the Clearing Corporation.

6. Book Based System

The securities of all CNSX Issuers must be qualified for and entered into the book-based system maintained by the Clearing Corporation.

POLICY 5

TIMELY DISCLOSURE, TRADING HALTS AND POSTING REQUIREMENTS

1 Introduction

1.1 CNSX believes that two of the fundamental requirements for a fair and efficient capital market that fosters confidence and protects investors from unfair, improper or fraudulent practices are: (a) high quality and timely continuous disclosure by CNSX Issuers, and (b) comprehensive market regulation to ensure that high quality and timely continuous disclosure occurs. All investors must have equal and timely access to material information about a CNSX Issuer, both to allow investors to make reasoned and informed investment decisions, and to participate in securities markets on an equal footing with other investors.

1.2 Recent advances in the technology of information dissemination such as SEDAR and the Internet facilitate immediate, widespread and economical dissemination of Issuer information. For this reason, CNSX requires CNSX Issuers to provide an enhanced standard of disclosure to secondary market participants, irrespective of the Issuer's size. The establishment of a comprehensive, publicly available disclosure base for every CNSX Issuer lies at the heart of the CNSX market.

1.3 To continue to qualify for listing, every CNSX Issuer must make high quality, timely continuous disclosure of material information.

1.4 This Policy is not an exhaustive statement of the timely and continuous disclosure requirements applicable to Issuers. CNSX Issuers must comply with all applicable requirements of securities legislation and Commission rules. In particular, mining Issuers must comply with the additional disclosure requirements of National Instrument 43-101- Standards of Disclosure for Mineral Projects. Oil and gas Issuers must comply with the additional disclosure requirements of National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities. All CNSX Issuers must comply with National Policy 51-201 – Disclosure Standards.

2 Disclosable Events

2.1 Issuers are required to make public disclosure of all material information.

2.2 CNSX Issuers are not required to interpret the impact of external political, economic and social developments on their affairs, but if the external development will have or has had a direct effect on their business and affairs that is both material and uncharacteristic of the effect generally experienced as a result of such development by other companies engaged in the same business or industry, CNSX Issuers are urged, where practical, to explain the particular impact on them. For example, a change in government policy that affects most companies in a particular industry does not require an announcement, but if it affects only one or a few companies in a material way, an announcement should be made. A reasonable investor's investment decision may be affected by factors relating directly to the securities themselves as well as by information concerning the CNSX Issuer's business and affairs. For example, changes in a CNSX Issuer's issued capital, stock splits, redemptions and dividend decisions may all have an impact upon the reasonable investor's investment decision.

2.3 Actual or proposed developments that require immediate disclosure include, but are not limited to, the following:

(a) changes in share ownership that may affect control of the Issuer;

(b) changes in corporate structure, such as reorganizations, amalgamations, etc.;

(c) take-over bids or issuer bids;

(d) major corporate acquisitions or dispositions;

(e) changes in capital structure;

(f) borrowing of a significant amount of funds;

(g) public or private sale of additional securities;

(h) development of new products and developments affecting the Issuer's resources, technology, products or market;

(i) significant discoveries or exploration results, both positive and negative, by resource companies;

(j) entering into or loss of significant contracts;

(k) firm evidence of significant increases or decreases in near-term earnings prospects;

(l) changes in capital investment plans or corporate objectives;

(m) significant changes in management;

(n) significant litigation;

(o) major labour disputes or disputes with major contractors or suppliers;

(p) events of default under financing or other agreements; or

(q) any other developments relating to the business and affairs of the Issuer that might reasonably be expected to influence or change an investment decision of a reasonable investor.

2.4 Disclosure is only required where a development is material. Announcements of an intention to proceed with a transaction or activity should be made when a decision has been made to proceed with it by the CNSX Issuer's board of directors, or by senior management with the expectation of concurrence from the board of directors. However, a corporate development in respect of which no firm decision has yet been made but that is reflected in the market price may require prompt disclosure.

2.5 Forecasts of earnings and other financial forecasts need not be disclosed, but where a significant increase or decrease in earnings is indicated in the near future, such as in the next fiscal quarter, this fact must be disclosed. Forecasts should not be provided on a selective basis to investors or others not involved in the management of the affairs of the Issuer. If disclosed, they should be generally disclosed.

3 Consultation with the Market Regulator

3.1 It is the responsibility of each Issuer to determine what information is material in the context of the CNSX Issuer's own affairs. The materiality of information varies from one CNSX Issuer to another, and will be influenced by factors such as the CNSX Issuer's profitability, assets, capitalization, and the nature of its operations. An event that is "significant" or major" in the context of a smaller CNSX Issuer's business and affairs may not be material to a larger CNSX Issuer.

3.2 Given the element of judgment involved, CNSX Issuers are encouraged to consult with the Market Regulator on a confidential basis as to whether a particular event gives rise to material information.

4 Rumours and Unusual Trading Activity

4.1 Rumours and unusual trading activity may influence or change the investment decision of a reasonable investor and/or the trading price of the CNSX Issuer's securities. It is impractical to expect management to be aware of, and comment on, all rumours or unusual trading activity. However, when either rumours or unusual trading activity occur, the Market Regulator may request that the CNSX Issuer make a clarifying statement. A trading halt may be imposed pending release of a "no corporate developments" statement from the CNSX Issuer. If a rumour is correct in whole or in part, or if it appears that the unusual trading activity reflects illicit trading on non-disclosed material information, the Market Regulator will require the CNSX Issuer to make immediate disclosure of the relevant material information, and a trading halt may be imposed pending release and dissemination of that information.

5 Timing of Disclosure and Pre-Notification of the Market Regulator

5.1 Subject to pre-notification of the Market Regulator, a CNSX Issuer is required to disclose material information forthwith upon the information becoming known to management, or in the case of information previously known, forthwith upon it becoming apparent that the information is material. Immediate release of information is necessary to ensure that it is promptly available to all investors and to reduce the risk that persons with access to that information will act upon undisclosed information.

5.2 The policy of immediate disclosure frequently requires that press releases be issued during trading hours, especially when an important corporate development has occurred. When this occurs, the CNSX Issuer must notify the Market Regulator prior to the issuance of a press release. The Market Regulator will then be able to determine whether trading in the CNSX Issuer's securities should be temporarily halted.

6 Dissemination

6.1 A news release must be transmitted to the media by the quickest possible method, and by a method that provides the widest dissemination possible. To ensure that the entire financial community is aware of the news at the same time, a wire service (or combination of services) must be used that provides national and simultaneous coverage.

6.2 CNSX accepts the use of any news services that meet the following criteria:

(a) dissemination of the full text of the release to the national financial press and to daily newspapers that provide regular coverage of financial news;

(b) dissemination to all CNSX Dealers; and

(c) dissemination to all relevant regulatory bodies.

6.3 Dissemination of news is essential to ensure that all investors have equal and timely information. The onus is the CNSX Issuer to ensure appropriate dissemination of news releases, and any failure to properly disseminate news shall be deemed to be a breach of this policy and shall be grounds for suspension or disqualification from listing of the CNSX Issuer's securities. In particular, CNSX will not consider relieving a CNSX Issuer from its obligation to disseminate news properly because of cost factors.

6.4 CNSX Issuers must simultaneously post to the CNSX.ca website all news releases disseminated.

7 No Selective Disclosure

7.1 Disclosure of material information must not be made on a selective basis. The disclosure of material information should not occur except by means that ensure that all investors have access to the information on an equal footing. CNSX recognizes that good corporate governance involves actively communicating with investors, brokers, analysts, and other interested parties with respect to the corporation's business and affairs, through private meetings, formal or informal conferences, or by other means. However, when communications of any nature occur other than widely disseminated press releases in accordance with this rule, CNSX Issuers may not, under any circumstances, communicate material information to anyone, other than in the necessary course of business, in which case the party receiving the information must be instructed to keep it confidential and not to trade the CNSX Issuer's securities.

7.2 The board of directors of a CNSX Issuer should put in place policies and procedures that will ensure that those responsible for dealing with shareholders, brokers, analysts, and other external parties are aware of their and the CNSX Issuer's obligations with respect to the disclosure of material information.

7.3 Should material information be disclosed, whether deliberately or inadvertently, other than through a widely disseminated press release in accordance with the rule, the CNSX Issuer must immediately contact the Market Regulator and request a trading halt pending the widespread dissemination of the information.

8 Content of News Releases

8.1 Announcements of material information should be factual and balanced and unfavourable news must be disclosed just as promptly and completely as favourable news. News releases must contain sufficient detail to enable investors to assess the importance of the information to allow them to make informed investment decisions. CNSX Issuers should communicate clearly and accurately the nature of the information, without including unnecessary details, exaggerated reports or editorial commentary.

8.2 All news releases must include the name of an officer or director of the CNSX Issuer who is responsible for the announcement, together with the CNSX Issuer's telephone number. The Issuer may also include the name and telephone number of an additional contact person.

8.3 Any CNSX Issuer that fails to comply with any provision of this Policy may be subject to a halt of quotation and trading of its securities without prior notice to the CNSX Issuer.

9 Confidential Disclosure - When Information May be Kept Confidential

9.1 Section 75(3) of the *Securities Act* (Ontario), as supplemented by National Policy 51-201, provides that where, in the opinion of the reporting issuer, the public disclosure of a material change would be unduly detrimental to the interests of the reporting issuer, or where the material change consists of a decision to implement a change made by senior management of the Issuer who believe that confirmation of the decision by the board of directors is probable, the

reporting Issuer may file a report disclosing a material change on a confidential basis. Non-disclosure of information is also provided for in s.140(2) of the *Securities Act* (Ontario).

9.2 When a reporting issuer requests that information be kept confidential, then pursuant to s.75(4) of the *Securities Act*, the reporting issuer must advise the Commission in writing within 10 days if it wishes that the information continue to be held on a confidential basis, and every 10 days thereafter until the material information is generally disclosed. The Commission takes the view that it can require the Issuer to disclose confidential information when, in its view, the benefit from public disclosure would outweigh the harm to the Issuer resulting from disclosure.

9.3 CNSX Issuers should be guided by pertinent securities legislation in determining whether material information can be filed on a confidential basis with the Commission. Where a decision is made to file a confidential report with the Commission, the Market Regulator must be immediately notified of the CNSX Issuer's decision to do so. The Market Regulator must be provided with a copy of all submissions to the Commission relating to a request to make or to continue confidential disclosure, or to make general disclosure of previously held confidential information. The Market Regulator must be kept fully apprised of the nature of any discussions between the CNSX Issuer and the Commission relevant thereto, and any decision of the Commission with respect to the ability of the CNSX Issuer to make or continue confidential disclosure, or requiring the CNSX Issuer to make general disclosure.

9.4 Similar provisions exist in the securities legislation of other jurisdictions. CNSX Issuers that are reporting issuers in other jurisdictions must ensure that they comply with all applicable rules in addition to this Policy.

10 Maintaining Confidentiality

10.1 Where disclosure of material information is delayed, the CNSX Issuer must maintain complete confidentiality. In the event that such confidential information, or rumours respecting the same, is divulged in any manner (other that in the necessary course of business), the CNSX Issuer is required to make an immediate announcement on the matter. The Market Regulator must be notified of the announcement, in advance, in the usual manner. During the period before material information is disclosed, market activity in the CNSX Issuer's securities should be closely monitored by the Issuer. Any unusual market activity probably means that news of the matter is being disclosed and that certain persons are taking advantage of it. In such case, the Market Regulator should be advised immediately and a halt in trading will be imposed until the CNSX Issuer has made disclosure of the material information.

10.2 At any time when material information is being withheld from the public, the CNSX Issuer is under a duty to take precautions to keep such information completely confidential. Such information should not be disclosed to any of the CNSX Issuer's officers, employees or advisers, except in the necessary course of business. The directors, officers and employees of a CNSX Issuer should be reminded on a regular basis that confidential information obtained in the course of their duties must not be disclosed.

11 Insider Trading

11.1 CNSX Issuers should make insiders and others who have access to material information about the CNSX Issuer before it is generally disclosed aware that trading in securities of the Issuer (or securities whose market price or value varies materially with the securities of the Issuer) while in possession of undisclosed material information or tipping such information is prohibited under applicable securities legislation, and may give rise to administrative, civil and/or criminal liability.

11.2 In any situation where material information is being kept confidential, management is under a duty to take every possible precaution to ensure that no trading whatsoever takes place by any insiders or persons in a "special relationship" with the CNSX Issuer in which use is made of such information before it is generally disclosed to the public.

11.3 In the event that the Market Regulator is of the opinion that insider or improper trading may have occurred before material information has been disclosed and disseminated, the Market Regulator may require that an immediate announcement be made disclosing such material information. The Market Regulator will refer the matter to the appropriate securities commission(s) for enforcement action.

12 Listing and Trading Halts

12.1 The Market Regulator will normally halt quotation and trading if:

(a) the CNSX Issuer requests a halt, during trading hours, to allow for the dissemination of material information - the Market Regulator must be advised of the material information and halt request as soon as possible, by

phone or fax, so that the Market Regulator may determine whether a quotation and trading halt is warranted pending the filing and dissemination of the news release;

(b) rumours are circulating in the marketplace that might influence or change a reasonable investor's investment decision;

(c) unusual trading activity suggests that material information is selectively available - the Market Regulator may require that the CNSX Issuer either disseminate an initial news release if it has not yet done so, or a further news release to rectify the situation;

(d) the CNSX Issuer is not in compliance with the terms of its Listing Agreement or any CNSX Requirement or applicable securities legislation;

(e) the CNSX Issuer has issued an inaccurate, inadequate or misleading news release or the CNSX Issuer has issued a news release but has not requested a halt pending public dissemination of the news, and the market reacts sharply; or

(f) circumstances exist which, in the opinion of CNSX or the Market Regulator, could adversely affect the public interest or the integrity of the CNSX market.

12.2 Where rumours or unusual trading activity are not based on undisclosed material information, the Market Regulator may halt quotation and trading pending the release and dissemination of a "no corporate developments" statement. When the rumours or unusual trading activity are based on whole or in part on undisclosed material information, the Market Regulator may halt trading and quotation pending the release of the material information.

12.3 The Market Regulator, upon consultation with the CNSX Issuer, if appropriate, will determine the time required to disseminate the news release and consequently the length of any quotation and trading halt.

12.4 A CNSX Issuer may request a halt in quotation and trading of its securities pending public disclosure of material information concerning the CNSX Issuer.

12.5 In the event a CNSX Issuer requests a halt in quotation and trading of its securities, the CNSX Issuer shall disseminate a news release as soon as practicable and in any event within 24 hours of the halt, either:

(a) disclosing the material information; or

(b) advising that the halt is at the request of the CNSX Issuer and that public disclosure is pending.

In the former case the halt shall be lifted after dissemination of the news release. In the latter case the halt shall continue unless CNSX or the Market Regulator determines resumption of quotation and trading is in the public interest.

12.6 It is not appropriate for a CNSX Issuer to request a halt if an announcement of material information is not going to be made forthwith.

12.7 A CNSX Issuer may request a halt if material information is to be kept confidential and disclosure delayed temporarily.

12.8 Throughout the period during which a CNSX Issuer's securities are halted, CNSX Dealers shall not quote or trade the securities of the CNSX Issuer on any marketplace or over-the-counter as principal or agent.

13 Documents Required to be Posted

13.1 Subject to section 13.2, every CNSX Issuer must post the following documents (unless the disclosure contained therein is posted in a CNSX Form):

(a) every document required by the CNSX Policies;

(b) every document required to be:

(i) filed with any securities regulatory authority for a jurisdiction in which the CNSX Issuer is a reporting issuer or equivalent; or

(ii) delivered to shareholders; or

(iii) filed on SEDAR,

and such documents must be posted concurrently or as soon as practicable following the filing or the delivery;

(c) an annually-updated Management's Discussion and Analysis set out in Section 6 of the Listing Statement, to be posted within 140 days after the end of the financial year of the Issuer or such shorter time period as may be specified in securities legislation for Issuers that are not exempt from the requirement to provide Management's Discussion and Analysis;

(d) a Quarterly Listing Statement (Form 5) current as of the last day of the relevant quarter, to be posted concurrently with a CNSX Issuer's unaudited interim financial statement required under applicable securities legislation;

(e) a Monthly Progress Report (Form 7) current as of the last day of each month (whether or not the month is also the end of a quarter or year), to be posted before the opening of trading on the fifth trading day of the following month; and

(f) an annually-updated Listing Statement completed to reflect all changes to information appearing in the previously posted Listing Statement to be posted concurrently with the CNSX Issuer's audited annual financial statements.

13.2 In respect of every debt security listed on CNSX, the CNSX Issuer must post the following documents (unless the disclosure contained therein is posted in a CNSX Form):

(a) every document required to be:

i) filed with any securities regulatory authority for a jurisdiction in which the CNSX Issuer is a reporting issuer or equivalent; or

ii) delivered to securityholders of the CNSX Issuer; or

iii) filed on SEDAR,

and such documents must be posted concurrently or as soon as practicable following the filing or the delivery; and

(b) an annually-updated Listing Statement completed to reflect all changes to information appearing in the previously posted Listing Statement to be posted concurrently with the CNSX Issuer's audited annual financial statements.

14 Continuous Disclosure Obligations

14.1 General:

(a) a CNSX Issuer shall disclose to the public as soon as reasonably practicable any information relating to the Issuer or any of its subsidiaries that has come to the knowledge of the Issuer, if the information

(i) is necessary to enable the public to appraise the financial position of the Issuer and its subsidiaries,

(ii) is necessary to avoid the creation or continuation of a false market in the securities of the Issuer, or

(iii) might reasonably be expected to materially affect market activity in or the price of the securities of the Issuer.

(b) paragraph (a) does not apply to information that

(i) affects the market or a sector of the market generally, and

(ii) has already been made available to the investing public.

POLICY 5

TIMELY DISCLOSURE, TRADING HALTS AND POSTING REQUIREMENTS

~~1.~~ 1 Introduction

1.1 CNSX believes that two of the fundamental requirements for a fair and efficient capital market that fosters confidence and protects investors from unfair, improper or fraudulent practices are: (a) high quality and timely continuous disclosure by CNSX Issuers, and (b) comprehensive market regulation to ensure that high quality and timely continuous disclosure occurs. All investors must have equal and timely access to material information about a CNSX Issuer, both to allow investors to make reasoned and informed investment decisions, and to participate in securities markets on an equal footing with other investors.

1.2 Recent advances in the technology of information dissemination such as SEDAR and the Internet facilitate immediate, widespread and economical dissemination of ~~issuer~~Issuer information. For this reason, CNSX requires CNSX Issuers to provide an enhanced standard of disclosure to secondary market participants, irrespective of the Issuer's size. The establishment of a comprehensive, publicly available disclosure base for every CNSX ~~issuer~~Issuer lies at the heart of the CNSX market.

1.3 To continue to qualify for listing, every CNSX Issuer must make high quality, timely continuous disclosure of material information.

1.4 This Policy is not an exhaustive statement of the timely and continuous disclosure requirements applicable to Issuers. CNSX Issuers must comply with all applicable requirements of securities legislation and Commission rules. In particular, mining ~~issuers~~Issuers must comply with the additional disclosure requirements of National ~~Policy~~Instrument 43-101- Standards of Disclosure for Mineral Projects. Oil and gas ~~issuers~~Issuers must comply with the additional disclosure requirements of ~~(Proposed)~~ National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities. All CNSX Issuers must comply with National Policy 51-201 – Disclosure Standards.

~~2.~~ 2 Disclosable Events

2.1 Issuers are required to make public disclosure of all material information.

2.2 CNSX Issuers are not required to interpret the impact of external political, economic and social developments on their affairs, but if the external development will have or has had a direct effect on their business and affairs that is both material and uncharacteristic of the effect generally experienced as a result of such development by other companies engaged in the same business or industry, CNSX Issuers are urged, where practical, to explain the particular impact on them. For example, a change in government policy that affects most companies in a particular industry does not require an announcement, but if it affects only one or a few companies in a material way, an announcement should be made. A reasonable investor's investment decision may be affected by factors relating directly to the securities themselves as well as by information concerning the CNSX Issuer's business and affairs. For example, changes in a CNSX Issuer's issued capital, stock splits, redemptions and dividend decisions may all have an impact upon the reasonable investor's investment decision.

2.3 Actual or proposed developments that require immediate disclosure include, but are not limited to, the following:

(a) changes in share ownership that may affect control of the ~~issuer~~Issuer;

(b) changes in corporate structure, such as reorganizations, amalgamations, etc.;

(c) take-over bids or issuer bids;

(d) major corporate acquisitions or dispositions;

(e) changes in capital structure;

(f) borrowing of a significant amount of funds;

(g) public or private sale of additional securities;

(h) development of new products and developments affecting the Issuer's resources, technology, products or market;

(i) significant discoveries or exploration results, both positive and negative, by resource companies;

(j) entering into or loss of significant contracts;

(k) firm evidence of significant increases or decreases in near-term earnings prospects;

(l) changes in capital investment plans or corporate objectives;

(m) significant changes in management;

(n) significant litigation;

(o) major labour disputes or disputes with major contractors or suppliers;

(p) events of default under financing or other agreements; or

(q) any other developments relating to the business and affairs of the ~~issuer~~Issuer that might reasonably be expected to influence or change an investment decision of a reasonable investor.

2.4 Disclosure is only required where a development is material. Announcements of an intention to proceed with a transaction or activity should be made when a decision has been made to proceed with it by the CNSX Issuer's board of directors, or by senior management with the expectation of concurrence from the board of directors. However, a corporate development in respect of which no firm decision has yet been made but that is reflected in the market price may require prompt disclosure.

2.5 Forecasts of earnings and other financial forecasts need not be disclosed, but where a significant increase or decrease in earnings is indicated in the near future, such as in the next fiscal quarter, this fact must be disclosed. Forecasts should not be provided on a selective basis to investors or others not involved in the management of the affairs of the ~~issuer~~Issuer. If disclosed, they should be generally disclosed.

~~3.~~ 3 Consultation with the Market Regulator

3.1 It is the responsibility of each ~~issuer~~Issuer to determine what information is material in the context of the CNSX Issuer's own affairs. The materiality of information varies from one CNSX Issuer to another, and will be influenced by factors such as the CNSX Issuer's profitability, assets, capitalization, and the nature of its operations. An event that is "significant" or major" in the context of a smaller CNSX Issuer's business and affairs may not be material to a larger CNSX Issuer.

3.2 Given the element of judgment involved, CNSX Issuers are encouraged to consult with the Market Regulator on a confidential basis as to whether a particular event gives rise to material information.

~~4.~~ 4 Rumours and Unusual Trading Activity

4.1 Rumours and unusual trading activity may influence or change the investment decision of a reasonable investor and/or the trading price of the CNSX Issuer's securities. It is impractical to expect management to be aware of, and comment on, all rumours or unusual trading activity. However, when either rumours or unusual trading activity occur, the Market Regulator may request that the CNSX Issuer make a clarifying statement. A trading halt may be imposed pending release of a "no corporate developments" statement from the CNSX Issuer. If a rumour is correct in whole or in part, or if it appears that the unusual trading activity reflects illicit trading on non-disclosed material information, the Market Regulator will require the CNSX Issuer to make immediate disclosure of the relevant material information, and a trading halt may be imposed pending release and dissemination of that information.

~~5.~~ 5 Timing of Disclosure and Pre-Notification of the Market Regulator

5.1 Subject to pre-notification of the Market Regulator, a CNSX Issuer is required to disclose material information forthwith upon the information becoming known to management, or in the case of information previously known, forthwith upon it becoming apparent that the information is material. Immediate release of information is necessary to ensure that it is promptly available to all investors and to reduce the risk that persons with access to that information will act upon undisclosed information.

5.2 The policy of immediate disclosure frequently requires that press releases be issued during trading hours, especially when an important corporate development has occurred. When this occurs, the CNSX Issuer must notify the Market Regulator prior to the issuance of a press release. The Market Regulator will then be able to determine whether trading

in the CNSX Issuer's securities should be temporarily halted.

~~6.~~ 6 Dissemination

6.1 A news release must be transmitted to the media by the quickest possible method, and by a method that provides the widest dissemination possible. To ensure that the entire financial community is aware of the news at the same time, a wire service (or combination of services) must be used ~~which~~that provides national and simultaneous coverage.

6.2 CNSX accepts the use of any news services that meet the following criteria:

(a) dissemination of the full text of the release to the national financial press and to daily newspapers that provide regular coverage of financial news;

(b) dissemination to all CNSX Dealers; and

(c) dissemination to all relevant regulatory bodies.

6.3 Dissemination of news is essential to ensure that all investors have equal and timely information. The onus is the CNSX Issuer to ensure appropriate dissemination of news releases, and any failure to properly disseminate news shall be deemed to be a breach of this policy and shall be grounds for suspension or disqualification from listing of the CNSX Issuer's securities. In particular, CNSX will not consider relieving a CNSX Issuer from its obligation to disseminate news properly because of cost factors.

6.4 CNSX Issuers must simultaneously post to the CNSX.ca website all news releases disseminated.

~~7.~~ 7 No Selective Disclosure

7.1 Disclosure of material information must not be made on a selective basis. The disclosure of material information should not occur except by means that ensure that all investors have access to the information on an equal footing. CNSX recognizes that good corporate governance involves actively communicating with investors, brokers, analysts, and other interested parties with respect to the corporation's business and affairs, through private meetings, formal or informal conferences, or by other means. However, when communications of any nature occur other than widely disseminated press releases in accordance with this rule, CNSX Issuers may not, under any circumstances, communicate material information to anyone, other than in the necessary course of business, in which case the party receiving the information must be instructed to keep it confidential and not to trade the CNSX Issuer's securities.

7.2 The board of directors of a CNSX Issuer should put in place policies and procedures that will ensure that those responsible for dealing with shareholders, brokers, analysts, and other external parties are aware of their and the CNSX Issuer's obligations with respect to the disclosure of material information.

7.3 Should material information be disclosed, whether deliberately or inadvertently, other than through a widely disseminated press release in accordance with the rule, the CNSX Issuer must immediately contact the Market Regulator and request a trading halt pending the widespread dissemination of the information.

~~8.~~ 8 Content of News Releases

8.1 Announcements of material information should be factual and balanced and unfavourable news must be disclosed just as promptly and completely as favourable news. News releases must contain sufficient detail to enable investors to assess the importance of the information to allow them to make informed investment decisions. CNSX Issuers should communicate clearly and accurately the nature of the information, without including unnecessary details, exaggerated reports or editorial commentary.

8.2 All news releases must include the name of an officer or director of the CNSX Issuer who is responsible for the announcement, together with the CNSX Issuer's telephone number. The Issuer may also include the name and telephone number of an additional contact person.

8.3 Any CNSX Issuer that fails to comply with any provision of this Policy may be subject to a halt of quotation and trading of its securities without prior notice to the CNSX Issuer.

~~9.~~ 9 Confidential Disclosure - When Information May be Kept Confidential

9.1 Section 75(3) of the *Securities Act* (Ontario), as supplemented by National Policy 51-201, provides that where, in the opinion of the reporting issuer, the public disclosure of a material change would be unduly detrimental to the interests

of the reporting issuer, or where the material change consists of a decision to implement a change made by senior management of the ~~issuer~~Issuer who believe that confirmation of the decision by the board of directors is probable, the reporting ~~issuer~~Issuer may file a report disclosing a material change on a confidential basis. Non-disclosure of information is also provided for in s.140(2) of the *Securities Act* (Ontario).

9.2 When a reporting issuer requests that information be kept confidential, then pursuant to s.75(4) of the *Securities Act*, the reporting issuer must advise the Commission in writing within 10 days if it wishes that the information continue to be held on a confidential basis, and every 10 days thereafter until the material information is generally disclosed. The Commission takes the view that it can require the ~~issuer~~Issuer to disclose confidential information when, in its view, the benefit from public disclosure would outweigh the harm to the ~~issuer~~Issuer resulting from disclosure.

9.3 CNSX Issuers should be guided by pertinent securities legislation in determining whether material information can be filed on a confidential basis with the Commission. Where a decision is made to file a confidential report with the Commission, the Market Regulator must be immediately notified of the CNSX Issuer's decision to do so. The Market Regulator must be provided with a copy of all submissions to the Commission relating to a request to make or to continue confidential disclosure, or to make general disclosure of previously held confidential information. The Market Regulator must be kept fully apprised of the nature of any discussions between the CNSX Issuer and the Commission relevant thereto, and any decision of the Commission with respect to the ability of the CNSX Issuer to make or continue confidential disclosure, or requiring the CNSX Issuer to make general disclosure.

9.4 Similar provisions exist in the securities legislation of other jurisdictions. CNSX Issuers that are reporting issuers in other jurisdictions must ensure that they comply with all applicable rules in addition to this Policy.

~~10.~~ 10 Maintaining Confidentiality

10.1 Where disclosure of material information is delayed, the CNSX Issuer must maintain complete confidentiality. In the event that such confidential information, or rumours respecting the same, is divulged in any manner (other that in the necessary course of business), the CNSX Issuer is required to make an immediate announcement on the matter. The Market Regulator must be notified of the announcement, in advance, in the usual manner. During the period before material information is disclosed, market activity in the CNSX Issuer's securities should be closely monitored by the ~~issuer~~Issuer. Any unusual market activity probably means that news of the matter is being disclosed and that certain persons are taking advantage of it. In such case, the Market Regulator should be advised immediately and a halt in trading will be imposed until the CNSX Issuer has made disclosure of the material information.

10.2 At any time when material information is being withheld from the public, the CNSX Issuer is under a duty to take precautions to keep such information completely confidential. Such information should not be disclosed to any of the CNSX Issuer's officers, employees or advisers, except in the necessary course of business. The directors, officers and employees of a CNSX Issuer should be reminded on a regular basis that confidential information obtained in the course of their duties must not be disclosed.

~~11.~~ 11 Insider Trading

11.1 CNSX Issuers should make insiders and others who have access to material information about the CNSX Issuer before it is generally disclosed aware that trading in securities of the ~~issuer~~Issuer (or securities whose market price or value varies materially with the securities of the ~~reporting issuer~~Issuer) while in possession of undisclosed material information or tipping such information is prohibited under applicable securities legislation, and may give rise to administrative, civil and/or criminal liability.

11.2 In any situation where material information is being kept confidential, management is under a duty to take every possible precaution to ensure that no trading whatsoever takes place by any insiders or persons in a "special relationship" with the CNSX Issuer in which use is made of such information before it is generally disclosed to the public.

11.3 In the event that the Market Regulator is of the opinion that insider or improper trading may have occurred before material information has been disclosed and disseminated, the Market Regulator may require that an immediate announcement be made disclosing such material information. The Market Regulator will refer the matter to the appropriate securities commission(s) for enforcement action.

~~12.~~ 12 Listing and Trading Halts

12.1 The Market Regulator will normally halt quotation and trading if:

(a) the CNSX Issuer requests a halt, during trading hours, to allow for the dissemination of material information~~.~~

~~The~~ - the Market Regulator must be advised of the material information and halt request as soon as possible, by phone or fax, so that the Market Regulator may determine whether a quotation and trading halt is warranted pending the filing and dissemination of the news release;

(b) rumours are circulating in the marketplace that might influence or change a reasonable investor's investment decision;

(c) unusual trading activity suggests that material information is selectively available~~. The~~ - the Market Regulator may require that the CNSX Issuer either disseminate an initial news release if it has not yet done so, or a further news release to rectify the situation;

(d) the CNSX Issuer is not in compliance with the terms of its Listing Agreement or any CNSX Requirement or applicable securities legislation;

(e) the CNSX Issuer has issued an inaccurate, inadequate or misleading news release or the CNSX Issuer has issued a news release but has not requested a halt pending public dissemination of the news, and the market reacts sharply; or

(f) circumstances exist which, in the opinion of CNSX or the Market Regulator, could adversely affect the public interest or the integrity of the CNSX market.

12.2 Where rumours or unusual trading activity are not based on undisclosed material information, the Market Regulator may halt quotation and trading pending the release and dissemination of a "no corporate developments" statement. When the rumours or unusual trading activity are based on whole or in part on undisclosed material information, the Market Regulator may halt trading and quotation pending the release of the material information.

12.3 The Market Regulator, upon consultation with the CNSX Issuer, if appropriate, will determine the time required to disseminate the news release and consequently the length of any quotation and trading halt.

12.4 A CNSX Issuer may request a halt in quotation and trading of its securities pending public disclosure of material information concerning the CNSX Issuer.

12.5 In the event a CNSX Issuer requests a halt in quotation and trading of its securities, the CNSX Issuer shall disseminate a news release as soon as practicable and in any event within 24 hours of the halt, either:

(a) disclosing the material information~~,~~; or

(b) advising that the halt is at the request of the CNSX Issuer and that public disclosure is pending.

In the former case the halt shall be lifted after dissemination of the news release. In the latter case the halt shall continue unless CNSX or the Market Regulator determines resumption of quotation and trading is in the public interest.

12.6 It is not appropriate for a CNSX Issuer to request a halt if an announcement of material information is not going to be made forthwith.

12.7 A CNSX Issuer may request a halt if material information is to be kept confidential and disclosure delayed temporarily.

12.8 Throughout the period during which a CNSX Issuer's securities are halted, CNSX Dealers shall not quote or trade the securities of the CNSX Issuer on any marketplace or over-the-counter as principal or agent.

~~13.~~ 13 Documents Required to be Posted

13.1 ~~Every~~Subject to section 13.2, every CNSX Issuer must post the following documents (unless the disclosure contained therein is posted in a CNSX Form):

(a) every document required by the CNSX Policies;

(b) every document required to be:

(i) ~~(b) every document required to be~~ filed with any ~~commission~~securities regulatory authority for a jurisdiction in which the CNSX Issuer is a reporting issuer or equivalent~~, to be~~ ; or

(ii) delivered to shareholders ~~of a CNSX Issuer or to be filed on SEDAR to~~; or

(iii) filed on SEDAR,

and such documents must be posted concurrently or as soon as practicable following the filing ~~with the Commission or SEDAR or the delivery to shareholders~~or the delivery;

(c) an annually-updated Management's Discussion and Analysis set out in Section 6 of the Listing Statement, to be posted within 140 days after the end of the financial year of the Issuer or such shorter time period as may be specified in securities legislation for ~~issuers~~Issuers that are not exempt from the requirement to provide Management's Discussion and Analysis;

(d) a Quarterly Listing Statement (Form 5) current as of the last day of the relevant quarter, to be posted concurrently with a CNSX Issuer's unaudited interim financial statement required under applicable securities legislation;

(e) a Monthly Progress Report (Form 7) current as of the last day of each month (whether or not the month is also the end of a quarter or year), to be posted before the opening of trading on the fifth trading day of the following month;

~~(f) a Certificate of Compliance (Form 6), to be posted concurrently with the filing of the Monthly Progress Report;~~ and

(f) ~~(g)~~ an annually-updated Listing Statement completed to reflect all changes to information appearing in the previously posted Listing Statement to be posted concurrently with the CNSX Issuer's audited annual financial statements.

13.2 In respect of every debt security listed on CNSX, the CNSX Issuer must post the following documents (unless the disclosure contained therein is posted in a CNSX Form):

(a) every document required to be:

i) filed with any securities regulatory authority for a jurisdiction in which the CNSX Issuer is a reporting issuer or equivalent; or

ii) delivered to securityholders of the CNSX Issuer; or

iii) filed on SEDAR,

and such documents must be posted concurrently or as soon as practicable following the filing or the delivery; and

(b) an annually-updated Listing Statement completed to reflect all changes to information appearing in the previously posted Listing Statement to be posted concurrently with the CNSX Issuer's audited annual financial statements.

14 Continuous Disclosure Obligations

14.1 General:

(a) a CNSX Issuer shall disclose to the public as soon as reasonably practicable any information relating to the Issuer or any of its subsidiaries that has come to the knowledge of the Issuer, if the information

(i) is necessary to enable the public to appraise the financial position of the Issuer and its subsidiaries,

(ii) is necessary to avoid the creation or continuation of a false market in the securities of the Issuer, or

(iii) might reasonably be expected to materially affect market activity in or the price of the securities of the Issuer.

(b) paragraph (a) does not apply to information that

(i) affects the market or a sector of the market generally, and

(ii) has already been made available to the investing public.

POLICY 10

SPECIALIST SECURITIES

Important Note: All securities are subject to the requirements of the "General" section of Policy 2

Eligibility for Listing

1 Where the securities to be listed are held out as being in compliance with specific, non-exchange mandated requirements, the Issuer must disclose how it has been established and, if relevant, who has established that the securities are in compliance with the stated requirements.

2 In the case of securities that are held out as being in compliance with Shari'ah, this requirement is met if the Issuer:

2.1 appoints a Shari'ah Supervisory Board, with at least two members, to advise in respect of Shari'ah compliance, on all aspects of the offering including advice on the information to be provided;

2.2 discloses the names of the members of the Shari'ah Supervisory Board and their respective qualifications, experience and expertise in Islamic jurisprudence and Islamic finance; and

2.3 ensures that that the Shari'ah Supervisory Board issues a Shari'ah pronouncement in writing that is signed by the Chairman and at least one other member of the Shari'ah Supervisory Board.

PART B: Documents required before approval

1 In the case of Islamic securities, the Shari'ah Supervisory Board's Shari'ah pronouncement.

RULE 1

INTERPRETATION AND GENERAL PROVISIONS

1-101 Definitions

(2) In these Rules, unless the subject matter or context otherwise requires:

"Alternative Market security" means a security that is listed on a Canadian stock exchange and approved for trading on the Alternative Market;

"CNSX Board" means the Board of Directors of CNSX Markets Inc. and includes any committee of CNSX Markets Inc.'s Board of Directors to which powers have been delegated in accordance with the by-laws or the Rules.

"Market Regulator" means Investment Industry Regulatory Organization of Canada or such other person recognized by the Commission as a regulation services provider for the purposes of the *Securities Act* and which has been retained by CNSX as an acceptable regulation services provider.

RULE 1

INTERPRETATION AND GENERAL PROVISIONS

1-101 Definitions

(2) In these Rules, unless the subject matter or context otherwise requires:

"**Alternative Market security**" means a security ~~other than a CNSX-listed security~~ that is listed on ~~another~~a Canadian stock exchange and approved for trading on ~~CNSX~~the Alternative Market;

"CNSX Board" means the Board of Directors of CNSX Markets Inc. and includes any committee of CNSX Markets Inc.'s Board of Directors to which powers have been delegated in accordance with the by-laws or the Rules.

"Market Regulator" means Investment Industry Regulatory Organization of Canada or such other person ~~as~~ recognized by the Commission as a regulation services provider for the purposes of the *Securities Act* and which has been retained by CNSX as an acceptable regulation services provider.

RULE 11

TRADING OF ALTERNATIVE MARKET SECURITIES

11-102 Qualification for Alternative Market

(1) CNSX may designate securities listed on a stock exchange recognized in a jurisdiction in Canada as eligible for trading in the Alternative Market provided such securities are not suspended or subject to a regulatory halt.

(2) CNSX may disqualify an Alternative Market security for trading at any time without prior notice.

(3) Notwithstanding the foregoing, an Alternative Market security shall be disqualified for trading immediately

(a) upon suspension or delisting by another stock exchange if such suspension or delisting would result in CNSX Markets being the only stock exchange on which the security would trade in Canada;

(b) if the security is subject to a regulatory halt; or

(c) if CNSX Markets, acting reasonably, determines that disqualification is necessary to protect the public interest or the maintenance of a fair and orderly market.

11-103 Access by Eligible Clients to the Alternative Market

(1) In this Rule,

"eligible client" means

(a) a client that falls within the definition of "acceptable counterparties" or "acceptable institutions" as defined in the General Notes and Definitions section of the Joint Regulatory Financial Questionnaire and Report;

(b) a client that is registered as an investment counselor or portfolio manager under the *Securities Act* of one or more of the provinces of Canada;

(c) a client that is a foreign broker or dealer (or the equivalent registration) registered with the appropriate regulatory body in the broker's or dealer's home jurisdiction and that is an affiliate of a CNSX Dealer acting for its own account, the accounts of other eligible clients or the accounts of its clients;

(d) a client that in the aggregate owns and invests on a discretionary basis at least $100 million in securities of issuers that are not affiliated with the client and falls into one of the following categories:

(i) an insurance company as defined in section 2(13) of the U.S. Securities Act of 1933,

(ii) an investment company registered under the U.S. Securities Act of 1933 or any business development company as defined in section 2(a)(48) of the Act,

(iii) a small business investment company licensed by the U.S. Small Business Administration under section 301(c) or (d) of the U.S. Small Business Investment Act of 1958,

(iv) a plan established and maintained by a U.S. state, its political subdivisions, or any agency or instrumentality of a U.S. state or its political subdivisions, for the benefit of its employees,

(v) an employee benefit plan within the meaning of Title I of the U.S. Employee Retirement Income Securities Act of 1974,

(vi) a trust fund whose trustee is a bank or trust company and whose participants are exclusively plans of the types identified in (iv) or (v) above, except trust funds that include as participants individual retirement accounts or U.S. H.R. 10 plans,

(vii) a business development company as defined in section 202(a)22 of the Investment Advisors Act of 1940,

(viii) an organization described in section 501(c)(3) of the U.S. Internal Revenue Code, corporation (other than a bank as defined in section 3(a)2 of the U.S. Securities Act of 1933 or a savings and loan

association or other institution referenced in section 3(a)(5)(A) of the U.S. Securities Act of 1933 or a foreign bank or savings and loan association or equivalent institution), partnership or Massachusetts or similar business trust, and

(ix) an investment advisor registered under the U.S. Investment Advisors Act;

(e) a client that is a dealer registered pursuant to section 15 of the U.S. Securities Exchange Act of 1934, acting for its own account or the accounts of other eligible clients, that in the aggregate owns and invests on a discretionary basis at least $10 million of securities of issuers that are not affiliated with the dealer, provided that securities constituting the whole or a part of an unsold allotment to or subscription by a dealer as a participant in a public offering shall not be deemed to be owned by such dealer;

(f) a client that is an investment company registered under the U.S. Investment Company Act, acting for its own account or for the accounts of other eligible clients, that is part of a family of investment companies which own in the aggregate at least $100 million in securities of issuers, other than issuers that are affiliated with the investment company or are part of such family of investment companies and, for these purposes, "family of investment companies" means any two or more investment companies registered under the U.S. Investment Company Act, except for a unit investment trust whose assets consist solely of shares of one or more registered investment companies, that have the same investment advisor (or, in the case of unit investment trusts, the same depositor), provided, for these purposes:

(i) each series of a series company (as defined in Rule 18f-2 under the U.S. Investment Company Act) shall be deemed to be a separate investment company, and

(ii) investment companies shall be deemed to have the same adviser (or depositor) if their advisers (or depositors) are majority owned subsidiaries of the same parent, or if one investment company's adviser (or depositor) is a majority-owned subsidiary of the other investment company's adviser (or depositor);

(g) a client, all of the equity owners of which are eligible clients, acting for its own account or the accounts of other eligible clients;

(h) a client that is a bank as defined in section 3(a)(2) of the U.S. Securities Act of 1933, or any savings and loan institution or other institution as referenced in section 3(a)(5)(A) of the U.S. Securities Act of 1933, acting for its own account or the accounts of other eligible clients, that in the aggregate owns and invests on a discretionary basis at least $100 million in securities of issuers that are not affiliated with it and that has an audited net worth of at least $25 million;

(i) a client that is a non-individual with total securities under administration or management exceeding $10 million, where the client is resident in a jurisdiction that falls within the definition of "Basle Accord Countries" as defined in the General Notes and Definitions section of the Joint Regulatory Financial Questionnaire and Report; and

(j) a client that enters an order through an order execution account; and an **"order execution account"** is a client account in respect of which a CNSX Dealer is exempted, in whole or in part, from making a determination on the suitability of trades for the client in accordance with the requirements of a securities regulatory authority or a recognized self-regulatory organization.

(2) In determining the aggregate amount of securities owned and invested on a discretionary basis by an entity, the following instruments and interests shall be excluded: bank deposit notes and certificates of deposit; loan participations; repurchase agreements; securities owned but subject to a repurchase agreement; and currency, interest rate and commodity swaps.

(3) The aggregate value of securities owned and invested on a discretionary basis by an entity shall be the cost of such securities, except where the entity reports its securities holdings in its financial statements on the basis of their market value and no current information with respect to the cost of those securities has been published and in the latter event, the securities may be valued at market.

(4) In determining the aggregate amount of securities owned by an entity and invested on a discretionary basis, securities owned by subsidiaries of the entity that are consolidated with the entity in its financial statements prepared in accordance with generally accepted accounting principles may be included if the investments of such subsidiaries are managed under the discretion of the entity, except that, unless the entity is a reporting company under section 13 or

15(d) of the U.S. Securities Exchange Act, securities owned by such subsidiaries may not be included if the entity itself is a majority-owned subsidiary that would be included in the consolidated financial statements of another enterprise.

(5) A CNSX Dealer may transmit orders received electronically from an eligible client in an Alternative Market security directly to the CNSX System provided that the CNSX Dealer has obtained prior written approval from CNSX

(a) that the system of the CNSX Dealer meets the prescribed conditions;

(b) for the standard form of agreement containing the prescribed conditions to be entered into between the CNSX Dealer and an eligible client and the CNSX Dealer has entered into an agreement in such form with the eligible client; and

(c) for any amendments to the standard form of agreement;

and has met such other conditions as prescribed.

(6) For the purposes of Rule 11-103(5)(a), the system of the CNSX Dealer is required to:

(a) support compliance with CNSX Requirements dealing with the entry and trading of orders by all eligible clients who will have direct access (for example, supporting all valid order information that may be required, including designation of short sales);

(b) ensure security of access to the system (for example, through a password that will only enable persons at the eligible client authorized by the CNSX Dealer to have access to the system);

(c) comply with the specific requirements prescribed pursuant to Rule 4-101A(5);

(d) provide the CNSX Dealer with an immediate report of the entry or execution of orders;

(e) enable the CNSX Dealer to employ order parameters or filters that will route orders over a certain size or value to the CNSX Dealer's trading desk (which parameters can be customized for each eligible client on the system) and to reject orders that do not fall within those designated parameters;

(f) enable the CNSX Dealer to transmit information concerning orders entered by eligible clients to the CNSX Dealer's compliance staff on a real time basis; and

(g) support any other requirements of this Rule.

(7) For the purposes of Rule 11-103(5)(b), the agreement between the CNSX Dealer and the eligible client shall provide that:

(a) the eligible client is authorized to connect to the CNSX Dealer's order routing system;

(b) the eligible client shall enter orders in compliance with CNSX Requirements respecting the entry and trading of orders and other applicable regulatory requirements;

(c) specific parameters defining the orders that may be entered by the eligible client are stated, including restriction to specific securities or size of orders;

(d) the CNSX Dealer has the right to reject an order for any reason;

(e) the CNSX Dealer has the right to change or remove an order in the CNSX System and has the right to cancel any trade made by the eligible client for any reason;

(f) the CNSX Dealer has the right to discontinue accepting orders from the eligible client at any time without notice;

(g) the CNSX Dealer agrees to train the eligible client in the CNSX Requirements dealing with the entry and trading of orders and other applicable CNSX Requirements; and

(h) the CNSX Dealer accepts the responsibility to ensure that revisions and updates to CNSX Requirements relating to the entry and trading of orders are promptly communicated to the eligible client;

provided that, in respect of an agreement with a client in respect of an order execution account, the agreement:

(i) may be in written form or be in the form of a written or electronic notice acknowledged by the client prior to the entry of the initial order in respect of such order execution account; and

(j) may omit provisions that would otherwise be required by clauses (c), (g) and (h) above if the system:

(i) enforces CNSX Requirements relating to the entry of orders,

or

(ii) routes orders that do not comply with CNSX Requirements relating to the entry of orders to an person authorized to enter orders pursuant to Rule 11-103 for review prior to entry to the trading system.

(8) Training materials regarding CNSX Requirements that the CNSX Dealer proposes to use must be reviewed by CNSX prior to use.

(9) The CNSX Dealer shall designate a specific person as being responsible for the system.

(10) Orders executed through the system shall be reviewed for compliance and credit purposes daily by such designated person of the CNSX Dealer.

(11) The CNSX Dealer shall have procedures in place to ensure that only eligible clients use the system and that such eligible clients can comply with CNSX Requirements and other applicable regulatory requirements.

(12) The CNSX Dealer shall review the eligibility of eligible clients using the system at least annually.

(13) The CNSX Dealer shall make available for review by CNSX, as required from time to time, copies of the agreements between the CNSX Dealer and its eligible clients.

RULE 11

TRADING OF ALTERNATIVE MARKET SECURITIES

11-102 Qualification for Alternative Market

(1) CNSX may designate securities listed on ~~another~~a stock exchange recognized in a jurisdiction in Canada as eligible for trading in the Alternative Market provided such securities are not suspended or subject to a regulatory halt.

(2) CNSX may disqualify an Alternative Market security for trading at any time without prior notice.

(3) Notwithstanding the foregoing, an Alternative Market security shall be disqualified for trading immediately

(a) upon suspension or delisting by another stock exchange if such suspension or delisting would result in CNSX Markets being the only stock exchange on which the security would trade in Canada;

(b) if the security is subject to a regulatory halt; or

(c) if CNSX Markets, acting reasonably, determines that disqualification is necessary to protect the public interest or the maintenance of a fair and orderly market.

11-103 Access by Eligible Clients to the Alternative Market

(1) In this Rule,

"eligible client" means

(a) a client that falls within the definition of "acceptable counterparties" or "acceptable institutions" as defined in the General Notes and Definitions section of the Joint Regulatory Financial Questionnaire and Report;

(b) a client that is registered as an investment counselor or portfolio manager under the *Securities Act* of one or more of the provinces of Canada;

(c) a client that is a foreign broker or dealer (or the equivalent registration) registered with the appropriate regulatory body in the broker's or dealer's home jurisdiction and that is an affiliate of a CNSX Dealer acting for its own account, the accounts of other eligible clients or the accounts of its clients;

(d) a client that in the aggregate owns and invests on a discretionary basis at least $100 million in securities of issuers that are not affiliated with the client and falls into one of the following categories:

(i) an insurance company as defined in section 2(13) of the U.S. Securities Act of 1933,

(ii) an investment company registered under the U.S. Securities Act of 1933 or any business development company as defined in section 2(a)(48) of the Act,

(iii) a small business investment company licensed by the U.S. Small Business Administration under section 301(c) or (d) of the U.S. Small Business Investment Act of 1958,

(iv) a plan established and maintained by a U.S. state, its political subdivisions, or any agency or instrumentality of a U.S. state or its political subdivisions, for the benefit of its employees,

(v) an employee benefit plan within the meaning of Title I of the U.S. Employee Retirement Income Securities Act of 1974,

(vi) a trust fund whose trustee is a bank or trust company and whose participants are exclusively plans of the types identified in (iv) or (v) above, except trust funds that include as participants individual retirement accounts or U.S. H.R. 10 plans,

(vii) a business development company as defined in section 202(a)22 of the Investment Advisors Act of 1940,

(viii) an organization described in section 501(c)(3) of the U.S. Internal Revenue Code, corporation (other than a bank as defined in section 3(a)2 of the U.S. Securities Act of 1933 or a savings and loan

association or other institution referenced in section 3(a)(5)(A) of the U.S. Securities Act of 1933 or a foreign bank or savings and loan association or equivalent institution), partnership or Massachusetts or similar business trust, and

(ix) an investment advisor registered under the U.S. Investment Advisors Act;

(e) a client that is a dealer registered pursuant to section 15 of the U.S. Securities Exchange Act of 1934, acting for its own account or the accounts of other eligible clients, that in the aggregate owns and invests on a discretionary basis at least $10 million of securities of issuers that are not affiliated with the dealer, provided that securities constituting the whole or a part of an unsold allotment to or subscription by a dealer as a participant in a public offering shall not be deemed to be owned by such dealer;

(f) a client that is an investment company registered under the U.S. Investment Company Act, acting for its own account or for the accounts of other eligible clients, that is part of a family of investment companies which own in the aggregate at least $100 million in securities of issuers, other than issuers that are affiliated with the investment company or are part of such family of investment companies and, for these purposes, "family of investment companies" means any two or more investment companies registered under the U.S. Investment Company Act, except for a unit investment trust whose assets consist solely of shares of one or more registered investment companies, that have the same investment advisor (or, in the case of unit investment trusts, the same depositor), provided, for these purposes:

(i) each series of a series company (as defined in Rule 18f-2 under the U.S. Investment Company Act) shall be deemed to be a separate investment company, and

(ii) investment companies shall be deemed to have the same adviser (or depositor) if their advisers (or depositors) are majority owned subsidiaries of the same parent, or if one investment company's adviser (or depositor) is a majority-owned subsidiary of the other investment company's adviser (or depositor);

(g) a client, all of the equity owners of which are eligible clients, acting for its own account or the accounts of other eligible clients;

(h) a client that is a bank as defined in section 3(a)(2) of the U.S. Securities Act of 1933, or any savings and loan institution or other institution as referenced in section 3(a)(5)(A) of the U.S. Securities Act of 1933, acting for its own account or the accounts of other eligible clients, that in the aggregate owns and invests on a discretionary basis at least $100 million in securities of issuers that are not affiliated with it and that has an audited net worth of at least $25 million; ~~and~~

(i) a client that is a non-individual with total securities under administration or management exceeding$10 million, where the client is resident in a jurisdiction that falls within the definition of "Basle Accord Countries" as defined in the General Notes and Definitions section of the Joint Regulatory Financial Questionnaire and Report; and

(j) a client that enters an order through an order execution account; and an **"order execution account"** is a client account in respect of which a CNSX Dealer is exempted, in whole or in part, from making a determination on the suitability of trades for the client in accordance with the requirements of a securities regulatory authority or a recognized ~~selfregulatory~~self-regulatory organization.

(2) In determining the aggregate amount of securities owned and invested on a discretionary basis by an entity, the following instruments and interests shall be excluded: bank deposit notes and certificates of deposit; loan participations; repurchase agreements; securities owned but subject to a repurchase agreement; and currency, interest rate and commodity swaps.

(3) The aggregate value of securities owned and invested on a discretionary basis by an entity shall be the cost of such securities, except where the entity reports its securities holdings in its financial statements on the basis of their market value and no current information with respect to the cost of those securities has been published and in the latter event, the securities may be valued at market.

(4) In determining the aggregate amount of securities owned by an entity and invested on a discretionary basis, securities owned by subsidiaries of the entity that are consolidated with the entity in its financial statements prepared in accordance with generally accepted accounting principles may be included if the investments of such subsidiaries are managed under the discretion of the entity, except that, unless the entity is a reporting company under section 13 or

15(d) of the U.S. Securities Exchange Act, securities owned by such subsidiaries may not be included if the entity itself is a majority-owned subsidiary that would be included in the consolidated financial statements of another enterprise.

(5) A CNSX Dealer may transmit orders received electronically from an eligible client in an Alternative Market security directly to the CNSX System provided that the CNSX Dealer has obtained prior written approval from CNSX

(a) that the system of the CNSX Dealer meets the prescribed conditions;

(b) for the standard form of agreement containing the prescribed conditions to be entered into between the CNSX Dealer and an eligible client and the CNSX Dealer has entered into an agreement in such form with the eligible client; and

(c) for any amendments to the standard form of agreement; and has met such other conditions as prescribed.

(6) For the purposes of Rule 11-103(5)(a), the system of the CNSX Dealer is required to:

(a) support compliance with CNSX Requirements dealing with the entry and trading of orders by all eligible clients who will have direct access (for example, supporting all valid order information that may be required, including designation of short sales);

(b) ensure security of access to the system (for example, through a password that will only enable persons at the eligible client authorized by the CNSX Dealer to have access to the system);

(c) comply with the specific requirements prescribed pursuant to Rule 4-101A(5);

(d) provide the CNSX Dealer with an immediate report of the entry or execution of orders;

(e) enable the CNSX Dealer to employ order parameters or filters that will route orders over a certain size or value to the CNSX Dealer's trading desk (which parameters can be customized for each eligible client on the system) and to reject orders that do not fall within those designated parameters;

(f) enable the CNSX Dealer to transmit information concerning orders entered by eligible clients to the CNSX Dealer's compliance staff on a real time basis; and

(g) support any other requirements of this Rule.

(7) For the purposes of Rule 11-103(5)(b), the agreement between the CNSX Dealer and the eligible client shall provide that:

(a) the eligible client is authorized to connect to the CNSX Dealer's order routing system;

(b) the eligible client shall enter orders in compliance with CNSX Requirements respecting the entry and trading of orders and other applicable regulatory requirements;

(c) specific parameters defining the orders that may be entered by the eligible client are stated, including restriction to specific securities or size of orders;

(d) the CNSX Dealer has the right to reject an order for any reason;

(e) the CNSX Dealer has the right to change or remove an order in the CNSX System and has the right to cancel any trade made by the eligible client for any reason;

(f) the CNSX Dealer has the right to discontinue accepting orders from the eligible client at any time without notice;

(g) the CNSX Dealer agrees to train the eligible client in the CNSX Requirements dealing with the entry and trading of orders and other applicable CNSX Requirements; and

(h) the CNSX Dealer accepts the responsibility to ensure that revisions and updates to CNSX Requirements relating to the entry and trading of orders are promptly communicated to the eligible client;

provided that, in respect of an agreement with a client in respect of an order execution account, the agreement:

(i) may be in written form or be in the form of a written or electronic notice acknowledged by the client prior to the entry of the initial order in respect of such order execution account; and

(j) may omit provisions that would otherwise be required by clauses (c), (g) and (h) above if the system:

(i) enforces CNSX Requirements relating to the entry of orders,

or

(ii) routes orders that do not comply with CNSX Requirements relating to the entry of orders to an person authorized to enter orders pursuant to Rule 11-103 for review prior to entry to the trading system.

(8) Training materials regarding CNSX Requirements that the CNSX Dealer proposes to use must be reviewed by CNSX prior to use.

(9) The CNSX Dealer shall designate a specific person as being responsible for the system.

(10) Orders executed through the system shall be reviewed for compliance and credit purposes daily by such designated person of the CNSX Dealer.

(11) The CNSX Dealer shall have procedures in place to ensure that only eligible clients use the system and that such eligible clients can comply with CNSX Requirements and other applicable regulatory requirements.

(12) The CNSX Dealer shall review the eligibility of eligible clients using the system at least annually.

(13) The CNSX Dealer shall make available for review by CNSX, as required from time to time, copies of the agreements between the CNSX Dealer and its eligible clients.

FORM 1A

APPLICATION LETTER

[LETTERHEAD OF APPLICANT]

[Date]

Canadian National Stock Exchange
220 Bay Street
9th Floor
Toronto, Ontario
M5J 2W4

Dear Sirs/Mesdames:

Re: Qualification for Listing of [insert name of issuer] (the "Issuer")

The Issuer hereby applies to have the following securities qualified for listing, quotation and trading on the Canadian National Stock Exchange_____.

[In the case of an application to list equity securities] There are currently _____ shares issued and outstanding and _____ shares reserved for issuance.

Please find enclosed, in duplicate, Form 1B Listing Application, Form 2A Listing Statement, Form 2B Listing Summary, executed Listing Agreement, the supporting documents set out in Appendix A to the Listing Application and a cheque representing the non-refundable portion of the application fee of $2,000 plus GST.

Yours very truly,

[NAME OF APPLICANT ISSUER]

Per: (signature of authorized company representative)

FORM 1A

APPLICATION LETTER

[LETTERHEAD OF APPLICANT]

[Date]

Canadian National Stock Exchange
220 Bay Street
9th Floor
Toronto, Ontario
M5J 2W4

Dear Sirs/Mesdames:

Re: Qualification for Listing of [insert name of issuer] (the "Issuer")

The Issuer hereby applies to have ~~its~~the following securities qualified for listing, quotation and trading on the Canadian National Stock Exchange.

[In the case of an application to list equity securities] There are currently _____ shares issued and outstanding and _____ shares reserved for issuance.

Please find enclosed, in duplicate, Form 1B Listing Application, Form 2A Listing Statement, Form 2B Listing Summary, executed Listing Agreement, the supporting documents set out in Appendix A to the Listing Application and a cheque representing the non-refundable portion of the application fee of $2,000 plus GST.

Yours very truly,

[NAME OF APPLICANT ISSUER]

Per: (signature of authorized company representative)

FORM 1B

Listing Application

General Instructions

Please complete the following application and submit to CNSX in printed form with the application fee and the documents listed in Appendix A.

Part 1

ISSUER INFORMATION

General instruction: In this application, the term "predecessor" means any legal predecessor of the CNSX Issuer and any company with which the Issuer has engaged in a transaction that would give effect to a Fundamental Change.

□ Initial Application □ Application Following Fundamental Change

1.1 Issuer Name:

State the full legal name(s) of Issuer.

_____

_____

1.2 Address:

Please give all addresses. Indicate registered office, head office, mailing, etc.

_____

_____

_____

1.3 Telephone Number:

_____

1.4 Fax Number:

_____

1.5 General e-mail address:

_____

1.6 Website address:

_____

1.7 Jurisdiction of Incorporation:

_____

1.8 Reporting Jurisdictions:

_____

In addition to Ontario please state any other reporting jurisdiction.

_____

1.9 North American Industrial Classification:

Please state your industrial classification below.

_____

1.10 Description of Business:

Briefly describe the business the Issuer is engaged in.

_____

_____

_____

_____

1.11 Class (es) of Shares/Description of Securities to be qualified for listing:

_____

1.12 CUSIP Number(s):

Please provide CUSIP numbers for all securities to be listed.

1 _____

2 _____

3 _____

1.13 Desired CNSX Symbol(s)

Please specify 3 choices in order of preference. A symbol must be 3 letters and will be subject to availability. CNSX has final approval of any symbol request.

1. _____

2. _____

3. _____

1.14 Trading Currency:

CDN$ □ US$ □

1.15 Outstanding Shares (equity securities only):

Basic:

_____

Fully Diluted:
(provide details)

_____

1.16 Outstanding Warrants, Rights, Options (equity securities only):

(provide details of terms such as exercise price, expiry date, etc. as well as number outstanding)

Security	Number Outstanding	Details

1.17 Fiscal Year End:

_____

1.18 News Wire Service:

Please specify which Newswire service (s) currently disseminates Issuer press releases.

_____

1.19 Issuer Contact Information:

Please provide full contact details of the person to be contacted regarding regulatory matters, accounting/administration and for shareholder inquiries.

Regulatory Contact:

Name:

_____

Address:

_____

Telephone number:

_____

Fax number:

_____

E-mail address:

_____

Accounting/Administrative Contact:

Name:

_____

Address:

_____

Telephone number:

_____

Fax number:

_____

E-mail address:

_____

Investor Relations:

Name:

_____

Address:

_____

Telephone number:

_____

Fax number:

_____

E-mail address:

_____

Other Contacts:

Name:

_____

Address:

_____

Telephone number:

_____

Fax number:

_____

E-mail address:

_____

1.20 Directors, Officers, Promoter and Related Persons

Provide the name, residential address, birth date, place of birth and position or status with the Issuer for each Related Person as defined in CNSX Policy 1. Provide date and jurisdiction of incorporation or formation if not an individual.

(Please provide attachments if additional space is necessary.)

Name and Address	Birth date and Place of Birth(1)	Position with Issuer

(1) Provide date and jurisdiction of incorporation or formation if not an individual.

1.21 Predecessor and Related Companies (as defined in CNSX Policy 1)

Names:

_____

1.22 Other Listings

Provide the name and the address of any other stock exchanges on which any securities of the issuer are already listed (or to which application for listing has been made)

Names:

_____

Part 2

TRADING INFORMATION

2.1 Transfer and Registration:

Please provide contact information for the company's Transfer Agent(s) and Registrar(s) where (i) transfers may be effected, and (ii) registration facilities are maintained.

Transfer agent:

Name:

_____

Address:

_____

Telephone number:

_____

Fax number:

_____

E-mail address:

_____

Registrar:

Name:

_____

Address:

_____

Telephone:

_____

Fax number:

_____

E-mail address:

_____

2.2 *Has the Issuer traded on another exchange in Canada? If yes, please provide trading symbol.*

_____

2.3 *Does the Issuer have any other class of shares?*

_____

Part 3

HISTORICAL INFORMATION

3.1 *Has the Issuer (or any of its predecessors) ever applied to have its shares traded on another market and been denied? If yes, please provide the name of the market or markets, dates and the reason why the application was denied.*

_____

_____

_____

_____

3.2 *Has the Issuer or any predecessor ever had trading in its securities halted by a marketplace or been suspended from trading or delisted by an exchange? If yes, provide details. Do not include routine halts for dissemination of information, halts due to system problems in the marketplace or volatility controls imposed by a marketplace or sector or market-wide halts not specific to the Issuer (e.g. a halt due to circuit breakers for price drops). Be specific when providing reasons (e.g. suspended for failure to meet financial requirements, not "failure to meet exchange requirements"). State whether the action giving rise to the halt or suspension was remedied.*

_____

_____

_____

3.3 Has the issuer or any of its predecessors ever been in default of their obligations as a reporting issuer (or equivalent) or its obligations as a listed issuer on another exchange? in any jurisdiction in which it is or has been a reporting issuer (or equivalent)? Include any details of cease trade orders against the issuer or any predecessor.

_____

_____

_____

Part 4

BANKING INFORMATION

Please provide banking details.

Bank Name:

_____

Address:

_____

Transit number (five digits):

_____

Account number (Proof of Account Required):

_____

Account Manager (Please Print):

_____

Telephone Number:

_____

Fax Number:

_____

I certify that the above information is true to the best of my knowledge.

Date:

this _____ day of _____ , _____

_____ _____

Director Signing Officer

_____ _____

Name Name

[Print or type names beneath signatures]

Appendix A

FILING REQUIREMENTS

Please supply the following documentation along with the completed application form.

a) The documentation set out in Part B of the relevant Appendix to Policy 2.

b) Certified copies of all charter documents, including, Articles of Amendment, Articles of Continuance, Articles of Amalgamation, or equivalent documents.

c) A letter from the transfer agent stating that it has been duly appointed by the Issuer and is in a position to make transfers and make prompt delivery of share certificates.

d) An unqualified letter from the Canadian Depository for securities Limited (CDS) confirming the CUSIP number(s) assigned to the shares.

e) One copy of each of the annual reports for the past three years. If the applicant was formed as a result of an amalgamation, one copy of the annual reports for each of the amalgamated companies for the past three years.

f) Any additional financial statements required in the Listing Statement (Form 2A).

g) If applicable, copies of reports required to support the disclosures in the Listing Statement.

h) For non-operating companies issuing equity securities, evidence that the company meets the requirements of section 1.6 of Appendix A – Equity Securities to Policy 2.

i) Such other documentation as may be required by CNSX to consider the application.

j) One copy of each of the preliminary and final receipts (if applicable) issued by the Ontario securities Commission in respect of the preliminary and final prospectus, as they become available.

k) A void cheque for automatic withdrawal of monthly maintenance fee.

l) A cheque representing the application fee.

FORM 1B

Listing Application

General Instructions

Please complete the following application and submit to CNSX in printed form with the application fee and the documents listed in Appendix A.

Part 1

ISSUER INFORMATION

General instruction: In this application, the term "predecessor" means any legal predecessor of the CNSX Issuer and any company with which the Issuer has engaged in a transaction that would give effect to a Fundamental Change.

□ Initial Application □ Application Following Fundamental Change

1.1 Issuer Name:

State the full legal name(s) of Issuer.

_____

_____

1.2 Address:

Please give all addresses. Indicate registered office, head office, mailing, etc.

_____

_____

_____

1.3 Telephone Number:

_____

1.4 Fax Number:

_____

1.5 General e-mail address:

_____

1.6 Website address:

_____

1.7 Jurisdiction of Incorporation:

_____

1.8 Reporting Jurisdictions:

In addition to Ontario please state any other reporting jurisdiction.

_____

1.9 North American Industrial Classification:

Please state your industrial classification below.

_____

1.10 Description of Business:

Briefly describe the business the Issuer is engaged in.

_____

_____

_____

_____

1.11 Class (es) of Shares/Description of Securities to be qualified for listing:

_____

1.12 CUSIP Number(s):

Please provide CUSIP numbers for all ~~shares~~ securities to be listed.

1 _____

2 _____

3 _____

1.13 Desired CNSX Symbol(s)

Please specify 3 choices in order of preference. A symbol must be 43 letters and will be subject to availability. CNSX has final approval of any symbol request.

1. _____

2. _____

3. _____

1.14 Trading Currency:

CDN$ □ US$ □

1.15 Outstanding Shares (equity securities only):

Basic:

_____

Fully Diluted:
(provide details)

_____

1.16 Outstanding Warrants, Rights, Options (equity securities only):

(provide details of terms such as exercise price, expiry date, etc. as well as number outstanding)

Security	Number Outstanding	Details

1.17 Fiscal Year End:

_____

1.18 News Wire Service:

Please specify which Newswire service (s) currently disseminates Issuer press releases.

~~Canadian Corporate News (**CCN**)~~

~~Canadian NewsWire Services (**CNW**)~~

~~Infolink Technologies Ltd.~~

~~Other, please state _____~~

1.19 Issuer Contact Information:

Please provide full contact details of the person to be contacted regarding regulatory matters, accounting/administration and for shareholder inquiries.

Regulatory Contact:

Name:

_____

Address:

_____

_____

Telephone number:

_____

Fax number:

_____

E-mail address:

_____

Accounting/Administrative Contact:

Name:

_____

Address:

_____

_____

Telephone number:

_____

Fax number:

_____

E-mail address:

_____

Investor Relations:

Name:

_____

Address:

_____

_____

Telephone number:

_____

Fax number:

_____

E-mail address:

_____

Other Contacts:

Name:

_____

Address:

_____

_____

Telephone number:

_____

Fax number:

_____

E-mail address:

_____

1.20 Directors, Officers, Promoter and Related Persons

Provide the name, residential address, birth date, place of birth and position or status with the Issuer for each Related Person as defined in CNSX Policy 1. Provide date and jurisdiction of incorporation or formation if not an individual.

(Please provide attachments if additional space is necessary.)

Name and Address	~~Birthdate~~Birth date and Place of Birth(1)	Position with Issuer

(1) Provide date and jurisdiction of incorporation or formation if not an individual.

1.21 Predecessor and Related Companies (as defined in CNSX Policy 1)

Names:

_____

1.22 Other Listings

Provide the name and the address of any other stock exchanges on which any securities of the issuer are already listed (or to which application for listing has been made)

Names:

_____

Part 2

TRADING INFORMATION

2.1 Transfer and Registration:

Please provide contact information for the company's Transfer Agent (s) and Registrar(s) where (i) transfers may be effected, and (ii) registration facilities are maintained. ~~One of the addresses in each of (i) and (ii) must be in Toronto.~~

Transfer agent:

Name:

_____

Address:

_____

Telephone number:

_____

Fax number:

_____

E-mail address:

_____

Registrar:

Name:

_____

Address:

_____

_____

Telephone:

_____

Fax number:

_____

E-mail address:

_____

2.2 *Has the Issuer traded on another exchange in Canada? If yes, please provide trading symbol.*

_____

2.3 *Does the Issuer have any other class of shares?*

_____

Part 3

HISTORICAL INFORMATION

3.1 *Has the Issuer (or any of its predecessors) ever applied to have its shares traded on another market and been denied? If yes, please provide the name of the market or markets, dates and the reason why the application was denied.*

_____

_____

_____

_____

3.2 *Has the Issuer or any predecessor ever had trading in its securities halted by a marketplace or been suspended from trading or delisted by ~~a marketplace~~an exchange? If yes, provide details. Do not include routine halts for dissemination of information, halts due to system problems ~~I~~in the marketplace or volatility controls imposed by a marketplace or sector or market-wide halts not specific to the Issuer (e.g. a halt due to circuit breakers for price drops). Be specific when providing reasons (e.g. suspended for failure to meet financial requirements, not "failure to meet exchange requirements"). State whether the action giving rise to the halt or suspension was remedied.*

_____

_____

_____

3.3 Has the issuer or any of its predecessors ever been in default of their obligations as a reporting issuer (or equivalent) or its obligations as a listed issuer on another exchange? in any jurisdiction in which it is or has been a reporting issuer (or equivalent)? Include any details of cease trade orders against the issuer or any predecessor.

_____

_____

_____

Part 4

BANKING INFORMATION

Please provide banking details.

Bank Name:

_____

Address:

_____

_____

Transit number (five digits):

_____

Account number (Proof of Account Required):

_____

Account Manager (Please Print):

_____

Telephone Number:

_____

Fax Number:

_____

I certify that the above information is true to the best of my knowledge.

Date: _____

this _____ day of _____, _____

_____ _____

Director Signing Officer

_____ _____

Name Name

[Print or type names beneath signatures]

Appendix A

FILING REQUIREMENTS

Please supply the following documentation along with the completed application form.

a) The documentation set out in ~~Policy 2-2.1 for an initial application for listing and the documentation set out in Policy 2-2.3 for a final application.~~Part B of the relevant Appendix to Policy 2.

b) Certified copies of all charter documents, including, Articles of Amendment, Articles of Continuance, Articles of Amalgamation, or equivalent documents.

c) A letter from the ~~trust company which acts as~~ transfer agent ~~in the City of Toronto~~ stating that it has been duly appointed ~~as transfer agent for~~by the Issuer and is in a position to make transfers and make prompt delivery of share certificates.

d) An unqualified letter from the Canadian Depository for securities Limited (CDS) confirming the CUSIP number(s) assigned to the shares.

e) One copy of each of the annual reports for the past three years. If the applicant was formed as a result of an amalgamation, one copy of the annual reports for each of the amalgamated companies for the past three years.

f) Any additional financial statements required in the Listing Statement (Form 2A).

g) If applicable, copies of reports required to support the disclosures in the Listing Statement.

h) For non-operating companies issuing equity securities, evidence that the company meets the requirements of section 1.6 of Appendix A – Equity Securities to Policy ~~2-1.7.~~2.

i) Such other documentation as may be required by CNSX to consider the application.

j) One copy of each of the preliminary and final receipts (if applicable) issued by the Ontario securities Commission in respect of the preliminary and final prospectus, as they become available.

k) A void cheque for automatic withdrawal of monthly maintenance fee.

l) A cheque representing the application fee.

FORM 2A

LISTING STATEMENT

This Listing Statement must be used for all initial applications for listing and for Issuers resulting from a fundamental change. CNSX requires prospectus level disclosure in the Listing Statement (other than certain financial disclosure and interim Management's Discussion and Analysis) and can require that the Issuer include additional disclosure.

General Instructions

(a) Please prepare this Listing Statement using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.

(b) In this form, the term “Issuer” includes the applicant Issuer and any of its subsidiaries.

(c) In determining the degree of detail required, a standard of materiality should be applied. Materiality is a matter of judgment in a particular circumstance, and should generally be determined in relation to an item's significance to investors, analysts and other users of the information. An item of information, or an aggregate of items, is considered material if it is probable that its omission or misstatement would influence or change an investment decision with respect to the Issuer's securities. In determining whether information is material, take into account both quantitative and qualitative factors. The potential significance of items should be considered individually rather than on a net basis, if the items have an offsetting effect. This concept of materiality is consistent with the financial reporting notion of materiality contained in the Handbook.

(d) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation.

(e) For Issuers that are re-qualifying for listing following a fundamental change, provide historic and current details on

(i) the Issuer

(ii) all other companies or businesses that are involved in the fundamental change (the “target”); and

(iii) the entity that will result from the fundamental change (the "New Issuer").

Information concerning the Issuer that was contained in the most recent Listing Statement may be incorporated by reference, but this statement must indicate if any of the information in the prior statement has changed (e.g. describing a business that will no longer be undertaken by the New Issuer). Information concerning assets or lines of business of the target that will not be part of the New Issuer's business should not be included.

(f) This Listing Statement provides prospectus-level disclosure. It will be amended from time to time to reflect any changes to the prospectus disclosure requirements. If changed, the new form is to be used for the next listing statement the Issuer is required to file. The Issuer does not have to amend a listing statement currently on file to reflect any new disclosure requirements.

1. Table of Contents

1.1 Include a table of contents with the following headings:

1. Table of Contents
2. Corporate Structure
3. General Development of the Business
4 Narrative Description of the Business
5. Selected Consolidated Financial Information
6. Management's Discussion and Analysis
   Annual MD&A
   Interim MD&A
7. Market for Securities
8. Consolidated Capitalization
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12. Principal Shareholders
13 Directors and Officers
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16. Indebtedness of Directors and Executive Officers
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20. Interest of Management and Others in Material Transactions
21. Auditors, Transfer Agents and Registrars
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23 Interest of Experts
24. Other Material Facts
25. Financial Statements

APPENDIX A: MINERAL PROJECTS
APPENDIX B: OIL AND GAS PROJECTS
APPENDIX C: DESCRIPTION OF CERTAIN SECURITIES

2. Corporate Structure

2.1 State the full corporate name of the Issuer or, if the Issuer is an unincorporated entity, the full name under which the entity exists and carries on business and the address(es) of the Issuer's head and registered office.

2.2 State the statute under which the Issuer is incorporated or continued or organized or, if the Issuer is an unincorporated entity, the laws of the jurisdiction or foreign jurisdiction under which the Issuer is established and exists. Describe the substance of any material amendments to the articles or other constating or establishing documents of the Issuer.

2.3 Describe, by way of a diagram or otherwise, the intercorporate relationships among the Issuer and the Issuer's subsidiaries. For each subsidiary state

(a) the percentage of votes attaching to all voting securities of the subsidiary represented by voting securities beneficially owned, or over which control or direction is exercised, by the Issuer;

(b) the place of incorporation or continuance; and

(c) the percentage of each class of restricted shares beneficially owned, or over which control or direction is exercised, by the Issuer.

2.4 If the Issuer is requalifying following a fundamental change or is proposing an acquisition, amalgamation, merger, reorganization or arrangement, describe by way of diagram or otherwise these intercorporate relationships both before and after the completion of the proposed transaction.

Instruction: A particular subsidiary may be omitted if

(a) the total assets of the subsidiary do not constitute more than 10 per cent of the consolidated assets of the Issuer at the most recent financial year end;

(b) the sales and operating revenues of the subsidiary do not exceed 10 per cent of the consolidated sales and operating revenues of the Issuer at the most recent financial year end; and

(c) the conditions in paragraphs (a) and (b) would be satisfied if

(i) the subsidiaries that may be omitted under paragraphs (a) and (b) were considered in the aggregate, and

(ii) the reference to 10 per cent in those paragraphs was changed to 20 per cent.

2.5 Non-corporate Issuers and Issuers incorporated outside of Canada must describe how their governing legislation or constating documents differ materially from Canadian corporate legislation with respect to the corporate governance principles set out in Policy 4.

3. General Development of the Business

3.1 Describe the general development of the Issuer's business over its three most recently completed financial years and any subsequent period. Include only major events or conditions that have influenced the general development of the Issuer's business. If the business consists of the production or distribution of more than one product or the rendering of more than one kind of service, describe the principal products or services. Also discuss changes in the business of the Issuer that are expected to occur during the current financial year of the Issuer.

Instruction: Include the business of subsidiaries only insofar as is necessary to explain the character and development of the business conducted by the combined enterprise.

3.2 Disclose:

(1) (a) any significant acquisition completed by the Issuer or any significant probable acquisition proposed by the Issuer, for which financial statements would be required under National Instrument 41-101 *General Prospectus Requirements* if this Listing Statement were a prospectus; and

(b) any significant disposition completed by the Issuer during the most recently completed financial year or the current financial year for which *pro forma* financial statements would be required under National Instrument 41-101 *General Prospectus Requirements* if this Listing Statement were a prospectus.

(2) Under paragraph (1) include particulars of

(a) the nature of the assets acquired or disposed of or to be acquired or disposed of;

(b) the actual or proposed date of each significant acquisition or significant disposition;

(c) the consideration, both monetary and non-monetary paid, or to be paid, to or by the Issuer;

(d) any material obligations that must be complied with to keep any significant acquisition or significant disposition agreement in good standing;

(e) the effect of the significant acquisition or significant disposition on the operating results and financial position of the Issuer;

(f) any valuation opinion obtained within the last 12 months required under Canadian securities legislation, a directive of a Canadian securities regulatory authority, or a requirement of a Canadian stock exchange or other Canadian market to support the value of the consideration received or paid by the Issuer or any of its subsidiaries for the assets, including the name of the author, the date of the opinion, the assets to which the opinion relates and the value attributed to the assets; and

(g) whether the transaction is with a Related Party of the Issuer and if so, disclose the identity of the other parties and the relationship of the other parties to the Issuer.

3.3 Discuss any trend, commitment, event or uncertainty that is both presently known to management and reasonably expected to have a material effect on the Issuer's business, financial condition or results of operations, providing forward-looking information based on the Issuer's expectations as of the date of the Listing Statement.

Instruction: Issuers are encouraged, but not required, to supply other forward-looking information. Optional forward-looking disclosure involves anticipating a future trend or event or anticipating a less predictable effect of a known event, trend or uncertainty. This other forward-looking information is to be distinguished from presently-known information that is reasonably expected to have a material effect on future operating results, such as known future increases in costs of labour or materials, which information is required to be disclosed.

4 Narrative Description of the Business

4.1 General

(1) Describe the business of the Issuer with reference to the reportable operating segments as defined in the Handbook and the Issuer's business in general. Include the following for each reportable operating segment of the Issuer:

(a) state the business objectives that the Issuer expects to accomplish in the forthcoming 12-month period;

(b) describe each significant event or milestone that must occur for the business objectives in (a) to be accomplished and state the specific time period in which each event is expected to occur and the costs related to each event;

(c) disclose the total funds available to the Issuer and the following breakdown of those funds:

(i) the estimated consolidated working capital (deficiency) as of the most recent month end prior to filing the Listing Statement, and

(ii) the total other funds, and the sources of such funds, available to be used to achieve the objectives and milestones set out in paragraphs (a) and (b); and

(d) describe in reasonable detail and, if appropriate, using tabular form, each of the principal purposes, with approximate amounts, for which the funds available described under the preceding paragraph will be used by the Issuer.

Instruction:

(1) The description of the Issuer's business objectives should also provide the context for the description of the milestones which are required to be disclosed. For example, one business objective of an Issuer may be to commence marketing and licencing technology nationally through direct sales and a network of agents; a milestone may be to conduct four feasibility studies over the next ten months to facilitate marketing of the technology, with an anticipated cost of $X for the studies.

(2) For the purposes of paragraph (1)(b), examples of significant events would include the hiring of key personnel, making major capital acquisitions, obtaining necessary regulatory approvals, implementing marketing plans and strategies and commencing production and sales.

(2) For principal products or services describe:

a) the methods of their distribution and their principal markets;

b) as dollar amounts or as percentages, for each of the two most recently completed financial years, the revenues for each category of principal products or services that accounted for 15 per cent or more of total consolidated revenues for the applicable financial year derived from:

(i) sales or transfers to joint ventures in which your company is a participant or to entities in which your company has an investment accounted for by the equity method,

(ii) sales to customers, other than those referred to in clause (i), outside the consolidated entity,

(iii) sales or transfers to controlling shareholders; and

(iv) sales or transfers to investees.

c) if not fully developed, the stage of development of the principal products or services and, if the products are not at the commercial production stage,

(i) the timing and stage of research and development programs,

(ii) the major components of the proposed programs, including an estimate of anticipated costs,

(iii) whether the Issuer is conducting its own research and development, is subcontracting out the research and development or is using a combination of those methods, and

(iv) the additional steps required to reach commercial production and an estimate of costs and timing.

(3) Concerning production and sales, disclose:

a) the actual or proposed method of production of products and if the Issuer provides services, the actual or proposed method of providing services;

b) the payment terms, expiration dates and terms of any renewal options of any material leases or mortgages, whether they are in good standing and, if applicable, that the landlord or mortgagee is a Related Person of the Issuer;

c) specialized skill and knowledge requirements and the extent that the skill and knowledge are available to the Issuer;

d) the sources, pricing and availability of raw materials, component parts or finished products;

e) the importance, duration and effect on the segment of identifiable intangible properties such as brand names, circulation lists, copyrights, franchises, licences, patents, software, subscription lists and trademarks;

f) the extent to which the business of the segment is cyclical or seasonal;

g) a description of any aspect of the Issuer's business that may be affected in the 12 months following the date of the Listing Statement by renegotiation or termination of contracts or sub-contracts and the likely effect;

h) the financial and operational effects of environmental protection requirements on the capital expenditures, earnings and competitive position of the Issuer in the current financial year and the expected effect, on future years;

i) the number of employees, as at the most recent financial year end or as an average over that year, whichever is more relevant;

j) any risks associated with foreign operations of the Issuer and any dependence of the segments upon the foreign operations;

k) a description of any contract upon which your company's business is substantially dependent, such as a contract to sell the major part of your company's products or services or to purchase the major part of your company's requirements for goods, services or raw materials, or any franchise or licence or other agreement to use a patent, formula, trade secret, process or trade name upon which your company's business depends;

l) a description of any aspect of your company's business that you reasonably expect to be affected in the current financial year by renegotiation or termination of contracts or sub-contracts, and the likely effect.

(4) Describe the competitive conditions in the principal markets and geographic areas in which the Issuer operates, including, if reasonably possible, an assessment of the Issuer's competitive position.

(5) With respect to lending operations of an Issuer's business, describe the investment policies and lending and investment restrictions.

(6) Disclose the nature and results of any bankruptcy, or any receivership or similar proceedings against the Issuer or any of its subsidiaries or any voluntary bankruptcy, receivership or similar proceedings by the Issuer or any of its subsidiaries, within the three most recently completed financial years or the current financial year.

(7) Disclose the nature and results of any material restructuring transaction of the Issuer within the three most recently completed financial years or completed during or proposed for the current financial year.

(8) If the Issuer has implemented social or environmental policies that are fundamental to the Issuer’s operations, such as policies regarding the Issuer’s relationship with the environment or with the communities in which the Issuer does business, or human rights policies, describe them and the steps the Issuer has taken to implement them.

Instruction:

(1) The Issuer's stated business objectives must not include any prospective financial information with respect to sales, whether expressed in terms of dollars or units, unless the information is derived from future-oriented financial information issued in accordance with National Instrument 51-102 Continuous Disclosure Obligations or any successor instrument and is included in the Listing Statement.

(2) Where sales performance is considered to be an important objective, it must be stated in general terms. For example, the Issuer may state that it anticipates generating sufficient cash flow from sales to pay its operating cost for a specified period.

Companies with Asset-backed Securities Outstanding

4.2 In respect of any outstanding asset-backed securities, disclose the following information:

(1) Payment Factors - A description of any events, covenants, standards or preconditions that may reasonably be expected to affect the timing or amount of any payments or distributions to be made under the asset-backed securities.

(2) Underlying Pool of Assets - For the three most recently completed financial years of your company or the lesser period commencing on the first date on which your company had asset-backed securities outstanding, information on the pool of financial assets servicing the asset-backed securities relating to

(a) the composition of the pool as of the end of each financial year or partial period;

(b) income and losses from the pool on at least an annual basis or such shorter period as is reasonable given the nature of the underlying pool of assets;

(c) the payment, prepayment and collection experience of the pool on at least an annual basis or such shorter period as is reasonable given the nature of the underlying pool of assets;

(d) servicing and other administrative fees; and

(e) any significant variances experienced in the matters referred to in paragraphs (a), (b), (c), or (d).

(3) Investment Parameters - The investment parameters applicable to investments of any cash flow surpluses.

(4) Payment History - The amount of payments made during the three most recently completed financial years or the lesser period commencing on the first date on which your company had asset-backed securities outstanding, in respect of principal and interest or capital and yield, each stated separately, on asset-backed securities of your company outstanding.

(5) Acceleration Event - The occurrence of any event that has led to, or with the passage of time could lead to, the accelerated payment of principal, interest or capital of asset-backed securities.

(6) Principal Obligors - The identity of any principal obligors for the outstanding asset-backed securities of your company, the percentage of the pool of financial assets servicing the asset-backed securities represented by obligations of each principal obligor and whether the principal obligor has filed an AIF in any jurisdiction or a Form 10-K, Form 10-KSB or Form 20F in the United States.

Instruction:

(1) For the purposes of this item an "asset backed security" is treated as in item 5.3 of Form 41-101F1.

(2) Present the information requested under section 4.2 in a manner that enables a reader to easily determine the status of the events, covenants, standards and preconditions referred to in subsection (1)

(3) If the information required under subsection (2)

(A) is not compiled specifically on the pool of financial assets servicing the asset- backed securities, but is compiled on a larger pool of the same assets from which the securitized assets are randomly selected so that the performance of the larger pool is representative of the performance of the pool of securitized assets, or

(B) in the case of a new company, where the pool of financial assets servicing the asset-backed securities will be randomly selected from a larger pool of the same assets so that the performance of the larger pool will be representative of the performance of the pool of securitized assets to be created,

(4) a company may comply with subsection (2) by providing the information required based on the larger pool and disclosing that it has done so.

4.3 For Issuers with a mineral project, disclose and insert here the information required by Appendix A for each property material to the Issuer.

Instructions:

(1) Disclosure regarding mineral exploration development or production activities on material properties is required to comply with National Instrument 43-101, including the use of the appropriate terminology to describe mineral reserves and mineral resources.

(2) Disclosure is required for each property material to the Issuer. Materiality is to be determined in the context of the Issuer's overall business and financial condition, taking into account quantitative and qualitative factors. A property will not generally be considered material to an Issuer if the book value of the property as reflected in the Issuer's most

recently filed financial statements or the value of the consideration paid or to be paid (including exploration obligations) is less than 10 per cent of the book value of the total of the Issuer's mineral properties and related plant and equipment.

(3) The information required under these items is required to be based upon a technical report or other information prepared by or under the supervision of a qualified person, as that term is defined in National Instrument 43-101.

(4) In giving the information required under these items, include the nature of ownership interests, such as fee interests, leasehold interests, royalty interests and any other types and variations of ownership interests.

4.4 For Issuers with Oil and Gas Operations disclose and insert here the information required by Appendix B (in tabular form, if appropriate).

Instruction: The information required under this item shall be derived from or supported by information obtained from a report prepared in accordance with the provisions of National Instrument 51-101 or any successor instrument.

5. Selected Consolidated Financial Information

5.1 Annual Information — Provide the following financial data for the Issuer in summary form for each of the last three completed financial years and any period subsequent to the most recent financial year end for which financial statements have been prepared, accompanied by a discussion of the factors affecting the comparability of the data, including discontinued operations, changes in accounting policies, significant acquisitions or significant dispositions and major changes in the direction of the Issuer's business:

(a) net sales or total revenues;

(b) income from continuing operations, in total and on a per share basis and fully diluted per share basis, calculated in accordance with the Handbook;

(c) net income or loss, in total and on a per share and fully diluted per share basis, calculated in accordance with the Handbook;

(d) total assets;

(e) total long-term financial liabilities as defined in the Handbook;

(f) cash dividends declared per share for each class of share; and

(g) such other information as would enhance an investor’s understanding of the Issuer’s financial condition and results of operations and would highlight other trends in financial condition and results of operations.

5.2 Quarterly Information — For each of the eight most recently completed quarters ending at the end of the most recently completed financial year, provide the information required in paragraphs (a), (b) and (b) of Section 5.1.

Instruction:

(1) For an Issuer that has not been a reporting issuer for the eight most recently completed quarters ending at the end of the most recently completed financial year, provide the information required in paragraphs (a), (b) and (c) of Section 5.1 for the period that the Issuer was not a reporting issuer only if the Issuer has prepared quarterly financial statements for that period.

(2) If the Issuer is only required to file six month interim financial statements, the information required under paragraph (1) may instead be provided for each of the four most recently completed six month periods ended at the end of the most recently completed financial year for which financial statements have been prepared.

5.3 Dividends – disclose:

(a) any restriction that could prevent the Issuer from paying dividends; and

(b) the Issuer's dividend policy and, if a decision has been made to change the dividend policy, the intended change in dividend policy.

5.4 Foreign GAAP — An Issuer may present the selected consolidated financial information required in this section on the basis of foreign GAAP if:

(a) the Issuer's primary financial statements have been prepared using foreign GAAP; and

(b) if the Issuer is required under applicable securities legislation to have reconciled its financial statements to Canadian GAAP at the time of filing its financial statements or the Issuer has otherwise done so, a cross reference to the notes to the financial statements containing the reconciliation of the financial statements to Canadian GAAP is included.

Instruction:

(1) If financial information that is included in the summary is derived from financial statements included in the Listing Statement, but the financial information is neither directly presented in, nor readily determinable from, the financial statements, include a reconciliation to the financial statements in notes.

(2) If financial information that is included in the listing statement is derived from financial statements that are not included in the Listing Statement, indicate in the lead-in to the summary the source from which the information is extracted, the percentage interest that the Issuer has in the person or company, the GAAP principles used, the name of the auditors, the date of the report, and the nature of the opinion expressed.

(3) The derivation of ratios included in the Listing Statement in notes should be disclosed in notes to the Listing Statement.

(4) Information included in the Listing Statement should be presented in a manner that is consistent with the intent of Canadian accounting recommendations and practices (e.g., cash flow data should not be interspersed with amounts from an income statement in a manner which suggests that cash flow data has been or should be presented in an income statement, and cash flow data should not be presented in a manner that appears to give it prominence equal to or greater than earnings data).

6. Management's Discussion and Analysis

General Instructions and Interpretation

Provide MD&A for the most recent annual financial statements filed with the application for listing (or filed since the last update of the listing statement, and interim MD&A for each interim financial statement filed with the application for listing (or filed since the last update of the quotation statement). The first interim MD&A will update the annual MD&A, and each subsequent interim MD&A will update the previous interim MD&A. If the Issuer includes annual income statements, statements of retained earnings, and cash flow statements for three financial years under Section 5, provide MD&A for the second most recent annual financial statements of the Issuer.

What is MD&A? — MD&A is a narrative explanation, through the eyes of management, of how an Issuer performed during the period covered by the financial statements, and of an Issuer's financial condition and future prospects. MD&A complements and supplements your financial statements, but does not form part of your financial statements. Management's objective when preparing the MD&A should be to improve the Issuer's overall financial disclosure by giving a balanced discussion of the Issuer's results of operations and financial condition including, without limitation, such considerations as liquidity and capital resources - openly reporting bad news as well as good news.

MD&A should help current and prospective investors understand what the financial statements show and do not show; discuss material information that may not be fully reflected in the financial statements, such as contingent liabilities, defaults under debt, off-balance sheet financing arrangements, or other contractual obligations; discuss important trends and risks that have affected the financial statements, and trends and risks that are reasonably likely to affect them in the future; and provide information about the quality, and potential variability, of the Issuer's earnings and cash flow, to assist investors in determining if past performance is indicative of future performance.

Date of Information — In preparing the MD&A, management must take into account information available up to the date of the MD&A. If the date of the MD&A is not the date it is filed, management must ensure the disclosure in the MD&A is current so that it will not be misleading when it is filed.

Explain the Analysis — Explain the nature of, and reasons for, changes in the Issuer's performance. Do not simply disclose the amount of change in a financial statement item from period to period. Avoid using boilerplate language. The discussion should assist the reader to understand trends, events, transactions and expenditures.

Focus on Material Information —Management does not need to disclose information that is not material. Exercise judgment when determining whether information is material.

What is Material? — Would a reasonable investor's decision whether or not to buy, sell or hold the Issuer's securities likely be influenced or changed if the information in question was omitted or misstated? If so, the information is likely material. This concept of materiality is consistent with the financial reporting notion of materiality contained in the Handbook.

Forward-Looking Information — Management is encouraged to provide forward-looking information if it has a reasonable basis for making the statements. Preparing MD&A necessarily involves some degree of prediction or projection. For example, MD&A requires a discussion of known trends or uncertainties that are reasonably likely to affect the Issuer's business. However, MD&A does not require that the Issuer provide a detailed forecast of future revenues, income or loss or other information. All forward-looking information must contain a statement that the information is forward-looking, a description of the factors that may cause actual results to differ materially from the forward-looking information, management's material assumptions and appropriate risk disclosure and cautionary language.

The MD&A must discuss any forward-looking information disclosed in MD&A for a prior period which, in light of intervening events and absent further explanation, may be misleading. Forward looking statements may be considered misleading when they are unreasonably optimistic or aggressive, or lack objectivity, or are not adequately explained. Timely disclosure obligations might also require the Issuer to issue a news release and file a material change report.

Issuers Without Significant Revenues — If the Issuer is without significant revenues from operations, focus the discussion and analysis of results of operations on expenditures and progress towards achieving management's business objectives and milestones.

Reverse Takeover Transactions — When an acquisition is accounted for as a reverse takeover, the MD&A should be based on the reverse takeover acquirer's financial statements.

Foreign Accounting Principles — If the Issuer's primary financial statements have been prepared using accounting principles other than Canadian GAAP and a reconciliation is provided, the MD&A must focus on the primary financial statements.

Resource Issuers — If the Issuer has mineral projects, the disclosure must comply with National Instrument 43-101 Standards of Disclosure for Mineral Projects, including the requirement that all scientific and technical disclosure be based on a technical report or other information prepared by or under the supervision of a qualified person. If the Issuer has oil and gas activities, the disclosure must comply with National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities.

US issuers –

(1) If the Issuer is a US issuer, for any MD&A that is included in the Listing Statement, include the disclosure prepared in accordance with subsection (2) if the Issuer:

  (a) has based the discussion in the MD&A on financial statements prepared in accordance with U.S. GAAP, and

  (b) is required by subsection 4.1(1) of NI 52-107 to provide a reconciliation to Canadian GAAP.

(2) In the disclosure required under subsection (1) restate, based on financial information of the Issuer prepared in accordance with, or reconciled to, Canadian GAAP, those parts of the MD&A that are based on financial statements of the Issuer prepared in accordance with U.S. GAAP, and would contain material differences if they were based on financial statements of the Issuer prepared in accordance with Canadian GAAP.

Annual MD&A

6.1 Date - Specify the date of the MD&A. The date of the MD&A must be no earlier than the date of the auditor's report on the financial statements for the Issuer's most recently completed financial year.

6.2 Overall Performance - Provide an analysis of the Issuer's financial condition, results of operations and cash flows. Discuss known trends, demands, commitments, events or uncertainties that are reasonably likely to have an effect on the Issuer's business. Compare the Issuer's performance in the most recently completed financial year to the prior year's performance. The analysis should address at least the following:

  (a) operating segments that are reportable segments as those terms are used in the Handbook;

  (b) other parts of the business if

(i) they have a disproportionate effect on revenues, income or cash needs, or

(ii) there are any legal or other restrictions on the flow of funds from one part of the Issuer's business to another;

(c) industry and economic factors affecting the Issuer's performance;

(d) why changes have occurred or expected changes have not occurred in the Issuer's financial condition and results of operations; and

(e) the effect of discontinued operations on current operations.

Instruction:

(1) When explaining changes in the Issuer's financial condition and results, include an analysis of the effect on the Issuer's continuing operations of any acquisition, disposition, write-off, abandonment or other similar transaction.

(2) Financial condition includes the Issuer's financial position (as shown on the balance sheet) and other factors that may affect the Issuer's liquidity and capital resources.

(3) Include information for a period longer than one financial year if it will help the reader to better understand a trend.

Selected Annual Financial Information

6.3 Provide the following financial data derived from the Issuer's financial statements for each of the three most recently completed financial years:

(a) net sales or total revenues;

(b) income or loss before discontinued operations and extraordinary items, in total and on a per-share and diluted per-share basis;

(c) net income or loss, in total and on a per-share and diluted per-share basis;

(d) total assets;

(e) total long-term financial liabilities; and

(f) cash dividends declared per-share for each class of share.

6.4 Variations - Discuss the factors that have caused period to period variations including discontinued operations, changes in accounting policies, significant acquisitions or dispositions and changes in the direction of the Issuer's business, and any other information the Issuer believes would enhance an understanding of, and would highlight trends in, financial condition and results of operations.

Instruction: Indicate the accounting principles that the financial data has been prepared in accordance with, the reporting currency, the measurement currency if different from the reporting currency and, if the underlying financial statements have been reconciled to Canadian GAAP, provide a cross-reference to the reconciliation that is found in the notes to the financial statements.

6.5 Results of Operations - Discuss management's analysis of the Issuer's operations for the most recently completed financial year, including:

(a) net sales or total revenues by operating business segment, including any changes in such amounts caused by selling prices, volume or quantity of goods or services being sold, or the introduction of new products or services;

(b) any other significant factors that caused changes in net sales or total revenues;

(c) cost of sales or gross profit;

(d) for Issuers that have significant projects that have not yet generated operating revenue, describe each project, including the Issuer's plan for the project and the status of the project relative to that plan, and expenditures

made and how these relate to anticipated timing and costs to take the project to the next stage of the project plan;

(e) for resource Issuers with producing mines, identify milestones such as mine expansion plans, productivity improvements, or plans to develop a new deposit;

(f) factors that caused a change in the relationship between costs and revenues, including changes in costs of labour or materials, price changes or inventory adjustments;

(g) commitments, events, risks or uncertainties that you reasonably believe will materially affect the Issuer's future performance including net sales, total revenue and income or loss before discontinued operations and extraordinary items;

(h) effect of inflation and specific price changes on the Issuer's net sales and total revenues and on income or loss before discontinued operations and extraordinary items;

(i) a comparison in tabular form of disclosure you previously made about how the Issuer was going to use proceeds (other than working capital) from any financing, an explanation of variances and the impact of the variances, if any, on the Issuer's ability to achieve its business objectives and milestones; and

(j) unusual or infrequent events or transactions.

Instruction: The discussion under Item 6.5(d) should include:

a) whether or not management plans to expend additional funds on the project; and

b) any factors that have affected the value of the project(s) such as change in commodity prices, land use or political or environmental issues.

6.6 Summary of Quarterly Results - Provide the following information in summary form, derived from the Issuer's financial statements, for each of the eight most recently completed quarters:

(a) net sales or total revenues;

(b) income or loss before discontinued operations and extraordinary items, in total and on a per-share and diluted per-share basis; and

(c) net income or loss, in total and on a per-share and diluted per-share basis.

Discuss the factors that have caused variations over the quarters necessary to understand general trends that have developed and the seasonality of the business.

Instruction:

(1) The most recently completed quarter is the quarter that ended on the last day of your most recently completed financial year. Information does not have to be provided for a quarter prior to the Issuer becoming a reporting issuer if the Issuer has not prepared financial statements for those quarters.

(2) For sections 6.2, 6.3, 6.4 and 6.5 consider identifying, discussing and analyzing the following factors:

a) changes in customer buying patterns, including changes due to new technologies and changes in demographics;

b) changes in selling practices, including changes due to new distribution arrangements or a reorganization of a direct sales force;

c) changes in competition, including an assessment of the Issuer's resources, strengths and weaknesses relative to those of its competitors;

d) the effect of exchange rates;

e) changes in pricing of inputs, constraints on supply, order backlog, or other input-related matters;

f) changes in production capacity, including changes due to plant closures and work stoppages;

g) changes in volume of discounts granted to customers, volumes of returns and allowances, excise and other taxes or other amounts reflected on a net basis against revenues;

h) changes in the terms and conditions of service contracts;

i) the progress in achieving previously announced milestones; and

j) for resource Issuers with producing mines, identify changes to cash flow caused by changes in production throughput, head-grade, cut-off grade, metallurgical recovery and any expectation of future changes.

(3) Indicate the accounting principles that the financial data has been prepared in accordance with, the reporting currency, the measurement currency if different from the reporting currency and, if the underlying financial statements have been reconciled to Canadian GAAP, provide a cross-reference to the reconciliation that is found in the notes to the financial statements.

6.7 Liquidity - Provide an analysis of the Issuer's liquidity, including:

(a) its ability to generate sufficient amounts of cash and cash equivalents, in the short term and the long term, to maintain the Issuer's capacity, to meet the Issuer's planned growth or to fund development activities;

(b) trends or expected fluctuations in the Issuer's liquidity, taking into account demands, commitments, events or uncertainties;

(c) its working capital requirements;

(d) liquidity risks associated with financial instruments;

(e) if the Issuer has or expects to have a working capital deficiency, discuss its ability to meet obligations as they become due and how you expect it to remedy the deficiency;

(f) balance sheet conditions or income or cash flow items that may affect the Issuer's liquidity;

(g) legal or practical restrictions on the ability of subsidiaries to transfer funds to the Issuer and the effect these restrictions have had or may have on the ability of the Issuer to meet its obligations; and

(h) defaults or arrears or anticipated defaults or arrears on

(i) dividend payments, lease payments, interest or principal payment on debt,

(ii) debt covenants during the most recently completed financial year, and

(iii) redemption or retraction or sinking fund payments; and

(i) details on how the Issuer intends to cure the default or arrears.

Instruction:

(1) In discussing the Issuer's ability to generate sufficient amounts of cash and cash equivalents, describe sources of funding and the circumstances that could affect those sources that are reasonably likely to occur. Examples of circumstances that could affect liquidity are market or commodity price changes, economic downturns, defaults on guarantees and contractions of operations.

(2) In discussing trends or expected fluctuations in the Issuer's liquidity and liquidity risks associated with financial instruments, discuss

(a) provisions in debt, lease or other arrangements that could trigger an additional funding requirement or early payment (examples of such situations are provisions linked to credit rating, earnings, cash flows or share price); and

(b) circumstances that could impair the Issuer's ability to undertake transaction considered essential to operations. Examples of such circumstances are the inability to maintain investment grade credit rating, earnings per-share, cash flow or share price.

(3) In discussing the Issuer's working capital requirements, discuss situations where the Issuer must maintain significant inventory to meet customers' delivery requirements or any situations involving extended payment terms.

(4) In discussing the Issuer's balance sheet conditions or income or cash flow items consider a summary, in tabular form, of contractual obligations including payments due for each of the next five years and thereafter. This summary and table is not, however, mandatory. An example of a table that can be adapted to the Issuer's particular circumstances follows:

Contractual Obligations	Payments Due by Period				
	Total	Less than 1 year	1 - 3 years	4 - 5 years	After 5 years
Long Term Debt					
Capital Lease Obligations					
Operating Leases					
Purchase Obligations[1]					
Other Long Term Obligations [2]					
Total Contractual Obligations					

1 "Purchase Obligation" means an agreement to purchase goods or services that is enforceable and legally binding on the Issuer that specifies all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction.

2 "Other Long Term Obligations" means other long-term liabilities reflected on the Issuer's balance sheet.

The tabular presentation may be accompanied by footnotes to describe provisions that create, increase or accelerate obligations, or other details to the extent necessary for an understanding of the timing and amount of the Issuer's specified contractual obligations.

6.8 Capital Resources - Provide an analysis of the Issuer's capital resources, including

(a) commitments for capital expenditures as of the date of the Issuer's financial statements including:

(i) the amount, nature and purpose of these commitments,

(ii) the expected source of funds to meet these commitments, and

(iii) expenditures not yet committed but required to maintain the Issuer's capacity, to meet the Issuer's planned growth or to fund development activities;

(b) known trends or expected fluctuations in the Issuer's capital resources, including expected changes in the mix and relative cost of these resources; and

(c) sources of financing that the Issuer has arranged but not yet used.

Instruction:

(1) Capital resources are financing resources available to the Issuer and include debt, equity and any other financing arrangements that management reasonably considers will provide financial resources to the Issuer.

(2) In discussing the Issuer's commitments management should discuss any exploration and development, or research and development expenditures required to maintain properties or agreements in good standing.

6.9 Off-Balance Sheet Arrangements - Discuss any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Issuer including, without limitation, such considerations as liquidity and capital resources. This discussion shall include their business purpose and activities, their economic substance, risks associated with the arrangements, and the key terms and conditions associated with any commitments, including:

(a) a description of the other contracting part(ies);

(b) the effects of terminating the arrangement;

(c) the amounts receivable or payable, revenues, expenses and cash flows resulting from the arrangement;

(d) the nature and amounts of any other obligations or liabilities arising from the arrangement that could require the Issuer to provide funding under the arrangement and the triggering events or circumstances that could cause them to arise; and

(e) any known event, commitment, trend or uncertainty that may affect the availability or benefits of the arrangement (including any termination) and the course of action that management has taken, or proposes to take, in response to any such circumstances.

Instruction:

(1) Off-balance sheet arrangements include any contractual arrangement with an entity not reported on a consolidated basis with the Issuer, under which the Issuer has

(a) any obligation under certain guarantee contracts;

(b) a retained or contingent interest in assets transferred to an unconsolidated entity or similar arrangement that serves as credit, liquidity or market risk support to that entity for the assets;

(c) any obligation under certain derivative instruments; or

(d) any obligation under a material variable interest held by the Issuer in an unconsolidated entity that provides financing, liquidity, market risk or credit risk support to the Issuer, or engages in leasing, hedging or, research and development services with the Issuer.

(2) Contingent liabilities arising out of litigation, arbitration or regulatory actions are not considered to be off-balance sheet arrangements.

(3) Disclosure of off-balance sheet arrangements should cover the most recently completed financial year. However, the discussion should address changes from the previous year where such discussion is necessary to understand the disclosure.

(4) The discussion need not repeat information provided in the notes to the financial statements if the discussion clearly cross-references to specific information in the relevant notes and integrates the substance of the notes into the discussion in a manner that explains the significance of the information not included in the MD&A.

6.10 Transactions with Related Parties - Discuss all transactions involving related parties as defined by the Handbook.

Instruction: In discussing the Issuer's transactions with related parties, the discussion should include both qualitative and quantitative characteristics that are necessary for an understanding of each transaction's business purpose and economic substance. Management should discuss:

(a) the relationship and identify the related person or entities;

(b) the business purpose of the transaction;

(c) the recorded amount of the transaction and the measurement basis used; and

(d) any ongoing contractual or other commitments resulting from the transaction.

6.11 Fourth Quarter - Discuss and analyze fourth quarter events or items that affected the Issuer's financial condition, cash flows or results of operations, including extraordinary items, year-end and other adjustments, seasonal aspects of the Issuer's business and dispositions of business segments.

6.12 Proposed Transactions - Discuss the expected effect on financial condition, results of operations and cash flows of any proposed asset or business acquisition or disposition if the Issuer's board of directors, or senior management who believe that confirmation of the decision by the board is probable, have decided to proceed with the transaction. Include the status of any required shareholder or regulatory approvals.

6.13 Changes in Accounting Policies including Initial Adoption - Discuss and analyze any changes in the Issuer's accounting policies, including:

(a) for any accounting policies that management has adopted or expects to adopt subsequent to the end of the most recently completed financial year, including changes management has made or expects to make voluntarily and those due to a change in an accounting standard or a new accounting standard that you do not have to adopt until a future date:

(i) describe the new standard, the date the Issuer required to adopt it and, if determined, the date the Issuer plans to adopt it,

(ii) disclose the methods of adoption permitted by the accounting standard and the method management expects to use,

(iii) discuss the expected effect on the Issuer's financial statements, or if applicable, state that management cannot reasonably estimate the effect, and

(iv) discuss the potential effect on the Issuer's business, for example technical violations or default of debt covenants or changes in business practices; and

(b) for any accounting policies that management has initially adopted during the most recently completed financial year,

(i) describe the events or transactions that gave rise to the initial adoption of an accounting policy,

(ii) describe the accounting principle that has been adopted and the method of applying that principle,

(iii) discuss the effect resulting from the initial adoption of the accounting policy on the Issuer's financial condition, changes in financial condition and results of operations,

(iv) if the Issuer is permitted a choice among acceptable accounting principles,

(A) state that management made a choice among acceptable alternatives,

(B) identify the alternatives,

(C) describe why management made the choice that you did, and

(D) discuss the effect, where material, on the Issuer's financial condition, changes in financial condition and results of operations under the alternatives not chosen; and

(v) if no accounting literature exists that covers the accounting for the events or transactions giving rise to management's initial adoption of the accounting policy, explain management's decision regarding which accounting principle to use and the method of applying that principle.

Instruction: Management does not have to present the discussion under paragraph 6.13(b) for the initial adoption of accounting policies resulting from the adoption of new accounting standards.

6.14 Financial Instruments and Other Instruments - For financial instruments and other instruments:

(a) discuss the nature and extent of the Issuer's use of, including relationships among, the instruments and the business purposes that they serve;

(b) describe and analyze the risks associated with the instruments;

(c) describe how management manages the risks in paragraph (b), including a discussion of the objectives, general strategies and instruments used to manage the risks, including any hedging activities;

(d) disclose the financial statement classification and amounts of income, expenses, gains and losses associated with the instrument; and

(e) discuss the significant assumptions made in determining the fair value of financial instruments, the total amount and financial statement classification of the change in fair value of financial instruments recognized in

income for the period, and the total amount and financial statement classification of deferred or unrecognized gains and losses on financial instruments.

Instruction:

(1) "Other instruments" are instruments that may be settled by the delivery of non-financial assets. A commodity futures contract is an example of an instrument that may be settled by delivery of non-financial assets.

(2) The discussion under paragraph 6.14(a) should enhance a reader's understanding of the significance of recognized and unrecognized instruments on the Issuer's financial position, results of operations and cash flows. The information should also assist a reader in assessing the amounts, timing, and certainty of future cash flows associated with those instruments. Also discuss the relationship between liability and equity components of convertible debt instruments.

(3) For purposes of paragraph 6.14(c), if the Issuer is exposed to significant price, credit or liquidity risks, consider providing a sensitivity analysis or tabular information to help readers assess the degree of exposure. For example, an analysis of the effect of a hypothetical change in the prevailing level of interest or currency rates on the fair value of financial instruments and future earnings and cash flows may be useful in describing the Issuer's exposure to price risk.

(4) For purposes of paragraph 6.14(d), disclose and explain the income, expenses, gains and losses from hedging activities separately from other activities.

Interim MD&A

6.15 Date - Specify the date of the interim MD&A.

6.16 Updated Disclosure - Interim MD&A must update the Issuer's annual MD&A for all disclosure required by sections 6.2 to 6.14 except sections 6.3 and 6.4. This disclosure must include:

(a) a discussion of management's analysis of

(i) current quarter and year-to-date results including a comparison of results of operations and cash flows to the corresponding periods in the previous year;

(ii) changes in results of operations and elements of income or loss that are not related to ongoing business operations;

(iii) any seasonal aspects of the Issuer's business that affect its financial condition, results of operations or cash flows; and

(b) a comparison of the Issuer's interim financial condition to the Issuer's financial condition as at the most recently completed financial year-end.

Instruction:

(1) For the purposes of paragraph (b), do not duplicate the discussion and analysis of financial condition in the annual MD&A. For example, if economic and industry factors are substantially unchanged the interim MD&A may make a statement to this effect.

(2) For the purposes of subparagraph (a)(i), you should generally give prominence to the current quarter.

(3) In discussing the Issuer's balance sheet conditions or income or cash flow items for an interim period, you do not have to present a summary, in tabular form, of all known contractual obligations contemplated under section 6.7. Instead, you should disclose material changes in the specified contractual obligations during the interim period that are outside the ordinary course of the Issuer's business.

(4) Interim MD&A is not required for the Issuer's fourth quarter as relevant fourth quarter content will be contained in the Issuer's annual MD&A.

6.17 Additional Disclosure for Issuers without Significant Revenue:

(a) unless the information is disclosed in the financial statements to which the annual or interim MD&A relates, an Issuer that has not had significant revenue from operations in either of its last two financial years must disclose a breakdown of material components of:

(i) capitalized or expensed exploration and development costs,

(ii) expensed research and development costs,

(iii) deferred development costs,

(iv) general and administration expenses, and

(v) any material costs, whether capitalized, deferred or expensed, not referred to in paragraphs (i) through (iv);

(b) if the Issuer's business primarily involves mining exploration and development, the analysis of capitalized or expensed exploration and development costs must be presented on a property-by-property basis; and

(c) the disclosure in the annual MD&A must be for the two most recently completed financial years and the disclosure in the interim MD&A for the each year-to-date interim period and the comparative period presented in the interim statements.

6.18 Description of Securities:

(a) disclose the designation and number or principal amount of:

(i) each class and series of voting or equity securities of the Issuer for which there are securities outstanding,

(ii) each class and series of securities of the Issuer for which there are securities outstanding if the securities are convertible into, or exercisable or exchangeable for, voting or equity securities of the Issuer, and

(iii) subject to subsection (b), each class and series of voting or equity securities of the Issuer that are issuable on the conversion, exercise or exchange of outstanding securities of the Issuer;

(b) if the exact number or principal amount of voting or equity securities of the Issuer that are issuable on the conversion, exercise or exchange of outstanding securities of the Issuer is not determinable, the Issuer must disclose the maximum number or principal amount of each class and series of voting or equity securities that are issuable on the conversion, exercise or exchange of outstanding securities of the Issuer and, if that maximum number or principal amount is not determinable, the Issuer must describe the exchange or conversion features and the manner in which the number or principal amount of voting or equity securities will be determined; and

(c) the disclosure under subsections (a) and (b) must be prepared as of the latest practicable date.

6.19 Provide Breakdown:

(a) if the Issuer has not had significant revenue from operations in either of its last two financial years, disclose a breakdown of material components of:

(i) capitalized or expensed exploration and development costs,

(ii) expensed research and development costs,

(iii) deferred development costs,

(iv) general and administrative expenses, and

(v) any material costs, whether capitalized, deferred or expensed, not referred to in paragraphs (i) through (iv);

(b) present the analysis of capitalized or expensed exploration and development costs required by subsection (a) on a property-by-property basis, if the Issuer's business primarily involves mining exploration and development; and

(c) provide the disclosure in subsection (a) for the following periods:

(i) the two most recently completed financial years, and

(ii) the most recent year-to-date interim period and the comparative year-to-date period presented in the interim financial statements included, if any.

Subsection (a) does not apply if the information required under that subsection has been disclosed in the financial statements.

6.20 Negative cash-flow - If the Issuer had negative operating cash flow in its most recently completed financial year for which financial statements have been included, disclose:

the period of time the proceeds raised are expected to fund operations;

the estimated total operating costs necessary for the Issuer to achieve its stated business objectives during that period of time; and

the estimated amount of other material capital expenditures during that period of time.

6.21 Additional disclosure for Issuers with significant equity investees:

if the Issuer has a significant equity investee

(i) summarized information as to the assets, liabilities and results of operations of the equity investee, and

(ii) the Issuer's proportionate interest in the equity investee and any contingent issuance of securities by the equity investee that might significantly affect the Issuer's share of earnings; and

provide the disclosure in subsection (a) for the following periods

(i) the two most recently completed financial years, and

(ii) the most recent year-to-date interim period and the comparative year-to-date period presented in the interim financial statements included in the Listing Statement, if any.

Subsection (a) does not apply if:

(i) the information required under that subsection has been disclosed in the financial statements included, or

(ii) the Issuer includes separate financial statements of the equity investee for the periods referred to in subsection (b).

7. Market for Securities

7.1 Identify the exchange(s) and quotation and trade reporting system(s) on which the Issuer's securities are listed and posted for trading or quoted.

8. Consolidated Capitalization

8.1 Describe any material change in, and the effect of the material change on, the share and loan capital of the Issuer, on a consolidated basis, since the date of the comparative financial statements for the Issuer's most recently completed financial year contained in the Listing Statement.

9. Options to Purchase Securities

9.1 State, in tabular form, as at a specified date not more than 30 days before the date of the Listing Statement, information as to options to purchase securities of the Issuer or a subsidiary of the Issuer that are held by:

(a) all executive officers and past executive officers of the Issuer as a group and all directors and past directors of the Issuer who are not also executive officers as a group, indicating the aggregate number of executive officers and the aggregate number of directors to whom the information applies, without naming them;

(b) all executive officers and past executive officers of all subsidiaries of the Issuer as a group and all directors and past directors of those subsidiaries who are not also executive officers of the subsidiary as a group, in each case, without naming them and excluding individuals referred to in paragraph (a), indicating the aggregate number of executive officers and the aggregate number of directors to whom the information applies;

(c) all other employees and past employees of the Issuer as a group, without naming them;

(d) all other employees and past employees of subsidiaries of the Issuer as a group, without naming them;

(e) all consultants of the Issuer as a group, without naming them; and

(f) any other person or company, including the underwriter, naming each person or company.

Instruction:

(1) Describe the options, stating the material provisions of each class or type of option, including:

(a) the designation and number of the securities under option;

(b) the purchase price of the securities under option or the formula by which the purchase price will be determined, and the expiration dates of the options;

(c) if reasonably ascertainable, the market value of the securities under option on the date of grant;

(d) if reasonably ascertainable, the market value of the securities under option on the specified date; and

(e) with respect to options referred to in paragraph (f) of Item 9.1, the particulars of the grant including the consideration for the grant.

(2) For the purposes of item (f) of section 9.1, provide the information required for all options except warrants and special warrants.

10. Description of the Securities

10.1 General - State the description or the designation of each class of equity securities and describe all material attributes and characteristics, including:

a) dividend rights;

b) voting rights;

c) rights upon dissolution or winding-up;

d) pre-emptive rights;

e) conversion or exchange rights;

f) redemption, retraction, purchase for cancellation or surrender provisions,

g) sinking or purchase fund provisions;

h) provisions permitting or restricting the issuance of additional securities and any other material restrictions; and

i) provisions requiring a securityholder to contribute additional capital.

10.2 Debt securities - If debt securities are being listed, describe all material attributes and characteristics of the indebtedness and the security, if any, for the debt, including:

(a) provisions for interest rate, maturity and premium, if any;

(b) conversion or exchange rights;

(c) redemption, retraction, purchase for cancellation or surrender provisions,

(d) sinking or purchase fund provisions;

(e) the nature and priority of any security for the debt securities, briefly identifying the principal properties subject to lien or charge;

(f) provisions permitting or restricting the issuance of additional securities, the incurring of additional indebtedness and other material negative covenants, including restrictions against payment of dividends and restrictions against giving security on the assets of the Issuer or its subsidiaries, and provisions as to the release or substitution of assets securing the debt securities;

(g) the name of the trustee under any indenture relating to the Issuer and

(h) any financial arrangements between the Issuer and any of its affiliates or among its affiliates that could affect the security for the indebtedness.

10.4 Other securities - If securities other than equity securities or debt securities are being listed, describe fully the material attributes and characteristics of those securities.

10.5 Modification of terms:

(a) describe provisions about the modification, amendment or variation of any rights attached to the securities being listed; and

(b) if the rights of holders of securities may be modified otherwise than in accordance with the provisions attached to the securities or the provisions of the governing statute relating to the securities, explain briefly.

10.6 Other attributes:

(a) if the rights attaching to the securities being listed are materially limited or qualified by the rights of any other class of securities, or if any other class of securities ranks ahead of or equally with the securities being listed, include information about the other securities that will enable investors to understand the rights attaching to the securities being listed; and

(b) if securities of the class being listed may be partially redeemed or repurchased, state the manner of selecting the securities to be redeemed or repurchased.

10.7 Prior Sales - State the prices at which securities of the same class as the securities to be listed have been sold within the 12 months before the date of the Listing Statement, or are to be sold, by the Issuer or any Related Person and the number of securities of the class sold or to be sold at each price.

Instruction: In the case of sales by a Related Person, the information required under section 10.7 may be given in the form of price ranges for each calendar month.

10.8 Stock Exchange Price:

a) if shares of the same class as the shares to be listed were or are listed on a Canadian stock exchange or traded on a Canadian market, provide the price ranges and volume traded on the Canadian stock exchange or market on which the greatest volume of trading generally occurs;

b) if shares of the same class as the shares to be listed were or are not listed on a Canadian stock exchange or traded on a Canadian market, provide the price ranges and volume traded on the foreign stock exchange or market on which the greatest volume of trading generally occurs; and

c) information is to be provided on a monthly basis for each month or, if applicable, part month, of the current quarter and the immediately preceding quarter and on a quarterly basis for the next preceding seven quarters.

11. Escrowed Securities

11.1 State as of a specified date within 30 days before the date of the Listing Statement, in substantially the following tabular form, the number of securities of each class of securities of the Issuer held, to the knowledge of the Issuer, in escrow (which, for the purposes of this Form includes any securities subject to a pooling agreement) and the percentage that

number represents of the outstanding securities of that class. In a note to the table, disclose the name of the depository, if any, and the date of and conditions governing the release of the securities from escrow.

ESCROWED SECURITIES

Designation of class held in escrow	Number of securities held in escrow	Percentage of class

12. Principal Shareholders

12.1 (1) Provide the following information for each principal shareholder of the Issuer as of a specified date not more than 30 days before the date of the Listing Statement:

(a) Name;

(b) The number or amount of securities owned of the class to be listed;

(c) Whether the securities referred to in subsection 12(1)(b) are owned both of record and beneficially, of record only, or beneficially only; and

(d) The percentages of each class of securities known by the Issuer to be owned.

(2) If the Issuer is requalifying following a fundamental change or has proposed an acquisition, amalgamation, merger, reorganization or arrangement, indicate, to the extent known, the holding of each person of company described in paragraph (1) that will exist after giving effect to the transaction.

(3) If, to the knowledge of the Issuer, more than 10 per cent of any class of voting securities of the Issuer is held, or is to be held, subject to any voting trust or other similar agreement, disclose, to the extent known, the designation of the securities, the number or amount of the securities held or to be held subject to the agreement and the duration of the agreement. State the names and addresses of the voting trustees and outline briefly their voting rights and other powers under the agreement.

(4) If, to the knowledge of the Issuer, any principal shareholder is an associate or affiliate of another person or company named as a principal shareholder, disclose, to the extent known, the material facts of the relationship, including any basis for influence over the Issuer held by the person or company other than the holding of voting securities of the Issuer.

(5) In addition to the above, include in a footnote to the table, the required calculation(s) on a fully-diluted basis.

Instruction: If a company, partnership, trust or other unincorporated entity is a principal shareholder of an Issuer, disclose, to the extent known, the name of each individual who, through ownership of or control or direction over the securities of the company or membership in the partnership, as the case may be, is a principal shareholder of the company or partnership.

13 Directors and Officers

13.1 List the name and municipality of residence of each director and executive officer of the Issuer and indicate their respective positions and offices held with the Issuer and their respective principal occupations within the five preceding years.

Instruction: If, during the period, a director or officer has held more than one position with the Issuer or the Issuer's controlling shareholder or a subsidiary of the Issuer, state only the current position held.

13.2 State the period or periods during which each director has served as a director and when his or her term of office will expire.

13.3 State the number and percentage of securities of each class of voting securities of the Issuer or any of its subsidiaries beneficially owned, directly or indirectly, or over which control or direction is exercised by all directors and executive officers of the Issuer as a group.

Instruction: Securities of subsidiaries that are beneficially owned, directly or indirectly, or over which control or direction is exercised by directors or executive officers through ownership or control or direction over securities of the Issuer do not need to be included.

13.4 Disclose the board committees of the Issuer and identify the members of each committee.

13.5 If the principal occupation of a director or officer of the Issuer is acting as an officer of a person or company other than the Issuer, disclose the fact and state the principal business of the person or company.

13.6 Disclose if a director or officer of the Issuer or a shareholder holding a sufficient number of securities of the Issuer to affect materially the control of the Issuer, is, or within 10 years before the date of the Listing Statement has been, a director or officer of any other Issuer that, while that person was acting in that capacity:

(a) was the subject of a cease trade or similar order, or an order that denied the other Issuer access to any exemptions under Ontario securities law, for a period of more than 30 consecutive days, state the fact and describe the basis on which the order was made and whether the order is still in effect;

(b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, state the fact and describe the basis on which the order was made and whether the order is still in effect;

(c) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact; or

(d) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact.

13.7 Describe the penalties or sanctions imposed and the grounds on which they were imposed or the terms of the settlement agreement and the circumstances that gave rise to the settlement agreement, if a director or officer of the Issuer, or a shareholder holding sufficient securities of the Issuer to affect materially the control of the Issuer, has:

(a) been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or

(b) been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

13.8 Despite section 13.7, no disclosure is required of a settlement agreement entered into before December 31, 2000 unless the disclosure would likely be important to a reasonable investor in making an investment decision.

13.9 If a director or officer of the Issuer, or a shareholder holding sufficient securities of the Issuer to affect materially the control of the Issuer, or a personal holding company of any such persons has, within the 10 years before the date of the Listing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or officer, state the fact.

13.10 Disclose particulars of existing or potential material conflicts of interest between the Issuer or a subsidiary of the Issuer and a director or officer of the Issuer or a subsidiary of the Issuer.

13.11 Management — In addition to the above provide the following information for each member of management:

(a) state the individual's name, age, position and responsibilities with the Issuer and relevant educational background;

(b) state whether the individual works full time for the Issuer or what proportion of the individual's time will be devoted to the Issuer;

(c) state whether the individual is an employee or independent contractor of the Issuer;

(d) state the individual's principal occupations or employment during the five years prior to the date of the Listing Statement, disclosing with respect to each organization as of the time such occupation or employment was carried on:

(i) its name and principal business,

(ii) if applicable, that the organization was an affiliate of the Issuer,

(iii) positions held by the individual, and

(iv) whether it is still carrying on business, if known to the individual;

(e) describe the individual's experience in the Issuer's industry; and

(f) state whether the individual has entered into a non-competition or non-disclosure agreement with the Issuer.

Instruction:

(1) For purposes of this Item "management" means all directors, officers, employees and contractors whose expertise is critical to the Issuer, its subsidiaries and proposed subsidiaries in providing the Issuer with a reasonable opportunity to achieve its stated business objectives.

(2) The description of the principal occupation of a member of management must be specific. The terms "businessman" or "entrepreneur" are not sufficiently specific.

14. Capitalization

14.1 Prepare and file the following chart for each class of securities to be listed:

Issued Capital

	Number of Securities (non-diluted)	**Number of Securities (fully-diluted)**	**%of Issued (non-diluted)**	**% of Issued (fully diluted)**
Public Float Total outstanding (A)				
Held by Related Persons or employees of the Issuer or Related Person of the Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) (B)				
Total Public Float (A-B)				
Freely-Tradeable Float Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C)				
Total Tradeable Float (A-C)				

Public Securityholders (Registered)

Instruction: For the purposes of this report, "public securityholders" are persons other than persons enumerated in section (B) of the previous chart. List registered holders only.

Class of Security **Size of Holding**	**Number of holders**	**Total number of securities**
1 – 99 securities		
100 – 499 securities		
500 – 999 securities		
1,000 – 1,999 securities		
2,000 – 2,999 securities		
3,000 – 3,999 securities		
4,000 – 4,999 securities		
5,000 or more securities		

Public Securityholders (Beneficial)

Instruction: Include (i) beneficial holders holding securities in their own name as registered shareholders; and (ii) beneficial holders holding securities through an intermediary where the Issuer has been given written confirmation of shareholdings. For the purposes of this section, it is sufficient if the intermediary provides a breakdown by number of beneficial holders for each line item below; names and holdings of specific beneficial holders do not have to be disclosed. If an intermediary or intermediaries will not provide details of beneficial holders, give the aggregate position of all such intermediaries in the last line.

Class of Security **Size of Holding**	**Number of holders**	**Total number of securities**
1 – 99 securities		
100 – 499 securities		
500 – 999 securities		
1,000 – 1,999 securities		
2,000 – 2,999 securities		
3,000 – 3,999 securities		
4,000 – 4,999 securities		
5,000 or more securities		
Unable to confirm		

Non-Public Securityholders (Registered)

Instruction: For the purposes of this report, "non-public securityholders" are persons enumerated in section (B) of the issued capital chart.

Class of Security **Size of Holding**	**Number of holders**	**Total number of securities**
1 – 99 securities		
100 – 499 securities		
500 – 999 securities		
1,000 – 1,999 securities		
2,000 – 2,999 securities		
3,000 – 3,999 securities		
4,000 – 4,999 securities		
5,000 or more securities		

14.2 Provide the following details for any securities convertible or exchangeable into any class of listed securities

Description of Security (include conversion / exercise terms, including conversion / exercise price)	Number of convertible / exchangeable securities outstanding	Number of listed securities issuable upon conversion / exercise

14.3 Provide details of any listed securities reserved for issuance that are not included in section 14.2.

15. Executive Compensation

15.1 Attach a Statement of Executive Compensation from Form 51-102F6 or any successor instrument and describe any intention to make any material changes to that compensation.

16. Indebtedness of Directors and Executive Officers

16.1 Aggregate Indebtedness

AGGREGATE INDEBTEDNESS ($)					
Purpose	To the Issuer or its Subsidiaries	To Another Entity			
(a)	(b)	(c)			
Share purchases					
Other					

(1) Complete the above table for the aggregate indebtedness outstanding as at a date within thirty days before the date of the information circular entered into in connection with:

(a) a purchase of securities; and

(b) all other indebtedness.

(2) Report separately the indebtedness to:

(a) the Issuer or any of its subsidiaries (column (b)); and

(b) another entity if the indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Issuer or any of its subsidiaries (column (c)),

of all officers, directors, employees and former officers, directors and employees of the Issuer or any of its subsidiaries.

(3) "Support agreement" includes, but is not limited to, an agreement to provide assistance in the maintenance or servicing of any indebtedness and an agreement to provide compensation for the purpose of maintaining or servicing any indebtedness of the borrower.

16.2 Indebtedness of Directors and Executive Officers under (1) Securities Purchase and (2) Other Programs

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS UNDER (1) SECURITIES PURCHASE AND (2) OTHER PROGRAMS						
Name and Principal Position	Involvement of Issuer or Subsidiary	Largest Amount Outstanding During [Most Recently Completed Financial Year] ($)	Amount Outstanding as at [the date of the Form] ($)	Financially Assisted Securities Purchases During [Most Recently Completed Financial Year] (#)	Security for Indebtedness	Amount Forgiven During [Most Recently Completed Financial Year] ($)
(a)	(b)	(c)	(d)	(e)	(f)	(g)
Securities Purchase Programs						
Other Programs						

(1) Complete the above table for each individual who is, or at any time during the most recently completed financial year was, a director or executive officer of the Issuer, each proposed nominee for election as a director of the Issuer, and each associate of any such director, executive officer or proposed nominee,

(a) who is, or at any time since the beginning of the most recently completed financial year of the Issuer has been, indebted to the Issuer or any of its subsidiaries, or

(b) whose indebtedness to another entity is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Issuer or any of its subsidiaries,

and separately disclose the indebtedness for security purchase programs and all other programs.

(2) Note the following:

Column (a) – disclose the name and principal position of the borrower. If the borrower was, during the year, but no longer is a director or executive officer, state that fact. If the borrower is a proposed nominee for election as a director, state that fact. If the borrower is included as an associate, describe briefly the relationship of the borrower to an individual who is or, during the year, was a director or executive officer or who is a proposed nominee for election as a director, name that individual and provide the information required by this subparagraph for that individual.

Column (b) – disclose whether the Issuer or a subsidiary of the Issuer is the lender or the provider of a guarantee, support agreement, letter of credit or similar arrangement or understanding.

Column (c) – disclose the largest aggregate amount of the indebtedness outstanding at any time during the last completed financial year.

Column (d) – disclose the aggregate amount of indebtedness outstanding as at a date within thirty days before the date of the information circular.

Column (e) – disclose separately for each class or series of securities, the sum of the number of securities purchased during the last completed financial year with the financial assistance (security purchase programs only).

Column (f) – disclose the security for the indebtedness, if any, provided to the Issuer, any of its subsidiaries or the other entity (security purchase programs only).

Column (g) – disclose the total amount of indebtedness that was forgiven at any time during the last completed financial year.

(3) Supplement the above table with a summary discussion of:

(a) the material terms of each incidence of indebtedness and, if applicable, of each guarantee, support agreement, letter of credit or other similar arrangement or understanding, including:

(i) the nature of the transaction in which the indebtedness was incurred,

(ii) the rate of interest,

(iii) the term to maturity,

(iv) any understanding, agreement or intention to limit recourse, and

(v) any security for the indebtedness;

(b) any material adjustment or amendment made during the most recently completed financial year to the terms of the indebtedness and, if applicable, the guarantee, support agreement, letter of credit or similar arrangement or understanding. Forgiveness of indebtedness reported in column (g) of the above table should be explained; and

(c) the class or series of the securities purchased with financial assistance or held as security for the indebtedness and, if the class or series of securities is not publicly traded, all material terms of the securities, including the provisions for exchange, conversion, exercise, redemption, retraction and dividends.

Instruction:

(1) For purposes of this item, the following interpretation applies to the term "routine indebtedness":

(a) A loan, whether or not in the ordinary course of business, is considered as routine indebtedness if made on terms, including terms relating to interest rate and security, no more favourable to the borrower than the terms on which loans are made by the Issuer to employees generally unless the amount at any time during the last completed financial year remaining unpaid under the loans to any one director or executive officer together with his or her associates exceeds $25,000, in which case the indebtedness is not routine;

(b) A loan made by an Issuer to a director or executive officer, whether or not the Issuer makes loans in the ordinary course of business, is routine indebtedness if:

(i) the borrower is a full-time employee of the Issuer or a subsidiary of the Issuer,

(ii) the loan is fully secured against the residence of the borrower, and

(iii) the amount of the loan does not exceed the annual aggregate salary of the borrower from the Issuer and its subsidiaries;

(c) If the Issuer makes loans in the ordinary course of business, a loan to a person or company other than a full-time employee of the Issuer or of a subsidiary of the Issuer is routine indebtedness, if the loan:

(i) is made on substantially the same terms, including terms relating to interest rate and security, as are available when a loan is made to other customers of the Issuer with comparable credit ratings, and

(ii) involves no greater than usual risks of collectability; and

(d) Indebtedness for purchases made on usual trade terms, for ordinary travel or expense advances or for loans or advances made for similar purposes is routine indebtedness if the repayment arrangements are in accordance with usual commercial practice.

(2) For purposes of this item, "support agreement" includes an agreement to provide assistance in the maintenance or servicing of any indebtedness and an agreement to provide compensation for the purpose of maintaining or servicing any indebtedness of the borrower.

(3) No disclosure need be made under this item of indebtedness that has been entirely repaid on or before the date of the Listing Statement.

17. Risk Factors

17.1 Disclose risk factors relating to the Issuer and its business, such as cash flow and liquidity problems, if any, experience of management, the general risks inherent in the business carried on by the Issuer, environmental and health risks, reliance on key personnel, regulatory constraints, economic or political conditions and financial history and any other matter that would be likely to influence an investor's decision to purchase securities of the Issuer.

17.2 If there is a risk that securityholders of the Issuer may become liable to make an additional contribution beyond the price of the security, disclose that risk.

17.3 Describe any risk factors material to the Issuer that a reasonable investor would consider relevant to an investment in the securities being listed and that are not otherwise described under section 17.1 or 17.2.

Instruction: Disclose risks in the order of seriousness from the most serious to the least serious. A risk factor must not be de-emphasized by including excessive caveats or conditions.

18. Promoters

Instruction: In this Part, "promoter" includes any person performing Investor Relations Activities (as defined in the CNSX Policies) for the Issuer.

18.1 For a person or company that is, or has been within the two years immediately preceding the date of the Listing Statement, a promoter of the Issuer or of a subsidiary of the Issuer, state:

(a) the person or company's name;

(b) the number and percentage of each class of voting securities and equity securities of the Issuer or any of its subsidiaries beneficially owned, directly or indirectly, or over which control is exercised;

(c) the nature and amount of anything of value, including money, property, contracts, options or rights of any kind received or to be received by the promoter directly or indirectly from the Issuer or from a subsidiary of the Issuer, and the nature and amount of any assets, services or other consideration therefor received or to be received by the Issuer or a subsidiary of the Issuer in return; and

(d) for an asset acquired within the two years before the date of the Listing Statement or thereafter, or to be acquired, by the Issuer or by a subsidiary of the Issuer from a promoter:

(i) the consideration paid or to be paid for the asset and the method by which the consideration has been or will be determined,

(ii) the person or company making the determination referred to in subparagraph (i) and the person or company's relationship with the Issuer, the promoter, or an associate or affiliate of the Issuer or of the promoter, and

(iii) the date that the asset was acquired by the promoter and the cost of the asset to the promoter.

18.2 (1) If a promoter referred to in section 18.1 is, as at the date hereof, or was within 10 years before the date hereof, a director, chief executive officer, or chief financial officer of any person or company that:

a) was subject to an order that was issued while the promoter was acting in the capacity as director, chief executive officer or chief financial officer; or

b) was subject to an order that was issued after the promoter ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while the promoter was acting in the capacity as director, chief executive officer or chief financial officer,

state the fact and describe the basis on which the order was made and whether the order is still in effect.

(2) For the purposes of section 18.2 (1), “order” means:

(a) a cease trade order;

(b) an order similar to a cease trade order; or

(c) an order that denied the relevant person or company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days.

(3) If a promoter referred to in section 18.2 (1):

(a) is, as at the date hereof, or has been within the 10 years before the date hereof, a director or executive officer of any person or company that, while the promoter was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact; or

(b) has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the promoter, state the fact.

(4) Describe the penalties or sanctions imposed and the grounds on which they were imposed or the terms of the settlement agreement and the circumstances that gave rise to the settlement agreement, if a promoter referred to in section 18.2(1) has been subject to:

(a) any penalties or sanctions imposed by a court relating to provincial and territorial securities legislation or by a provincial and territorial securities regulatory authority or has entered into a settlement agreement with a provincial and territorial securities regulatory authority; or

(b) any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor in making an investment decision.

(5) Despite section 18.2(4), no disclosure is required of a settlement agreement entered into before December 31, 2000 unless the disclosure would likely be considered important to a reasonable investor in making an investment decision.

Instruction: The disclosure required by sections 18.2(2), 18.2(4) and 18.2(5) also applies to any personal holding companies of any of the persons referred to in sections 18.2(2), 18.2(4), and 18.2(5).

1. A management cease trade order which applies to a promoter referred to in section 18.1 is an "order" for the purposes of section 18.2(2)(a) and must be disclosed, whether or not the director, chief executive officer or chief financial officer was named in the order.

2. For the purposes of this section, a late filing fee, such as a filing fee that applies to the late filing of an insider report, is not a "penalty or sanction". The disclosure in section 18.2(2)(a) only applies if the promoter was a director, chief executive officer or chief financial officer when the order was issued against the person or company. The Issuer does not have to provide disclosure if the promoter became a director, chief executive officer or chief financial officer after the order was issued

19. Legal Proceedings

19.1 Describe any legal proceedings material to the Issuer to which the Issuer or a subsidiary of the Issuer is a party or of which any of their respective property is the subject matter and any such proceedings known to the Issuer to be contemplated, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

Instruction: No information need be given with respect to any proceeding that involves primarily a claim for damages if the amount involved, exclusive of interest and costs, does not exceed 10 per cent of the current assets of the Issuer and its subsidiaries on a consolidated basis. However, if any proceeding presents in large degree the same legal and factual issues as other proceedings pending or known to be contemplated, the amount involved in the other proceedings shall be included in computing the percentage.

19.2 Regulatory actions - Describe any:

(a) penalties or sanctions imposed against the Issuer by a court relating to provincial and territorial securities legislation or by a securities regulatory authority within the three years immediately preceding the date hereof;

(b) other penalties or sanctions imposed by a court or regulatory body against the Issuer necessary to contain full, true and plain disclosure of all material facts relating to the securities being listed; and

(c) settlement agreements the Issuer entered into before a court relating to provincial and territorial securities legislation or with a securities regulatory authority within the three years immediately preceding the date hereof.

20. Interest of Management and Others in Material Transactions

20.1 Describe, and state the approximate amount of, any material interest, direct or indirect, of any of the following persons or companies in any transaction within the three years before the date of the Listing Statement, or in any proposed transaction, that has materially affected or will materially affect the Issuer or a subsidiary of the Issuer:

(a) any director or executive officer of the Issuer;

(b) a person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than 10 percent of any class or series of your outstanding voting securities; and

(c) an associate or affiliate of any of the persons or companies referred to in paragraphs (a) or (b).

Instruction:

(1) The materiality of an interest is to be determined on the basis of the significance of the information to investors in light of all the circumstances of the particular case. The importance of the interest to the person having the interest, the relationship of the parties to the transaction with each other and the amount involved are among the factors to be considered in determining the significance of the information to investors.

(2) Give a brief description of the material transaction. Include the name of each person or company whose interest in any transaction is described and the nature of the relationship to the Issuer.

(3) For any transaction involving the purchase of assets by or sale of assets to the Issuer or a subsidiary of the Issuer, state the cost of the assets to the purchaser, and the cost of the assets to the seller if acquired by the seller within three years before the transaction.

(4) This item does not apply to any interest arising from the ownership of securities of the Issuer if the security holder receives no extra or special benefit or advantage not shared on an equal basis by all other holders of the same class of securities or all other holders of the same class of securities who are resident in Canada.

(5) Information must be included as to any material underwriting discounts or commissions upon the sale of securities by the Issuer if any of the specified persons or companies were or are to be an underwriter or are associates, affiliates or partners of a person or company that was or is to be an underwriter.

(6) No information need be given in answer to this item as to a transaction, or an interest in a transaction, if

(a) the rates or charges involved in the transaction are fixed by law or determined by competitive bids;

(b) the interest of a specified person or company in the transaction is solely that of a director of another company that is a party to the transaction;

(c) the transaction involves services as a bank or other depository of funds, a transfer agent, registrar, trustee under a trust indenture or other similar services; or

(d) the transaction does not involve remuneration for services and the interest of the specified person or company arose from the beneficial ownership, direct or indirect, of less than 10 per cent of any class of equity securities of another company that is party to the transaction and the transaction is in the ordinary course of business of the Issuer or its subsidiaries.

(7) Describe all transactions not excluded above that involve remuneration (including an issuance of securities), directly or indirectly, to any of the specified persons or companies for services in any capacity unless the interest of the person or company arises solely from the beneficial ownership, direct or indirect, of less than 10 per cent of any class of equity securities of another company furnishing the services to the Issuer or its subsidiaries.

21. Auditors, Transfer Agents and Registrars

21.1 State the name and address of the auditor of the Issuer.

21.2 For each class of securities, state the name of any transfer agent, registrar, trustee, or other agent appointed by the Issuer to maintain the securities register and the register of transfers for such securities and indicate the location (by municipality) of each of the offices of the Issuer or transfer agent, registrar, trustee or other agent where the securities register and register of transfers are maintained or transfers of securities are recorded.

22. Material Contracts

22.1 Give particulars of every material contract, other than contracts entered into in the ordinary course of business that was entered into within the two years before the date of Listing Statement by the Issuer or a subsidiary of the Issuer.

Instruction:

(1) The term "material contract" for this purpose means a contract that can reasonably be regarded as material to a proposed investor in the securities being listed and may in some circumstances include contracts with a person or company providing the Issuer with promotional or investor relations services.

(2) Set out a complete list of all material contracts, indicating those that are disclosed elsewhere in Listing Statement and provide particulars about those material contracts for which particulars are not given elsewhere in the Listing Statement.

(3) Particulars of contracts should include the dates of, parties to, consideration provided for in, and general nature of, the contracts.

22.2 If applicable, attach a copy of any co-tenancy, unitholders' or limited partnership agreement.

23 Interest of Experts

23.1 Disclose all direct or indirect interests in the property of the Issuer or of a Related Person of the Issuer received or to be received by a person or company whose profession or business gives authority to a statement made by the person or company and who is named as having prepared or certified a part of the Listing Statement or prepared or certified a report or valuation described or included in the Listing Statement.

23.2 Disclose the beneficial ownership, direct or indirect, by a person or company referred to in section 23.1 of any securities of the Issuer or any Related Person of the Issuer.

23.3 For the purpose of section 23.2, if the ownership is less than one per cent, a general statement to that effect shall be sufficient.

23.4 If a person, or a director, officer or employee of a person or company referred to in section 23.1 is or is expected to be elected, appointed or employed as a director, officer or employee of the Issuer or of any associate or affiliate of the Issuer, disclose the fact or expectation.

24. Other Material Facts

24.1 Give particulars of any material facts about the Issuer and its securities that are not disclosed under the preceding items and are necessary in order for the Listing Statement to contain full, true and plain disclosure of all material facts relating to the Issuer and its securities.

25. Financial Statements

25.1 Provide the following audited financial statement for the Issuer:

(a) copies of all financial statements including the auditor's reports required to be prepared and filed under applicable securities legislation for the preceding three years as if the Issuer were subject to such law; and

(b) a copy of financial statements for any completed interim period of the current fiscal year.

25.2 For Issuers re-qualifying for listing following a fundamental change provide

(a) the information required in sections 5.1 to 5.3 for the target;

(b) financial statement for the target prepared in accordance with the requirements of National Instrument 41-101 *General Prospectus Requirements* as if the target were the Issuer;

(c) pro-forma consolidated financial statements for the New Issuer giving effect to the transaction for:

(i) the last full fiscal year of the Issuer, and

(ii) any completed interim period of the current fiscal year.

The first certificate below must be signed by the CEO, CFO, any person or company who is a promoter of the Issuer and two directors of the Issuer. In the case of an Issuer re-qualifying following a fundamental change, the second certificate must also be signed by the CEO, CFO, any person or company who is a promoter of the target and two directors of the target.

CERTIFICATE OF THE ISSUER

Pursuant to a resolution duly passed by its Board of Directors, (full legal name of the Issuer), hereby applies for the listing of the above mentioned securities on CNSX. The foregoing contains full, true and plain disclosure of all material information relating to (full legal name of the Issuer). It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at _____

this _____ day of _____, _____.

_____

_____ _____

Chief Executive Officer Chief Financial Officer

_____ _____

Promoter (if applicable) Director

_____

Director

[print or type names beneath signatures]

CERTIFICATE OF THE TARGET

The foregoing contains full, true and plain disclosure of all material information relating to (full legal name of the target). It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at _____

this _____ day of _____, _____.

_____ _____

Chief Executive Officer Chief Financial Officer

_____ _____

Promoter (if applicable) Director

_____

Director

[print or type names beneath signatures]

APPENDIX A: MINERAL PROJECTS

(1) Property Description and Location – Describe:

(a) the area (in hectares or other appropriate units) and location of the property;

(b) the nature and extent of the Issuer's title to or interest in the property, including surface rights, obligations that must be met to retain the property and the expiration date of claims, licences and other property tenure rights;

(c) the terms of any royalties, overrides, back-in rights, payments or other agreements and encumbrances to which the property is subject;

(d) all environmental liabilities to which the property is subject;

(e) the location of all known mineralized zones, mineral resources, mineral reserves and mine workings, existing tailings ponds, waste deposits and important natural features and improvements; and

(f) to the extent known, the permits that must be acquired to conduct the work proposed for the property and whether permits have been obtained;

(2) Accessibility, Climate, Local Resources, Infrastructure and Physiography – Describe:

(a) the means of access to the property;

(b) the proximity of the property to a population centre and the nature of transport;

(c) to the extent relevant to the mining project, the climate and length of the operating season;

(d) the sufficiency of surface rights for mining operations, the availability and sources of power, water, mining personnel, potential tailings storage areas, potential waste disposal areas, heap leach pads areas and potential processing plant sites; and

(e) the topography, elevation and vegetation;

(3) History - Describe:

(a) the prior ownership of the property and ownership changes and the type, amount, quantity and results of the exploration work undertaken by previous owners, and any previous production on the property, to the extent known;

(b) if a property was acquired within the three most recently completed financial years of the Issuer or during its current financial year from, or is intended to be acquired by the Issuer from, an insider or promoter of the Issuer or an associate or affiliate of an insider or promoter, the name and address of the vendor, the relationship of the vendor to the Issuer, and the consideration paid or intended to be paid to the vendor; and

(c) to the extent known, the name of every person or company that has received or is expected to receive a greater than five per cent interest in the consideration received or to be received by the vendor referred to in subparagraph (b).

(4) Geological Setting — The regional, local and property geology.

(5) Exploration Information — The nature and extent of all exploration work conducted by, or on behalf of, the Issuer on the property, including:

(a) the results of all surveys and investigations and the procedures and parameters relating to surveys and investigations;

(b) an interpretation of the exploration information;

(c) whether the surveys and investigations have been carried out by the Issuer or a contractor and if by a contractor, identifying the contractor; and

(d) a discussion of the reliability or uncertainty of the data obtained in the program.

(6) Mineralization — The mineralization encountered on the property, the surrounding rock types and relevant geological controls, detailing length, width, depth and continuity together with a description of the type, character and distribution of the mineralization.

(7) Drilling — The type and extent of drilling including the procedures followed and an interpretation of all results.

(8) Sampling and Analysis — The sampling and assaying including:

(a) a description of sampling methods and the location, number, type, nature, spacing and density of samples collected;

(b) identification of any drilling, sampling or recovery factors that could materially impact the accuracy or reliability of the results;

(c) a discussion of sample quality and whether the samples are representative of any factors that may have resulted in sample biases;

(d) rock types, geological controls, widths of mineralized zones, cut-off grades and other parameters used to establish the sampling interval; and

(e) quality control measures and data verification procedures.

(9) Security of Samples — The measures taken to ensure the validity and integrity of samples taken.

(10) Mineral Resources and Mineral Reserves — The mineral resources and mineral reserves, if any, including:

(a) the quantity and grade or quality of each category of mineral resources and mineral reserves;

(b) the key assumptions, parameters and methods used to estimate the mineral resources and mineral reserves; and

(c) the extent to which the estimate of mineral resources and mineral reserves may be materially affected by metallurgical, environmental, permitting, legal, title, taxation, socio-economic, marketing, political and other relevant issues.

(11) Mining Operations — For development properties and production properties, the mining method, metallurgical process, production forecast, markets, contracts for sale of products, environmental conditions, taxes, mine life and expected payback period of capital.

(12) Exploration and Development — A description of the Issuer's current and contemplated exploration or development activities, to the extent they are material.

Instructions:

(1) Disclosure regarding mineral exploration development or production activities on material properties is required to comply with National Instrument 43-101, including the use of the appropriate terminology to describe mineral reserves and mineral resources.

(2) Disclosure is required for each property material to the Issuer. Materiality is to be determined in the context of the Issuer's overall business and financial condition, taking into account quantitative and qualitative factors. A property will not generally be considered material to an Issuer if the book value of the property as reflected in the Issuer's most recently filed financial statements or the value of the consideration paid or to be paid (including exploration obligations) is less than 10 per cent of the book value of the total of the Issuer's mineral properties and related plant and equipment.

(3) The information required under these items is required to be based upon a technical report or other information prepared by or under the supervision of a qualified person, as that term is defined in National Instrument 43-101.

(4) In giving the information required under these items, include the nature of ownership interests, such as fee interests, leasehold interests, royalty interests and any other types and variations of ownership interests.

APPENDIX B: OIL AND GAS PROJECTS

1. Drilling Activity — The number of wells the Issuer has drilled or has participated in drilling, the number of these wells that were completed as oil wells and gas wells that are capable of production, each stated separately, and the number of dry holes, expressed in each case as gross and net wells, during each of the two most recently completed financial years of the Issuer.

2. Location of Production — The geographical areas of the Issuer's production, the groups of oil and gas properties, the individual oil and gas properties and the plants, facilities and installations that, in each case, are owned or leased by the Issuer and are material to the Issuer's operations or exploratory activities.

3. Location of Wells — The location, stated separately for oil wells and gas wells, by jurisdiction, if in Canada, by state, if in the United States, and by country otherwise, of producing wells and wells capable of producing, in which the Issuer has an interest and which are material, with the interest expressed in terms of gross and net wells.

4. Interest in Material Properties — For interests in material properties to which no proved reserves have been attributed, the gross acreage in which the Issuer has an interest and the net interest of the Issuer, and the location of acreage by geographical area.

5. Reserve Estimates — To the extent material, estimated reserve volumes and discounted cash flow from such reserves, stated separately by country and by categories and types that conform to the classifications, definitions and disclosure requirements of National Instrument 51-101 or any successor instrument, on both a gross and net basis as at the most recent financial year end, including information on royalties.

6. Source of Reserve Estimates — The source of the reserve estimates and whether the reserve estimates have been prepared by the Issuer or by independent engineers or other qualified independent persons and any other information relating to reserve estimates required to be disclosed in a prospectus by any successor instrument to National Instrument 51-101.

7. Reconciliation of Reserves — A reconciliation of the reserve volumes by categories and types that conform to the classifications, definitions and disclosure requirements of National Instrument 51-101 or any successor instrument, as at the financial year end immediately preceding the most recently completed financial year to the reserve volume information furnished under paragraph 5, with the effects of production, acquisitions, dispositions, discoveries and revision of estimates shown separately, if material.

8. Production History — For each quarter of the most recently completed financial year of the Issuer, with comparative data for the same periods in the preceding financial year.

9. If your company is engaged in oil and gas activities as defined in National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities, disclose the following information:

    (a) Reserves Data and Other Information -

        (i) In the case of information that, for purposes of Form 51-101F1 Statement of Reserves Data and Other Oil and Gas Information, is to be prepared as at the end of a financial year, disclose that information as at your company's most recently completed financial year-end;

        (ii) In the case of information that, for purposes of Form 51-101F1, is to be prepared for a financial year, disclose that information for your company's most recently completed financial year; and

        (iii) To the extent not reflected in the information disclosed in response to paragraphs (i) and (ii), disclose the information contemplated by Part 6 of National Instrument 51-101 in respect of material changes that occurred after your company's most recently completed financial year-end.

    (b) Report of Independent Qualified Reserves Evaluator or Auditor - Include with the disclosure under subsection (a) a report in the form of Form 51-101F2 Report on Reserves Data by Independent Qualified Reserves Evaluator or Auditor, on the reserves data included in the disclosure required under paragraphs (a)(i) and (a)(ii) above.

    (c) Report of Management - Include with the disclosure under subsection (a) a report in the form of Form 51-101F3 Report of Management and Directors on Oil and Gas Disclosure that refers to the information disclosed under subsection (a).

(d) the average daily production volume, before deduction of royalties, of

(i) conventional crude oil,

(ii) natural gas liquids, and

(iii) natural gas;

(e) the following on a per barrel basis for conventional crude oil and natural gas liquids and on a per thousand cubic feet basis for natural gas

(i) the average net product prices received,

(ii royalties,

(iii) operating expenses, specifying the particular items included, and

(iv) netback received;

(f) the average net product price received for the following, if the Issuer's production of the following is material to the Issuer's overall production,

(i) light and medium conventional crude oil,

(ii) heavy conventional crude oil, and

(ii) synthetic crude oil; and

(g) the dollar amounts expended on

(i) property acquisition,

(ii) exploration, including drilling, and

(iii) development, including facilities.

10. Future Commitments — A description of the Issuer's future material commitments to buy, sell, exchange or transport oil or gas, stating for each commitment separately

(a) the aggregate price;

(b) the price per unit;

(c) the volume to be purchased, sold, exchanged or transported; and

(d) the term of the commitment.

11. Exploration and Development — A description of the Issuer's current and contemplated exploration or development activities, to the extent they are material.

Instruction: The information required under this item shall be derived from or supported by information obtained from a report prepared in accordance with the provisions of National Instrument 51-101 or any successor instrument.

FORM 2A

LISTING STATEMENT

This Listing Statement must be used for all initial applications for listing and for Issuers resulting from a fundamental change. CNSX requires prospectus level disclosure in the Listing Statement (other than certain financial disclosure and interim Management's Discussion and Analysis) and can require that the Issuer include additional disclosure.

General Instructions

(a) ~~(a)~~ Please prepare this Listing Statement using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.

(b) ~~(b) The~~In this form, the term “Issuer” includes the applicant Issuer and any of its subsidiaries.

(c) In determining the degree of detail required, a standard of materiality should be applied. Materiality is a matter of judgment in a particular circumstance, and should generally be determined in relation to an item's significance to investors, analysts and other users of the information. An item of information, or an aggregate of items, is considered material if it is probable that its omission or misstatement would influence or change an investment decision with respect to the ~~issuer~~Issuer's securities. In determining whether information is material, take into account both quantitative and qualitative factors. The potential significance of items should be considered individually rather than on a net basis, if the items have an offsetting effect. This concept of materiality is consistent with the financial reporting notion of materiality contained in the Handbook.

(d) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation.

(e) For Issuers that are re-qualifying for listing following a fundamental change, provide historic and current details on

(i) ~~(i)~~ the Issuer

(ii) ~~(ii)~~ all other companies or businesses that are involved in the ~~fundamenatal~~fundamental change (the “target”); and

(iii) ~~(iii)~~ the entity that will result from the fundamental change (the "New Issuer").

Information concerning the Issuer that was contained in the most recent Listing Statement may be incorporated by reference, but this statement must indicate if any of the information in the prior statement has changed (e.g. describing a business that will no longer be undertaken by the New Issuer). Information concerning assets or lines of business of the target that will not be part of the New Issuer's business should not be included.

(f) This ~~listing statement~~Listing Statement provides prospectus-level disclosure. It will be amended from time to time to reflect any changes to the prospectus disclosure requirements. If changed, the new form is to be used for the next listing statement the Issuer is required to file. The Issuer does not have to amend a listing statement currently on file to reflect any new disclosure requirements.

1. Table of Contents

1.1 Include a table of contents with the following headings:

1. Table of Contents
2. Corporate Structure
3. General Development of the Business
4.4 Narrative Description of the Business
5. Selected Consolidated Financial Information
6. Management's Discussion and Analysis
   Annual MD&A
   Interim MD&A
7. Market for Securities
8. Consolidated Capitalization
9. Options to Purchase Securities
10. Prior Sales
10. Description of the Securities
11. Escrowed Securities
12. Principal Shareholders
13.13 Directors and Officers
14. Capitalization
15. Executive Compensation
16. Indebtedness of Directors and Executive Officers
17. Risk Factors
18. Promoters
19. Legal Proceedings
20. Interest of Management and Others in Material Transactions
21. Auditors, Transfer Agents and Registrars
22. Material Contracts
23 Interest of Experts
23.24. Other Material Facts
24.25. Financial Statements
APPENDIX A: MINERAL PROJECTS
APPENDIX B: OIL AND GAS PROJECTS
APPENDIX C: DESCRIPTION OF CERTAIN SECURITIES

2. Corporate Structure

2.1 State the full corporate name of the Issuer or, if the Issuer is an unincorporated entity, the full name under which the entity exists and carries on business and the address(es) of the Issuer's head and registered office.

2.2 State the statute under which the Issuer is incorporated or continued or organized or, if the Issuer is an unincorporated entity, the laws of the jurisdiction or foreign jurisdiction under which the Issuer is established and exists. ~~If~~ Describe the substance of any material~~, state whether~~ amendments to the articles or other constating or establishing documents of the Issuer ~~have been amended and describe the substance of the material amendments~~.

2.3 Describe, by way of a diagram or otherwise, the intercorporate relationships among the Issuer and the Issuer's subsidiaries. For each subsidiary state

(a) the percentage of votes attaching to all voting securities of the subsidiary represented by voting securities beneficially owned, or over which control or direction is exercised, by the Issuer;

(b) the place of incorporation or continuance; and

(c) the percentage of each class of restricted shares beneficially owned, or over which control or direction is exercised, by the Issuer.

2.4 If the ~~issuer~~Issuer is requalifying following a fundamental change or is proposing an acquisition, amalgamation, merger, reorganization or arrangement, describe by way of diagram or otherwise these intercorporate relationships both before and after the completion of the proposed transaction.~~.~~

Instruction: A particular subsidiary may be omitted if

(a) the total assets of the subsidiary do not constitute more than 10 per cent of the consolidated assets of the Issuer at the most recent financial year end;

(b) the sales and operating revenues of the subsidiary do not exceed 10 per cent of the consolidated sales and operating revenues of the Issuer at the most recent financial year end; and

(c) the conditions in paragraphs (a) and (b) would be satisfied if

(i) the subsidiaries that may be omitted under paragraphs (a) and (b) were considered in the aggregate, and

(ii) the reference to 10 per cent in those paragraphs was changed to 20 per cent.

2.5 Non-corporate Issuers and Issuers incorporated outside of Canada must describe how their governing legislation or constating documents differ materially from Canadian corporate legislation with respect to the corporate governance principles set out in Policy 4.

3. General Development of the Business

3.1 Describe the general development of the Issuer's business over its three most recently completed financial years and any subsequent period. Include only major events or conditions that have influenced the general development of the Issuer's business. If the business consists of the production or distribution of more than one product or the rendering of more than one kind of service, describe the principal products or services. Also discuss changes in the business of the Issuer that are expected to occur during the current financial year of the Issuer.

Instruction: Include the business of subsidiaries only insofar as is necessary to explain the character and development of the business conducted by the combined enterprise.

3.2 Disclose:

(1) (a) any significant acquisition completed by the Issuer or any significant probable acquisition proposed by the Issuer, for which financial statements would be required under ~~Part 6 or 7 of OSC Rule 41-501~~National Instrument 41-101 *General Prospectus Requirements* if this Listing Statement were a prospectus; and

(b) any significant disposition completed by the Issuer during the most recently completed financial year or the current financial year for which *pro forma* financial statements would be required under ~~Part 8~~

~~of OSC Rule 41-501~~National Instrument 41-101 *General Prospectus Requirements* if this Listing Statement were a prospectus.

(2) Under paragraph (1) include particulars of

(a) the nature of the assets acquired or disposed of or to be acquired or disposed of;

(b) the actual or proposed date of each significant acquisition or significant disposition;

(c) the consideration, both monetary and non-monetary paid, or to be paid, to or by the Issuer;

(d) any material obligations that must be complied with to keep any significant acquisition or significant disposition agreement in good standing;

(e) the effect of the significant acquisition or significant disposition on the operating results and financial position of the Issuer;

(f) any valuation opinion obtained within the last 12 months required under Canadian securities legislation ~~or Canadian securities directives~~, a directive of a Canadian securities regulatory authority, or a requirement of a Canadian stock exchange or other Canadian market to support the value of the consideration received or paid by the Issuer or any of its subsidiaries for the assets, including the name of the author, the date of the opinion, the assets to which the opinion relates and the value attributed to the assets; and

(g) whether the transaction is with a Related Party of the Issuer and if so, disclose the identity of the other parties and the relationship of the other parties to the Issuer.

3.3 Discuss any trend, commitment, event or uncertainty that is both presently known to management and reasonably expected to have a material effect on the Issuer's business, financial condition or results of operations, providing forward-looking information based on the Issuer's expectations as of the date of the Listing Statement.

Instruction: Issuers are encouraged, but not required, to supply other forward-looking information. Optional forward-looking disclosure involves anticipating a future trend or event or anticipating a less predictable effect of a known event, trend or uncertainty. This other forward-looking information is to be distinguished from presently -known information that is reasonably expected to have a material effect on future operating results, such as known future increases in costs of labour or materials, which information is required to be disclosed.

4 Narrative Description of the Business

4.1 General

(1) Describe the business of the Issuer with reference to the reportable operating segments as defined in the Handbook and the Issuer's business in general. Include the following for each reportable operating segment of the Issuer:

(a) ~~State~~state the business objectives that the Issuer expects to accomplish in the forthcoming 12-month period~~.~~;

(b) ~~Describe~~describe each significant event or milestone that must occur for the business objectives in (a) to be accomplished and state the specific time period in which each event is expected to occur and the costs related to each event~~.~~;

(c) ~~Disclose~~disclose the total funds available to the Issuer and the following breakdown of those funds:

(i) the estimated consolidated working capital (deficiency) as of the most recent month end prior to filing the Listing Statement~~;~~, and

(ii) the total other funds, and the sources of such funds, available to be used to achieve the objectives and milestones set out in paragraphs (a) and (b)~~.~~; and

(d) ~~Describe~~describe in reasonable detail and, if appropriate, using tabular form, each of the principal purposes, with approximate amounts, for which the funds available described under the preceding paragraph will be used by the Issuer.

~~**Instructions:**~~
Instruction:

(1) The description of the Issuer's business objectives should also provide the context for the description of the milestones which are required to be disclosed. For example, one business objective of an Issuer may be to commence marketing and licencing technology nationally through direct sales and a network of agents; a milestone may be to conduct four feasibility studies over the next ten months to facilitate marketing of the technology, with an anticipated cost of $X for the studies.

(2) For the purposes of paragraph (1)(b), examples of significant events would include the hiring of key personnel, making major capital acquisitions, obtaining necessary regulatory approvals, implementing marketing plans and strategies and commencing production and sales.

(e2) For principal products or services~~,~~ describe:

a) ~~(i)~~ the methods of their distribution and their principal markets;

b) ~~(ii)~~ as dollar amounts or as percentages, for each of the two most recently completed financial years, the revenues for each category of principal products or services that accounted for 15 per cent or more of total consolidated revenues for the applicable financial year derived from:

(i) sales or transfers to joint ventures in which your company is a participant or to entities in which your company has an investment accounted for by the equity method,

(ii) ~~(A)~~ sales to customers, other than ~~investees~~those referred to in clause (i), outside the consolidated entity,

~~(B) sales or transfers to investees; and~~

(iii) ~~(C)~~ sales or transfers to controlling shareholders; and

(iv) sales or transfers to investees.

c) ~~(iii)~~ if not fully developed, the stage of development of the principal products or services and, if the products are not at the commercial production stage,

(i) ~~(A)~~ the timing and stage of research and development programs,

(ii) ~~(B)~~ the major components of the proposed programs, including an estimate of anticipated costs,

(iii) ~~(C)~~ whether the Issuer is conducting its own research and development, is subcontracting out the research and development or is using a combination of those methods, and

(iv) ~~(D)~~ the additional steps required to reach commercial production and an estimate of costs and timing.

(f3) Concerning production and sales, disclose:

a) ~~(i)~~ the actual or proposed method of production of products and if the Issuer provides services, the actual or proposed method of providing services;

b) ~~(ii)~~ the payment terms, expiration dates and terms of any renewal options of any material leases or mortgages, whether they are in good standing and, if applicable, that the landlord or mortgagee is a Related Person of the Issuer;

c) ~~(iii)~~ specialized skill and knowledge requirements and the extent that the skill and knowledge are available to the Issuer;

d) ~~(iv)~~ the sources, pricing and availability of raw materials, component parts or finished products;

e) ~~(v)~~ the importance, duration and effect on the segment of identifiable intangible properties such as

brand names, circulation lists, copyrights, franchises, licences, patents, software, subscription lists and trademarks;

f) ~~(vi)~~ the extent to which the business of the segment is cyclical or seasonal;

g) ~~(vii)~~ a description of any aspect of the Issuer's business that may be affected in the 12 months following the date of the Listing Statement by renegotiation or termination of contracts or sub-contracts and the likely effect;

h) ~~(viii)~~ the financial and operational effects of environmental protection requirements on the capital expenditures, earnings and competitive position of the Issuer in the current financial year and the expected effect, on future years;

i) ~~(ix)~~ the number of employees, as at the most recent financial year end or as an average over that year, whichever is more relevant; ~~and~~

j) ~~(x)~~ any risks associated with foreign operations of the Issuer and any dependence of the segments upon the foreign operations;

k) a description of any contract upon which your company's business is substantially dependent, such as a contract to sell the major part of your company's products or services or to purchase the major part of your company's requirements for goods, services or raw materials, or any franchise or licence or other agreement to use a patent, formula, trade secret, process or trade name upon which your company's business depends;

l) a description of any aspect of your company's business that you reasonably expect to be affected in the current financial year by renegotiation or termination of contracts or sub-contracts, and the likely effect.

(~~g~~4) ~~The~~Describe the competitive conditions in the principal markets and geographic areas in which the Issuer operates, including, if reasonably possible, an assessment of the Issuer's competitive position.

(~~h~~5) With respect to lending operations of an Issuer's business, describe the investment policies and lending and investment restrictions.

(~~2~~6) Disclose the nature and results of any bankruptcy, or any receivership or similar proceedings against the Issuer or any of its subsidiaries or any voluntary bankruptcy, receivership or similar proceedings by the Issuer or any of its subsidiaries, within the three most recently completed financial years or the current financial year.

(7) ~~(3)~~ Disclose the nature and results of any material ~~reorganization~~restructuring transaction of the Issuer ~~or any of its subsidiaries~~ within the three most recently completed financial years or completed during or proposed for the current financial year.

(8) If the Issuer has implemented social or environmental policies that are fundamental to the Issuer's operations, such as policies regarding the Issuer's relationship with the environment or with the communities in which the Issuer does business, or human rights policies, describe them and the steps the Issuer has taken to implement them.

~~Instructions:~~
Instruction:

(1) The Issuer's stated business objectives must not include any prospective financial information with respect to sales, whether expressed in terms of dollars or units, unless the information is derived from a future-oriented financial ~~forecast or financial projection prepared~~information issued in accordance with National ~~Policy Statement No. 48~~Instrument 51-102 Continuous Disclosure Obligations or any successor instrument and is included in the Listing Statement.

(2) Where sales performance is considered to be an important objective, it must be stated in general terms. For example, the Issuer may state that it anticipates generating sufficient cash flow from sales to pay its operating cost for a specified period.

~~4.2 For issuers with asset backed securities outstanding provide the disclosure required by items 6.2 and 10.3 of OSC Form 41-501F1 as if the securities were or were being distributed under a prospectus .~~

Companies with Asset-backed Securities Outstanding

4.2 In respect of any outstanding asset-backed securities, disclose the following information:

(1) Payment Factors - A description of any events, covenants, standards or preconditions that may reasonably be expected to affect the timing or amount of any payments or distributions to be made under the asset-backed securities.

(2) Underlying Pool of Assets - For the three most recently completed financial years of your company or the lesser period commencing on the first date on which your company had asset-backed securities outstanding, information on the pool of financial assets servicing the asset-backed securities relating to

(a) the composition of the pool as of the end of each financial year or partial period;

(b) income and losses from the pool on at least an annual basis or such shorter period as is reasonable given the nature of the underlying pool of assets;

(c) the payment, prepayment and collection experience of the pool on at least an annual basis or such shorter period as is reasonable given the nature of the underlying pool of assets;

(d) servicing and other administrative fees; and

(e) any significant variances experienced in the matters referred to in paragraphs (a), (b), (c), or (d).

(3) Investment Parameters - The investment parameters applicable to investments of any cash flow surpluses.

(4) Payment History - The amount of payments made during the three most recently completed financial years or the lesser period commencing on the first date on which your company had asset-backed securities outstanding, in respect of principal and interest or capital and yield, each stated separately, on asset-backed securities of your company outstanding.

(5) Acceleration Event - The occurrence of any event that has led to, or with the passage of time could lead to, the accelerated payment of principal, interest or capital of asset-backed securities.

~~Instructions:~~

(6) Principal Obligors - The identity of any principal obligors for the outstanding asset-backed securities of your company, the percentage of the pool of financial assets servicing the asset-backed securities represented by obligations of each principal obligor and whether the principal obligor has filed an AIF in any jurisdiction or a Form 10-K, Form 10-KSB or Form 20F in the United States.

Instruction:

(1) ~~(1)~~ For the purposes of this item an "asset backed security" ~~has the same meaning~~is treated as in item ~~6.2~~5.3 of Form 41-~~501~~101F1.

(2) Present the information requested under section 4.2 in a manner that enables a reader to easily determine the status of the events, covenants, standards and preconditions referred to in subsection (1)

(3) If the information required under subsection (2)

(A) is not compiled specifically on the pool of financial assets servicing the asset- backed securities, but is compiled on a larger pool of the same assets from which the securitized assets are randomly selected so that the performance of the larger pool is representative of the performance of the pool of securitized assets, or

(B) in the case of a new company, where the pool of financial assets servicing the asset-backed securities will be randomly selected from a larger pool of the same assets so that the performance of the larger pool will be representative of the performance of the pool of securitized assets to be created,

(4) a company may comply with subsection (2) by providing the information required based on the larger pool and disclosing that it has done so.

4.3 For Issuers with a mineral project, disclose and insert here the ~~following~~ information required by Appendix A for each property material to the Issuer:.

Instructions:

(1) ~~Property Description and Location~~ Disclosure regarding mineral exploration development or production activities on material properties is required to comply with National Instrument 43-101, including the use of the appropriate terminology to describe mineral reserves and mineral resources.

~~(a) The area (in hectares or other appropriate units) and location of the property.~~

~~(b) The nature and extent of the Issuer's title to or interest in the property, including surface rights, obligations that must be met to retain the property and the expiration date of claims, licences and other property tenure rights.~~

~~(c) The terms of any royalties, overrides, back-in rights, payments or other agreements and encumbrances to which the property is subject.~~

~~(d) All environmental liabilities to which the property is subject.~~

~~(e) The location of all known mineralized zones, mineral resources, mineral reserves and mine workings, existing tailings ponds, waste deposits and important natural features and improvements.~~

~~(f) To the extent known, the permits that must be acquired to conduct the work proposed for the property and whether permits have been obtained.~~

~~(2) Accessibility, Climate, Local Resources, Infrastructure and Physiography~~

~~(a) The means of access to the property.~~

(2) Disclosure is required for each property material to the Issuer. Materiality is to be determined in the context of the Issuer's overall business and financial condition, taking into account quantitative and qualitative factors. A property will not generally be considered material to an Issuer if the book value of the property as reflected in the Issuer's most recently filed financial statements or the value of the consideration paid or to be paid (including exploration obligations) is less than 10 per cent of the book value of the total of the Issuer's mineral properties and related plant and equipment.

(3) The information required under these items is required to be based upon a technical report or other information prepared by or under the supervision of a qualified person, as that term is defined in National Instrument 43-101.

~~(b) The proximity of the property to a population centre and~~4) In giving the information required under these items, include the nature of ~~transport.~~

~~(c) To the extent relevant to the mining project, the climate and length of the operating season.~~

~~(d) The sufficiency of surface rights for mining operations, the availability and sources of power, water, mining personnel, potential tailings storage areas, potential waste disposal areas, heap leach pads areas and potential processing plant sites.~~

~~(e) The topography, elevation and vegetation.~~

~~(3) History~~

~~(a) The prior ownership of the property and ownership changes and the type, amount, quantity and results of the exploration work undertaken by previous owners, and any previous production on the property, to the extent known.~~

~~(b) If a property was acquired within the three most recently completed financial years of the Issuer or during its current financial year from, or is intended to be acquired by the Issuer from, an insider or promoter of the Issuer or an associate or affiliate of an insider or promoter, the name and address of the vendor, the relationship of the vendor to the Issuer, and the consideration paid or intended to be paid to the vendor.~~

(c) To the extent known, the name of every person or company that has received or is expected to receive a greater than five per cent interest in the consideration received or to be received by the vendor referred to in subparagraph (b).

(4) Geological Setting — The regional, local and property geology.

(5) Exploration Information — The nature and extent of all exploration work conducted by, or on behalf of, the Issuer on the property, including

(a) the results of all surveys and investigations and the procedures and parameters relating to surveys and investigations;

(b) an interpretation of the exploration information;

(c) whether the surveys and investigations have been carried out by the Issuer or a contractor and if by a contractor, identifying the contractor; and

(d) a discussion of the reliability or uncertainty of the data obtained in the program.

(6) Mineralization — The mineralization encountered on the property, the surrounding rock types and relevant geological controls, detailing length, width, depth and continuity together with a description of the type, character and distribution of the mineralization.

(7) Drilling — The type and extent of drilling including the procedures followed and an interpretation of all results.

(8) Sampling and Analysis — The sampling and assaying including

(a) a description of sampling methods and the location, number, type, nature, spacing and density of samples collected;

(b) identification of any drilling, sampling or recovery factors that could materially impact the accuracy or reliability of the results;

(c) a discussion of sample quality and whether the samples are representative of any factors that may have resulted in sample biases;

(d) rock types, geological controls, widths of mineralized zones, cut-off grades and other parameters used to establish the sampling interval; and

(e) quality control measures and data verification procedures.

(9) Security of Samples — The measures taken to ensure the validity and integrity of samples taken.

(10) Mineral Resources and Mineral Reserves — The mineral resources and mineral reserves, if any, including

(a) the quantity and grade or quality of each category of mineral resources and mineral reserves;

(b) the key assumptions, parameters and methods used to estimate the mineral resources and mineral reserves; and

(c) the extent to which the estimate of mineral resources and mineral reserves may be materially affected by metallurgical, environmental, permitting, legal, title, taxation, socio-economic, marketing, political and other relevant issues.

(11) Mining Operations — For development properties and production properties, the mining method, metallurgical process, production forecast, markets, contracts for sale of products, environmental conditions, taxes, mine life and expected payback period of capital.

(12) Exploration and Development — A description of the Issuer's current and contemplated exploration or development activities, to the extent they are material.

~~**Instructions:**~~

~~(1) Disclosure regarding mineral exploration development or production activities on material properties is required to comply with National Instrument 43-101, including the use of the appropriate terminology to describe mineral reserves and mineral resources.~~

~~(2) Disclosure is required for each property material to the Issuer. Materiality is to be determined in the context of the Issuer's overall business and financial condition, taking into account quantitative and qualitative factors. A property will not generally be considered material to an Issuer if the book value of the property as reflected in the Issuer's most recently filed financial statements or the value of the consideration paid or to be paid (including exploration obligations) is less than 10 per cent of the book value of the total of the Issuer's mineral properties and related plant and equipment.~~

~~(3) The information required under these items is required to be based upon a technical report or other information prepared by or under the supervision of a qualified person, as that term is defined in National Instrument 43-101.(4) In giving the information required under these items, include the nature of~~ ownership interests, such as fee interests, leasehold interests, royalty interests and any other types and variations of ownership interests.

4.4 For Issuers with Oil and Gas Operations ~~— For Issuers with oil and gas operations, disclose the following~~disclose and insert here the information required by Appendix B (in tabular form, if appropriate)~~:~~

~~(a) Drilling Activity — The number of wells the Issuer has drilled or has participated in drilling, the number of these wells that were completed as oil wells and gas wells that are capable of production, each stated separately, and the number of dry holes, expressed in each case as gross and net wells, during each of the two most recently completed financial years of the Issuer.~~

~~(b) Location of Production — The geographical areas of the Issuer's production, the groups of oil and gas properties, the individual oil and gas properties and the plants, facilities and installations that, in each case, are owned or leased by the Issuer and are material to the Issuer's operations or exploratory activities.~~

~~(c) Location of Wells — The location, stated separately for oil wells and gas wells, by jurisdiction, if in Canada, by state, if in the United States, and by country otherwise, of producing wells and wells capable of producing, in which the Issuer has an interest and which are material, with the interest expressed in terms of gross and net wells.~~

~~(d) Interest in Material Properties — For interests in material properties to which no proved reserves have been attributed, the gross acreage in which the Issuer has an interest and the net interest of the Issuer, and the location of acreage by geographical area.~~

~~(e) Reserve Estimates — To the extent material, estimated reserve volumes and discounted cash flow from such reserves, stated separately by country and by categories and types that conform to the classifications, definitions and disclosure requirements of National Policy Statement No. 2-B Guide for Engineers and Geologists Submitting Oil and Gas Reports to Canadian Provincial Securities Administrators or any successor instrument, on both a gross and net basis as at the most recent financial year end, including information on royalties.~~

~~(f) Source of Reserve Estimates — The source of the reserve estimates and whether the reserve estimates have been prepared by the Issuer or by independent engineers or other qualified independent persons and any other information relating to reserve estimates required to be disclosed in a prospectus by any successor instrument to National Policy Statement No. 2-B.~~

~~(g) Reconciliation of Reserves — A reconciliation of the reserve volumes by categories and types that conform to the classifications, definitions and disclosure requirements of National Policy Statement No. 2-B or any successor instrument, as at the financial year end immediately preceding the most recently completed financial year to the reserve volume information furnished under paragraph 5, with the effects of production, acquisitions, dispositions, discoveries and revision of estimates shown separately, if material.~~

~~(h) History — For each quarter of the most recently completed financial year of the Issuer, with comparative data for the same periods in the preceding financial year,~~

~~(i) the average daily production volume, before deduction of royalties, of~~

~~(A) conventional crude oil,~~

~~(B) natural gas liquids, and~~

~~(C) natural gas;~~

~~(ii) the following on a per barrel basis for conventional crude oil and natural gas liquids and on a per thousand cubic feet basis for natural gas~~

~~(A) the average net product prices received,~~

~~(B) royalties,~~

~~(C) operating expenses, specifying the particular items included, and~~

~~(D) netback received;~~

~~(iii) the average net product price received for the following, if the Issuer's production of the following is material to the Issuer's overall production,~~

~~(A) light and medium conventional crude oil,~~

~~(B) heavy conventional crude oil, and~~

~~(C) synthetic crude oil; and~~

~~(iv) the dollar amounts expended on~~

~~(A) property acquisition,~~

~~(B) exploration, including drilling, and~~

~~(C) development, including facilities.~~

~~(i) Future Commitments — A description of the Issuer's future material commitments to buy, sell, exchange or transport oil or gas, stating for each commitment separately~~

~~(i) the aggregate price;~~

~~(ii) the price per unit;~~

~~(iii) the volume to be purchased, sold, exchanged or transported; and~~

~~(iv) the term of the commitment.(j) Exploration and Development — A description of the Issuer's current and contemplated exploration or development activities, to the extent they are material~~.

Instruction: The information required under this item shall be derived from or supported by information obtained from a report prepared in accordance with the provisions of National ~~Policy No. 2-B~~Instrument 51-101 or any successor instrument.

5. Selected Consolidated Financial Information

5.1 Annual Information — Provide the following financial data for the Issuer in summary form for each of the last three completed financial years and any period subsequent to the most recent financial year end for which financial statements have been prepared, accompanied by a discussion of the factors affecting the comparability of the data, including discontinued operations, changes in accounting policies, significant acquisitions or significant dispositions and major changes in the direction of the Issuer's business:

(a) ~~Net~~net sales or total revenues~~.~~;

(b) ~~Income~~income from continuing operations, in total and on a per share basis and fully diluted per share basis, calculated in accordance with the Handbook~~.~~;

(c) ~~Net~~net income or loss, in total and on a per share and fully diluted per share basis, calculated in accordance with the Handbook~~.~~;

(d) ~~Total~~total assets~~.~~;

(e) ~~Total~~total long-term financial liabilities as defined in the Handbook~~.~~;

(f) ~~Cash~~cash dividends declared per share for each class of share~~.~~; and

(g) ~~Such~~such other information as ~~the Issuer believes~~ would enhance an investor's understanding of the Issuer's financial condition and results of operations and would highlight other trends in financial condition and results of operations.

5.2 Quarterly Information — For each of the eight most recently completed quarters ending at the end of the most recently completed financial year, provide the information required in paragraphs (a), (b) and (b) of Section ~~5.1~~5.1.

Instruction:

(1) For an Issuer that has not been a reporting ~~Issuer~~issuer for the eight most recently completed quarters ending at the end of the most recently completed financial year, provide the information required in paragraphs (a), (b) and (c) of Section 5.1 for the period that the Issuer was not a reporting ~~Issuer~~issuer only if the Issuer has prepared quarterly financial statements for that period.

(2) If the Issuer is only required to file six month interim financial statements, the information required under paragraph (1) may instead be provided for each of the four most recently completed six month periods ended at the end of the most recently completed financial year for which financial statements have been prepared.

5.3 Dividends – disclose:

(a) ~~Describe~~ any restriction that could prevent the Issuer from paying dividends~~.~~; and

(b) ~~Disclose~~ the Issuer's dividend policy and, if a decision has been made to change the dividend policy, ~~disclose~~ the intended change in dividend policy.

5.4 Foreign GAAP — An Issuer may present the selected consolidated financial information required in this section on the basis of foreign GAAP if:

(a) the Issuer's primary financial statements have been prepared using foreign GAAP; and

(b) if the Issuer is required under applicable securities legislation to have reconciled its financial statements to Canadian GAAP at the time of filing its financial statements or the Issuer has otherwise done so, a cross reference to the notes to the financial statements containing the reconciliation of the financial statements to Canadian GAAP is included.

Instruction:

(1) If financial information that is included in the summary is derived from financial statements included in the ~~listing statement~~Listing Statement, but the financial information is neither directly presented in, nor readily determinable from, the financial statements, include a reconciliation to the financial statements in notes.

(2) If financial information that is included in the listing statement is derived from financial statements that are not included in the ~~listing statement~~Listing Statement, indicate in the lead-in to the summary the source from which the information is extracted, the percentage interest that the ~~issuer~~Issuer has in the person or company, the GAAP principles used, the name of the auditors, the date of the report, and the nature of the opinion expressed.

(3) The derivation of ratios included in the ~~listing statement~~Listing Statement in notes should be disclosed in notes to the ~~listing statement~~Listing Statement.

(4) Information included in the ~~listing statement~~Listing Statement should be presented in a manner that is consistent with the intent of Canadian accounting recommendations and practices (e.g., cash flow data should not be interspersed with amounts from an income statement in a manner which suggests that cash flow data has been or should be presented in an income statement, and cash flow data should not be presented in a manner that appears to give it prominence equal to or greater than earnings data).

6. Management's Discussion and Analysis

General Instructions and Interpretation

Provide MD&A for the most recent annual financial statements filed with the application for ~~quotation~~listing (or filed since the last update of the ~~quotation~~listing statement, and interim MD&A for each interim financial statement filed with the application for ~~quotation~~listing (or filed since the last update of the quotation statement). The first interim MD&A will update the annual MD&A, and each subsequent interim MD&A will update the previous interim MD&A. If the Issuer includes annual income statements, statements of retained earnings, and cash flow statements for three financial years under Section 5, provide MD&A for the second most recent annual financial statements of the Issuer.

What is MD&A? — MD&A is a narrative explanation, through the eyes of management, of how ~~the~~an Issuer performed during the period covered by the financial statements, and of ~~the~~an Issuer's financial condition and future prospects. MD&A complements and supplements your financial statements, but does not form part of your financial statements. Management's objective when preparing the MD&A should be to improve the Issuer's overall financial disclosure by giving a balanced discussion of the Issuer's results of operations and financial condition including, without limitation, such considerations as liquidity and capital resources - openly reporting bad news as well as good news.

MD&A should help current and prospective investors understand what the financial statements show and do not show; discuss material information that may not be fully reflected in the financial statements, such as contingent liabilities, defaults under debt, off-balance sheet financing arrangements, or other contractual obligations; discuss important trends and risks that have affected the financial statements, and trends and risks that are reasonably likely to affect them in the future; and provide information about the quality, and potential variability, of the Issuer's earnings and cash flow, to assist investors in determining if past performance is indicative of future performance.

Date of Information — In preparing the MD&A, management must take into account information available up to the date of the MD&A. If the date of the MD&A is not the date it is filed, management must ensure the disclosure in the MD&A is current so that it will not be misleading when it is filed.

Explain the Analysis — Explain the nature of, and reasons for, changes in the Issuer's performance. Do not simply disclose the amount of change in a financial statement item from period to period. Avoid using boilerplate language. The discussion should assist the reader to understand trends, events, transactions and expenditures.

Focus on Material Information —Management does not need to disclose information that is not material. Exercise judgment when determining whether information is material.

What is Material? — Would a reasonable investor's decision whether or not to buy, sell or hold the Issuer's securities likely be influenced or changed if the information in question was omitted or misstated? If so, the information is likely material. This concept of materiality is consistent with the financial reporting notion of materiality contained in the Handbook.

Forward-Looking Information — Management is encouraged to provide forward-looking information if it has a reasonable basis for making the statements. Preparing MD&A necessarily involves some degree of prediction or projection. For example, MD&A requires a discussion of known trends or uncertainties that are reasonably likely to affect the Issuer's business. However, MD&A does not require that the Issuer provide a detailed forecast of future revenues, income or loss or other information. All forward-looking information must contain a statement that the information is forward-looking, a description of the factors that may cause actual results to differ materially from the forward-looking information, management's material assumptions and appropriate risk disclosure and cautionary language.

The MD&A must discuss any forward-looking information disclosed in MD&A for a prior period which, in light of intervening events and absent further explanation, may be misleading. Forward looking statements may be considered misleading when they are unreasonably optimistic or aggressive, or lack objectivity, or are not adequately explained. Timely disclosure obligations might also require the Issuer to issue a news release and file a material change report.

Issuers Without Significant Revenues — If the Issuer is without significant revenues from operations, focus the discussion and analysis of results of operations on expenditures and progress towards achieving management's business objectives and milestones.

Reverse Takeover Transactions — When an acquisition is accounted for as a reverse takeover, the MD&A should be based on the reverse takeover acquirer's financial statements.

Foreign Accounting Principles — If the Issuer's primary financial statements have been prepared using accounting principles other than Canadian GAAP and a reconciliation is provided, the MD&A must focus on the primary financial statements.

Resource Issuers — If the Issuer has mineral projects, the disclosure must comply with National Instrument 43-101 Standards of Disclosure for Mineral Projects, including the requirement that all scientific and technical disclosure be based on a technical report or other information prepared by or under the supervision of a qualified person. If the Issuer has oil and gas activities, the disclosure must comply with National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities.

US issuers –

(1) If the Issuer is a US issuer, for any MD&A that is included in the Listing Statement, include the disclosure prepared in accordance with subsection (2) if the Issuer:

(a) has based the discussion in the MD&A on financial statements prepared in accordance with U.S. GAAP, and

(b) is required by subsection 4.1(1) of NI 52-107 to provide a reconciliation to Canadian GAAP.

(2) In the disclosure required under subsection (1) restate, based on financial information of the Issuer prepared in accordance with, or reconciled to, Canadian GAAP, those parts of the MD&A that are based on financial statements of the Issuer prepared in accordance with U.S. GAAP, and would contain material differences if they were based on financial statements of the Issuer prepared in accordance with Canadian GAAP.

Annual MD&A

~~Date~~

6.1 Date - Specify the date of the MD&A. The date of the MD&A must be no earlier than the date of the auditor's report on the financial statements for the Issuer's most recently completed financial year.

6.2 Overall Performance~~6.2 -~~ Provide an analysis of the Issuer's financial condition, results of operations and cash flows. Discuss known trends, demands, commitments, events or uncertainties that are reasonably likely to have an effect on the Issuer's business. Compare the Issuer's performance in the most recently completed financial year to the prior year's performance. The analysis should address at least the following:

(a) operating segments that are reportable segments as those terms are used in the Handbook;

(b) other parts of the business if

(i) they have a disproportionate effect on revenues, income or cash needs~~;~~, or

(ii) there are any legal or other restrictions on the flow of funds from one part of the Issuer's business to another;

(c) industry and economic factors affecting the Issuer's performance;

(d) why changes have occurred or expected changes have not occurred in the Issuer's financial condition and results of operations; and

(e) the effect of discontinued operations on current operations.

Instruction:

(1) When explaining changes in the Issuer's financial condition and results, include an analysis of the effect on the Issuer's continuing operations of any acquisition, disposition, write-off, abandonment or other similar transaction.

(2) Financial condition includes the Issuer's financial position (as shown on the balance sheet) and other factors that may affect the Issuer's liquidity and capital resources.

(3) Include information for a period longer than one financial year if it will help the reader to better understand a trend.

Selected Annual Financial Information

6.3 Provide the following financial data derived from the Issuer's financial statements for each of the three most recently completed financial years:

(a) net sales or total revenues;

(b) income or loss before discontinued operations and extraordinary items, in total and on a per-share and diluted per-share basis;

(c) net income or loss, in total and on a per-share and diluted per-share basis;

(d) total assets;

(e) total long-term financial liabilities; and

(f) cash dividends declared per-share for each class of share.

6.4 Variations - Discuss the factors that have caused period to period variations including discontinued operations, changes in accounting policies, significant acquisitions or dispositions and changes in the direction of the Issuer's business, and any other information the Issuer believes would enhance an understanding of, and would highlight trends in, financial condition and results of operations.

Instruction: Indicate the accounting principles that the financial data has been prepared in accordance with, the reporting currency, the measurement currency if different from the reporting currency and, if the underlying financial statements have been reconciled to Canadian GAAP, provide a cross-reference to the reconciliation that is found in the notes to the financial statements.

6.5 Results of Operations~~6.5 -~~ Discuss management's analysis of the Issuer's operations for the most recently completed financial year, including:

(a) net sales or total revenues by operating business segment, including any changes in such amounts caused by selling prices, volume or quantity of goods or services being sold, or the introduction of new products or services;

(b) any other significant factors that caused changes in net sales or total revenues;

(c) cost of sales or gross profit;

(d) for ~~issuers~~Issuers that have significant projects that have not yet generated operating revenue, describe each project, including the Issuer's plan for the project and the status of the project relative to that plan, and expenditures made and how these relate to anticipated timing and costs to take the project to the next stage of the project plan;

(e) for resource ~~issuers~~Issuers with producing mines, identify milestones such as mine expansion plans, productivity improvements, or plans to develop a new deposit;

(f) factors that caused a change in the relationship between costs and revenues, including changes in costs of labour or materials, price changes or inventory adjustments;

(g) commitments, events, risks or uncertainties that you reasonably believe will materially affect the Issuer's future performance including net sales, total revenue and income or loss before discontinued operations and extraordinary items;

(h) effect of inflation and specific price changes on the Issuer's net sales and total revenues and on income or loss before discontinued operations and extraordinary items;

(i) a comparison in tabular form of disclosure you previously made about how the Issuer was going to use proceeds (other than working capital) from any financing, an explanation of variances and the impact of the variances, if any, on the Issuer's ability to achieve its business objectives and milestones; and

(j) unusual or infrequent events or transactions.

Instruction: The discussion under Item 6.5(d) should include:

a) ~~(i)~~ whether or not management plans to expend additional funds on the project; and

b) ~~(ii)~~ any factors that have affected the value of the project(s) such as change in commodity prices, land use or political or environmental issues.

6.6 Summary of Quarterly Results~~6.6 -~~ Provide the following information in summary form, derived from the Issuer's financial statements, for each of the eight most recently completed quarters:

(a) net sales or total revenues;

(b) income or loss before discontinued operations and extraordinary items, in total and on a per-share and diluted per-share basis; and

(c) net income or loss, in total and on a per-share and diluted per-share basis.

Discuss the factors that have caused variations over the quarters necessary to understand general trends that have developed and the seasonality of the business.

Instruction:

(1) The most recently completed quarter is the quarter that ended on the last day of your most recently completed financial year. Information does not have to be provided for a quarter prior to the Issuer becoming a reporting issuer if the Issuer has not prepared financial statements for those quarters.

(2) For sections ~~1.2, 1.3, 1.4~~6.2, 6.3, 6.4 and ~~1.5~~6.5 consider identifying, discussing and analyzing the following factors:

a) ~~(i)~~ changes in customer buying patterns, including changes due to new technologies and changes in demographics;

b) ~~(ii)~~ changes in selling practices, including changes due to new distribution arrangements or a reorganization of a direct sales force;

c) ~~(iii)~~ changes in competition, including an assessment of the ~~issuer~~Issuer's resources, strengths and weaknesses relative to those of its competitors;

d) ~~(iv)~~ the effect of exchange rates;

e) ~~(v)~~ changes in pricing of inputs, constraints on supply, order backlog, or other input-related matters;

f) ~~(vi)~~ changes in production capacity, including changes due to plant closures and work stoppages;

g) ~~(vii)~~ changes in volume of discounts granted to customers, volumes of returns and allowances, excise and other taxes or other amounts reflected on a net basis against revenues;

h) ~~(viii)~~ changes in the terms and conditions of service contracts;

i) ~~(ix)~~ the progress in achieving previously announced milestones; and

j) ~~(x)~~ for resource ~~issuers~~Issuers with producing mines, identify changes to cash flow caused by changes in production throughput, head-grade, cut-off grade, metallurgical recovery and any expectation of future changes.

(3) Indicate the accounting principles that the financial data has been prepared in accordance with, the reporting currency, the measurement currency if different from the reporting currency and, if the underlying financial statements have been reconciled to Canadian GAAP, provide a cross-reference to the reconciliation that is found in the notes to the financial statements.

6.7 Liquidity~~6.7 -~~ Provide an analysis of the Issuer's liquidity, including:

(a) its ability to generate sufficient amounts of cash and cash equivalents, in the short term and the long term, to maintain the Issuer's capacity, to meet the Issuer's planned growth or to fund development activities;

(b) trends or expected fluctuations in the Issuer's liquidity, taking into account demands, commitments, events or uncertainties;

(c) its working capital requirements;

(d) liquidity risks associated with financial instruments;

(e) if the Issuer has or expects to have a working capital deficiency, discuss its ability to meet obligations as they become due and how you expect it to remedy the deficiency;

(f) balance sheet conditions or income or cash flow items that may affect the Issuer's liquidity;

(g) legal or practical restrictions on the ability of subsidiaries to transfer funds to the Issuer and the effect these restrictions have had or may have on the ability of the Issuer to meet its obligations; and

(h) defaults or arrears or anticipated defaults or arrears on

(i) ~~(i)~~ dividend payments, lease payments, interest or principal payment on debt~~;~~,

(ii) ~~(ii)~~ debt covenants during the most recently completed financial year~~;~~, and

(iii) ~~(iii)~~ redemption or retraction or sinking fund payments~~,~~; and

(iv) ~~and~~details on how the Issuer intends to cure the default or arrears.

Instruction:

(1) In discussing the Issuer's ability to generate sufficient amounts of cash and cash equivalents, describe sources of funding and the circumstances that could affect those sources that are reasonably likely to occur. Examples of circumstances that could affect liquidity are market or commodity price changes, economic downturns, defaults on guarantees and contractions of operations.

(2) In discussing trends or expected fluctuations in the Issuer's liquidity and liquidity risks associated with financial instruments, discuss

(a) provisions in debt, lease or other arrangements that could trigger an additional funding requirement or early payment~~. Examples~~ (examples of such situations are provisions linked to credit rating, earnings, cash flows or share price); and

(b) circumstances that could impair the Issuer's ability to undertake transaction considered essential to operations. Examples of such circumstances are the inability to maintain investment grade credit rating, earnings per-share, cash flow or share price.

(3) In discussing the Issuer's working capital requirements, discuss situations where the Issuer must maintain significant inventory to meet customers' delivery requirements or any situations involving extended payment terms.

(4) In discussing the Issuer's balance sheet conditions or income or cash flow items consider a summary, in tabular form, of contractual obligations including payments due for each of the next five years and thereafter. This summary and table is not, however, mandatory. An example of a table that can be adapted to the Issuer's particular circumstances follows:

Contractual Obligations	Payments Due by Period				
	Total	Less than 1 year	1 - 3 years	4 - 5 years	After 5 years
Long Term Debt					
Capital Lease Obligations					
Operating Leases					
Purchase Obligations[1]					
Other Long Term Obligations [2]					
Total Contractual Obligations					

[1] "Purchase Obligation" means an agreement to purchase goods or services that is enforceable and legally binding on the Issuer that specifies all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction.

[2] "Other Long Term Obligations" means other long-term liabilities reflected on the Issuer's balance sheet.

The tabular presentation may be accompanied by footnotes to describe provisions that create, increase or accelerate obligations, or other details to the extent necessary for an understanding of the timing and amount of the Issuer's specified contractual obligations.

6.8 Capital Resources ~~6.8 -~~ Provide an analysis of the Issuer's capital resources, including

(a) commitments for capital expenditures as of the date of the Issuer's financial statements including:

(i) the amount, nature and purpose of these commitments~~;~~,

(ii) the expected source of funds to meet these commitments~~;~~, and

(iii) expenditures not yet committed but required to maintain the Issuer's capacity, to meet the Issuer's planned growth or to fund development activities;

(b) known trends or expected fluctuations in the Issuer's capital resources, including expected changes in the mix and relative cost of these resources; and

(c) sources of financing that the Issuer has arranged but not yet used.

Instruction:

(1) Capital resources are financing resources available to the Issuer and include debt, equity and any other financing arrangements that management reasonably considers will provide financial resources to the Issuer.

(2) In discussing the Issuer's commitments management should discuss any exploration and development, or research and development expenditures required to maintain properties or agreements in good standing.

6.9 Off-Balance Sheet Arrangements~~6.9 -~~ Discuss any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Issuer including, without limitation, such considerations as liquidity and capital resources. This discussion shall include their business purpose and activities, their economic substance, risks associated with the arrangements, and the key terms and conditions associated with any commitments, including:

(a) a description of the other contracting ~~party~~part(ies);

(b) the effects of terminating the arrangement;

(c) the amounts receivable or payable, revenues, expenses and cash flows resulting from the arrangement;

(d) the nature and amounts of any other obligations or liabilities arising from the arrangement that could require the Issuer to provide funding under the arrangement and the triggering events or circumstances that could cause them to arise; and

(e) any known event, commitment, trend or uncertainty that may affect the availability or benefits of the arrangement (including any termination) and the course of action that management has taken, or proposes to take, in response to any such circumstances.

Instruction:

(1) Off-balance sheet arrangements include any contractual arrangement with an entity not reported on a consolidated basis with the Issuer, under which the Issuer has

(a) any obligation under certain guarantee contracts;

(b) a retained or contingent interest in assets transferred to an unconsolidated entity or similar arrangement that serves as credit, liquidity or market risk support to that entity for the assets;

(c) any obligation under certain derivative instruments; or

(d) any obligation under a material variable interest held by the Issuer in an unconsolidated entity that provides financing, liquidity, market risk or credit risk support to the Issuer, or engages in leasing, hedging or, research and development services with the Issuer.

(2) Contingent liabilities arising out of litigation, arbitration or regulatory actions are not considered to be off-balance sheet arrangements.

(3) Disclosure of off-balance sheet arrangements should cover the most recently completed financial year. However, the discussion should address changes from the previous year where such discussion is necessary to understand the disclosure.

(4) The discussion need not repeat information provided in the notes to the financial statements if the discussion clearly cross-references to specific information in the relevant notes and integrates the substance of the notes into the discussion in a manner that explains the significance of the information not included in the MD&A.

6.10 Transactions with Related Parties~~6.10 -~~ Discuss all transactions involving related parties as defined by the Handbook.

Instruction: In discussing the Issuer's transactions with related parties, the discussion should include both qualitative and quantitative characteristics that are necessary for an understanding of ~~the transactions'~~each transaction's business purpose and economic substance. Management should discuss:

(a) the relationship and identify the related person or entities;

(b) the business purpose of the transaction;

(c) the recorded amount of the transaction and the measurement basis used; and

(d) any ongoing contractual or other commitments resulting from the transaction.

6.11 Fourth Quarter~~6.11 -~~ Discuss and analyze fourth quarter events or items that affected the Issuer's financial condition, cash flows or results of operations, including extraordinary items, year-end and other adjustments, seasonal aspects of the Issuer's business and dispositions of business segments.

6.12 Proposed Transactions ~~6.12 -~~ Discuss the expected effect on financial condition, results of operations and cash flows of any proposed asset or business acquisition or disposition if the Issuer's board of directors, or senior management who believe that confirmation of the decision by the board is probable, have decided to proceed with the transaction. Include the status of any required shareholder or regulatory approvals.

6.13 Changes in Accounting Policies including Initial Adoption~~6.13 -~~ Discuss and analyze any changes in the Issuer's accounting policies, including:

(a) for any accounting policies that management has adopted or expects to adopt subsequent to the end of the most recently completed financial year, including changes management has made or expects to make voluntarily and those due to a change in an accounting standard or a new accounting standard that you do not have to adopt until a future date~~,~~:

(i) describe the new standard, the date the Issuer required to adopt it and, if determined, the date the Issuer plans to adopt it~~,~~;

(ii) disclose the methods of adoption permitted by the accounting standard and the method management expects to use~~,~~;

(iii) discuss the expected effect on the Issuer's financial statements, or if applicable, state that management cannot reasonably estimate the effect~~,~~; and

(iv) discuss the potential effect on the Issuer's business, for example technical violations or default of debt covenants or changes in business practices; and

(b) for any accounting policies that management has initially adopted during the most recently completed financial year,

(i) describe the events or transactions that gave rise to the initial adoption of an accounting policy~~;~~,

(ii) describe the accounting principle that has been adopted and the method of applying that principle~~;~~,

(iii) discuss the effect resulting from the initial adoption of the accounting policy on the Issuer's financial condition, changes in financial condition and results of operations~~;~~,

(iv) if the Issuer is permitted a choice among acceptable accounting principles,

(A) state that management made a choice among acceptable alternatives~~;~~,

(B) identify the alternatives~~;~~,

(C) describe why management made the choice that you did~~;~~, and

(D) discuss the effect, where material, on the Issuer's financial condition, changes in financial condition and results of operations under the alternatives not chosen; and

(v) if no accounting literature exists that covers the accounting for the events or transactions giving rise to management's initial adoption of the accounting policy, explain management's decision regarding which accounting principle to use and the method of applying that principle.

Instruction: Management does not have to present the discussion under paragraph 6.13(b) for the initial adoption of accounting policies resulting from the adoption of new accounting standards.

6.14 Financial Instruments and Other Instruments~~6.14 -~~ For financial instruments and other instruments~~,~~:

(a) discuss the nature and extent of the Issuer's use of, including relationships among, the instruments and the business purposes that they serve;

(b) describe and analyze the risks associated with the instruments;

(c) describe how management manages the risks in paragraph (b), including a discussion of the objectives, general strategies and instruments used to manage the risks, including any hedging activities;

(d) disclose the financial statement classification and amounts of income, expenses, gains and losses associated with the instrument; and

(e) discuss the significant assumptions made in determining the fair value of financial instruments, the total amount and financial statement classification of the change in fair value of financial instruments recognized in income for the period, and the total amount and financial statement classification of deferred or unrecognized gains and losses on financial instruments.

~~**Instructions:**~~
Instruction:

(1) "Other instruments" are instruments that may be settled by the delivery of non-financial assets. A commodity futures contract is an example of an instrument that may be settled by delivery of non-financial assets.

(2) The discussion under paragraph 6.14(a) should enhance a reader's understanding of the significance of recognized and unrecognized instruments on the Issuer's financial position, results of operations and cash flows. The information should also assist a reader in assessing the amounts, timing, and certainty of future cash flows associated with those instruments. Also discuss the relationship between liability and equity components of convertible debt instruments.

(3) For purposes of paragraph 6.14(c), if the Issuer is exposed to significant price, credit or liquidity risks, consider providing a sensitivity analysis or tabular information to help readers assess the degree of exposure. For example, an analysis of the effect of a hypothetical change in the prevailing level of interest or currency rates on the fair value of financial instruments and future earnings and cash flows may be useful in describing the Issuer's exposure to price risk.

(4) For purposes of paragraph 6.14(d), disclose and explain the income, expenses, gains and losses from hedging activities separately from other activities.

Interim MD&A

6.15 Date - Specify the date of the interim MD&A.

6.16 Updated Disclosure - Interim MD&A must update the Issuer's annual MD&A for all disclosure required by sections 6.2 to 6.14 except sections 6.3 and 6.4. This disclosure must include:

(a) a discussion of management's analysis of

(i) current quarter and year-to-date results including a comparison of results of operations and cash flows to the corresponding periods in the previous year;

(ii) changes in results of operations and elements of income or loss that are not related to ongoing business operations;

(iii) any seasonal aspects of the Issuer's business that affect its financial condition, results of operations or cash flows; and

(b) a comparison of the Issuer's interim financial condition to the Issuer's financial condition as at the most recently completed financial year-end.

Instruction:

(1) For the purposes of paragraph (b), do not duplicate the discussion and analysis of financial condition in the annual MD&A. For example, if economic and industry factors are substantially unchanged the interim MD&A may make a statement to this effect.

(2) For the purposes of subparagraph (a)(i), you should generally give prominence to the current quarter.

(3) In discussing the Issuer's balance sheet conditions or income or cash flow items for an interim period, you do not have to present a summary, in tabular form, of all known contractual obligations contemplated under section 6.7. Instead, you should disclose material changes in the specified contractual obligations during the interim period that are outside the ordinary course of the Issuer's business.

(4) Interim MD&A is not required for the Issuer's fourth quarter as relevant fourth quarter content will be contained in the Issuer's annual MD&A.

6.17 Additional Disclosure for Issuers without Significant Revenue:

~~6.17~~

(a) ~~(1) Unless~~unless the information is disclosed in the financial statements to which the annual or interim MD&A relates, an Issuer that has not had significant revenue from operations in either of its last two financial years must disclose a breakdown of material components of:

(i) ~~(a)~~ capitalized or expensed exploration and development costs~~;~~,

(ii) ~~(b)~~ expensed research and development costs~~;~~,

(iii) ~~(c)~~ deferred development costs~~;~~,

(iv) ~~(d)~~ general and administration expenses~~;~~, and

(v) ~~(e)~~ any material costs, whether capitalized, deferred or expensed, not referred to in paragraphs (a~~i~~) through (d~~iv~~);

(b) ~~and~~ if the Issuer's business primarily involves mining exploration and development, the analysis of capitalized or expensed exploration and development costs must be presented on a property-by-property basis~~.~~; and

(c) ~~(2) The~~the disclosure in the annual MD&A must be for the two most recently completed financial years and the disclosure in the interim MD&A for the each year-to-date interim period and the comparative period presented in the interim statements.

6.18 Description of Securities:

(a) disclose the designation and number or principal amount of:

(i) each class and series of voting or equity securities of the Issuer for which there are securities outstanding,

(ii) each class and series of securities of the Issuer for which there are securities outstanding if the securities are convertible into, or exercisable or exchangeable for, voting or equity securities of the Issuer, and

(iii) subject to subsection (b), each class and series of voting or equity securities of the Issuer that are issuable on the conversion, exercise or exchange of outstanding securities of the Issuer;

(b) if the exact number or principal amount of voting or equity securities of the Issuer that are issuable on the conversion, exercise or exchange of outstanding securities of the Issuer is not determinable, the Issuer must disclose the maximum number or principal amount of each class and series of voting or equity securities that are issuable on the conversion, exercise or exchange of outstanding securities of the Issuer and, if that maximum number or principal amount is not determinable, the Issuer must describe the exchange or conversion features and the manner in which the number or principal amount of voting or equity securities will be determined; and

(c) the disclosure under subsections (a) and (b) must be prepared as of the latest practicable date.

6.19 Provide Breakdown:

(a) if the Issuer has not had significant revenue from operations in either of its last two financial years, disclose a breakdown of material components of:

(i) capitalized or expensed exploration and development costs,

(ii) expensed research and development costs,

(iii) deferred development costs,

(iv) general and administrative expenses, and

(v) any material costs, whether capitalized, deferred or expensed, not referred to in paragraphs (i) through (iv);

(b) present the analysis of capitalized or expensed exploration and development costs required by subsection (a) on a property-by-property basis, if the Issuer's business primarily involves mining exploration and development; and

(c) provide the disclosure in subsection (a) for the following periods:

(i) the two most recently completed financial years, and

(ii) the most recent year-to-date interim period and the comparative year-to-date period presented in the interim financial statements included, if any.

Subsection (a) does not apply if the information required under that subsection has been disclosed in the financial statements.

6.20 Negative cash-flow - If the Issuer had negative operating cash flow in its most recently completed financial year for which financial statements have been included, disclose:

the period of time the proceeds raised are expected to fund operations;

the estimated total operating costs necessary for the Issuer to achieve its stated business objectives during that period of time; and

the estimated amount of other material capital expenditures during that period of time.

6.21 Additional disclosure for Issuers with significant equity investees:

if the Issuer has a significant equity investee

(i) summarized information as to the assets, liabilities and results of operations of the equity investee, and

(ii) the Issuer's proportionate interest in the equity investee and any contingent issuance of securities by the equity investee that might significantly affect the Issuer's share of earnings; and

provide the disclosure in subsection (a) for the following periods

(i) the two most recently completed financial years, and

(ii) the most recent year-to-date interim period and the comparative year-to-date period presented in the interim financial statements included in the Listing Statement, if any.

Subsection (a) does not apply if:

(i) the information required under that subsection has been disclosed in the financial statements included, or

(ii) the Issuer includes separate financial statements of the equity investee for the periods referred to in subsection (b).

7. Market for Securities

7.1 Identify the exchange(s) and quotation and trade reporting system(s) on which the Issuer's securities are listed and posted for trading or quoted.

8. Consolidated Capitalization

8.1 Describe any material change in, and the effect of the material change on, the share and loan capital of the Issuer, on a consolidated basis, since the date of the comparative financial statements for the Issuer's most recently completed financial year contained in the Listing Statement.

9. Options to Purchase Securities

9.1 State, in tabular form, as at a specified date not more than 30 days before the date of the Listing Statement, information as to options to purchase securities of the Issuer or a subsidiary of the Issuer that are held by:

(a) all executive officers and past executive officers of the Issuer as a group and all directors and past directors of the Issuer who are not also executive officers as a group, indicating the aggregate number of executive officers and the aggregate number of directors to whom the information applies, without naming them;

(b) all executive officers and past executive officers of all subsidiaries of the Issuer as a group and all directors and past directors of those subsidiaries who are not also executive officers of the subsidiary as a group, in each case, without naming them and excluding individuals referred to in paragraph (a), indicating the aggregate number of executive officers and the aggregate number of directors to whom the information applies;

(c) all other employees and past employees of the Issuer as a group, without naming them;

(d) all other employees and past employees of subsidiaries of the Issuer as a group, without naming them;

(e) all consultants of the Issuer as a group, without naming them; and

(f) ~~(f)~~ any other person or company, including the underwriter, naming each person or company.

Instruction:

(1) Describe the options, stating the material provisions of each class or type of option, including:

(a) the designation and number of the securities under option;

(b) the purchase price of the securities under option or the formula by which the purchase price will be determined, and the expiration dates of the options;

(c) if reasonably ascertainable, the market value of the securities under option on the date of grant;

(d) if reasonably ascertainable, the market value of the securities under option on the specified date; and

(e) with respect to options referred to in paragraph (f) of Item 9.1, the particulars of the grant including the consideration for the grant.

(2) For the purposes of item (f) of ~~Item~~section 9.1, provide the information required for all options except warrants and special warrants.

~~**10. Prior Sales**~~
10. Description of the Securities

10.1 General - State the description or the designation of each class of equity ~~or debt~~ securities ~~of the Issuer~~ and describe all material attributes and characteristics, including:

a) ~~(a)~~ dividend rights;

b) ~~(b)~~ voting rights;

c) ~~(c)~~ rights upon dissolution or winding-up;

d) ~~(d)~~ pre-emptive rights;

e) ~~(e)~~ conversion or exchange rights;

f) ~~(f)~~ redemption, retraction, purchase for cancellation or surrender provisions~~;~~.

g) ~~(g)~~ sinking or purchase fund provisions;

h) ~~(h)~~ provisions permitting or restricting the issuance of additional securities and any other material restrictions; and

i) ~~(i)~~ provisions requiring a securityholder to contribute additional capital~~;~~.

10.2 Debt securities - If debt securities are being listed, describe all material attributes and characteristics of the indebtedness and the security, if any, for the debt, including:

(a) ~~(j)~~ provisions for interest rate, maturity~~,~~ and premium, if any ~~of debt securities~~;

(b) conversion or exchange rights;

(c) redemption, retraction, purchase for cancellation or surrender provisions,

(d) sinking or purchase fund provisions;

(e) ~~(k)~~ the nature and priority of any security for the debt securities, briefly identifying the principal properties subject to lien or charge;

(f) ~~(l)~~ ~~any~~provisions permitting or restricting the issuance of additional securities, the incurring of additional indebtedness and other material negative covenants, including restrictions against payment of dividends and restrictions against giving security on the assets of the Issuer or its subsidiaries, and provisions as to the release or substitution of assets securing the debt securities;

(g) ~~(m)~~ the name of the trustee under any indenture relating to ~~debt securities and the nature of any material relationship between the trustee or any of its affiliates and the issuer or any of its affiliates;~~the Issuer and

(h) ~~(n)~~ any financial arrangements between the Issuer and any of its affiliates or among its affiliates that could affect the security for the indebtedness.~~.~~

10.4 Other securities - If securities other than equity securities or debt securities are being listed, describe fully the material attributes and characteristics of those securities.

10.5 Modification of terms:

(a) describe provisions about the modification, amendment or variation of any rights attached to the securities being listed; and

(b) if the rights of holders of securities may be modified otherwise than in accordance with the provisions attached to the securities or the provisions of the governing statute relating to the securities, explain briefly.

10.6 Other attributes:

(a) if the rights attaching to the securities being listed are materially limited or qualified by the rights of any other class of securities, or if any other class of securities ranks ahead of or equally with the securities being listed, include information about the other securities that will enable investors to understand the rights attaching to the securities being listed; and

(b) if securities of the class being listed may be partially redeemed or repurchased, state the manner of selecting the securities to be redeemed or repurchased.

~~10.2~~ 10.7 Prior Sales - State the prices at which securities of the same class as the securities to be listed have been sold within the 12 months before the date of the Listing Statement, or are to be sold, by the Issuer or any Related Person and the number of securities of the class sold or to be sold at each price.

Instruction: In the case of sales by a Related Person, the information required under ~~Item 10.2~~section 10.7 may be given in the form of price ranges for each calendar month.

~~10.3~~10.8 Stock Exchange Price:

a) ~~(1) If~~if shares of the same class as the shares to be listed were or are listed on a Canadian stock exchange or traded on a Canadian market, provide the price ranges and volume traded on the Canadian stock exchange or market on which the greatest volume of trading generally occurs~~.~~;

b) ~~(2) If~~if shares of the same class as the shares to be listed were or are not listed on a Canadian stock exchange or traded on a Canadian market, provide the price ranges and volume traded on the foreign stock exchange or market on which the greatest volume of trading generally occurs~~.~~; and

c) ~~(3) Information~~information is to be provided on a monthly basis for each month or, if applicable, part month, of the current quarter and the immediately preceding quarter and on a quarterly basis for the next preceding seven quarters.

11. Escrowed Securities

11.1 State as of a specified date within 30 days before the date of the Listing Statement, in substantially the following tabular form, the number of securities of each class of securities of the Issuer held, to the knowledge of the Issuer, in escrow (which, for the purposes of this Form includes any securities subject to a pooling agreement) and the percentage that number represents of the outstanding securities of that class. In a note to the table, disclose the name of the depository, if any, and the date of and conditions governing the release of the securities from escrow.

ESCROWED SECURITIES

Designation of class held in escrow	Number of securities held in escrow	Percentage of class

12. Principal Shareholders

12.1 (1) Provide the following information for each principal shareholder of the Issuer as of a specified date not more than 30 days before the date of the Listing Statement:

(a) Name~~.~~;

(b) The number or amount of securities owned of the class to be listed;

(c) Whether the securities referred to in subsection 12(1)(b) are owned both of record and beneficially, of record only, or beneficially only~~.~~; and

(d) The percentages of each class of securities known by the Issuer to be owned.

(2) If the Issuer is requalifying following a fundamental change or has proposed an acquisition, amalgamation, merger, reorganization or arrangement, indicate, to the extent known, the holding of each person of company described in paragraph (1) that will exist after giving effect to the transaction.

(3) If, to the knowledge of the Issuer, more than 10 per cent of any class of voting securities of the Issuer is held, or is to be held, subject to any voting trust or other similar agreement, disclose, to the extent known, the designation of the securities, the number or amount of the securities held or to be held subject to the agreement and the duration of the agreement. State the names and addresses of the voting trustees and outline briefly their voting rights and other powers under the agreement.

(4) If, to the knowledge of the Issuer, any principal shareholder is an associate or affiliate of another person or company named as a principal shareholder, disclose, to the extent known, the material facts of the relationship, including any basis for influence over the Issuer held by the person or company other than the holding of voting securities of the Issuer.

(5) In addition to the above, include in a footnote to the table, the required calculation(s) on a fully-diluted basis.

Instruction: If a company, partnership, trust or other unincorporated entity is a principal shareholder of an Issuer, disclose, to the extent known, the name of each individual who, through ownership of or control or direction over the securities of the company or membership in the partnership, as the case may be, is a principal shareholder of the company or partnership.

13 Directors and Officers

13.1 List the name and municipality of residence of each director and executive officer of the Issuer and indicate their respective positions and offices held with the Issuer and their respective principal occupations within the five preceding years.

Instruction: If, during the period, a director or officer has held more than one position with the Issuer or the Issuer's controlling shareholder or a subsidiary of the Issuer, state only the current position held.

13.2 State the period or periods during which each director has served as a director and when his or her term of office will expire.

13.3 State the number and percentage of securities of each class of voting securities of the Issuer or any of its subsidiaries beneficially owned, directly or indirectly, or over which control or direction is exercised by all directors and executive officers of the Issuer as a group.

Instruction: Securities of subsidiaries that are beneficially owned, directly or indirectly, or over which control or direction is exercised by directors or executive officers through ownership or control or direction over securities of the Issuer do not need to be included.

13.4 Disclose the board committees of the Issuer and identify the members of each committee.

13.5 If the principal occupation of a director or officer of the Issuer is acting as an officer of a person or company other than the Issuer, disclose the fact and state the principal business of the person or company.

13.6 ~~If~~Disclose if a director or officer of the Issuer or a shareholder holding a sufficient number of securities of the Issuer to affect materially the control of the Issuer, is, or within 10 years before the date of the Listing Statement has been, a director or officer of any other Issuer that, while that person was acting in that capacity~~.~~:

(a) was the subject of a cease trade or similar order, or an order that denied the other Issuer access to any exemptions under Ontario securities law, for a period of more than 30 consecutive days, state the fact and describe the basis on which the order was made and whether the order is still in effect; ~~or~~

(b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, state the fact and describe the basis on which the order was made and whether the order is still in effect;

(c) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact; or

(d) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact.

13.7 Describe the penalties or sanctions imposed and the grounds on which they were imposed or the terms of the settlement agreement and the circumstances that gave rise to the settlement agreement, if a director or officer of the Issuer, or a shareholder holding sufficient securities of the Issuer to affect materially the control of the Issuer, has:

(a) been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or

(b) been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

13.8 Despite section 13.7, no disclosure is required of a settlement agreement entered into before December 31, 2000 unless the disclosure would likely be important to a reasonable investor in making an investment decision.

13.9 If a director or officer of the Issuer, or a shareholder holding sufficient securities of the Issuer to affect materially the control of the Issuer, or a personal holding company of any such persons has, within the 10 years before the date of the Listing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or officer, state the fact.

~~13.9~~13.10 Disclose particulars of existing or potential material conflicts of interest between the Issuer or a subsidiary of the Issuer and a director or officer of the Issuer or a subsidiary of the Issuer.

~~13.10~~13.11 Management — In addition to the above provide the following information for each member of management:

(a) state the individual's name, age, position and responsibilities with the Issuer and relevant educational background~~,~~;

(b) state whether the individual works full time for the Issuer or what proportion of the individual's time will be devoted to the Issuer~~,~~;

(c) state whether the individual is an employee or independent contractor of the Issuer~~,~~;

(d) state the individual's principal occupations or employment during the five years prior to the date of the Listing Statement, disclosing with respect to each organization as of the time such occupation or employment was carried on:

(i) its name and principal business~~,~~;

(ii) if applicable, that the organization was an affiliate of the Issuer~~,~~;

(iii) positions held by the individual~~,~~; and

(iv) whether it is still carrying on business, if known to the individual;

(e) describe the individual's experience in the Issuer's industry; and

(f) state whether the individual has entered into a non-competition or non-disclosure agreement with the Issuer.

Instruction:

(1) For purposes of this Item "management" means all directors, officers, employees and contractors whose expertise is critical to the Issuer, its subsidiaries and proposed subsidiaries in providing the Issuer with a reasonable opportunity to achieve its stated business objectives.

(2) The description of the principal occupation of a member of management must be specific. The terms "businessman" or "entrepreneur" are not sufficiently specific.

14. Capitalization

14.1 Prepare and file the following chart for each class of securities to be listed:

Issued Capital

	Number of Securities (non-diluted)	**Number of Securities (fully-diluted)**	**% of Issued (non-diluted)**	**% of Issued (fully diluted)**
Public Float				
Total outstanding (A)				
Held by Related Persons or employees of the Issuer or Related Person of the Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) (B)				
Total Public Float (A-B)				
Freely-Tradeable Float				
Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C)				
Total Tradeable Float (A-C)				

Public Securityholders (Registered)

Instruction: For the purposes of this report, "public securityholders" are persons other than persons enumerated in section (B) of the previous chart. List registered holders only.

Class of Security

Size of Holding	Number of holders	Total number of securities
1 – 99 securities		
100 – 499 securities		
500 – 999 securities		
1,000 – 1,999 securities		
2,000 – 2,999 securities		
3,000 – 3,999 securities		
4,000 – 4,999 securities		
5,000 or more securities		

Public Securityholders (Beneficial)

Instruction: Include (i) beneficial holders holding securities in their own name as registered shareholders; and (ii) beneficial holders holding securities through an intermediary where the Issuer has been given written confirmation of shareholdings. For the purposes of this section, it is sufficient if the intermediary provides a breakdown by number of beneficial holders for each line item below; names and holdings of specific beneficial holders do not have to be disclosed. If an intermediary or intermediaries will not provide details of beneficial holders, give the aggregate position of all such intermediaries in the last line.

Class of Security

Size of Holding	Number of holders	Total number of securities
1 – 99 securities		
100 – 499 securities		
500 – 999 securities		
1,000 – 1,999 securities		
2,000 – 2,999 securities		
3,000 – 3,999 securities		
4,000 – 4,999 securities		
5,000 or more securities		
Unable to confirm		

Non-Public Securityholders (Registered)

Instruction: For the purposes of this report, "non-public securityholders" are persons enumerated in section (B) of the issued capital chart.

Class of Security

Size of Holding	Number of holders	Total number of securities
1 – 99 securities		
100 – 499 securities		
500 – 999 securities		
1,000 – 1,999 securities		
2,000 – 2,999 securities		
3,000 – 3,999 securities		
4,000 – 4,999 securities		
5,000 or more securities		

14.2 Provide the following details for any securities convertible or exchangeable into any class of listed securities

Description of Security (include conversion / exercise terms, including conversion / exercise price)	Number of convertible / exchangeable securities outstanding	Number of listed securities issuable upon conversion / exercise

14.3 Provide details of any listed securities reserved for issuance that are not included in section 14.2.

15. Executive Compensation

15.1 Attach a Statement of Executive Compensation from Form ~~40 of Regulation 1015 of the Revised Regulations of Ontario, 1990~~51-102F6 or any successor instrument and describe any intention to make any material changes to that compensation.

~~15.2 Exception — Despite Item 15.1, the disclosure required under Items V, VIII, IX and X of Form 40 may be omitted.~~

16. Indebtedness of Directors and Executive Officers

16.1 Aggregate Indebtedness

AGGREGATE INDEBTEDNESS ($)					
Purpose	To the Issuer or its Subsidiaries	To Another Entity			
(a)	(b)	(c)			
Share purchases					
Other					

(1) ~~Disclose in substantially the following tabular form all indebtedness (other than routine indebtedness), and the other details prescribed in paragraph (2).~~Complete the above table for the aggregate indebtedness outstanding as at a date within thirty days before the date of the information circular entered into in connection with:

(a) a purchase of securities; and

(b) all other indebtedness.

(2) Report separately the indebtedness to:

(a) the Issuer or any of its subsidiaries (column (b)); and

(b) another entity if the indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Issuer or any of its subsidiaries (column (c)),

of all officers, directors, employees and former officers, directors and employees of the Issuer or any of its subsidiaries.

(3) "Support agreement" includes, but is not limited to, an agreement to provide assistance in the maintenance or servicing of any indebtedness and an agreement to provide compensation for the purpose of maintaining or servicing any indebtedness of the borrower.

16.2 Indebtedness of Directors and Executive Officers under (1) Securities Purchase and (2) Other Programs

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS UNDER (1) SECURITIES PURCHASE AND (2) OTHER PROGRAMS						
Name and Principal Position	Involvement of Issuer or Subsidiary	Largest Amount Outstanding During [Most Recently Completed Financial Year] ($)	Amount Outstanding as at [the date of the Form] ($)	Financially Assisted Securities Purchases During [Most Recently Completed Financial Year] (#)	Security for Indebtedness	Amount Forgiven During [Most Recently Completed Financial Year] ($)
(a)	(b)	(c)	(d)	(e)	(f)	(g)
Securities Purchase Programs						
Other Programs						

(1) Complete the above table for each individual who is, or at any time during the most recently completed financial year ~~of the Issuer~~ was, a director or executive officer of the Issuer, each proposed nominee for election as a director of the Issuer, and each associate of ~~such an individual,~~ any such director, executive officer or proposed nominee,

(a) ~~(a)~~ who is, or at any time since the beginning of the most recently completed financial year of the Issuer has been, indebted to the Issuer or ~~a subsidiary of the Issuer;~~any of its subsidiaries, or

(b) ~~(b)~~ whose indebtedness to another entity is, or at any time since the beginning of the most

recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Issuer or a subsidiary of the Issuer.any of its subsidiaries,

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Name and Principal Position (a)	Involvement of Issuer or Subsidiary (b)	Largest Amount Outstanding During [Last Completed Financial Year] ($) (c)	Amount Outstanding as at [current date] ($) (d)	Financially Assisted Securities Purchases During [Last Completed Financial Year] (#) (e)	Security for Indebtedness (f)

and separately disclose the indebtedness for security purchase programs and all other programs.

(2) 16.2 IncludeNote the following in the table required under paragraph 16.1:

Column (a) The name of the borrower (column (a)).(b) If the borrower is a director or executive officer, the – disclose the name and principal position of the borrower; if. If the borrower was, during the year, but no longer is a director or executive officer, include a statement to that effect; ifstate that fact. If the borrower is a proposed nominee for election as a director, state that fact. If the borrower is included as an associate of a director or executive officer, describe briefly the relationship of the borrower to anyan individual who is or, during the year, was a director or executive officer or who is a proposed nominee for election as a director, name that individual and provide the information that would be required underby this subparagraph for that individual if he or she was the borrower (column (a)).

Column (c) Whetherb) – disclose whether the Issuer or a subsidiary of the Issuer is the lender or the provider of a guarantee, support agreement, letter of credit or similar arrangement or understanding (column (b)).

Column (d) Thec) – disclose the largest aggregate amount of the indebtedness outstanding at any time during the last completed financial year (column (c)).

Column (e) Thed) – disclose the aggregate amount of the indebtedness outstanding as at a specified date not more than 30within thirty days before the date of Listing Statement (column (d))the information circular.

Column (f) If the indebtedness was incurred to purchase securities of the Issuer or of a subsidiary of the Issuer,e) – disclose separately for each class or series of securities, the aggregatesum of the number of securities purchased during the last completed financial year with the financial assistance (column (e)security purchase programs only).

Column (g) Thef) – disclose the security for the indebtedness, if any, provided to the Issuer, a subsidiary of the Issuerany of its subsidiaries or the other entity for the indebtedness (column (f)(security purchase programs only).

16.3 Disclose in the introduction to the table required under paragraph (1) the aggregate indebtedness of all officers, directors, employees, and former officers, directors and employees of the Issuer or a subsidiary of the Issuer outstanding as at a specified date not more than 30 days before the date of the Listing Statement, that is owed to

(a) the Issuer or a subsidiary of the Issuer; or

(b) another entity if the indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Issuer or any of its subsidiaries.

16.4 Disclose in a footnote to, or a narrative accompanying, the table required under paragraph (1)

Column (g) – disclose the total amount of indebtedness that was forgiven at any time during the last completed financial year.

(3) Supplement the above table with a summary discussion of:

(a) the material terms of ~~the~~each incidence of indebtedness and, if applicable, of each guarantee, support agreement, letter of credit or other similar arrangement or understanding, including ~~the term to maturity, rate of interest and any understanding, agreement or intention to limit recourse, and the nature of the transaction in which the indebtedness was incurred;~~:

(i) the nature of the transaction in which the indebtedness was incurred,

(ii) the rate of interest,

(iii) the term to maturity,

(iv) any understanding, agreement or intention to limit recourse, and

(v) any security for the indebtedness;

(b) any material adjustment or amendment made during the most recently completed financial year to the terms of the indebtedness and, if applicable, the guarantee, support agreement, letter of credit or similar arrangement or understanding. Forgiveness of indebtedness reported in column (g) of the above table should be explained; and

(c) the class or series of the securities purchased with financial assistance ~~from the Issuer~~ or held as security for the indebtedness and, if the class or series of securities is not publicly traded, all material terms of the securities, including the provisions for exchange, conversion, exercise, redemption, retraction and dividends.

~~**Instructions:**~~
Instruction:

(1) For purposes of this item, the following interpretation applies to the term "routine indebtedness":

(a) A loan, whether or not in the ordinary course of business, is considered as routine indebtedness if made on terms, including terms relating to interest rate and security, no more favourable to the borrower than the terms on which loans are made by the Issuer to employees generally unless the amount at any time during the last completed financial year remaining unpaid under the loans to any one director or executive officer together with his or her associates exceeds $25,000, in which case the indebtedness is not routine~~.~~;

(b) A loan made by an Issuer to a director or executive officer, whether or not the Issuer makes loans in the ordinary course of business, is routine indebtedness if:

(i) the borrower is a full-time employee of the Issuer or a subsidiary of the Issuer;~~,~~

(ii) the loan is fully secured against the residence of the borrower;~~,~~ and

(iii) the amount of the loan does not exceed the annual aggregate salary of the borrower from the Issuer and its subsidiaries~~.~~;

(c) If the Issuer makes loans in the ordinary course of business, a loan to a person or company other than a full-time employee of the Issuer or of a subsidiary of the Issuer is routine indebtedness, if the loan:

(i) is made on substantially the same terms, including terms relating to interest rate and security, as are available when a loan is made to other customers of the Issuer with comparable credit ratings;~~,~~ and

(ii) involves no greater than usual risks of ~~collectibility~~.collectability; and

(d) Indebtedness for purchases made on usual trade terms, for ordinary travel or expense advances or for loans or advances made for similar purposes is routine indebtedness if the repayment arrangements are in accordance with usual commercial practice.

(2) For purposes of this item, "support agreement" includes an agreement to provide assistance in the maintenance or servicing of any indebtedness and an agreement to provide compensation for the purpose of maintaining or servicing any indebtedness of the borrower.

(3) No disclosure need be made under this item of indebtedness that has been entirely repaid on or before the date of the Listing Statement.

~~17~~17. Risk Factors

17.1 ~~Describe the~~Disclose risk factors ~~material~~relating to the Issuer ~~that a reasonable investor would consider relevant to an investment in the Issuer~~and its business, such as cash flow and liquidity problems, if any, experience of management, the general risks inherent in the business carried on by the Issuer, environmental and health risks, reliance on key personnel, ~~the arbitrary establishment of the offering price,~~ regulatory constraints, economic or political conditions and financial history and any other matter that ~~in the opinion of the Issuer~~ would be ~~most~~ likely to influence ~~the~~an investor~~'~~'s decision to purchase~~, hold or sell the Issuer's~~ securities~~. Risks should be disclosed in the order of their seriousness in the opinion~~ of the Issuer.

17.2 If there is a risk that securityholders of the Issuer may become liable to make an additional contribution beyond the price of the security, disclose that risk.

17.3 Describe any risk factors material to the Issuer that a reasonable investor would consider relevant to an investment in the securities being listed and that are not otherwise described under section 17.1 or 17.2.

Instruction: Disclose risks in the order of seriousness from the most serious to the least serious. A risk factor must not be de-emphasized by including excessive caveats or conditions.

18. Promoters

Instruction: In this Part, "promoter" includes any person performing Investor Relations Activities (as defined in the CNSX Policies) for the Issuer.

18.1 For a person or company that is, or has been within the two years immediately preceding the date of the Listing Statement, a promoter of the Issuer or of a subsidiary of the Issuer, state:

(a) the person or company's name;

(b) the number and percentage of each class of voting securities and equity securities of the Issuer or any of its subsidiaries beneficially owned, directly or indirectly, or over which control is exercised;

(c) the nature and amount of anything of value, including money, property, contracts, options or rights of any kind received or to be received by the promoter directly or indirectly from the Issuer or from a subsidiary of the Issuer, and the nature and amount of any assets, services or other consideration therefor received or to be received by the Issuer or a subsidiary of the Issuer in return; and

(d) for an asset acquired within the two years before the date of the Listing Statement or thereafter, or to be acquired, by the Issuer or by a subsidiary of the Issuer from a promoter:

(i) the consideration paid or to be paid for the asset and the method by which the consideration has been or will be determined,

(ii) the person or company making the determination referred to in subparagraph (i) and the person or company's relationship with the Issuer, the promoter, or an associate or affiliate of the Issuer or of the promoter, and

(iii) the date that the asset was acquired by the promoter and the cost of the asset to the promoter.

18.2 (1) If a promoter ~~or past promoter~~ referred to in ~~paragraph (1) has been~~section 18.1 is, as at the date hereof, or was within 10 years before the date hereof, a director, chief executive officer ~~or promoter~~, or chief financial officer of any person or company ~~during the 10 years ending on the date of Listing Statement, that~~ that:

a) was subject to an order that was issued while the promoter was acting in the capacity as director, chief executive officer or chief financial officer; or

b) was subject to an order that was issued after the promoter ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while the promoter was acting in the capacity as director, chief executive officer or chief financial officer,

state the fact and describe the basis on which the order was made and whether the order is still in effect.

(2) For the purposes of section 18.2 (1), "order" means:

(a) a cease trade order;

(b) an order similar to a cease trade order; or

(c) ~~(a) was the subject of a cease trade or similar order, or~~ an order that denied the relevant person or company access to any ~~exemptions~~exemption under ~~Ontario~~ securities ~~law,~~legislation, that was in effect for a period of more than 30 consecutive days~~, state the fact and describe the basis on which the order was made and whether the order is still in effect; or~~.

(3) If a promoter referred to in section 18.2 (1):

~~(b)~~ a)is, as at the date hereof, or has been within the 10 years before the date hereof, a director or executive officer of any person or company that, while the promoter was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or ~~been~~was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact~~.~~; or

~~18.3 Describe the penalties or sanctions imposed and the grounds on which they were imposed or the terms of the settlement agreement and the circumstances that gave rise to the settlement agreement, if a promoter or past promoter referred to in paragraph (1) has~~

~~(a) been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or~~

~~(b) been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor in making an investment decision.18.4 If a promoter or past promoter referred to in paragraph (1), or a personal holding company of such promoter,~~ has, within the 10 years before the date ~~of the Listing Statement~~hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or ~~been~~become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the ~~director or officer~~promoter, state the fact.

(4) Describe the penalties or sanctions imposed and the grounds on which they were imposed or the terms of the settlement agreement and the circumstances that gave rise to the settlement agreement, if a promoter referred to in section 18.2(1) has been subject to:

(a) any penalties or sanctions imposed by a court relating to provincial and territorial securities legislation or by a provincial and territorial securities regulatory authority or has entered into a settlement agreement with a provincial and territorial securities regulatory authority; or

(b) any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor in making an investment decision.

(5) Despite section 18.2(4), no disclosure is required of a settlement agreement entered into before December 31, 2000 unless the disclosure would likely be considered important to a reasonable investor in making an investment decision.

Instruction: *The disclosure required by sections 18.2(2), 18.2(4) and 18.2(5) also applies to any personal holding companies of any of the persons referred to in sections 18.2(2), 18.2(4), and 18.2(5).*

1. A management cease trade order which applies to a promoter referred to in section 18.1 is an "order" for the purposes of section 18.2(2)(a) and must be disclosed, whether or not the director, chief executive officer or chief financial officer was named in the order.

2. For the purposes of this section, a late filing fee, such as a filing fee that applies to the late filing of an insider report, is not a "penalty or sanction". The disclosure in section 18.2(2)(a) only applies if the promoter was a director, chief executive officer or chief financial officer when the order was issued against the person or company. The Issuer does not have to provide disclosure if the promoter became a director, chief executive officer or chief financial officer after the order was issued

19. Legal Proceedings

19.1 Describe any legal proceedings material to the Issuer to which the Issuer or a subsidiary of the Issuer is a party or of which any of their respective property is the subject matter and any such proceedings known to the Issuer to be contemplated, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

Instruction: No information need be given with respect to any proceeding that involves primarily a claim for damages if the amount involved, exclusive of interest and costs, does not exceed 10 per cent of the current assets of the Issuer and its subsidiaries on a consolidated basis. However, if any proceeding presents in large degree the same legal and factual issues as other proceedings pending or known to be contemplated, the amount involved in the other proceedings shall be included in computing the percentage.

19.2 Regulatory actions - Describe any:

(a) penalties or sanctions imposed against the Issuer by a court relating to provincial and territorial securities legislation or by a securities regulatory authority within the three years immediately preceding the date hereof;

(b) other penalties or sanctions imposed by a court or regulatory body against the Issuer necessary to contain full, true and plain disclosure of all material facts relating to the securities being listed; and

(c) settlement agreements the Issuer entered into before a court relating to provincial and territorial securities legislation or with a securities regulatory authority within the three years immediately preceding the date hereof.

20. Interest of Management and Others in Material Transactions

20.1 Describe, and state the approximate amount of, any material interest, direct or indirect, of any of the following persons or companies in any transaction within the three years before the date of the Listing Statement, or in any proposed transaction, that has materially affected or will materially affect the Issuer or a subsidiary of the Issuer:

(a) ~~(a)~~ any director or executive officer of the Issuer~~.~~;

~~(b) a security holder disclosed in the Listing Statement as a principal shareholder.~~

(b) a person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than 10 percent of any class or series of your outstanding voting securities; and

(c) an associate or affiliate of any of the persons or companies referred to in paragraphs ~~1~~(a) or ~~2.~~(b).

Instruction:

(1) The materiality of an interest is to be determined on the basis of the significance of the information to investors in light of all the circumstances of the particular case. The importance of the interest to the person having the interest, the relationship of the parties to the transaction with each other and the amount involved are among the factors to be considered in determining the significance of the information to investors.

(2) Give a brief description of the material transaction. Include the name of each person or company whose interest in any transaction is described and the nature of the relationship to the Issuer.

(3) For any transaction involving the purchase of assets by or sale of assets to the Issuer or a subsidiary of the Issuer, state the cost of the assets to the purchaser, and the cost of the assets to the seller if acquired by the seller within three years before the transaction.

(4) This item does not apply to any interest arising from the ownership of securities of the Issuer if the security holder receives no extra or special benefit or advantage not shared on an equal basis by all other holders of the same class of securities or all other holders of the same class of securities who are resident in Canada.

(5) Information must be included as to any material underwriting discounts or commissions upon the sale of securities by the Issuer if any of the specified persons or companies were or are to be an underwriter or are associates, affiliates or partners of a person or company that was or is to be an underwriter.

(6) No information need be given in answer to this item as to a transaction, or an interest in a transaction, if

(a) the rates or charges involved in the transaction are fixed by law or determined by competitive bids;

(b) the interest of a specified person or company in the transaction is solely that of a director of another company that is a party to the transaction;

(c) the transaction involves services as a bank or other depository of funds, a transfer agent, registrar, trustee under a trust indenture or other similar services; or

(d) the transaction does not involve remuneration for services and the interest of the specified person or company arose from the beneficial ownership, direct or indirect, of less than 10 per cent of any class of equity securities of another company that is party to the transaction and the transaction is in the ordinary course of business of the Issuer or its subsidiaries.

(7) Describe all transactions not excluded above that involve remuneration (including an issuance of securities), directly or indirectly, to any of the specified persons or companies for services in any capacity unless the interest of the person or company arises solely from the beneficial ownership, direct or indirect, of less than 10 per cent of any class of equity securities of another company furnishing the services to the Issuer or its subsidiaries.

21. Auditors, Transfer Agents and Registrars

21.1 State the name and address of the auditor of the Issuer.

~~21.2 State the names of the Issuer's transfer agent(s) and registrar(s) and the location (by municipalities) of the register(s) of transfers of that class of shares.~~

21.2 For each class of securities, state the name of any transfer agent, registrar, trustee, or other agent appointed by the Issuer to maintain the securities register and the register of transfers for such securities and indicate the location (by municipality) of each of the offices of the Issuer or transfer agent, registrar, trustee or other agent where the securities register and register of transfers are maintained or transfers of securities are recorded.

22. Material Contracts

22.1 Give particulars of every material contract, other than contracts entered into in the ordinary course of business~~,~~ that was entered into within the two years before the date of Listing Statement by the Issuer or a subsidiary of the Issuer.

~~Instructions:~~
Instruction:

(1) The term "material contract" for this purpose means a contract that can reasonably be regarded as material to a proposed investor in the securities being ~~distributed~~listed and may in some circumstances include contracts with a person or company providing the Issuer with promotional or investor relations services.

(2) Set out a complete list of all material contracts, indicating those that are disclosed elsewhere in Listing Statement and provide particulars about those material contracts for which particulars are not given elsewhere in the Listing Statement.

(3) Particulars of contracts should include the dates of, parties to, consideration provided for in, and general nature of, the contracts.

22.2 If applicable, attach a copy of any co-tenancy, unitholders' or limited partnership agreement.

23 Interest of Experts

23.1 Disclose all direct or indirect interests in the property of the Issuer or of a Related Person of the Issuer received or to be received by a person or company whose profession or business gives authority to a statement made by the person or company and who is named as having prepared or certified a part of the Listing Statement or prepared or certified a report or valuation described or included in the Listing Statement.

23.2 Disclose the beneficial ownership, direct or indirect, by a person or company referred to in ~~Item~~section 23.1 of any securities of the ~~issuer~~Issuer or any Related Person of the ~~issuer~~Issuer.

23.3 For the purpose of ~~Item~~section 23.2, if the ownership is less than one per cent, a general statement to that effect shall be sufficient.

23.4 If a person, or a director, officer or employee of a person or company referred to in ~~Item~~section 23.1 is or is expected to be elected, appointed or employed as a director, officer or employee of the ~~issuer~~Issuer or of any associate or affiliate of the ~~issuer~~Issuer, disclose the fact or expectation.

24. Other Material Facts

24.1 Give particulars of any material facts about the Issuer and its securities ~~hat~~that are not disclosed under the preceding items and are necessary in order for the Listing Statement to contain full, true and plain disclosure of all material facts relating to the Issuer and its ~~securites~~securities.

25. Financial Statements

25.1 Provide the following audited financial statement for the Issuer:

(a) ~~(a) Copies~~copies of all financial statements including the auditor's reports required to be prepared and filed under applicable securities legislation for the preceding three years as if the ~~issuer~~Issuer were subject to such law; and

(b) a copy of financial statements for any completed interim period of the current fiscal year.

25.2 For Issuers re-qualifying for listing following a fundamental change provide

(a) the information required in ~~Items~~sections 5.1 to 5.3 for the target;

(b) financial statement for the target prepared in accordance with the requirements of ~~Parts 4,5,6,7 8 and 9 of OSC Rule 41-501~~National Instrument 41-101 *General Prospectus Requirements* as if the target were the Issuer;

(c) pro-forma consolidated financial statements for the New Issuer giving effect to the transaction for:

(i) the last full fiscal year of the Issuer, and

(ii) any completed interim period of the current fiscal year.

The first certificate below must be signed by the CEO, CFO, any person or company who is a promoter of the Issuer and two directors of the Issuer. In the case of an Issuer re-qualifying following a fundamental change, the second certificate must also be signed by the CEO, CFO, any person or company who is a promoter of the target and two directors of the target.

CERTIFICATE OF THE ISSUER

Pursuant to a resolution duly passed by its Board of Directors, (full legal name of the Issuer), hereby applies for the listing of the above mentioned securities on CNSX. The foregoing contains full, true and plain disclosure of all material information relating to (full legal name of the Issuer). It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at _____

this _____ day of _____, _____.

Chief Executive Officer	Chief Financial Officer
Promoter (if applicable)	Director
Director	

[print or type names beneath signatures]

CERTIFICATE OF THE TARGET

The foregoing contains full, true and plain disclosure of all material information relating to (full legal name of the target). It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at _____

this _____ day of _____, _____.

Chief Executive Officer

Chief Financial Officer

Promoter (if applicable)

Director

Director

[print or type names beneath signatures]

APPENDIX A: MINERAL PROJECTS

(1) Property Description and Location – Describe:

(a) the area (in hectares or other appropriate units) and location of the property;

(b) the nature and extent of the Issuer's title to or interest in the property, including surface rights, obligations that must be met to retain the property and the expiration date of claims, licences and other property tenure rights;

(c) the terms of any royalties, overrides, back-in rights, payments or other agreements and encumbrances to which the property is subject;

(d) all environmental liabilities to which the property is subject;

(e) the location of all known mineralized zones, mineral resources, mineral reserves and mine workings, existing tailings ponds, waste deposits and important natural features and improvements; and

(f) to the extent known, the permits that must be acquired to conduct the work proposed for the property and whether permits have been obtained;

(2) Accessibility, Climate, Local Resources, Infrastructure and Physiography – Describe:

(a) the means of access to the property;

(b) the proximity of the property to a population centre and the nature of transport;

(c) to the extent relevant to the mining project, the climate and length of the operating season;

(d) the sufficiency of surface rights for mining operations, the availability and sources of power, water, mining personnel, potential tailings storage areas, potential waste disposal areas, heap leach pads areas and potential processing plant sites; and

(e) the topography, elevation and vegetation;

(3) History - Describe:

(a) the prior ownership of the property and ownership changes and the type, amount, quantity and results of the exploration work undertaken by previous owners, and any previous production on the property, to the extent known;

(b) if a property was acquired within the three most recently completed financial years of the Issuer or during its current financial year from, or is intended to be acquired by the Issuer from, an insider or promoter of the Issuer or an associate or affiliate of an insider or promoter, the name and address of the vendor, the relationship of the vendor to the Issuer, and the consideration paid or intended to be paid to the vendor; and

(c) to the extent known, the name of every person or company that has received or is expected to receive a greater than five per cent interest in the consideration received or to be received by the vendor referred to in subparagraph (b).

(4) Geological Setting — The regional, local and property geology.

(5) Exploration Information **—** The nature and extent of all exploration work conducted by, or on behalf of, the Issuer on the property, including:

(a) the results of all surveys and investigations and the procedures and parameters relating to surveys and investigations;

(b) an interpretation of the exploration information;

(c) whether the surveys and investigations have been carried out by the Issuer or a contractor and if by a contractor, identifying the contractor; and

(d) a discussion of the reliability or uncertainty of the data obtained in the program.

(6) Mineralization — The mineralization encountered on the property, the surrounding rock types and relevant geological controls, detailing length, width, depth and continuity together with a description of the type, character and distribution of the mineralization.

(7) Drilling — The type and extent of drilling including the procedures followed and an interpretation of all results.

(8) Sampling and Analysis — The sampling and assaying including:

(a) a description of sampling methods and the location, number, type, nature, spacing and density of samples collected;

(b) identification of any drilling, sampling or recovery factors that could materially impact the accuracy or reliability of the results;

(c) a discussion of sample quality and whether the samples are representative of any factors that may have resulted in sample biases;

(d) rock types, geological controls, widths of mineralized zones, cut-off grades and other parameters used to establish the sampling interval; and

(e) quality control measures and data verification procedures.

(9) Security of Samples — The measures taken to ensure the validity and integrity of samples taken.

(10) Mineral Resources and Mineral Reserves — The mineral resources and mineral reserves, if any, including:

(a) the quantity and grade or quality of each category of mineral resources and mineral reserves;

(b) the key assumptions, parameters and methods used to estimate the mineral resources and mineral reserves; and

(c) the extent to which the estimate of mineral resources and mineral reserves may be materially affected by metallurgical, environmental, permitting, legal, title, taxation, socio-economic, marketing, political and other relevant issues.

(11) Mining Operations — For development properties and production properties, the mining method, metallurgical process, production forecast, markets, contracts for sale of products, environmental conditions, taxes, mine life and expected payback period of capital.

(12) Exploration and Development — A description of the Issuer's current and contemplated exploration or development activities, to the extent they are material.

Instructions:

(1) Disclosure regarding mineral exploration development or production activities on material properties is required to comply with National Instrument 43-101, including the use of the appropriate terminology to describe mineral reserves and mineral resources.

(2) Disclosure is required for each property material to the Issuer. Materiality is to be determined in the context of the Issuer's overall business and financial condition, taking into account quantitative and qualitative factors. A property will not generally be considered material to an Issuer if the book value of the property as reflected in the Issuer's most recently filed financial statements or the value of the consideration paid or to be paid (including exploration obligations) is less than 10 per cent of the book value of the total of the Issuer's mineral properties and related plant and equipment.

(3) The information required under these items is required to be based upon a technical report or other information prepared by or under the supervision of a qualified person, as that term is defined in National Instrument 43-101.

(4) In giving the information required under these items, include the nature of ownership interests, such as fee interests, leasehold interests, royalty interests and any other types and variations of ownership interests.

APPENDIX B: OIL AND GAS PROJECTS

1. Drilling Activity — The number of wells the Issuer has drilled or has participated in drilling, the number of these wells that were completed as oil wells and gas wells that are capable of production, each stated separately, and the number of dry holes, expressed in each case as gross and net wells, during each of the two most recently completed financial years of the Issuer.

2. Location of Production — The geographical areas of the Issuer's production, the groups of oil and gas properties, the individual oil and gas properties and the plants, facilities and installations that, in each case, are owned or leased by the Issuer and are material to the Issuer's operations or exploratory activities.

3 Location of Wells — The location, stated separately for oil wells and gas wells, by jurisdiction, if in Canada, by state, if in the United States, and by country otherwise, of producing wells and wells capable of producing, in which the Issuer has an interest and which are material, with the interest expressed in terms of gross and net wells.

4. Interest in Material Properties — For interests in material properties to which no proved reserves have been attributed, the gross acreage in which the Issuer has an interest and the net interest of the Issuer, and the location of acreage by geographical area.

5. Reserve Estimates — To the extent material, estimated reserve volumes and discounted cash flow from such reserves, stated separately by country and by categories and types that conform to the classifications, definitions and disclosure requirements of National Instrument 51-101 or any successor instrument, on both a gross and net basis as at the most recent financial year end, including information on royalties.

6. Source of Reserve Estimates — The source of the reserve estimates and whether the reserve estimates have been prepared by the Issuer or by independent engineers or other qualified independent persons and any other information relating to reserve estimates required to be disclosed in a prospectus by any successor instrument to National Instrument 51-101.

7. Reconciliation of Reserves — A reconciliation of the reserve volumes by categories and types that conform to the classifications, definitions and disclosure requirements of National Instrument 51-101 or any successor instrument, as at the financial year end immediately preceding the most recently completed financial year to the reserve volume information furnished under paragraph 5, with the effects of production, acquisitions, dispositions, discoveries and revision of estimates shown separately, if material.

8. Production History — For each quarter of the most recently completed financial year of the Issuer, with comparative data for the same periods in the preceding financial year.

9. If your company is engaged in oil and gas activities as defined in National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities, disclose the following information:

   (a) Reserves Data and Other Information –

      (i) In the case of information that, for purposes of Form 51-101F1 Statement of Reserves Data and Other Oil and Gas Information, is to be prepared as at the end of a financial year, disclose that information as at your company's most recently completed financial year-end;

      (ii) In the case of information that, for purposes of Form 51-101F1, is to be prepared for a financial year, disclose that information for your company's most recently completed financial year; and

      (iii) To the extent not reflected in the information disclosed in response to paragraphs (i) and (ii), disclose the information contemplated by Part 6 of National Instrument 51-101 in respect of material changes that occurred after your company's most recently completed financial year-end.

   (b) Report of Independent Qualified Reserves Evaluator or Auditor - Include with the disclosure under subsection (a) a report in the form of Form 51-101F2 Report on Reserves Data by Independent Qualified Reserves Evaluator or Auditor, on the reserves data included in the disclosure required under paragraphs (a)(i) and (a)(ii) above.

   (c) Report of Management - Include with the disclosure under subsection (a) a report in the form of Form 51-101F3 Report of Management and Directors on Oil and Gas Disclosure that refers to the information disclosed under subsection (a).

(d) the average daily production volume, before deduction of royalties, of

(i) conventional crude oil,

(ii) natural gas liquids, and

(iii) natural gas;

(e) the following on a per barrel basis for conventional crude oil and natural gas liquids and on a per thousand cubic feet basis for natural gas

(i) the average net product prices received,

(ii royalties,

(iii) operating expenses, specifying the particular items included, and

(iv) netback received;

(f) the average net product price received for the following, if the Issuer's production of the following is material to the Issuer's overall production,

(i) light and medium conventional crude oil,

(ii) heavy conventional crude oil, and

(ii) synthetic crude oil; and

(g) the dollar amounts expended on

(i) property acquisition,

(ii) exploration, including drilling, and

(iii) development, including facilities.

10. Future Commitments — A description of the Issuer's future material commitments to buy, sell, exchange or transport oil or gas, stating for each commitment separately

(a) the aggregate price;

(b) the price per unit;

(c) the volume to be purchased, sold, exchanged or transported; and

(d) the term of the commitment.

11. Exploration and Development — A description of the Issuer's current and contemplated exploration or development activities, to the extent they are material.

Instruction: The information required under this item shall be derived from or supported by information obtained from a report prepared in accordance with the provisions of National Instrument 51-101 or any successor instrument.

FORM 2B

LISTING SUMMARY

<table>
<tr><td colspan="3">Issuer Name:</td><td colspan="4">Listing Statement Date:</td></tr>
<tr><td colspan="7">Descriptions of securities to be listed:</td></tr>
<tr><td colspan="3">Address:</td><td colspan="4">Brief Description of the Issuer's Business:</td></tr>
<tr><td colspan="3">Company Contact:</td><td colspan="4">Description of securities outstanding</td></tr>
<tr><td colspan="3" rowspan="2">Phone:</td><td>Symbol</td><td>Type</td><td>Number</td><td>CUSIP</td></tr>
<tr><td colspan="4" rowspan="2">If the Listing Statement was required to be filed because an event giving rise to material information has occurred that makes the previous Statement inaccurate or misleading, briefly describe the event:</td></tr>
<tr><td colspan="3">Fax:</td></tr>
<tr><td colspan="3">E-mail:</td><td colspan="4">Dates of Press Release and Any Public Filings Concerning the Event:</td></tr>
<tr><td colspan="3">Jurisdiction of Incorporation:</td><td colspan="4" rowspan="3">Date of Last Shareholders' Meeting and Date of Next Shareholders' Meeting (if scheduled):</td></tr>
<tr><td colspan="3">Website:</td></tr>
<tr><td colspan="3">Fiscal Year End:</td></tr>
<tr><td colspan="3">Financial Information as at : [Date]</td><td colspan="4">Board of Directors:</td></tr>
<tr><td></td><td><u>[Current]</u></td><td><u>[Previous]</u></td><td colspan="2">Name</td><td colspan="2">Position</td></tr>
<tr><td>Current Assets</td><td>$</td><td>$</td><td colspan="2" rowspan="3"></td><td colspan="2" rowspan="3"></td></tr>
<tr><td>Working Capital</td><td>$</td><td>$</td></tr>
<tr><td>Total assets</td><td>$</td><td>$</td></tr>
<tr><td>Long-term liabilities</td><td></td><td></td><td colspan="2"></td><td colspan="2"></td></tr>
<tr><td>Shareholders’ equity</td><td>$</td><td>$</td><td colspan="2"></td><td colspan="2"></td></tr>
</table>

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<tr><td colspan="3">Address:</td><td colspan="5">Brief Description of the Issuer's Business:</td></tr>
<tr><td colspan="3">Company Contact:</td><td colspan="5"><s>Securities</s><u>Description of securities</u> outstanding</td></tr>
<tr><td colspan="3" rowspan="2">Phone:</td><td>Symbol</td><td>Type</td><td>Number</td><td colspan="2">CUSIP</td></tr>
<tr><td colspan="5"></td></tr>
<tr><td colspan="3">Fax:</td><td colspan="5">If the Listing Statement was required to be filed because an event giving rise to material information has occurred that makes the previous Statement inaccurate or misleading, briefly describe the event:</td></tr>
<tr><td colspan="3">E-mail:</td><td colspan="5">Dates of Press Release and Any Public Filings Concerning the Event:</td></tr>
<tr><td colspan="3">Jurisdiction of Incorporation:</td><td colspan="5" rowspan="3">Date of Last Shareholders' Meeting and Date of Next Shareholders' Meeting (if scheduled):</td></tr>
<tr><td colspan="3">Website:</td></tr>
<tr><td colspan="3">Fiscal Year End:</td></tr>
<tr><td colspan="3">Financial Information as at : [Date]</td><td colspan="5">Board of Directors:</td></tr>
<tr><td></td><td><u>[Current]</u></td><td><u>[Previous]</u></td><td colspan="3">Name</td><td colspan="2">Position</td></tr>
<tr><td>Current Assets</td><td>$</td><td>$</td><td colspan="3" rowspan="4"></td><td colspan="2" rowspan="4"></td></tr>
<tr><td>Working Capital</td><td>$</td><td>$</td></tr>
<tr><td>Total assets</td><td>$</td><td>$</td></tr>
<tr><td>Long-term liabilities</td><td></td><td></td></tr>
<tr><td>Shareholders<u>'</u> equity</td><td>$</td><td><b>$</td><td colspan="3"></td><td colspan="2"></td></tr>
</table>

FORM 4

LISTING AGREEMENT

IN CONSIDERATION of the listing of the securities referred to in the Issuer's Listing Statement or in consideration of the subsequent listing of all other securities, the undersigned (hereinafter called the "Issuer") hereby agrees with Canadian National Stock Exchange (hereinafter called "CNSX") that:

1. The Issuer shall, and shall cause its Related Persons, employees, agents, and consultants to comply, be bound by and observe all existing regulations, by-laws, rules and policies of CNSX and all amendments and additions which may hereafter be made thereto and all applicable legal requirements including, but not limited to, those of its incorporating statutes, all laws, rules, regulations, policies, notices and interpretation notes, discussions, annals and directives of all securities regulatory authorities having jurisdiction over the Issuer and with all other laws, rules and regulations applicable to its business or undertaking.

2. Without limiting the generality of paragraph 1 hereof the Issuer shall:

   (a) furnish to CNSX or the CNSX Market Regulator, at any time upon demand, all such material information or documentation concerning the Issuer as CNSX may require;

   (b) not issue any securities without making the requisite postings required by the CNSX Policies;

   (c) maintain transfer and registration facilities where all listed securities shall be directly transferable and registrable, and no fee shall be charged for the transfer and registration of such securities (other than government stock transfer taxes);

   (d) have on hand a sufficient supply of certificates to meet demand for the transfer of share certificates, such certificates to be in accordance with CNSX specifications, unless the class of securities is entirely book-based;

   (e) post all forms, notices, particulars, reports, statements and information required by the CNSX Policies or otherwise by CNSX, in such detail and form, as CNSX may from time to time demand;

   (f) make prompt public disclosure of any material information, whether favourable or unfavourable, in accordance with CNSX's Policies; and

   (g) pay, when due, all applicable fees established by CNSX.

3. The Issuer acknowledges that CNSX shall have the right, at any time, to halt or suspend listing in any securities of the Issuer with or without notice and with or without giving any reason for such action, or to disqualify such securities for quotation in accordance with CNSX's Policies;

4. CNSX, at the Issuer's cost, may obtain independent advice or consulting services with respect to any matter relating to the Issuer provided that CNSX has first afforded the Issuer the opportunity to satisfy the particular filing requirements of CNSX with respect to such matter. The Issuer hereby agrees to fully reimburse and indemnify CNSX for all such expenses, costs and fees incurred by CNSX.

5. The Issuer submits to the jurisdiction of CNSX and the Market Regulator, including without limitation, CNSX's and the Market Regulator's regulation, investigation and enforcement jurisdiction.

6. The Issuer acknowledges that CNSX may collect such personal information about the Related Persons of the Issuer as it may require and, notwithstanding the qualification for listing of its securities, the Issuer agrees that either (i) it will remove, or cause the resignation of or termination of the contract of, any Related Person which CNSX determines is not suitable; or (ii) CNSX may immediately disqualify for quotation the Issuer's securities.

7. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein, without regard to conflicts of law rules.

8. Terms defined in the CNSX Policies are incorporated by reference into this Agreement.

Signed at _____ on the _____ day of _____, _____.

_____

Name of Company

Signing Officer

Office Held

Signature

Signing Officer

Office Held

Signature

FORM 4

LISTING AGREEMENT

IN CONSIDERATION of the listing of the securities referred to in the Issuer's Listing Statement or in consideration of the subsequent listing of all other securities, the undersigned (hereinafter called the "Issuer") hereby agrees with Canadian National Stock Exchange (hereinafter called "CNSX") that:

1. The Issuer shall, and shall cause its Related Persons, employees, agents, and consultants to comply, be bound by and observe all existing regulations, by-laws, rules and policies of CNSX and all amendments and additions which may hereafter be made thereto and all applicable legal requirements including, but not limited to, those of its incorporating statutes, all laws, rules, regulations, policies, notices and interpretation notes, discussions, annals and directives of all securities regulatory authorities having jurisdiction over the Issuer and with all other laws, rules and regulations applicable to its business or undertaking.

2. Without limiting the generality of paragraph 1 hereof the Issuer shall:

   (a) furnish to CNSX or the CNSX Market Regulator, at any time upon demand, all such material information or documentation concerning the Issuer as CNSX may require;

   (b) not issue any securities without making the requisite postings required by the CNSX Policies;

   (c) maintain transfer and registration facilities ~~in the City of Toronto~~ where all listed securities shall be directly transferable and registrable, and no fee shall be charged for the transfer and registration of such securities (other than government stock transfer taxes);

   (d) have on hand a sufficient supply of certificates to meet demand for the transfer of share certificates, such certificates to be in accordance with CNSX specifications, unless the class of securities is entirely book-based;

   (e) post all forms, notices, particulars, reports, statements and information required by the CNSX Policies or otherwise by CNSX, in such detail and form, as CNSX may from time to time demand;

   (e) make prompt public disclosure of any material information, whether favourable or unfavourable, in accordance with CNSX's Policies; and

   (f) pay, when due, all applicable fees established by CNSX.

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4. CNSX, at the Issuer's cost, may obtain independent advice or consulting services with respect to any matter relating to the Issuer provided that CNSX has first afforded the Issuer the opportunity to satisfy the particular filing requirements of CNSX with respect to such matter. The Issuer hereby agrees to fully reimburse and indemnify CNSX for all such expenses, costs and fees incurred by CNSX.

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6. The Issuer acknowledges that CNSX may collect such personal information about the Related Persons of the Issuer as it may require and, notwithstanding the qualification for listing of its securities, the Issuer agrees that either (i) it will remove, or cause the resignation of or termination of the contract of, any Related Person which CNSX determines is not suitable; or (ii) CNSX may immediately disqualify for quotation the Issuer's securities.

7. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein, without regard to conflicts of law rules.

8. Terms defined in the CNSX Policies are incorporated by reference into this Agreement.

Signed at _____ on the _____ day of _____, _____.

_____

Name of Company

_____

Signing Officer

_____ _____

Office Held Signature

_____

Signing Officer

_____ _____

Office Held Signature

13.1.2 MFDA Hearing Panel accepts Settlement Agreement with Douglas St. Arnault

NEWS RELEASE
For immediate release

MFDA HEARING PANEL ACCEPTS SETTLEMENT AGREEMENT WITH DOUGLAS ST. ARNAULT

October 14, 2009 (Toronto, Ontario) – A settlement hearing in the matter of Douglas St. Arnault (the "Respondent") was held today in Vancouver, British Columbia before a Hearing Panel of the Pacific Regional Council of the Mutual Fund Dealers Association of Canada (the "MFDA").

The Hearing Panel accepted the Settlement Agreement between the Respondent and MFDA Staff, as a consequence of which the Respondent:

- Has been reprimanded;
- Has paid a fine in the amount of $5,000; and
- Has paid the costs of the proceeding in the amount of $2,500.

The Hearing Panel will issue written reasons for its decision in due course. A copy of the Settlement Agreement 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 145 Members and their approximately 75,000 Approved Persons with a mandate to protect investors and the public interest.

For further information, please contact:
Shaun Devlin
Vice-President, Enforcement
416-943-4672 or sdevlin@mfda.ca

13.1.3 MFDA Issues Notice of Settlement Hearing Regarding William T. Gillick

NEWS RELEASE
For immediate release

MFDA ISSUES NOTICE OF SETTLEMENT HEARING REGARDING WILLIAM T. GILLICK

October 19, 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 Central Regional Council.

The settlement agreement will be between staff of the MFDA and William Todd Gillick (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, contrary to MFDA Rule 2.1.1, the Respondent:

(a) signed estate documents of clients with the purported signatures of the clients;

(b) created a record of a meeting with the clients that never occurred;

(c) signed affidavits of executions for the wills of the clients which stated that the Respondent and two assistants were present together and witnessed the clients sign their respective wills, when he knew that not to be the case; and

(d) misled the Member by providing a false response in the Member's 2007 Annual Consultant Certificate.

The settlement hearing is scheduled to commence at 10:00 a.m. (Eastern) on October 29, 2009 in the Hearing Room in the MFDA offices located at 121 King Street West, Suite 1000, Toronto, Ontario. The hearing will be 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 145 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

13.1.4 MFDA issues Notice of Settlement Hearing regarding Cory Griffiths

NEWS RELEASE
For immediate release

MFDA ISSUES NOTICE OF SETTLEMENT HEARING REGARDING CORY GRIFFITHS

October 21, 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 Prairie Regional Council.

The settlement agreement will be between staff of the MFDA and Cory Edwin Griffiths (the "Respondent") and involves matters for which the Respondent may be disciplined by a Hearing Panel pursuant to MFDA By-law No. 1.

The proposed settlement agreement concerns allegations that the Respondent:

(a) between June 2008 and October 2008, falsified client account opening documents in respect of three clients, contrary to MFDA Rule 2.1.1; and

(b) in October 2008, interfered with the ability of the Member to conduct a reasonable supervisory investigation of the Respondent's conduct, contrary to MFDA Rules 1.1.2 and 2.5.1 and MFDA Rule 2.1.1.

The settlement hearing is scheduled to commence at 10:00 a.m. (Mountain) on October 26, 2009 in the Hearing Room located at The Fairmont Palliser hotel, 133 9th Avenue S.W., Calgary, Alberta. The hearing will be 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 145 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

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