The Ontario Securities Commission

OSC Bulletin

March 26, 2010

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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)

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Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

MARCH 26, 2010

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
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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

March 29-April 16, 2010 10:00 a.m.	**Rene Pardo, Gary Usling, Lewis Taylor Sr., Lewis Taylor Jr., Jared Taylor, Colin Taylor and 1248136 Ontario Limited** s. 127 M. Britton/J.Feasby in attendance for Staff Panel: JDC/KJK
March 29; March 31– April 9, 2010 10:00 a.m. March 30, 2010 2:30 p.m.	**Shane Suman and Monie Rahman** s. 127 & 127(1) C. Price in attendance for Staff Panel: JEAT/PLK
March 30, 2010 2:30 p.m.	**Anthony Ianno and Saverio Manzo** s. 127 & 127.1 A. Clark in attendance for Staff Panel: CSP
April 1, 2010 10:00 a.m.	**Richvale Resource Corp., Marvin Winick, Howard Blumenfeld, Pasquale Schiavone, and Shafi Khan** s. 127(7) and 128(8) M. Boswell in attendance for Staff Panel: DLK
April 5, 2010 10:00 a.m.	**Teodosio Vincent Pangia** s. 127 A. Heydon in attendance for Staff Panel: PJL/CSP

April 12, 2010 9:00 a.m.	**Brilliante Brasilcan Resources Corp., York Rio Resources Inc., Brian W. Aidelman, Jason Georgiadis, Richard Taylor and Victor York** s. 127 H. Craig in attendance for Staff Panel: DLK
April 12, 2010 9:00 a.m.	**York Rio Resources Inc., Brilliante Brasilcan Resources Corp., Victor York, Robert Runic, George Schwartz, Peter Robinson, Adam Sherman, Ryan Demchuk, Matthew Oliver, Gordon Valde and Scott Bassingdale** s. 127 H. Craig in attendance for Staff Panel: DLK
April 12, 2010 9:15 a.m.	**Peter Robinson and Platinum International Investments Inc.** s. 127 M. Boswell in attendance for Staff Panel: DLK
April 12, 2010 9:30 a.m.	**Uranium308 Resources Inc., Michael Friedman, George Schwartz, Peter Robinson, and Shafi Khan** s. 127 M. Boswell in attendance for Staff Panel: DLK
April 12, 2010 9:45 a.m.	**Innovative Gifting Inc., Terence Lushington, Z2A Corp., and Christine Hewitt** s. 127 M. Boswell in attendance for Staff Panel: DLK
April 12, 2010 10:00 a.m.	**Abel Da Silva** s. 127 M. Boswell in attendance for Staff Panel: DLK
April 13, 2010 2:30 p.m.	**Axcess Automation LLC, Axcess Fund Management, LLC, Axcess Fund, L.P., Gordon Alan Driver and David Rutledge, Steven M. Taylor and International Communication Strategies** s. 127 Y. Chisholm in attendance for Staff Panel: TBA
April 13, 2010 2:30 p.m. April 14; April 23-30, 2010 10:00 a.m.	**M P Global Financial Ltd., and Joe Feng Deng** s. 127 (1) M. Britton in attendance for Staff Panel: DLK/MCH
April 20, 2010 10:00 a.m.	**Norshield Asset Management (Canada) Ltd., Olympus United Group Inc., John Xanthoudakis, Dale Smith and Peter Kefalas** s. 127 P. Foy in attendance for Staff Panel: DLK/MCH
April 21, 2010 10:00 a.m.	**Tulsiani Investments Inc. and Sunil Tulsiani** s. 127 M. Vaillancourt/T. Center in attendance for Staff Panel: JEAT
April 21, 2010 10:00 a.m.	**Maple Leaf Investment Fund Corp. and Joe Henry Chau** s. 127 M. Vaillancourt/T. Center in attendance for Staff Panel: JEAT

April 28-29, 2010 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
May 10-June 2, 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: PJL/MCH
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
June 4, 2010 10:00 a.m.	**Franklin Danny White, Naveed Ahmad Qureshi, WNBC The World Network Business Club Ltd., MMCL Mind Management Consulting, Capital Reserve Financial Group, and Capital Investments of America** s. 127 C. Price in attendance for Staff Panel: PJL/CSP
June 15, 2010 2:00 p.m.	**Paladin Capital Markets Inc., John David Culp and Claudio Fernando Maya** s. 127 C. Price in attendance for Staff Panel: TBA
June 21, 2010 10:00 a.m.	**Rezwealth Financial Services Inc., Pamela Ramoutar, Chris Ramoutar, Justin Ramoutar, Tiffin Financial Corporation, Daniel Tiffin, 2150129 Ontario Inc. and Sylvan Blackett** s. 127(1) & (5) A. Heydon in attendance for Staff Panel: TBA
June 28, 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
June 29, 2010 10:00 a.m.	**Oversea Chinese Fund Limited Partnership, Weizhen Tang and Associates Inc., Weizhen Tang Corp., and Weizhen Tang** s. 127 and 127.1 M. Britton in attendance for Staff Panel: TBA
July 9, 2010 10:00 a.m.	**Hillcorp International Services, Hillcorp Wealth Management, Suncorp Holdings, 1621852 Ontario Limited, Steven John Hill, Daryl Renneberg and Danny De Melo** s. 127 A. Clark in attendance for Staff Panel: CSP
July 9, 2010 11:30 a.m.	**Global Energy Group, Ltd. And New Gold Limited Partnerships** s. 127 H. Craig in attendance for Staff Panel: CSP

September 13, 2010 9:00 a.m.	**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: JEAT
September 13 – 24, 2010 10:00 a.m.	**New Life Capital Corp., New Life Capital Investments Inc., New Life Capital Advantage Inc., New Life Capital Strategies Inc., 1660690 Ontario Ltd., L. Jeffrey Pogachar, Paola Lombardi and Alan S. Price** s. 127 S. Kushneryk in attendance for Staff Panel: TBA
September 13-24, 2010 October 4-19, 2010 10:00 a.m.	**Sulja Bros. Building Supplies, Ltd., Petar Vucicevich, Kore International Management Inc., Andrew Devries, Steven Sulja, Pranab Shah, Tracey Banumas and Sam Sulja** s. 127 & 127.1 J. Feasby in attendance for Staff Panel: TBA
October 18 – November 5, 2010 10:00 a.m.	**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
March 7, 2011 10:00 a.m.	**Firestar Capital Management Corp., Kamposse Financial Corp., Firestar Investment Management Group, Michael Ciavarella and Michael Mitton** s. 127 H. Craig in attendance for Staff Panel: TBA
TBA	**Yama Abdullah Yaqeen** s. 8(2) J. Superina in attendance for Staff Panel: TBA
TBA	**Microsourceonline Inc., Michael Peter Anzelmo, Vito Curalli, Jaime S. Lobo, Sumit Majumdar and Jeffrey David Mandell** s. 127 J. Waechter in attendance for Staff Panel: TBA
TBA	**Frank Dunn, Douglas Beatty, Michael Gollogly** s. 127 K. Daniels in attendance for Staff Panel: TBA

TBA

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

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

C. Price 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

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: TBA

TBA

Gold-Quest International, Health and Harmoney, Iain Buchanan and Lisa Buchanan

s. 127

H. Craig in attendance for Staff

Panel: TBA

TBA

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

s. 127(1) and 127(5)

M. Boswell in attendance for Staff

Panel: TBA

TBA

Coventree Inc., Geoffrey Cornish and Dean Tai

s. 127

J. Waechter in attendance for Staff

Panel: TBA

TBA	**IBK Capital Corp. and William F. White** s. 127 M. Vaillancourt in attendance for Staff Panel: TBA
TBA	**Lehman Cohort Global Group Inc., Anton Schnedl, Richard Unzer, Alexander Grundmann and Henry Hehlsinger** s. 127 H. Craig in attendance for Staff Panel: JEAT/CSP/SA
TBA	**Goldbridge Financial Inc., Wesley Wayne Weber and Shawn C. Lesperance** s. 127 C. Johnson in attendance for Staff Panel: TBA
TBA	**Maple Leaf Investment Fund Corp., Joe Henry Chau (aka: Henry Joe Chau, Shung Kai Chow and Henry Shung Kai Chow), Tulsiani Investments Inc., Sunil Tulsiani and Ravinder Tulsiani** s. 127 M. Vaillancourt/T. Center in attendance for Staff Panel: TBA
TBA	**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
TBA	**Nest Acquisitions and Mergers, IMG International Inc., Caroline Myriam Frayssignes, David Pelcowitz, Michael Smith, and Robert Patrick Zuk** s. 37, 127 and 127.1 C. Price in attendance for Staff Panel: TBA
TBA	**Chartcandle Investments Corporation, CCI Financial, LLC, Chartcandle Inc., PSST Global Corporation, Stephen Michael Chesnowitz and Charles Pauly** s. 127 and 127.1 S. Horgan in attendance for Staff Panel: TBA
TBA	**Carlton Ivanhoe Lewis, Mark Anthony Scott, Sedwick Hill, Leverage Pro Inc., Prosporex Investment Club Inc., Prosporex Investments Inc., Prosporex Ltd., Prosporex Inc., Prosporex Forex SPV Trust, Networth Financial Group Inc., and Networth Marketing Solutions** s. 127 and 127.1 H. Daley in attendance for Staff Panel: TBA
TBA	**Wilton J. Neale, Multiple Streams of Income (MSI) Inc., and 360 Degree Financial Services Inc.** s. 127 and 127.1 H. Daley in attendance for Staff Panel: TBA
TBA	**Albert Leslie James, Ezra Douse and Dominion Investments Club Inc.** s. 127 and 127.1 H. Daley in attendance for Staff Panel: TBA

TBA	**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, Angela Curry and Prosporex Forex SPV Trust** s. 127 H. Daley 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 OSC Notice 11-753 (Revised) – Statement of Priorities for Financial Year to End March 31, 2011

OSC NOTICE 11-753 (REVISED)

NOTICE OF STATEMENT OF PRIORITIES
FOR FINANCIAL YEAR TO END MARCH 31, 2011

The *Securities Act* requires the Commission to deliver to the Minister by June 30th of each year a statement of the Commission setting out its priorities for its current financial year in connection with the administration of the Act, the regulations and rules, together with a summary of the reasons for the adoption of the priorities.

In the notice published by the Commission on December 11, 2009 (32 OSCB 10311), the Commission set out its draft Statement of Priorities and invited public input in advance of finalizing and publishing the 2010/2011 Statement of Priorities. Ten responses were received. The responses were generally supportive of the direction and goals we have set. Comments focused on a wide range of issues including:

i) strong support for initiatives to develop, harmonize or modernize regulatory responses (e.g. scholarship plans, ATS's and exchanges)

ii) the value of open and inclusive consultation continues to be seen to be very important;

iii) a number of comments focused on restitution and expanding OSC regulatory authority to make investors whole for losses suffered as a result of misconduct by market participants or registrants; and

iv) there continues to be support for efforts toward creation of a single regulator.

We have considered the comments received and have made the following changes to our 2010/2011 Statement of Priorities:

(i) a reference to the recently announced (on February 26, 2010) creation of an independent, funded panel with a focus on investor issues has been added; and

(ii) a new initiative was included to signal our intention to direct more resources to the regulation of over-the-counter derivatives.

The comment letters and our responses to the comments is available on our website www.osc.gov.on.ca. The comment letters included useful suggestions focused on specific action steps that could be taken while working toward our identified priorities. These comments will be considered in undertaking the identified initiatives.

The Statement of Priorities will serve as the guide for the Commission's operations. Following delivery of the Statement of Priorities to the Minister, we will also publish on our website a report on our progress against our 2009/2010 priorities.

March 26, 2010

For further information contact:

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Manager, Business Planning
Ontario Securities Commission
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Toronto, Ontario
M5H 3S8
(416) 593-8179

ONTARIO SECURITIES COMMISSION
2010-2011

STATEMENT OF PRIORITIES

MARCH 2010

Introduction

The *Securities Act* (Ontario) requires the Ontario Securities Commission (OSC) to publish in its Bulletin and to deliver to the Minister by June 30 of each year a statement by the Chair setting out the proposed priorities for the Commission for the current financial year.

This Statement of Priorities sets out the OSC's strategic goals and specific initiatives for the 2010-11 fiscal year in support of each of its goals. It also discusses the environmental factors that we considered in setting these goals.

The OSC remains committed to delivering its regulatory services with effectiveness and accountability and to working closely with its colleagues within the Canadian Securities Administrators (CSA) and with market participants to ensure that the regulatory system remains relevant to the changing marketplace.

Our Vision

To be an effective and responsive securities regulator – fostering a culture of integrity and compliance and instilling investor confidence in the capital markets.

Our Mandate

The OSC's mandate is to provide protection to investors from unfair, improper or fraudulent practices and to foster fair and efficient capital markets and confidence in capital markets. The mandate is established by statute.

Message from the Chair and Executive Director

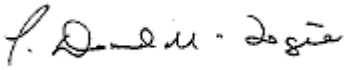
As the capital markets undergo rapid change, the OSC remains responsive and progressive in its work on behalf of the investors and market participants in Ontario. We strive to keep ahead of developments and issues shaping the marketplace in order to fulfil the OSC's mandate and achieve its strategic goals.

The OSC Statement of Priorities for fiscal 2010-11 sets out the main environmental factors that dominate the landscape that we are working within today. These factors address the fast-paced structural changes in the marketplace, regulatory coverage, investor protection and public accountability. They played an integral role in determining the OSC's regulatory priorities and specific initiatives for 2010-11.

We have published our Statement of Priorities at a critical juncture for the regulatory structure in Canada. The OSC is committed to supporting the Government of Ontario and its goal of having a national securities regulator in Canada. Over the past year, the OSC has provided assistance to the Canadian Securities Transition Office (CSTO) during the drafting of a new federal Securities Act. We look forward to sharing our views with the CSTO as the initiative moves forward.

Today's capital markets include new marketplaces, increasingly sophisticated trading systems and a proliferation of investment products. The OSC's key priorities reflect that we are using open and progressive approaches to deal with today's regulatory issues, while anticipating the challenges of tomorrow. Our commitment is to deliver regulatory services to our stakeholders with effectiveness and accountability.

Yours very truly,



David Wilson
Chair and Chief Executive Officer

Peggy Dowdall-Logie
Executive Director

Our Environment

The OSC vision and mandate underlie our business plan, and the goals and priorities we set each year. We also take into account environmental factors that could affect our organization. We have set out below a discussion of the main environmental factors that currently affect our work and that we expect will affect new work we plan to undertake over the next few years. Specific initiatives are set out later in this document.

Pace of Change

Capital markets, in Ontario and in other jurisdictions, have experienced significant structural change in recent years, including shifts from single marketplaces to multiple and increasingly complex marketplaces. At the same time, there has been a proliferation of complex securities products and investment advice (including the use of leverage, derivatives and exposure to commodities) and an increasing technological sophistication in the operations of market participants. Investors may not sufficiently appreciate the risks associated with novel investment options or new technologies. This is a particular concern in the current low interest rate environment in which many investors are trying to rebuild their portfolios after the recent market downturn.

These new realities, their impacts, the speed with which they arise, and the increasingly subtle and intricate nature of their consequences demand an adaptive, balanced and informed regulatory response.

Innovations, whether in products, market structures or distribution channels can challenge established approaches to understanding them and developing appropriate regulatory responses. New information/data will be required along with analytical approaches to ensure informed appreciation of their impact.

Regulatory Gaps and Coverage

Having an appropriate scope of regulatory authority is important to achieving the OSC's mandate. Recent market turmoil and the accompanying financial crisis have led some to observe that regulatory coverage has been uneven. For example, differing regulatory approaches to essentially similar products (such as investment funds and other managed investment products) or to similar activities conducted by different types of registrants can unintentionally reduce market competitiveness or undermine investor protection. At the same time, these inconsistencies may pose risks to investors who may be unaware of the differences. When combined with rapid product and market evolution, uneven regulatory coverage may also contribute to increased overall risk.

We remain committed to ensuring our regulatory regime applies to the full range of markets, market participants and products at play. Investor protection cannot be truly effective without assessing the extent to which derivatives, exempt markets, credit rating agencies and other areas are adequately supervised. We will need to consider whether the current level of regulation of these areas is appropriate and we will need to co-ordinate our efforts with those of other regulators and self-regulatory organizations.

The financial crisis also revealed weaknesses in the global financial regulatory system, highlighting the need for a co-ordinated global response to address systemic risk and develop a more effective system of oversight and regulation. Addressing regulatory gaps will require continued collaboration with the International Organization of Securities Commissions and other international standard setters and regulators to implement the G20 action plan.

In the Canadian capital markets, we will need to actively contribute to the discussions and work underway to redesign the regulatory framework to better address systemic risk. This will involve working with partners such as Office of the Superintendent of Financial Institutions, the Bank of Canada, insurance and other securities regulators.

Deepening Investor Focus

We recognize that new ways to effectively gauge and incorporate investor perspectives are necessary to achieve and enhance investor protection. This requires a flexible regulatory approach that can adapt to the diverse range of interests, demands and concerns. For example, investor demands and needs differ depending on whether an investor is researching potential investments, executing an investment transaction or protecting security holder rights once an investment has been made.

We will continue our work to ensure Ontario securities laws address the needs of investors throughout the investing cycle. To help prospective investors make informed investment decisions, we plan to better understand the information investors need, as well as how and when they need this information. To this end, following the release of the Statement of Priorities for comment, the OSC has announced (on February 26, 2010) the creation of a Investor Advisory Panel that will provide input on the work of the Commission from the investor perspective. This includes commenting on proposed rules and policies, the annual Statement of Priorities, concept papers and specific issues. The Investor Advisory Panel is expected to encourage input from a range of investors that can be fed directly into the OSC's important initiatives.

We will continue to monitor compliance with Ontario securities laws to ensure that market participants meet the regulatory standards for disclosure and advice that investors require.

Growing Public Expectations/Accountability

In light of recent market developments, market participants and industry watchers have called for regulators to move faster and more decisively in responding to potential problems. While the OSC seeks to be responsive to these demands, our response must be balanced and guided by our mandate, the scope of our authority and our operational capabilities.

Providing transparency and accountability in our operations requires going beyond demonstrating that our resources are effectively utilized. We are imposing greater fiscal discipline on all of our operations and we are prudent in our spending. While we will ensure that our spending is restrained, we remain focused on achieving our key priorities and fulfilling our mandate effectively. We will continue to use a disciplined risk assessment approach to focus resources on our highest priorities and clearly report on outcomes achieved.

Accountability to Ontario's investors and market participants is integral to the planning and implementation of the OSC's operational priorities. Effectively listening to and communicating with interested stakeholders is essential to meeting the challenges we face in fulfilling our mandate and addressing expectations about what we can accomplish. We will continue to outline our regulatory goals and outcomes, how we seek to achieve these goals and outcomes, and the challenges we face. OSC management and staff are accountable to fulfil the OSC's dual mandate. We will work with integrity, professionalism and efficiency.

Our Goals

Goal 1 – Identify the important issues and deal with them in a timely way.

Our goal is to deal with today's concerns, while anticipating tomorrow's challenges. We want to be a strategic leader in fulfilling our mandate to Ontario investors and Ontario capital markets.

Goal 2 – Deliver fair, vigorous and timely enforcement and compliance programs.

Timely and appropriate compliance and enforcement are integral to fostering confidence in capital markets and preventing harm to investors.

Goal 3 – Champion investor protection, especially for retail investors.

The interests and needs of investors, particularly retail investors, will continue to be strongly reflected in all the OSC's operations. In addition to our enforcement activities, investor education and awareness, and timely access to accurate information are important components of investor protection.

Goal 4 – Support and promote a more flexible, efficient and accountable organization.

The OSC's strength is its people. We will make the best use of all our resources, including people, technology, research and financial, to achieve timely and effective execution of all that we do.

We expect OSC Commissioners and employees to maintain the highest standards of conduct and personal integrity, and to deal openly and fairly with all of our stakeholders. We will continue to constantly improve our business competence and effectiveness.

In delivering on our goals we will:

- Be responsive and flexible as an organization, and treat all stakeholders with respect and fairness;
- Consult and collaborate with investors, issuers, intermediaries, other industry participants and professionals to identify important issues;
- Continue to reflect investor interests in all that we do;
- Continue to support investor education initiatives;
- Continue to examine approaches to securities regulation used by other Canadian and international jurisdictions to assist us in providing a balanced regulatory approach and adopting best regulatory practices;
- Seek to render fair, clear, cogent and consistent adjudicative decisions quickly and cost effectively;
- Use the full range of tools available to achieve our mandate, and assign priorities to all our work based on our strategic goals;
- Continuously monitor and improve the efficiency and effectiveness of our operations; and
- Identify skills requirements and ensure that we attract, retain and motivate staff who possess the required skills.

Key Regulatory Priorities for 2010-11

In light of the environmental factors outlined above, we have identified five broad priorities for 2010-11. These priorities are set out below. In addition, we will carry out a number of smaller initiatives as well as ongoing operational programs in order to achieve our mandate.

We are also committed to supporting the Canadian Securities Transition Office, other provincial securities regulators and the Ontario Ministry of Finance, with the development of a national securities regulator. We believe the OSC has much to offer in terms of experience and expertise.

1. Deepen our Focus on Investor Protection

Build on the work undertaken in response to the Standing Committee on Government Agencies by focusing on issues relevant to investors at specific stages of the investment process as follows:

At the investment decision-making stage:

- promote clear and informative disclosure that allows investors to make informed investment decisions; and
- leverage the work of the OSC Investor Steering Committee through the OSC website.

Related to transaction or trade execution:

- implement the order protection rule; and
- implement new complaint handling, conflicts and referrals regime for registration.

For investors who own securities:

- review protections for shareholders rights and corporate governance;
- define guidelines or standards for performance and cost reporting information, including electronic delivery; and
- updating the early warning disclosure regime for takeover bids and proposing revised Commission policy on defensive tactics.

2. Respond to Market Developments

Review and analyze market developments to develop or modernize regulatory responses related to:

- the implementation of International Financial Reporting Standards in 2011;
- methods of trading (such as direct market access) and new structures (new order types and facilities such as dark pools) that may impact transparency, access and fairness; and
- regulation of alternative trading systems (ATSs) and exchanges and update rules as necessary.

3. Address Adequacy of Regulatory Coverage

The recent financial crisis has shown that issues arising in areas of the market that are, relative to others, less regulated can have adverse impacts on both investor protection and market efficiency. In extreme conditions this can be an indication of systemic risk. Recognizing this, we plan to review and assess the regulation of both products and distribution practices with an emphasis on areas where jurisdiction is shared or needs to be confirmed. As necessary, we will pursue appropriate regulatory authority to allow us to effectively discharge our mandate. Specific areas to be addressed include:

- Establishing a new group within the OSC to focus on regulation of over-the-counter (OTC) derivative products;
- Risks related to products and distribution of securities in the exempt market;

- The regulatory framework for trading over-the-counter derivatives;
- Regulatory requirements applicable to non-conventional investment funds;
- Disclosure and operational rules applicable to scholarship plans; and
- The appropriate regulation of credit rating agencies.

4. Maintain a Strong and Visible Enforcement Presence

Our focus on enforcement activities is designed to protect investors and markets from abuse. Effective enforcement involves identifying the most serious risks associated with breaches of the *Securities Act* (Ontario) and taking actions to deter undesirable behaviours. It includes removing participants who do not comply with securities laws from our capital markets.

We strive to treat all market participants fairly and with integrity, and to be consistent in our approach and the sanctions we impose. Our work to improve the effectiveness of our enforcement will focus on the following areas:

- Continuing to refine our processes to reduce timelines for completing investigations and bringing regulatory proceedings forward;
- Improving deterrence by pursuing increased collaboration with other regulators and law enforcement agencies, including the provincial Office of the Attorney General, to identify more cases for prosecution in criminal court and seek stronger sanctions;
- Addressing information leakage relating to trading events by focusing on market participants and their advisors holding positions of substantial influence or trust; and
- Improving our regulatory surveillance and analysis by making greater use of automated tools to identify data anomalies.

5. Improve the Way we Work

We remain committed to improving our business capability and our accountability to stakeholders. We plan to improve our operational performance through process improvements and greater use of technology, including:

- Making changes to OSC tribunal case management processes to accelerate the adjudication process;
- Making greater use of e-delivery of specific reporting documents, including enhanced web access to information; and
- Continuing to develop more comprehensive internal performance reporting and measurement.

2010-11 Financial Outlook

OSC Revenues and Surplus

Securities market participants fund our operations through fees they pay. The current fee structure under the *Securities Act* (Ontario) and the *Commodity Futures Act* was established in 2003. The fee model is intended to recover our costs of operation in fulfilling our mandate while allowing us to remain financially stable. When we implemented the fee model, we committed to re-evaluate fee levels every three years.

Achieving the appropriate balance can be challenging because most of our costs are relatively fixed, while our revenues fluctuate with market activity. From 2003 to 2008, we generated accumulated surpluses. These surpluses were largely due to higher than anticipated market growth in that period. We were able to defer a fee increase in 2009-10 by using a portion of our surplus in 2009-10. As a result, our fees have not changed since April 2006. A proposed amended fee rule, with an effective date of April 5, 2010, has been sent to the Minister of Finance for approval.

Activity Fees – Under the proposal, most of the activity fees would remain unchanged from the rates set in 2006. The proposed increases on the remaining fees are due to increased complexity of the activity. None of the proposed changes is expected to have a material impact on market participants.

Participation Fees – Total participation fees paid by market participants would rise by a weighted average of 12.2% per year. This would result in increases of approximately 9% per year for registrants and 17% per year for issuers from the participation fees set in 2006. However, the issuers' participation fees for comparable fee tiers would be less in each of the years covered by the proposed amendments (2011 to 2013) than in 2003, when these fees were first set. The difference in fee increases proposed for issuers and registrants is to better align revenues generated from each group with its level of participation in the Ontario capital markets.

Even with these fee increases, we expect to operate at a deficit in each of the next three years. For the three years ending March 2013, we project operating costs will exceed revenues by $27.3 million. This deficit will be offset by applying the expected March 2010 accumulated operating surplus of $29.8 million and will result in an ending operating surplus of $2.5 million in fiscal 2013.

OSC 2010-2011 Budget Approach

In developing the 2010-11 budget, we have carefully balanced the need for restraint with our need to move forward on initiatives which are necessary to achieve our mandate of providing protection to investors and fostering fair and efficient capital markets. Our Board of Directors and management are committed to prudently managing our budget and expenditures. We strive to provide value-for-money to our stakeholders and ensure that we deliver efficient and quality services.

The budget reflects a projected increase of $7.7 million or 9.7% over forecast 2009-10 spending and 3.4% above the 2009-10 budget. The level of the proposed increase is consistent with those being sought by regulators in other jurisdictions. Salaries and benefits, which comprise $65.2 million or 75.2% of the budget, reflect an increase of $3.7 million or 7.2% over 2009-10 spending. The increase in salaries and benefits cost reflects a number of factors including: the full-year costs for staff hired during 2009-10, six new positions, average salary increases of 1.6% and higher health benefits costs.

It should be noted that forecast 2009-10 spending is significantly below the amount budgeted. This was partly due to the need to adapt operations to accommodate government directives on travel and procurement of professional services which resulted in delays and reductions in planned spending. As a result, the 2009-10 forecast may not be an appropriate baseline for comparison to 2010-11. Moving the costs for some of these deferred 2009-10 initiatives into the 2010-11 budget magnifies the variance and compounds the difficulties in making useful comparisons with 2009-10.

2011 Budget Comparisons

($000's)	2009/2010 Budget	2009/2010 Forecast Actual	2010/2011 Proposed Budget	2010/2011 Budget to 2009/2010 Budget $$$ Change	2010/2011 Budget to 2009/2010 Budget % Change	2010/2011 Budget to 2009/2010 Forecast Actual $$$ Change	2010/2011 Budget to 2009/2010 Forecast Actual % Change
Revenues	61,900	62,100	69,497	7,597	**12.3%**	7,397	**11.9%**
Expenses	83,905	79,074	86,740	2,835	**3.4%**	7,666	**9.7%**
Deficiency of Revenue compared with Expenses	(22,005)	(16,974)	(17,243)	4,762		(269)	

The 2010-11 budget increase also includes two significant new initiatives that were not reflected at the time the Statement of Priorities was published for comment Additional funding is required for the recently announced independent, funded panel with a focus on investor issues. The other initiative is the planned establishment of a new group within the OSC to focus on the regulation of OTC derivatives. While these initiatives will be staffed in part by a re-allocation of existing resources, the scope of the initiatives is such that incremental resources will be needed and are reflected in the budget. These initiatives address comments received and are consistent with the regulatory outcomes we are seeking with our proposed priorities.

1.1.3 Notice of Commission Approval – Amendments to MFDA Rule 2.4.1 – Payment of Commissions to Unregistered Corporation

MUTUAL FUND DEALERS ASSOCIATION OF CANADA (MFDA)

AMENDMENTS TO RULE 2.4.1
REGARDING THE PAYMENT OF COMMISSIONS TO UNREGISTERED CORPORATION

NOTICE OF COMMISSION APPROVAL

The Ontario Securities Commission has approved amendments to MFDA Rule 2.4.1 regarding the payment of commissions to an unregistered corporation. In addition, the Alberta Securities Commission, the Manitoba Securities Commission, New Brunswick Securities Commission, Nova Scotia Securities Commission, and Saskatchewan Financial Services Commission approved, and the British Columbia Securities Commission did not object to the MFDA's proposal. The amendments allow Approved Persons of MFDA Member firms to have remuneration from the Member paid directly to an unregistered corporation, subject to certain conditions. This does not apply, however, in respect of any such remuneration derived from a client in Alberta.

MFDA Members and Approved Persons should note that the Commission's approval of these amendments permits the MFDA to effect amendments to its own rules that relate solely to the payment to an unregistered corporation of any portion of an Approved Person's remuneration from business conducted by the Approved Person on behalf of the Member firm. The Commission's approval does not authorize the unregistered corporation to conduct any trading or advising activities for which the remuneration may have been paid.

Commission staff expect that MFDA Members and their Approved Persons will comply with any and all applicable tax legislation when any portion of an Approved Person's remuneration, in respect of business conducted by the Approved Person on behalf of a Member firm, is being directed to an unregistered corporation.

The Commission's approval was given on the condition that the MFDA amends the prescribed form of agreement included in MFDA Member Regulation Notice MR-0002, so that it reflects the terms required in subparagraph (b)(iii) of MFDA Rule 2.4.1, and obtains new signed agreements within one year of the publication of this notice.

The MFDA's proposal was published for comment on June 19, 2009 at (2009) 32 OSCB 5140. Some changes have been made to the proposal since initially published for comment. These changes include a limitation of the application of paragraph (b) of MFDA Rule 2.4.1 to Approved Persons that act as agents of the Member in compliance with MFDA Rule 1.1.5, and the addition of a provision to deny the application of that paragraph in respect of remuneration derived from a client in Alberta. The MFDA has also summarized the comments it received on the proposal and provided responses. A blacklined copy of MFDA Rule 2.4.1 showing the changes to the version published in June 2009, and the MFDA's summary of comments and its responses, are included in Chapter 13 of this Bulletin.

March 26, 2010

1.2 Notices of Hearing

1.2.1 Richvale Resource Corp. et al. – ss. 127(7), 127(8)

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

AND

RICHVALE RESOURCE CORP.,
MARVIN WINICK,
HOWARD BLUMENFELD,
PASQUALE SCHIAVONE,
AND SHAFI KHAN

NOTICE OF HEARING
Sections 127(7) and 127(8)

WHEREAS on March 19, 2010, the Ontario Securities Commission (the "Commission") issued a temporary cease trade order pursuant to sections 127(1) and 127(5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") ordering: that all trading in securities of Richvale Resources Corporation shall cease; and that Richvale Resources Corporation and its representatives, including Marvin Winick, Howard Blumenfeld, Pasquale Schiavone and Shafi Khan cease trading in all securities (the "Temporary Order");

TAKE NOTICE THAT the Commission will hold a hearing pursuant to subsections 127(7) and (8) of the Act at the offices of the Commission, 20 Queen Street West, 17th Floor, Hearing Room "C", commencing on April 1, 2010 at 10:00 a.m., or as soon thereafter as the hearing can be held;

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

(i) to extend the Temporary Order pursuant to subsections 127(7) and (8) of the Act until the conclusion of the hearing, or until such further time as considered necessary by the Commission;

(ii) to make such further orders as the Commission considers appropriate;

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

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

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

DATED at Toronto this 22nd day of March, 2010.

"John Stevenson"

1.3 News Releases

1.3.1 Canadian Securities Regulators Take Steps to Improve Scholarship Plan Disclosure for Investors

FOR IMMEDIATE RELEASE
March 24, 2010

CANADIAN SECURITIES REGULATORS TAKE STEPS TO IMPROVE SCHOLARSHIP PLAN DISCLOSURE FOR INVESTORS

Toronto – The Canadian Securities Administrators (CSA) today published for comment amendments to National Instrument 41-101 *General Prospectus Requirements* and Form 41-101F2 *Information Required in an Investment Fund Prospectus* that are aimed at providing investors with more meaningful and effective disclosure about scholarship plans.

This publication is the first phase of the CSA's approach to modernize the regulation of scholarship plans. The proposal includes Form 41-101F3 *Information Required in a Scholarship Plan Prospectus*, a new form that is tailored to the unique features of scholarship plans.

Central to the proposal is a new Plan Summary document that highlights the potential benefits, risks and costs of investing in a scholarship plan. It is written in plain language, will generally be no more than three pages and will be delivered with the prospectus.

"We know that investors often have trouble understanding the unique features and complexity of scholarship plans," said Jean St-Gelais, Chair of the CSA and President & Chief Executive Officer of the Autorité des marchés financiers (Québec). "The new prospectus form will provide investors with the opportunity to make more informed investment decisions by giving them key information in language they can better understand."

The need for clearer and simpler prospectus disclosure for scholarship plans was also identified in *Review of Registered Education Savings Plan Industry Practices*, a 2008 report prepared for the department of Human Resources and Social Development Canada (HRSDC).

Copies of the proposed rule amendments and additional background information are available on the websites of CSA members. The CSA is seeking input from all stakeholders on the proposals. The comment period is open until June 22, 2010.

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

For more information:

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Ontario Securities Commission
416-593-8307

Mark Dickey
Alberta Securities Commission
403-297-4481

Ainsley Cunningham
Manitoba Securities Commission
204-945-4733

Natalie MacLellan
Nova Scotia Securities Commission
902-424-8586

Janice Callbeck
PEI Securities Office
Office of the Attorney General
902-368-6288

Fred Pretorius
Yukon Securities Registry
867-667-5225

Donn MacDougall
Northwest Territories
Securities Office
867-920-8984

Sylvain Théberge
Autorité des marchés financiers
514-940-2176

Ken Gracey
British Columbia Securities Commission
604-899-6577

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

Barbara Shourounis
Saskatchewan Financial Services Commission
306-787-5842

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

Louis Arki
Nunavut Securities Office
867-975-6587

1.4 Notices from the Office of the Secretary

1.4.1 Nest Acquisitions and Mergers et al.

FOR IMMEDIATE RELEASE
March 22, 2010

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

AND

IN THE MATTER OF
NEST ACQUISITIONS AND MERGERS,
IMG INTERNATIONAL INC.,
CAROLINE MYRIAM FRAYSSIGNES,
DAVID PELCOWITZ, MICHAEL SMITH, and
ROBERT PATRICK ZUK

TORONTO – The Commission issued an Order in the above named matter adjourning the hearing to a pre-hearing conference on July 15, 2010 at 10:00 a.m.

A copy of the Order dated March 22, 2010 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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Robert Merrick
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For investor inquiries:

OSC Contact Centre
416-593-8314
1-877-785-1555 (Toll Free)

1.4.2 Paladin Capital Markets Inc. et al.

FOR IMMEDIATE RELEASE
March 23, 2010

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

AND

IN THE MATTER OF
PALADIN CAPITAL MARKETS INC.,
JOHN DAVID CULP AND
CLAUDIO FERNANDO MAYA

TORONTO – Following a hearing held in the above noted matter, the Commission issued an Order which provides that (1) pursuant to sections 127(7) and 127(8), the Temporary Order is extended until June 16, 2010; and (2) The hearing is adjourned to June 15, 2010 at 2:00 p.m.

A copy of the Order dated March 22, 2010 is available at **www.osc.gov.on.ca**.

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1.4.3 Chartcandle Investments Corporation et al.

FOR IMMEDIATE RELEASE
March 23, 2010

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

AND

IN THE MATTER OF
CHARTCANDLE INVESTMENTS CORPORATION,
CCI FINANCIAL, LLC, CHARTCANDLE INC.,
PSST GLOBAL CORPORATION,
STEPHEN MICHAEL CHESNOWITZ
and CHARLES PAULY

TORONTO – The Commission issued an Order which provides that the hearing is adjourned to May 26, 2010 at 10:00 a.m., or such other date as the Secretary's office will advise, for a pre-hearing conference to review the status of disclosure, determine whether any motions will be brought by any of the parties and to set dates for the hearing on the merits in this matter.

A copy of the Order dated March 22, 2010 is available at **www.osc.gov.on.ca**.

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1.4.4 Gold-Quest International et al.

FOR IMMEDIATE RELEASE
March 24, 2010

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

AND

IN THE MATTER OF
GOLD-QUEST INTERNATIONAL,
1725587 Ontario Inc. carrying on business as
HEALTH AND HARMONEY,
HARMONEY CLUB INC.,
DONALD IAIN BUCHANAN,
LISA BUCHANAN
AND SANDRA GALE

TORONTO – The Commission issued an Order in the above matter which provides that the Hearing is adjourned to April 28, 2010 at 10:00 a.m. for a full day and April 29, 2010 from 10:00 a.m. to 2:00 p.m., or such other dates as are agreed to by the parties and determined by the Office of the Secretary, for the purpose of considering sanctions against certain of the Respondents and for any other purpose that the parties may advise the Office of the Secretary.

A copy of the Order dated March 23, 2010 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
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1.4.5 Richvale Resource Corp. et al.

FOR IMMEDIATE RELEASE
March 24, 2010

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

AND

IN THE MATTER OF
RICHVALE RESOURCE CORP.,
MARVIN WINICK,
HOWARD BLUMENFELD,
PAQUALE SCHIAVONE,
AND SHAFI KHAN

TORONTO – The Commission issued a Temporary Order on March 19, 2010 pursuant to subsections 127(1) and 127 (5) of the Act in the above named matter.

The Office of the Secretary issued a Notice of Hearing setting the matter down to be heard on April 1, 2010 at 10:00 a.m. or as soon thereafter as the hearing can be held in the above named matter.

A copy of the Notice of Hearing dated March 22, 2010 and the Temporary Order dated March 19, 2010 are available at **www.osc.gov.on.ca**.

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Fédération des Caisses Desjardins du Québec et al.

Headnote

NP 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Approval of mutual fund mergers – approval required because mergers do not meet the criteria for pre-approved reorganizations and transfers in National Instrument 81-102 – two continuing funds have different investment objectives than terminating fund and one continuing fund have different fee structure than terminating fund, all mergers not a "qualifying exchange" or a tax-deferred transaction under Income Tax Act, tailored document has been sent to securityholders instead of complete current prospectus and financial statements as been sent upon request by a securityholders of terminating funds provided with timely and adequate disclosure regarding the mergers.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds ss. 5.5(1)(b), 5.6.

March 16, 2010

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

AND

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

AND

IN THE MATTER OF
FÉDÉRATION DES CAISSES
DESJARDINS DU QUÉBEC
(the Manager)

AND

DESJARDINS NORTHWEST SPECIALTY
GLOBAL HIGH YIELD BOND FUND,
DESJARDINS ENHANCED ALTERNATIVE
INVESTMENTS FUND,
DESJARDINS NORTHWEST
SPECIALTY EQUITY FUND AND
DESJARDINS FIDELITY TRUE NORTH® FUND

(each, a Terminating Fund and collectively,
the Terminating Funds,
and with the Manager, the Filers)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (**Decision Maker**) has received an application from the Filers for a decision under the securities legislation of the Jurisdictions (**Legislation**) for approval under subsection 5.5(1)(b) of National instrument 81-102 *Mutual Funds* (**NI 81-102**) of the mergers (**Mergers**) of the Terminating Funds into the applicable Continuing Funds (defined below) (**Approval Sought**).

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

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

Interpretation

Terms defined in National Instrument 14-101 *Definitions*, and MI 11-102 have the same meaning if used in this decision, unless otherwise defined. The following additional terms shall have the following meanings:

Continuing Funds means Desjardins Alternative Investments Fund, Desjardins Canadian Small Cap Equity Fund and Desjardins Canadian Equity Fund;

Current Simplified Prospectus means the simplified prospectus dated January 15, 2009, as amended by amendments dated June 2, 2009 and January 13, 2010 and for which the Funds obtained an extension of their lapse date to March 8, 2010;

Fund or **Funds** means, individually or collectively, the Terminating Funds and the Continuing Funds;

IRC means the independent review committee for the Funds;

Materially Changed Continuing Fund means Desjardins Canadian Equity Fund;

NI 81-107 means National Instrument 81-107 *Independent Review Committee for Investment Funds*;

Offering Documents means the simplified prospectus and annual information form dated January 15, 2009, as amended by amendments dated June 2, 2009 and January 13, 2010 and for which the Funds obtained an extension of their lapse date to March 8, 2010; and

Tax Act means the *Income Tax Act* (Canada).

Representations

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

1. The manager is a corporation incorporated under the laws of the Province of Quebec, with its head office in Montreal, Quebec.

2. The Manager is the manager and the trustee of each of the Funds.

3. The Funds are open-ended mutual fund trusts established under the laws of Québec pursuant to a declaration of trust.

4. Securities of the Funds are currently qualified for sale in each province and territory of Canada under the Offering Documents.

5. Each of the Funds is a reporting issuer under applicable securities legislation of each province and territory of Canada. None of the Funds or the Manager are in default of securities legislation in any province or territory of Canada.

6. Other than circumstances in which the securities regulatory authority of a province or territory of Canada has expressly exempted a Fund therefrom, each of the Funds follows the standard investment restrictions and practices established by the Decision Makers.

7. The net asset value of each class of the Funds is calculated on a daily basis in accordance with the valuation policy of the Funds as described in the Offering Documents.

8. The Manager intends to reorganize the Funds as follows:

   (a) Desjardins Northwest Specialty Global high Yield Bond Fund will merge into Desjardins Alternative Investments Fund;

   (b) Desjardins Enhanced Alternative Investments Fund will merge into Desjardins Alternative Investments Fund;

   (c) Desjardins Northwest Specialty Equity Fund will merge into Desjardins Canadian Small Cap Equity Fund;

   (d) Desjardins Fidelity True North® Fund will merge into Desjardins Canadian Equity Fund.

9. The Merger of Desjardins Fidelity True North® Fund into Desjardins Canadian Equity Fund will be a material change for the Continuing Fund, as the net asset value of the Continuing Fund is smaller than the net asset value of the Terminating Fund.

10. A press release announcing the proposed Mergers was issued and filed on January 13, 2010 and amendments to the Offering Documents of the Funds and a material change report with respect to the proposed Mergers were filed via SEDAR also on January 13, 2010.

11. As required by securities regulation, the Manager presented the conflict of interest matters inherent to the proposed Mergers to the IRC. In the context of its mandate and of NI 81-107, the IRC issued a favourable recommendation with respect to the proposed Mergers. Specifically, the IRC has advised the Filers that, after reasonable inquiry, it has concluded that the Mergers do not create any conflict of interest issues that have not been adequately addressed and, on that basis, achieve a fair and reasonable result for the Funds.

12. The portfolios and other assets of each Terminating Fund to be acquired by the applicable Continuing Fund arising from the Mergers are currently, or will be, acceptable, on or prior to the effective date of the Mergers, to the portfolio advisors of the applicable Continuing Fund and are or will be consistent with the investment objectives of the applicable Continuing Fund.

13. None of the Continuing Funds will assume the liabilities of the applicable Terminating Funds. Each Terminating Fund will retain sufficient assets to satisfy its estimated liabilities, if any, as of the date of the Mergers.

14. Securityholders of each Terminating Fund will receive, on a dollar-for-dollar basis, and class-by-class basis, securities of the applicable Continuing Fund as they currently own in the Terminating Fund.

15. No sales charges will be payable in connection with the acquisition by a Continuing Fund of the investment portfolio of an applicable Terminating Fund.

16. Each Terminating Fund will merge into the applicable Continuing Fund on or about the close of business on May 7, 2010. Each Terminating Fund will be wound up as soon as reasonably possible following the Mergers and the Continuing Funds will continue as publicly offered open-end mutual funds.

17. Securityholders of a Terminating Fund will continue to have the right to redeem securities of the Terminating Fund for cash at any time up to the close of business on the business day immediately preceding the effective date of the Mergers.

18. A notice of meeting, a management information circular and a proxy in connection with meetings of securityholders (collectively, the **Meeting Materials**), describing the proposed Mergers and the IRC's recommendation under paragraph 11 above, was mailed to securityholders of the Terminating Funds and securityholders of the Materially Changed Continuing Fund, not later than February 15, 2010 and filed via SEDAR on February 15, 2010.

19. Securityholders of the Terminating Funds and of the Materially Changed Continuing Fund have approved the Mergers at meetings held on March 9, 2010.

20. The Manager will pay for the costs of the Mergers. These costs consist mainly of brokerage charges associated with the merger-related trades that occur both before and after the date of the Mergers and legal, proxy solicitation, printing, mailing and regulatory fees.

21. Approval of the Mergers is required because each Merger does not satisfy all of the criteria for pre-approved reorganizations and transfers set out in section 5.6 of NI 81-102 in the following ways:

    (a) in each of the following Mergers, the Continuing Funds do not have substantially similar investment objectives to the relevant Terminating Fund:

        (i) the Merger of Desjardins Northwest Specialty Global high Yield Bond Fund into Desjardins Alternative Investments Fund; and

        (ii) the Merger of Desjardins Enhanced Alternative Investments Fund into Desjardins Alternative Investments Fund.

    (b) In the following Merger, the Continuing Fund and the Terminating Fund do not have substantially similar fee structures:

        (i) the Merger of Desjardins Northwest Specialty Global high Yield Bond Fund into Desjardins Alternative Investments Fund.

    (c) each of the Mergers will not be a "qualifying exchange" within the meaning of section 132.2 of the Tax Act or a tax-deferred transaction under subsection 85(1), 85.1(1), 86(1) or 87(1) of the Tax Act;

    (d) the Current Simplified Prospectus was not sent to securityholders of the Terminating Funds but, instead, the Manager sent such securityholders an excerpt of the Current Simplified Prospectus consisting of Part A and Part B for the relevant Continuing Fund; and

    (e) the most recent annual and interim financial statements for the Continuing Funds were not sent to the securityholders of the Terminating Funds but, instead, the Manager prominently disclosed in the information circular sent to securityholders of the Terminating Funds that they can obtain the most recent interim and annual financial statements of the Continuing Funds by accessing the SEDAR website at www.sedar.com, by accessing the Manager's website or by calling a toll-free number.

22. The Manager will, except as noted above in paragraph 21, comply with all of the other criteria for pre-approved reorganizations and transfers set out in section 5.6 of NI 81-102.

23. The tax implications of the Mergers as well as the foregoing differences between the investment objectives and fee structures of the Terminating Funds and the Continuing Funds are described in the Meeting Materials so that the securityholders of the Terminating Funds may consider this information before voting on the Mergers. The Meeting Materials also described that: (a) the mergers involving the Continuing Fund Desjardins Alternative Investments Fund would not proceed unless the securityholders of such Fund approve a change to its investment objectives; (b) the various ways in which investors can obtain a copy of the annual information forms and the management reports of fund performance for the Continuing Funds.

Decision

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

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

(a) the information circular sent to security-holders in connection with a Merger provides sufficient information about the Merger to permit securityholders to make an informed decision about the Merger;

(b) the information circular sent to security-holders in connection with a Merger prominently discloses that security-holders can obtain the most recent interim and annual financial statements of the applicable Continuing Fund by accessing the SEDAR website at www.sedar.com, by accessing the Manager's website or by calling the Manager's toll-free telephone number;

(c) upon request by a securityholder for financial statements, the Manager will make best efforts to provide the security-holder with financial statements of the applicable Continuing Fund in a timely manner so that the securityholder can make an informed decision regarding a Merger;

(d) each applicable Terminating Fund and the applicable Continuing Fund with respect to a Merger have an unqualified audit report in respect of their last completed financial period; and

(e) the material sent to securityholders of the Terminating Funds in respect of each Merger includes a tailored simplified prospectus consisting of:

(i) the Part A of the Current Simplified Prospectus; and

(ii) the Part B of the Current Simplified Prospectus of the applicable Continuing Fund.

Josée Deslauriers
Director
Investment Funds and Continuous Disclosure

2.1.2 Hearx Canada 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).

March 17, 2010

Hearx Canada Inc.
1250 Northpoint Parkway
West Palm Beach, Florida
U.S.A. 33407

Dear Sirs/Mesdames:

Re: Hearx Canada Inc. (the Applicant) – application for a decision under the securities legislation of Alberta, Québec and Ontario (the Jurisdictions) that the Applicant is not a reporting issuer

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

As the Applicant has represented to the Decision Makers that:

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

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

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

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

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

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

2.1.3 Congress Financial Capital Company – s. 1(10)

Headnote

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

Applicable Legislative Provisions

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

March 18, 2010

Leslie Milroy
McCarthy Tétrault LLP
Box 48, Suite 5300
Toronto Dominion Bank Tower
Toronto, ON M5K 1E6

Dear Leslie Milroy:

Re: Congress Financial Capital Company (the Applicant) – application for a decision under the securities legislation of Ontario, Alberta, Saskatchewan, Manitoba, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador (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.

As the Applicant has represented to the Decision Makers that:

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

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

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

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

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

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

2.1.4 CI Investments Inc. and CI Private Counsel LP

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – relief granted from the self-dealing provisions in section 13.5(2) of National Instrument 31-103 Registration Requirements to permit inter-fund trades between mutual funds, pooled funds, closed-end funds and managed accounts managed by the same manager or an affiliate of the same manager – inter-fund trades will comply with conditions in s. 6.1(2) of National Instrument 81-107 Independent Review Committee for Investment Funds, including independent review committee approval or client consent.

Applicable Legislative Provisions

National Instrument 31-103 Registration Requirements – ss. 13.5(2)(b), 15.1.
National Instrument 81-107 Independent Review Committee for Investment Funds – s. 6.1(2).

March 16, 2010

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
CI INVESTMENTS INC. AND
CI PRIVATE COUNSEL LP
(the Filers)

and

THE INVESTMENT PORTFOLIO MANAGERS
(as defined below)

DECISION

Background

The principal regulator in the Jurisdiction has received an application (the **Application**) from the Filers for a decision (the **Exemption Sought**) under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) exempting each Filer, or an affiliate of a Filer, (collectively, the **Investment Portfolio Managers** and, individually, an **Investment Portfolio Manager**) that is the manager and/or trustee of, and/or the portfolio adviser to:

(a) an existing mutual fund or future mutual fund of which the Investment Portfolio

Manager is the manager, portfolio adviser and/or trustee and to which National Instrument 81-102 - *Mutual Funds* (**NI 81-102**) applies (each, an **NI 81-102 Fund** and, collectively, the **NI 81-102 Funds**);

(b) an existing mutual fund or future mutual fund of which the Investment Portfolio Manager is the manager, portfolio adviser and/or trustee and to which NI 81-102 and National Instrument 81-107 – *Independent Review Committee for Investment Funds* (**NI 81-107**) do not apply (each, a **Pooled Fund** and, collectively, the **Pooled Funds**);

(c) an existing investment fund or future investment fund of which the Investment Portfolio Manager is the manager, portfolio adviser and/or trustee and to which NI 81-107 applies but to which NI 81-102 does not apply (each, a **Closed-End Fund** and, collectively, the **Closed-End Funds**); or

(d) a fully managed account advised by an Investment Portfolio Manager (each, a **Managed Account** and, collectively, the **Managed Accounts**),

from the prohibition in Section 13.5(2)(b) of National Instrument 31-103 – *Registration Requirements and Exemptions* (**NI 31-103**) to permit:

(e) an NI 81-102 Fund to purchase securities from or sell securities to a Pooled Fund that is:

(i) an associate of the Investment Portfolio Manager of the NI 81-102, or of an affiliate of such Investment Portfolio Manager that has access to, or participates in formulating, an investment decision made on behalf of the NI 81-102 Fund or advice to be given to the NI 81-102 Fund, (together with the Investment Portfolio Manager, an "**Investment Portfolio Responsible Person**"); or

(ii) an investment fund for which an Investment Portfolio Responsible Person of the NI 81-102 Fund acts as an adviser;

(f) a Pooled Fund to purchase securities from, or sell securities to, another Pooled Fund, an NI 81-102 Fund or a Closed-End Fund (collectively, the **Funds** and, individually, a **Fund**) that is:

(i) an associate of an Investment Portfolio Responsible Person of the Pooled Fund; or

(ii) an investment fund for which an Investment Portfolio Responsible Person of the Pooled Fund acts as an adviser;

(g) a Closed-End Fund to purchase securities from, or sell securities to a Pooled Fund that is:

(i) an associate of an Investment Portfolio Responsible Person of the Closed-End Fund; or

(ii) an investment fund for which an Investment Portfolio Responsible Person of the Closed-End Fund acts as an adviser; and

(h) a Managed Account to purchase securities from, or sell securities to, a Fund where the Fund is:

(i) an associate of an Investment Portfolio Responsible Person of the Managed Account; or

(ii) an investment fund for which an Investment Portfolio Responsible Person of the Managed Account acts as an adviser,

(collectively, the **Inter-Fund Trades**).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions:

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

(b) the Filers have provided notice that Section 4.7 of Multilateral Instrument 11-102 - *Passport System* (**MI 11-102**) is intended to be relied upon in respect of the Exemption Sought in British Columbia, Alberta, Saskatchewan, Manitoba, Québec, New Brunswick, Prince Edward Island, Nova Scotia, Newfoundland and Labrador, Northwest Territories, Yukon and Nunavut (the **Passport Jurisdictions** and, together with the Jurisdiction, the **Jurisdictions**).

Interpretation

Terms defined in MI 11-102, National Instrument 14-101 – *Definitions*, NI 31-103, NI 81-102 or NI 81-107 have the same meaning if used in this Decision, unless otherwise defined.

Representations

1. Each Fund is, or will be, an investment fund that is a trust, a corporation or a limited partnership established under the laws of a Jurisdiction or Canada. A Filer, or an affiliate of a Filer, will be the manager of each Fund.

2. Each NI 81-102 Fund and Closed-End Fund is, or will be, a reporting issuer in one or more Jurisdictions.

3. An Investment Portfolio Manager is, or will be, the manager, portfolio adviser and/or trustee of each Fund and will be the adviser to each Managed Account.

4. A Fund may be an associate of an Investment Portfolio Manager or an Investment Portfolio Responsible Person.

5. The Filers and each of the Funds are not in default of securities legislation in any of the Jurisdictions.

6. Each NI 81-102 Fund and Closed-End Fund has, or will have, an independent review committee (an **IRC**) in accordance with the requirements of NI 81-107. Each Inter-Fund Trade between an NI 81-102 Fund or a Closed-End Fund and with another Fund or a Managed Account will be referred to the relevant IRC of the NI 81-102 Fund or Closed-End Fund under Section 5.2(1) of NI 81-107.

7. Though the Pooled Funds are not subject to the requirements of NI 81-107, each Pooled Fund has, or will have, an IRC at the time the Pooled Fund engages in an Inter-Fund Trade. The IRC of the Pooled Funds is, or will be, comprised in accordance with Section 3.7 of NI 81-107 and is, or will be, expected to comply with the standard of care set out in Section 3.9 of NI 81-107.

8. The mandate of the IRC of each Pooled Fund will include approving Inter-Fund Trades to which the Pooled Fund is a party. The IRC of a Pooled Fund will not approve an Inter-Fund Trade to which the Pooled Fund is a party unless the IRC has made the determination in the same manner as set out in Section 5.2(2) of NI 81-107.

9. The investment management agreement or other documentation in respect of each Managed Account will contain the authorization from the client for the Investment Portfolio Manager of the Managed Account to make Inter-Fund Trades with Funds.

10. The Filer has determined that it would be in the best interests of the Funds and Managed Accounts to receive the Exemption Sought for the following reasons:

    (a) making the Funds and the Managed Accounts subject to the same set of rules governing the execution of Inter-Fund Trades will result in cost and timing efficiencies in respect of the execution of transactions for the Funds and the Managed Accounts; and

    (b) making the Funds and the Managed Accounts subject to the same set of rules governing the execution of Inter-Fund Trades will result in less complicated and more reliable compliance procedures, as well as more simplified and efficient monitoring thereof, for the Investment Portfolio Managers in connection with the execution of transactions on behalf of the Funds and the Managed Accounts.

11. The Investment Portfolio Managers of the NI 81-102 Funds and the Closed-End Funds cannot rely upon the exemption from Section 13.5(2)(b) of NI 31-103 codified in Section 6.1(4) of NI 81-107 because such codified relief is available to the NI 81-102 Funds and the Closed-End Funds only if, among other conditions, the trade involves two investment funds to which NI 81-107 applies (which is not the case when a Pooled Fund or a Managed Account is the other party to the transaction).

12. The Investment Portfolio Managers of the Pooled Funds and the Managed Accounts cannot rely upon the exemption from Section 13.5(2)(b) of NI 31-103 codified in Section 6.1(4) of NI 81-107 because such codified relief is not available to the Pooled Funds and the Managed Accounts.

Decision

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

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

    (a) the IRC of each Fund that is a party to the Inter-Fund Trade has approved the Inter-Fund Trade in respect of such Fund in accordance with the terms of Section 5.2(2) of NI 81-107;

    (b) if a Managed Account is a party to the Inter-Fund Trade, the investment management agreement or other documentation in respect of the Managed Account authorizes the transaction; and

    (c) the Inter-Fund Trade complies with paragraphs (c) to (g) of subsection 6.1(2) of NI 81-107.

"Rhonda Goldberg"
Manager, Investment Funds Branch
ONTARIO SECURITIES COMMISSION

2.1.5 CI Investments Inc. and CI Private Counsel LP

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – relief granted from the self-dealing provisions in section 4.2 of National Instrument 81-102 Mutual Funds to permit inter-fund trades in debt securities between mutual funds, pooled funds and closed-end funds managed by the same manager or an affiliate of the same manager – inter-fund trades will comply with conditions in s. 6.1(2) of National Instrument 81-107 Independent Review Committee for Investment Funds , including the requirement of independent review committee approval.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds – ss. 4.2(1), 4.3, 19.1.
National Instrument 81-107 – Independent Review Committee for Investment Funds – s. 6.1(2).

March 16, 2010

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
CI INVESTMENTS INC. AND
CI PRIVATE COUNSEL LP
(the Filers)

AND

THE NI 81-102 FUNDS
(as defined below)

DECISION

Background

The principal regulator in the Jurisdiction has received an application (the **Application**) from the Filers on behalf of the existing mutual funds and future mutual funds of which a Filer, or an affiliate of a Filer (individually, an **Investment Portfolio Manager** and, collectively, the **Investment Portfolio Managers**) is the manager, portfolio adviser and/or trustee and to which National Instrument 81-102 - *Mutual Funds* (**NI 81-102**) applies (each, an **NI 81-102 Fund** and, collectively, the **NI 81-102 Funds**) for a decision (the **Exemption Sought**) under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**)

exempting the NI 81-102 Funds from the prohibition in Section 4.2(1) of NI 81-102 to permit the NI 81-102 Funds to purchase debt securities from or sell debt securities to:

(a) an existing mutual fund or future mutual fund that is an associate of the Investment Portfolio Manager of the NI 81-102 Fund and to which NI 81-102 and National Instrument 81-107 — *Independent Review Committee for Investment Funds* (**NI 81-107**) do not apply (each, a **Pooled Fund** and, collectively, the **Pooled Funds**); and

(b) an existing investment fund or future investment fund that is an associate of the Investment Portfolio Manager of the NI 81-102 Fund and to which NI 81-107 applies but to which NI 81-102 does not apply (each, a **Closed-End Fund** and, collectively, the **Closed-End Funds**),

(collectively, **Inter-Fund Trades**).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions:

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

(b) the Filers have provided notice that Section 4.7 of Multilateral Instrument 11-102 - *Passport System* (**MI 11-102**) is intended to be relied upon in respect of the Exemption Sought in British Columbia, Alberta, Saskatchewan, Manitoba, Québec, New Brunswick, Prince Edward Island, Nova Scotia, Newfoundland and Labrador, Northwest Territories, Yukon and Nunavut (the **Passport Jurisdictions** and, together with the Jurisdiction, the **Jurisdictions**).

Interpretation

Terms defined in MI 11-102, National Instrument 14-101 – *Definitions*, NI 81-102 or NI 81-107 have the same meanings in this Decision, unless otherwise defined.

Representations

1. Each NI 81-102 Fund, Pooled Fund and Closed-End Fund (collectively, the **Funds**, and individually, a **Fund**) is, or will be, an investment fund that is a trust, a corporation or a limited partnership established under the laws of a Jurisdiction or Canada. A Filer, or an affiliate of a Filer, will be the manager of each Fund.

2. Each NI 81-102 Fund and Closed-End Fund is, or will be, a reporting issuer in one or more Jurisdictions.

3. An Investment Portfolio Manager is, or will be, the manager, portfolio adviser and/or trustee of each Fund.

4. A Fund may be an associate of an Investment Portfolio Manager.

5. The Filers and each of the Funds are not in default of securities legislation in any of the Jurisdictions.

6. Each NI 81-102 Fund and Closed-End Fund has, or will have, an independent review committee (an **IRC**) in accordance with the requirements of NI 81-107. Each Inter-Fund Trade between an NI 81-102 Fund or a Closed-End Fund and with another Fund will be referred to the relevant IRC of the NI 81-102 Fund or Closed-End Fund under Section 5.2(1) of NI 81-107.

7. Though the Pooled Funds are not subject to the requirements of NI 81-107, each Pooled Fund has, or will have, an IRC at the time the Pooled Fund engages in an Inter-Fund Trade. The IRC of the Pooled Funds is, or will be, comprised in accordance with Section 3.7 of NI 81-107 and is, or will be, expected to comply with the standard of care set out in Section 3.9 of NI 81-107.

8. The mandate of the IRC of each Pooled Fund will include approving Inter-Fund Trades to which the Pooled Fund is a party. The IRC of a Pooled Fund will not approve an Inter-Fund Trade to which the Pooled Fund is a party unless the IRC has made the determination in the same manner as set out in Section 5.2(2) of NI 81-107.

9. Each Inter-Fund Trade by an NI 81-102 Fund will be consistent with the investment objectives of the NI 81-102 Fund.

10. The Filers have determined that it would be in the best interests of the NI 81-102 Funds to receive the Exemption Sought for the following reasons:

(a) making the Funds subject to the same set of rules governing the execution of Inter-Fund Trades will result in cost and timing efficiencies in respect of the execution of transactions for the Funds; and

(b) making the Funds subject to the same set of rules governing the execution of Inter-Fund Trades will result in less complicated and more reliable compliance procedures, as well as more simplified and efficient monitoring thereof, for the Investment Portfolio Managers in connection with the execution of transactions on behalf of the Funds.

11. The NI 81-102 Funds cannot rely upon the exemption from Section 4.2(1) of NI 81-102 for debt securities codified in paragraph 4.3(2) of NI 81-102 because (i) a Pooled Fund is not subject to NI 81-107, and (ii) a Closed-End Fund is not a mutual fund.

Decision

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

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

(a) the IRC of each Fund that is a party to the Inter-Fund Trade has approved the Inter-Fund Trade in respect of such Fund in accordance with the terms of Section 5.2(2) of NI 81-107; and

(b) the Inter-Fund Trade complies with paragraphs (c) to (g) of subsection 6.1(2) of NI 81-107.

"Rhonda Goldberg"
Manager, Investment Funds Branch
ONTARIO SECURITIES COMMISSION

2.1.6 Claymore Investments, Inc. et al.

Headnote

NP 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – exemption granted to current, new and future commodity pools from margin deposit limit contained in paragraphs 6.8(1) and 6.8(2)(c) of National Instrument 81-102; and exemption granted from seed capital requirements for current, new and future commodity pools in National Instrument 81-104. Exemption granted to permit current, new and future commodity pools to invest in derivatives in Canada and in the U.S. through the Filer that, in turn, will use dealer in Canada or U.S. future commission merchants; and exemption from seed capital requirements for commodity pool in section 3.2(2)(a) of NI 81-104. Exemption conditional on the amount of margin deposited not exceeding 30% of the net assets of the funds and on all margin deposited with dealers being held in segregated accounts; and the filer permitted to redeem $50,000 seed capital investment in each fund provided the fund has received subscriptions from investors other than the filer totalling at least $5.0 million and provided the filer maintain $100,000 in excess working capital.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 6.8(1), 6.8(2)(c) and 19.1.
National Instrument 81-104 Commodity Pools, ss. 3.2(2)(a) and 10.1.

March 19, 2010

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
CLAYMORE INVESTMENTS, INC.
(the "Filer" or "Claymore")

AND

CLAYMORE INVERSE NATURAL GAS
COMMODITY ETF
CLAYMORE LONG-TERM NATURAL GAS
COMMODITY ETF
CLAYMORE BROAD COMMODITY ETF
CLAYMORE MANAGED FUTURES ETF
CLAYMORE NATURAL GAS COMMODITY ETF
(the "Commodity Pools")

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of the Commodity Pools and such other commodity pools as the Filer may establish in the future (together with the Commodity Pools, the **"Funds"**) for a decision (the **"Exemption Sought"**) under the securities legislation of the Jurisdiction of the principal regulator (the **"Legislation"**) for exemptive relief from the following provisions of National Instrument 81-102 – *Mutual Funds* (**"NI 81-102"**) and National Instrument 81-104 – *Commodity Pools* (**"NI 81-104"**):

1. Subsection 6.8(1) of NI 81-102 limiting the deposit of portfolio assets of the Funds as margin with any dealer inside Canada that is a member of a self-regulatory organization (**"SRO"**) that is a participating member of the Canadian Investor Protection Fund (**"CIPF"**) to ten percent of the net assets of the Fund, taken at market value as at the time of deposit;

2. Subsection 6.8(2)(c) of NI 81-102 limiting the deposit of portfolio assets of the Funds as margin with any dealer outside Canada to ten percent of the net assets of the mutual fund, taken at market value as at the time of deposit; and

3. Subsection 3.2(2)(a) of NI 81-104 requiring a commodity pool to have invested in it at all times securities that were issued pursuant to paragraph 3.2(1)(a) of NI 81-104 having an aggregate issue price of $50,000 at the time of issue.

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

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

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

Representations

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

General

1. Each Commodity Pool is, or will be, a mutual fund trust governed by the laws of the Province of Alberta, however, other Funds may be established as trusts under the laws of another jurisdiction, but each Fund will be a reporting issuer under the laws of all of the Jurisdictions.

2. Claymore filed a preliminary and pro forma prospectus in respect of the Commodity Pools on October 23, 2009 and filed a final prospectus in respect of Claymore Natural Gas Commodity ETF on December 4, 2009.

3. Each of the Funds is, or will be, a commodity pool as such term is defined in section 1.1 of NI 81-104, in that each Fund has adopted or will adopt fundamental investment objectives that permit the Fund to use or invest in specified derivatives in a manner that is not permitted under National Instrument 81-102 – *Mutual Funds*.

4. Each Fund is, or will be, subject to NI 81-102, subject to the exceptions relating to commodity pools, as such exceptions are outlined in NI 81-104.

5. Capital Units (**"Capital Units"**) of each Fund will be listed on the Toronto Stock Exchange (the **"TSX"**) or another stock exchange recognized by the OSC. Units of Claymore Natural Gas Commodity ETF are listed on the TSX and Claymore has applied to list the units of each other Commodity Pool on the TSX.

6. The investment objective of the Commodity Pools (other than the Claymore Inverse Natural Gas Commodity ETF) is to replicate, to the extent possible, the performance of an index. The investment objective of the Claymore Inverse Natural Gas Commodity ETF is to replicate the inverse (opposite) daily performance of the NGX Canadian Natural Gas Index. The other Funds will have similar investment objectives.

7. In order to achieve its investment objective, each Commodity Pool may invest in exchange-traded notes or securities issued by exchange-traded funds which may or may not be managed by Claymore or an affiliate, and in specified derivatives including options, futures, forward contracts, swaps and debt-like securities. Each Commodity Pool may also use specified derivatives to hedge, or protect, against changes in asset class prices or foreign exchange risks (if applicable). The Commodity Pools may also invest in futures contracts in order to provide market exposure for cash held by the Commodity Pools and may hold money market instruments or cash to meet their current obligations. It is expected that other Funds will use similar investment strategies.

8. Claymore acts, or will act, as trustee and manager of the Funds. Claymore is registered as a portfolio manager and exempt market dealer. The principal and head office of Claymore is located in Toronto, Ontario.

9. The Commodity Pools will be sub-advised by Auspice Capital Advisors Ltd., a registered portfolio manager with its head office in Calgary, Alberta.

10. The investment strategies of the Funds will, except to the extent that the Exemption Sought is granted, be limited to the investment practices permitted by NI 81-102 and NI 81-104.

NI 81-102, Subsections 6.8(1) and 6.8(2)(c)

11. The Funds may take both long and short positions in their portfolios on exchanges in the United States, Canada and elsewhere around the world. The Funds may seek to apply leverage.

12. Claymore may seek to engage in specified derivative transactions in Canada and outside of Canada.

13. Claymore is authorized to establish, maintain, change and close brokerage accounts on behalf of the Funds. In order to facilitate specified derivatives transactions outside of Canada, Claymore may establish accounts with futures commissions merchants in the United States of America (**"Dealers"**).

14. Each Dealer is regulated by the Commodity Futures Trading Commission (the **"CFTC"**) and the National Futures Association (the **"NFA"**) in the United States, and is required to segregate all assets held on behalf of clients, including each Fund. Each Dealer is subject to audits and must have insurance to guard against employee fraud. Each Dealer has a net worth, determined from its most recent audited financial statements that have been made public, in excess of the equivalent of $50 million. Each Dealer has an exchange assigned to it as its designated self-regulatory organization (the **"DSRO"**). As a member of a DSRO, each Dealer must meet capital requirements, comply with the conduct rules of the CFTC, NFA and its DSRO, and participate in an arbitration process with a complainant.

15. The dealers are members of the clearing corporations and exchanges through which the standardized futures in the Funds' portfolio are primarily traded. Each clearing corporation is obliged to apply its surplus funds and the security deposits of its members to reimburse clients of failed members.

16. Each dealer requires, for each account, that cash and/or government securities be deposited with the dealer as collateral for specified derivatives transactions (**"Margin"**). Margin represents the minimum amount of funds that must be deposited with the dealer to initiate trading in specified derivatives transactions or to maintain the dealer's open position in standardized futures.

17. Dealers are required to hold all Margin, including cash and government securities, in segregated accounts and the Margin is not available to satisfy claims against the dealer made by parties other than the Funds.

18. Margin will be deposited with dealers in respect of standardized futures traded on exchanges.

19. Levels of Margin are established at the dealers' discretion. However, the Funds expect to operate generally with an approximate average margin utilization of 20%, and a maximum margin utilization of 30%, of the net asset value of each Fund. At no time will more than 30% of the net assets of a Fund be deposited with dealers as Margin.

20. The use of Margin allows the Funds to use leverage to invest in standardized futures more extensively than if no leverage was used.

21. The use of leverage is in accordance with the investment objectives and investment restrictions of the Funds.

NI 81-104, Subsection 3.2(2)(a)

22. If the Funds were governed by the provisions of NI 81-102 in this regard, Claymore would be allowed to redeem its seed capital investment in each Fund upon the Fund having received subscriptions totalling not less than $500,000 from investors other than the persons or companies referred to in paragraph 3.1(1)(a) of NI 81-102.

23. Claymore wishes to redeem the seed capital invested in each Fund subject to the conditions set out in this decision.

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

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

26. Having regard to Claymore's fiduciary obligation as set out in paragraph 25 above, the Funds' fixed investment objective, not having $50,000 invested in each Fund at all times will not change how

Claymore manages each Fund. Claymore's interests will generally be aligned with those of investors in the Fund.

27. Claymore will be subject to the applicable requirements of registration as an investment fund manager under National Instrument 31-103 – *Registration Requirements and Exemptions* (**NI 31-103**) no later than the one year transition period after NI 31-103 came into force on September 28, 2009.

Decision

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

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

(a) the Funds shall only use margin such that the amount of Margin already held by any dealer within Canada and outside Canada on behalf of a Fund does not exceed 30% of the net assets of the Fund, taken at market value as at the time of the deposit;

(b) all Margin deposited with any dealers within Canada and outside Canada is and will be held in segregated accounts and is not, and will not be, available to satisfy claims against such dealers made by parties other than Claymore or Funds;

(c) Claymore may not redeem any of its initial investment of $50,000 in a Fund until $5.0 million has been received by the Fund from persons or companies other than the persons and companies referred to in paragraph 3.2(1)(a) of NI 81-104;

(d) the basis on which Claymore may redeem any of its initial investment of $50,000 from a Fund will be disclosed in the prospectus of the Fund;

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

(f) Claymore will at all times maintain excess working capital of a minimum of $100,000, or any higher amount that maybe required by NI 31-103.

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

2.1.7 Molson Coors Brewing Company

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions - Relief granted from the dealer registration requirement, subject to certain conditions, in respect of the first trade by Canadian plan participants of shares issued pursuant to certain security based compensation plans - trades must be made to a person or company located outside of Canada, executed on an exchange or market located outside of Canada, and cleared and settled through a non-Canadian clearing agency.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 25.

February 23, 2010

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
MOLSON COORS BREWING COMPANY
(the Filer)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (**Decision Maker**) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) that the dealer registration requirement does not apply to the first trade of the Plan Shares issued pursuant to a Plan, or upon the exercise, exchange, conversion or redemption of an Award pursuant to a Plan (the **First Trade Registration Relief**).

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

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

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

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

Interpretation

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

"1934 Act" means the United States *Securities Exchange Act of 1934*, as amended;

"Agent" means Merrill Lynch, Pierce, Fenner & Smith Incorporated and its Affiliates, or the successor at law of any of the foregoing, that act as administrator for the Plans;

"Affiliates" has the meaning ascribed thereto under the *Securities Act* (Québec), as amended;

"Awards" means awards of options, stock appreciation rights, restricted stock, restricted stock units, performance share awards, performance unit awards and other stock-based awards and cash-based awards;

"Canadian Plan Participants" means Participants that are current or former employees, executive officers, directors and consultants of Molson Coors or related entities of Molson Coors and their permitted assigns who are resident in Canada;

"Class A Common Stock" means shares of Class A Common Stock, U.S.$0.01 par value, of Molson Coors;

"Class B Common Stock" means shares of Class B Common Stock, U.S.$0.01 par value, of Molson Coors;

"Class A Exchangeable Shares" means the Class A exchangeable shares of Molson Coors Canada;

"Class B Exchangeable Shares" means the Class B exchangeable shares of Molson Coors Canada;

"Combination" means the combination of Coors and Molson effective on the Effective Date pursuant to a plan of arrangement under the *Canada Business Corporations Act*;

"Coors Plan" means the Adolph Coors 1990 Equity Incentive Plan;

"Coors" means Adolph Coors Company;

"Effective Date" means February 9, 2005;

"Molson" means Molson Inc.;

"Molson Coors" means Molson Coors Brewing Company, the company resulting from the combination of Molson, Coors, among others, pursuant to the Combination;

"Molson Coors Canada" means Molson Coors Canada Inc., an indirect, wholly-owned subsidiary of Molson Coors;

"Molson Plan" means the Molson Inc. 1988 Canadian Stock Option Plan;

"Participants" means eligible participants for the receipt of Awards pursuant to the Plans;

"Plans" means the Molson Coors Brewing Company Incentive Compensation Plan, the Molson Coors Brewing Company Directors Stock Plan, the Molson Plan, the Coors Plan, each as amended from time to time, and such other plans or programs for the issuance, grant or acquisition of securities of Molson Coors that may be established or maintained by Molson Coors from time to time;

"Plan Shares" means shares of Class B Common Stock;

"Preferred Stock" means 25,000,000 shares of preferred stock, U.S. $0.01 par value, of Molson Coors;

"NYSE" means the New York Stock Exchange;

"Reporting Jurisdictions" means British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia and Newfoundland & Labrador;

"Special Class A Voting Stock" means shares of Special Class A Voting Stock of Molson Coors;

"Special Class B Voting Stock" means shares of Special Class B Voting Stock of Molson Coors; and

"TSX" means the Toronto Stock Exchange.

Representations

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

Molson Coors

1. Molson Coors is a corporation incorporated under the laws of the State of Delaware. Molson Coors is the combined entity resulting from the Combination of Molson and Coors, among others, made effective on the Effective Date. On the Effective Date, among other things, Coors changed its name to Molson Coors Brewing Company. The stockholders of Coors retained their shares, which remained outstanding as shares of Molson Coors. All of Molson's shares (other than shares of dissenting shareholders) were exchanged, through a series of exchanges, for shares of Molson Coors common stock and/or exchangeable shares of Molson Coors Canada. The exchangeable shares of Molson Coors Canada are a means for shareholders that held shares in Molson immediately prior to the Combination to defer tax in Canada and have substantially the same economic and voting rights as the holders of the respective classes of shares of common stock of Molson Coors.

2. Molson Coors maintains dual head offices at 1225 17th Street, Suite 3200, Denver, Colorado, U.S.A. 80202 and 1555 Notre Dame Street East, Montréal, Québec, Canada, H2L 2R5. Molson Coors' operations and employees are primarily located in the United States, United Kingdom and Canada.

3. Molson Coors is a reporting company with the Securities and Exchange Commission and is a "large accelerated filer" as defined in Rule 12b-2 of the 1934 Act.

4. Molson Coors is a reporting issuer or equivalent in the Reporting Jurisdictions under the applicable Legislation.

5. Molson Coors is not in default of any securities law requirement of the Reporting Jurisdictions.

6. The authorized capital of Molson Coors consists of 500,000,000 voting shares of Class A Common Stock, 1 voting share of Special Class A Common Stock, 500,000,000 non-voting shares of Class B Common Stock, 1 non-voting share of special Class B Common Stock and 25,000,000 shares of Preferred Stock.

7. As of December 31, 2009, there were 2,594,664 shares of Class A Common Stock, 1 share of Special Class A Common Stock, 159,456,659 shares of Class B Common Stock, 1 share of Special Class B Common Stock and nil shares of Preferred Stock issued and outstanding.

8. The shares of Class A Common Stock and Class B Common Stock are each listed for trading on the NYSE under the symbols "TAP.A" and "TAP", respectively.

9. The shares of Class A Common Stock and Class B Common Stock are not listed for trading on any stock exchange in Canada and Molson Coors has no intention at this time of listing such shares for trading on a stock exchange in Canada.

Molson Coors Canada

10. Molson Coors Canada is a corporation incorporated under the laws of Canada.

11. Molson Coors Canada is a reporting issuer or equivalent in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick and Newfoundland & Labrador under the applicable Legislation.

12. The authorized capital of Molson Coors Canada includes an unlimited number of Class A Exchangeable Shares and an unlimited number of Class B Exchangeable Shares.

13. As of December 26, 2009, there were 3,164,902 Class A Exchangeable Shares and 20,246,131 Class B Exchangeable Shares issued and outstanding.

14. The Class A Exchangeable Shares and Class B Exchangeable Shares of Molson Coors Canada are each listed for trading on the TSX under the symbols "TPX.A" and "TPX.B", respectively.

15. Pursuant the merger documents executed as part of the Combination, the Class A Exchangeable Shares and Class B Exchangeable Shares of Molson Coors Canada can be exchanged for shares of Class A Common Stock and Class B Common Stock of Molson Coors, respectively. The shares of Class A Common Stock and Class B Common Stock of Molson Coors cannot be exchanged for either Class A Exchangeable Shares or Class B Exchangeable Shares of Molson Coors Canada.

The Plans

16. The Molson Plan and the Coors Plan are predecessor plans that predate the Combination and are each now maintained and administered by Molson Coors. Pursuant to the Combination, on the Effective Date, the outstanding stock options granted under the Molson Plan were exchanged for options to purchase shares of Class B Common Stock of Molson Coors and the outstanding options granted under the Coors Plan to purchase shares of Class B common stock of Coors remained outstanding as options to purchase shares of Class B Common Stock of Molson Coors.

17. As of January 18, 2010, there were 529,314 Plan Shares available for issuance pursuant to the grant of future Awards under the Plans. Each share that is subject to an Award counts as one share against the aggregate number. The compensation committee of Molson Coors administers the Plans. The board of directors of Molson Coors may amend the terms of each of the Plans at any time, including increasing the number of Plan Shares available for issuance, subject to the stockholder approval requirements of the NYSE and other rules and regulations applicable to Molson Coors. Awards granted under the Plans are generally non-transferable by the holder other than by will or under the laws of descent and distribution, or in certain other limited circumstances, and are generally exercisable only by the holder during his or her lifetime.

18. All Awards that are denominated in a currency under the Plans are denominated in U.S. dollars. Further, all Plan Shares issued pursuant to the Plans, or upon exercise, exchange, conversion or redemption of Awards issued pursuant to the Plans, are shares of Class B Common Stock of Molson Coors. The shares of Class B Common Stock are listed for trading on the NYSE and are not listed for trading on any stock exchange in Canada.

19. The Agent will, among other things, assist in the recordkeeping of the Plans, facilitate the issuance of Awards and the exercise, exchange, conversion or redemption of Awards and assist Participants with the sale of the Plan Shares.

20. As of January 18, 2010, there were 175 Canadian Plan Participants resident in the Jurisdictions representing approximately 31% of the total number of Participants. Molson Coors markets and sells its products in all of the Jurisdictions and, as a result, expects that, from time to time, it may have Canadian Plan Participants resident in any of the Jurisdictions.

21. The current number of Plan Shares issuable to Canadian Plan Participants pursuant to the Plans represents less than 1% of the (i) issued and outstanding shares of Class B Common Stock, and (ii) annual trading volume of shares of Class B Common Stock on the NYSE in 2009.

22. Participation in the Plans by Canadian Plan Participants is voluntary and Canadian Plan Participants will not be induced to purchase Plan Shares or receive any Awards by expectation of employment, appointment or engagement or continued employment, appointment or engagement with Molson Coors or a related entity.

23. The Agent will establish a brokerage account for each Participant who has been issued a Plan Share pursuant to the Plans, including Canadian Plan Participants. All Participants must meet and comply with the Agent's standard account opening and document requirements.

24. Canadian Plan Participants will receive the same disclosure documents with respect to the Plans and will be treated the same in all material respects as other Participants.

25. Canadian Plan Participants that are issued Plan Shares pursuant to the Plans will not be obligated to sell their Plan Shares through the Agent and are free to transfer Plan Shares to a brokerage account with another broker-dealer.

26. The Agent will be a broker-dealer registered under the 1934 Act. Each Canadian Plan Participant will receive an award agreement setting out the terms of the applicable Award. On an annual basis, each

Canadian Plan Participant will receive a copy of Molson Coors's annual report which, discloses among other things, the results of its operations and financial condition for the previous year as well as risk factors for the markets in which Molson Coors operates.

27. The Plan Shares' connection to the Canadian capital markets is limited. The Plan Shares do not trade on any stock exchange in Canada and are not exchangeable for shares of Molson Coors Canada or for any security that trades on a stock exchange in Canada. The Plan Shares will be held in accounts outside of Canada that provide for the custody of assets by the Agent in the U.S. All trades of Plan Shares will be made by the Agent through the facilities of a stock exchange or marketplace located outside of Canada.

28. The Agent is unable to rely on the exemption from the dealer registration requirement in subsection 8.16(2) of National Instrument 31-103 – *Registration Requirements* because (i) Molson Coors is a reporting issuer in certain Jurisdictions of Canada, and (ii) from time to time, as a result of the exchange of Class B Exchangeable Shares or otherwise, residents of Canada may directly or indirectly own more than 10 percent of the outstanding shares of Class B Common Stock and may represent more than 10 percent of the total number of owners directly or indirectly of shares of Class B Common Stock.

Decision

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

The decision of the Decision Makers under the Legislation is that the First Trade Registration Relief is granted, provided that the first trade in the Plan Shares issued pursuant to a Plan or pursuant to the exercise, conversion, exchange or redemption of an Award is deemed to be a distribution unless:

(a) (i) the trade is to a person or company located outside of Canada, or (ii) the trade is executed on an exchange, or a market, located outside of Canada and is cleared and settled through a non-Canadian clearing agency, in accordance with all applicable rules and policies governing such activities;

(b) Canadian Plan Participants will be treated the same in all material respects as other Participants;

(c) the Agent is registered as a U.S. broker-dealer; and

(d) prior to opening a new brokerage account with the Agent, all Canadian Plan Participants will receive disclosure that includes:

(i) a statement that neither the Agent, nor any of its Affiliates involved in providing services to the Canadian Plan Participants, is registered under the Legislation as a dealer for the purposes of executing the first trade of Plan Shares on behalf of Canadian Plan Participants and any investor protections that might otherwise be available in the Jurisdictions to clients of a registered dealer under the Legislation, may not be available to Canadian Plan Participants in the Jurisdictions who purchase the Plan Shares and participate in the Plans; and

(ii) a statement that the Canadian Plan Participants may not have the same rights against the Agent or any of its Affiliates involved in providing services to the Canadian Plan Participants, because the Agent nor any of the Affiliates, is resident outside of Canada and all or substantially all of their assets are located outside of Canada.

Mario Albert
Superintendent, Distribution

2.1.8 Unbridled Energy Corporation – s. 1(10)

Headnote

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

Applicable Legislative Provisions

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

March 19, 2010

DuMoulin Black LLP
10th Floor, 595 Howe Street
Vancouver, BC V6C 2T5

Attention: Kathryn Blair

Dear Sir/Madam:

Re: Unbridled Energy Corporation (the Applicant) – application for a decision under the securities legislation of Ontario and Alberta (the Jurisdictions) that the Applicant is not a reporting issuer

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

As the Applicant has represented to the Decision Makers that:

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

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

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

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

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

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

2.1.9 Pembina Pipeline Income Fund and Pembina Pipeline Corporation

Headnote

Multilateral Instrument 11-102 Passport System and National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – exemption granted from the requirement to include financial statements and management's discussion and analysis in an information circular for an entity participating in an arrangement – the information circular will be sent to the trust's unitholders in connection with a proposed internal reorganization pursuant to which its business operations will be conducted through a corporate entity – the arrangement does not contemplate the acquisition of any additional interest in any operating assets or the disposition of any of the trust's existing interests in operating assets.

Exemption granted from the current annual financial statement and current AIF short form prospectus qualification criteria and the requirement to file a notice declaring its intention to be qualified to file a short form prospectus at least 10 business days prior to the filing of a preliminary short form prospectus – relief granted as disclosure regarding the predecessor issuer will effectively be the disclosure of the successor issuer – predecessor issuer is qualified to file a short form prospectus.

Applicable Legislative Provisions

National Instrument 51-102 Continuous Disclosure Obligations, s. 13.1, Form 51-102F5 – Information Circular, Item 14.2.
National Instrument 44-101 Short Form Prospectus Distributions, s. 8.1.

Citation: Pembina Pipeline Income Fund, Re, 2010 ABASC 128

March 19, 2010

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ALBERTA AND ONTARIO
(THE JURISDICTIONS)**

AND

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

AND

**IN THE MATTER OF
PEMBINA PIPELINE INCOME FUND (Pembina)
AND PEMBINA PIPELINE CORPORATION
(PPC and, together with Pembina, the Filers)**

DECISION

Background

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

(a) exempting Pembina from the requirement under Section 14.2 of Form 51-102F5 *Information Circular* (the **Circular Form**) of the Legislation to provide the financial statements of Pembina Pipeline Corporation (**PPC**) for the financial years ended December 31, 2009, December 31, 2008 and December 31, 2007 and the corresponding management's discussion and analysis for the financial years ended December 31, 2009 and December 31, 2008 in the management information circular (the **Circular**) to be prepared by the Filers and delivered to the holders (**Pembina Unitholders**) of trust units (**Pembina Units**) in connection with a special meeting (**Pembina Meeting**) of Pembina Unitholders expected to be held in early May 2010 for the purposes of considering a plan of arrangement under the *Business Corporations Act* (Alberta) (the **ABCA**) (the **Arrangement**) resulting in the internal reorganization of Pembina's trust structure into a corporate structure (the **Circular Relief**);

(b) exempting PPC from the qualification criteria for short form prospectus eligibility contained in Subsection 2.2(d) of National Instrument 44-101 *Short Form Prospectus Distributions* (**NI 44-101**) following completion of the Arrangement until the earlier of: (a) March 31, 2011; and (b) the date upon which PPC has filed both its annual financial statements and annual information form for the year ended December 31, 2010 pursuant to NI 51-102 *Continuous Disclosure Obligations* (**NI 51-102**) (the **Qualification Relief**); and

(c) exempting PPC from the requirement to file a notice declaring its intention to be qualified to file a short form prospectus at least 10 business days prior to the filing of its first preliminary short form prospectus after the notice (the **Prospectus Relief**).

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

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

(b) the 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 in British Columbia, Saskatchewan, Manitoba, Québec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador; and

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

Interpretation

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

Representations

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

Pembina and PPC

Pembina

1. Pembina is an unincorporated open-ended limited purpose trust established under the laws of the Province of Alberta pursuant to a declaration of trust dated September 3, 1997, as amended and restated. The principal office of Pembina is located in Calgary, Alberta.

2. Pembina is a reporting issuer or the equivalent under the securities legislation of each of the provinces of Canada. To its knowledge, Pembina is not in default of securities legislation in any jurisdiction of Canada.

3. The Pembina Units are listed on the Toronto Stock Exchange (**TSX**) under the symbol "**PIF.UN**" and the Convertible Debentures (as defined below) are listed on the TSX under the symbol "**PIF.DB.B**".

4. Pembina has filed a "current AIF" and has "current annual financial statements" (as such terms are defined in NI 44-101) for the financial year ended December 31, 2008 and we have been informed by Pembina that such documents will also be filed by Pembina for the financial year ended December 31, 2009 within the required timelines as set out in NI 51-102.

PPC

5. PPC is a corporation amalgamated under the laws of the Province of Alberta. The principal office of PPC is located in Calgary, Alberta.

6. PPC is a wholly-owned subsidiary of Pembina.

7. PPC is not a reporting issuer in any jurisdiction and to its knowledge, is not in default of applicable securities legislation in any jurisdiction of Canada.

8. The PPC Shares (as defined below) are not listed or posted for trading on any exchange or quotation and trade reporting system, however, we have been informed by Pembina that application will be made to have the PPC Shares to be issued in connection with the Arrangement listed on the TSX.

Arrangement

9. As part of the Arrangement, (i) Pembina will be dissolved; (ii) the Pembina Units will be cancelled; (iii) common shares of PPC (**PPC Shares**), Pembina's administrator and wholly-owned subsidiary, will be distributed to Pembina Unitholders on a one-for-one basis; (iv) PPC will assume all obligations of Pembina under the debenture indenture and supplemental indentures, that govern the 7.35% convertible unsecured subordinated debentures of Pembina due December 31, 2010 (the **Convertible Debentures**); and (v) PPC will continue to carry on the business it presently carries out on behalf of Pembina, and PPC will own, directly or indirectly, all of the existing assets and assume all of the existing liabilities of Pembina (including Pembina's outstanding convertible debentures), effectively resulting in the internal reorganization of Pembina's trust structure into a corporate structure.

10. Following the completion of the Arrangement: (i) the sole business of PPC will be the current business of Pembina; (ii) PPC will be a reporting issuer or the equivalent under the securities legislation in all of the provinces of Canada; and (iii) the PPC Shares and the Convertible Debentures will, subject to approval by the TSX, be listed on the TSX.

11. The Arrangement does not contemplate the acquisition of any additional operating assets or the disposition of any existing operating assets.

12. Pursuant to Pembina's constating documents, the ABCA and applicable securities laws, the Pembina Unitholders will be required to approve the Arrangement at the Pembina Meeting. The Arrangement must be approved by not less than two-thirds of the votes cast by Pembina Unitholders at the Pembina Meeting. The Pembina Meeting is anticipated to take place in early May 2010 and the Circular is expected to be mailed in early April 2010.

13. The Arrangement will be a "restructuring transaction" under NI 51-102 in respect of Pembina and therefore will require compliance with Section 14.2 of the Circular Form.

Financial statements and MD&A disclosure in the Circular

14. Section 14.2 of the Circular Form requires, among other items, that the Circular contain the disclosure (including financial statements and management's discussion and analysis) prescribed under securities legislation and described in the form of prospectus that PPC would be eligible to use immediately prior to the sending and filing of the Circular for a distribution of its securities. Therefore, the Circular must contain the disclosure in respect of PPC prescribed by Form 41-101F1 *Information Required in a Prospectus* (the **Prospectus Form**) and by NI 41-101.

15. Subsections 8.2(1)(a) and 8.2(2) of the Prospectus Form require Pembina to include management's discussion and analysis corresponding to each of the financial years ended December 31, 2009 and December 31, 2008 of PPC (the **MD&A**) in the Circular.

16. Subsection 32.2(1) of the Prospectus Form requires Pembina to include certain annual financial statements of PPC in the Circular, including: (i) an income statement, a statement of retained earnings, and a cash flow statement of PPC for each of the financial years ended December 31, 2009, December 31, 2008 and December 31, 2007; and (ii) a balance sheet of PPC as at the end of December 31, 2009 and December 31, 2008 (collectively, the **Financial Statements**). Subsection 32.3(1) of the Prospectus Form would require Pembina to include certain comparative interim financial statements of PPC in the Circular if the Circular is first sent to Pembina Unitholders more than 45 days after the end of the first interim period of 2010 (i.e. March 31, 2010), however, it is anticipated that the Circular will be mailed to Pembina Unitholders in early April and such requirement will not be applicable in this instance.

17. Subsection 4.2(1) of NI 41-101 requires that the Financial Statements required to be included in the Circular must be audited in accordance with National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency* (**NI 52-107**).

18. The Arrangement will not result in a change in beneficial ownership of the assets and liabilities of

Pembina, from both an accounting perspective and an economic perspective. Accordingly, no acquisition will occur as a result of the Arrangement and therefore the significant acquisition financial statement disclosure requirements contained in the Prospectus Form are inapplicable.

19. The Arrangement will be an internal reorganization undertaken without dilution to the Pembina Unitholders or additional debt or interest expense being incurred or assumed by PPC other than assumption of the Convertible Debentures.

Exemptions Sought

Circular Relief

20. Pembina's financial statements and related management's discussion and analysis are prepared on a consolidated basis, which includes the financial results for PPC. To present the Financial Statements and MD&A in the Circular, which would exclude accounts of Pembina, would present the effects of only one side of the transactions between PPC and Pembina (which include monthly payments made by PPC to Pembina on approximately $1.5 billion of unsecured, subordinated promissory notes issued to Pembina by PPC, which notes will be cancelled pursuant to the Arrangement). This would result in the presentation of significant intra-group liabilities and significant amounts of intra-group interest expense, which would not be representative of PPC's capital structure following completion of the Arrangement. In addition, Pembina currently has outstanding Convertible Debentures and pays semi-annual interest on the outstanding debentures, which liabilities and transactions are not reported at the PPC level. To present PPC's financial results excluding the Convertible Debentures would also not be representative of PPC's capital structure following completion of the Arrangement, as the Convertible Debentures will be assumed by PPC under the Arrangement.

21. The Financial Statements and MD&A are not relevant to the Pembina Unitholders for the purposes of considering the Arrangement as the Financial Statements and MD&A, other than as discussed above, would be substantially and materially the same as the consolidated financial statements of Pembina filed in accordance with Part 4 of NI 51-102 because the financial position of the entity that exists both before and after the Arrangement is substantially the same.

22. The Circular will contain prospectus level disclosure in accordance with the Prospectus Form (other than the Financial Statements and MD&A) and will contain sufficient information to enable a reasonable securityholder to form a reasoned judgement concerning the nature and effect of the Arrangement and the nature of the resultant public entity and reporting issuer from the Arrangement, being PPC.

Prospectus Relief

23. Subsection 2.7(2) of NI 44-101 contains an exemption for successor issuers from the qualification criteria for short form prospectus eligibility contained in Subsection 2.2(d) of NI 44-101, if an information circular relating to the restructuring transaction that resulted in the successor issuer was filed by the successor issuer or an issuer that was a party to the restructuring transaction, and such information circular (i) complied with applicable securities legislation, and (ii) included disclosure in accordance with Item 14.2 or 14.5 of the Circular Form of the successor issuer. PPC will be a "successor issuer" (as such term is defined in NI 44-101) as a result of the Arrangement (which, as discussed above, is a restructuring transaction). The Circular will be filed by Pembina (a party to the restructuring transaction), the Circular will comply with applicable securities legislation and the Circular will include the disclosure required by Item 14.2 of the Circular Form, except for the Financial Statements and MD&A which will not be included in the Circular pursuant to the Circular Relief (assuming the Circular Relief is granted).

Prospectus filing following the Arrangement

24. Pembina is qualified to file a prospectus in the form of a short form prospectus pursuant to Section 2.2 of NI 44-101 and is deemed to have filed a notice of intention to be qualified to file a short form prospectus under Section 2.8(4) of NI 44-101.

25. The Filers anticipate that they may wish to file a preliminary short form prospectus following the completion of the Arrangement, relating to the offering or potential offering of securities (including common shares, debt securities or subscription receipts) of PPC.

26. In anticipation of the filing of a preliminary short form prospectus, and assuming the Arrangement has been completed, PPC intends to file a notice of intention to be qualified to file a short form prospectus (the **Notice of Intention**) following completion of the Arrangement. In the absence of the Prospectus Relief, PPC will not be qualified to file a preliminary short form prospectus until 10 business days from the date upon which the Notice of Intention is filed.

27. Pursuant to the qualification criteria set forth in Section 2.2 of NI 44-101 as modified in the Qualification Relief, following the Arrangement, PPC will be qualified to file a short form prospectus pursuant to NI 44-101.

28. Notwithstanding Section 2.2 of NI 44-101 as modified in the Qualification Relief, Section 2.8(1) of NI 44-101 provides that an issuer is not qualified to file a short form prospectus unless it has filed a notice declaring its intention to be qualified to file a short form prospectus at least 10 business days prior to the issuer filing its first preliminary short form prospectus.

29. The short form prospectus of PPC will incorporate by reference the documents that would be required to be incorporated by reference under item 11 of Form 44-101F1 in a short form prospectus of PPC, as modified by the Qualification Relief.

Decision

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

The decision of the Decision Makers under the Legislation is that:

(a) the Circular Relief is granted;

(b) the Qualification Relief is granted provided that any short form prospectus filed by PPC pursuant to NI 44-101 during the currency of the Qualification Relief specifically incorporates by reference the Circular and any financial statements and related management's discussion and analysis of Pembina incorporated by reference into the Circular; and

(c) the Prospectus Relief is granted, provided that at the time PPC files its Notice of Intention, PPC meets the requirements of Section 2.2 of NI 44-101, as modified by the Qualification Relief.

Blaine Young
Associate Director, Corporate Finance

2.1.10 Mitel Networks Corporation

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – relief from registration and prospectus requirements in connection with the use of electronic roadshow materials – cross-border offering of securities – conducting offering in typical U.S. manner leads to non-compliance with Canadian regime – relief granted subject to conditions.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 25, 53, 74.
National Policy 47-201 Trading Securities Using the Internet and Other Electronic Means, s. 2.7.

March 23, 2010

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
MITEL NETWORKS CORPORATION
(THE "FILER")

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) exempting the posting of certain roadshow materials on one or more commercial services such as www.retailroadshow.com and/or www.netroadshow.com during the "waiting period" from the prospectus requirement and, except in British Columbia where registration relief is not required, the registration requirement under the Legislation (the **Exemption Sought**).

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

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

(b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in British Columbia,

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

Interpretation

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

Representations

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

1. The Filer was incorporated under the *Canada Business Corporations Act* on January 12, 2001.

2. The Filer's principal office is located at 350 Legget Drive, Kanata, Ontario, K2K 2W7.

3. On December 22, 2009 the Filer filed a registration statement with the SEC in respect of a proposed initial public offering (the **Offering**) of its common shares (the **Offered Shares**), and filed an amendment thereto on February 4, 2010, in order to register the Offered Shares under the 1933 Act.

4. On February 24, 2010 the Filer filed a preliminary base PREP prospectus (the **Preliminary Prospectus**) in each of the provinces and territories of Canada in respect of the Offering.

5. The Filer also intends to file an amended and restated preliminary base PREP prospectus in connection with the Offering in Canada (the **Amended Preliminary Prospectus**) and to commence the marketing of the Offering in both Canada and the U.S. after a receipt is obtained evidencing receipt of the Amended Preliminary Prospectus from the Commission under MI 11-102.

6. Between the time that the Commission issues a receipt for the Amended Preliminary Prospectus and the final prospectus (the **Final Prospectus**), the Filer intends to use electronic roadshow materials (the **Website Materials**) to promote the Offering, as is now typical for initial public offerings in the United States.

7. Compliance with U.S. securities laws on most initial public offerings requires either making the Website Materials available in a manner that affords unrestricted access to the public, or filing the Website Materials on the SEC's Electronic Data-Gathering Analysis and Retrieval System (known by its acronym, **EDGAR**), which will have the same effect of affording unrestricted access. We understand that, in the view of the SEC, making documents "available without restriction" means that no restrictions on access or viewing may be imposed, both with respect to persons inside and outside of the United States.

8. Because of the number of current shareholders of the Filer who are resident in the United States, the Filer is currently subject to the reporting obligations under the 1934 Act. As a result, the Filer is not required to file the Website Materials with the SEC or make the Website Materials "available without restriction" as would be required for an issuer who was not already subject to U.S. reporting obligations. However, since most initial public offerings in the United States are required to make such materials available without restriction or file such materials, such "open" roadshows have become typical for all U.S. initial public offerings.

9. The Filer and its underwriters wish to carry out the Filer's initial public offering in a manner that is typical for all initial public offerings in the United States by posting the Website Materials on an Internet-based commercial service such as www.retailroadshow.com or www.netroadshow.com, without password or other restriction.

10. The securities laws of the Jurisdictions do not, absent relief, allow the Filer to post the Website Materials in the manner contemplated, because the Website Materials will be accessible to all prospective investors in Canada without restriction, such that the Filer will be unable to comply with the requirement to forward a copy of the Amended Preliminary Prospectus to persons who the Filer has solicited expressions of interest from. Thus, absent relief, the Filer could not conduct the initial public offering in the United States in the typical manner and comply with Canadian securities laws at the same time.

11. The Website Materials will contain a statement informing readers that the Website Materials do not contain all of the information in the Amended Preliminary Prospectus, or any amendment thereto, or the Final Prospectus, and that prospective purchasers should review all of those documents, in addition to the Website Materials, for complete information regarding the Offered Shares.

12. The Filer will include a hyperlink in the Website Materials to the documents referred to in paragraph 11, if and when such document is filed.

13. The Filer will state, in the Website Materials, any amendment to the Preliminary Prospectus and in the Final Prospectus that, in connection with the information contained in the Website Materials posted on one or more commercial services, such as www.retailroadshow.com and/or www.netroadshow.com, purchasers of the Offered Shares in each of the provinces and territories of Canada

will have a contractual right of action against the Filer and the underwriters.

14. At least one underwriter that signed the Preliminary Prospectus was, and in respect of any amendment to the Preliminary Prospectus and the Final Prospectus will be, registered in each of the Canadian Jurisdictions.

15. Canadian purchasers will only be able to purchase the Offered Shares through an underwriter that is registered in the respective Canadian Jurisdiction of residence of the Canadian purchaser.

16. The Filer acknowledges that the Exemption Sought relates only to the posting of the Website Materials on one or more commercial services, such as www.retailroadshow.com and/or www.net-roadshow.com.

Decision

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

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

1. Any further amendment to the Preliminary Prospectus and the Final Prospectus state that purchasers of the Offered Shares in each of the provinces and territories of Canada have a contractual right of action against the Filer and the Canadian underwriters substantially in the following form:

> "We may make available certain materials describing the offering (the **Website Materials**) on the website of one or more commercial services such as www.retailroadshow.com or www.net-roadshow.com under the heading "Mitel Networks Corporation" during the period prior to obtaining a final receipt for the final base PREP prospectus in connection with this offering (the **Final Prospectus**) from the securities regulatory authorities in each of the provinces and territories of Canada. In order to give purchasers in each of the provinces and territories of Canada the same unrestricted access to the Website Materials as provided to U.S. purchasers, we have applied for and obtained exemptive relief from the securities regulatory authority in each of the provinces and territories of Canada. Pursuant to the terms of that exemptive relief, we and each of the Canadian underwriters signing the certificate contained in the Final Prospectus have agreed that, in the event that the Website Materials contained any untrue statement of a material fact or omitted to state a material fact required to be stated or necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made (a **misrepresentation**), a purchaser resident in a province or territory of Canada who purchases our common shares pursuant to the Final Prospectus during the period of distribution shall have, without regard to whether the purchaser relied on the misrepresentation, rights against us and each Canadian underwriter with respect to such misrepresentation as are equivalent to the rights under section 130 of the *Securities Act* (Ontario) or the comparable provision of the securities legislation of the particular province or territory where that purchaser is resident, as the case may be, subject to the defences, limitations and other terms thereof, as if such misrepresentation was contained in the Final Prospectus."

"Kevin J. Kelly"
Commissioner
Ontario Securities Commission

"Carol S. Perry"
Commissioner
Ontario Securities Commission

2.1.11 Coca-Cola Enterprises (Canada) Bottling Finance Company

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions - Cease to be a reporting issuer – The issuer is a wholly owned subsidiary of another company – The issuer's only publically held securities are short-term promissory noted that satisfy the conditions of the exemption in section 2.35 of National Instrument 45-106 – Prospectus and Registration Exemptions – The issuer does not intend to do a public offering of any other securities to Canadian residents – The issuer will not be a reporting issuer in any jurisdiction.

Applicable Legislative Provisions

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

March 22, 2010

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA,
SASKATCHEWAN, MANITOBA, ONTARIO,
QUEBEC, NEW BRUNSWICK,
NOVA SCOTIA, PRINCE EDWARD ISLAND 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
COCA-COLA ENTERPRISES (CANADA)
BOTTLING FINANCE COMPANY
(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) that the Filer is not a reporting issuer.

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

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

(b) the decision is the decision of the principal regulator and evidences the decision of each other Decision Maker.

Interpretation

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

Representations

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

1. the Filer is a corporation governed by the *Companies Act* (Nova Scotia) with its head and registered address located at 1100-1959 Upper Water Street, Halifax, Nova Scotia B3J 3N2;

2. the Filer is a reporting issuer in the Jurisdictions;

3. the Filer's authorized capital consists of an unlimited number of common shares without par value (the Common Shares);

4. the Filer is a wholly-owned subsidiary of Bottling Holdings (Luxembourg) Commandite S.C.A. (Holdings), which is an indirect wholly-owned subsidiary of Coca-Cola Enterprises Inc. (the Parent);

5. the Parent is an independent, publicly traded company which is listed and traded on the New York Stock Exchange under the ticker symbol CCE. The Parent is a registrant with the Securities and Exchange Commission and reports on a consolidated basis, thereby including the financial results of the Filer;

6. the only outstanding debt securities of the Filer have been offered pursuant to a commercial paper program and are negotiable promissory notes with maturities of less than one year from the date of issue (the Commercial Paper);

7. other than the Common Shares held by Holdings and approximately CAD $137,000,000 aggregate principal amount of Commercial Paper, the Filer has no other securities outstanding;

8. the outstanding securities of the Filer, excluding the Commercial Paper, 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;

9. the Commercial Paper program is currently limited to USD $375,000,000 for terms of up to, but not exceeding, one year from the date of issue. The Commercial Paper is unconditionally guaranteed as to payment of principal and interest by the Parent and is distributed on the Filer's behalf by four dealers;

10. the Commercial Paper is currently rated R-1(low) by DBRS Limited and as such, carries an approved credit rating from an approved credit rating organization, as each term is defined in National Instrument 81-102 Mutual Funds;

11. the Commercial Paper is distributed throughout Canada to predominantly institutional investors. Currently all Commercial Paper is held by residents of Canada;

12. the Commercial Paper program does not require the Filer to maintain reporting issuer status in the Jurisdictions or require the Filer to provide continuous disclosure documents to holders of the Commercial Paper;

13. sections 3.35 and 2.35 of National Instrument 45-106 Prospectus and Registration Exemptions (NI 45-106) provide an exemption from the dealer registration requirement and prospectus requirement for a trade or distribution of commercial paper maturing not more than one year from the date of issue provided that the commercial paper (a) is not convertible or exchangeable into or accompanied by a right to purchase another security other than a security described in such sections, and (b) has an approved credit rating from an approved credit rating organization;

14. the Filer's current and future issuances of Commercial Paper were and will be made in reliance on the exemption contained in section 2.35 of NI 45-106;

15. except for the Commercial Paper, no securities of the Filer are traded on a marketplace as defined in National Instrument 21-101 Marketplace Operation (NI 21-101). The Commercial Paper is traded in the customary manner among dealers involved in the commercial paper market. This group of dealers may constitute a marketplace under NI 21-101;

16. the Filer does not intend to seek public financing by way of an offering of securities other than by the issuance of Commercial Paper;

17. the Filer is applying for an order that it is not a reporting issuer in all jurisdictions of Canada in which it is currently a reporting issuer;

18. the Filer is not currently in default of any of its obligations under the Legislation as a reporting issuer;

19. on March 9, 2010, the Filer issued and filed via SEDAR a news release announcing that it had submitted an application to the Decision Makers to cease to be a reporting issuer under the Legislation; and

20. upon the grant of this decision, the Filer's status as a reporting issuer shall be revoked and the Filer will no longer be a reporting issuer or the equivalent in any jurisdiction in Canada.

Decision

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

The decision of the Decision Makers under the Legislation is that the Filer is deemed to have ceased to be a reporting issuer and that the Filer's status as a reporting issuer is revoked.

"H. Leslie O'Brien"
Chairman
Nova Scotia Securities Commission

2.1.12 International Royalty Corporation – s. 1(10)

Headnote

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

Applicable Legislative Provisions

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

March 23, 2010

International Royalty Corporation
c/o Cassels Brock & Blackwell LLP

Attention: Howard Burshtein

40 King Street West
Scotia Plaza, Suite 2100
Toronto, Ontario
M4H 3C2

Dear Sirs:

RE: International Royalty Corporation (the Applicant) - application for a decision under the securities legislation of Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador (the Jurisdictions)

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

As the Applicant has represented to the Decision Makers that:

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

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

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

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

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

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

2.1.13 Claymore Investments, Inc. et al.

Headnote

NP 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – exemption granted to current, new and future commodity pools from margin deposit limit contained in paragraphs 6.8(1) and 6.8(2)(c) of National Instrument 81-102; and exemption granted from seed capital requirements for current, new and future commodity pools in National Instrument 81-104. Exemption granted to permit current, new and future commodity pools to invest in derivatives in Canada and in the U.S. through the Filer that, in turn, will use dealer in Canada or U.S. future commission merchants; and exemption from seed capital requirements for commodity pool in section 3.2(2)(a) of NI 81-104. Exemption conditional on the amount of margin deposited not exceeding 30% of the net assets of the funds and on all margin deposited with dealers being held in segregated accounts; and the filer permitted to redeem $50,000 seed capital investment in each fund provided the fund has received subscriptions from investors other than the filer totalling at least $5.0 million and provided the filer maintain $100,000 in excess working capital.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 6.8(1), 6.8(2)(c) and 19.1.
National Instrument 81-104 Commodity Pools, ss. 3.2(2)(a) and 10.1

March 19, 2010

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

CLAYMORE INVESTMENTS, INC.
(the "Filer" or "Claymore")

AND

CLAYMORE INVERSE NATURAL GAS COMMODITY ETF
CLAYMORE LONG-TERM NATURAL GAS COMMODITY ETF
CLAYMORE BROAD COMMODITY ETF
CLAYMORE MANAGED FUTURES ETF
CLAYMORE NATURAL GAS COMMODITY ETF
(the "Commodity Pools")

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of the Commodity Pools and such other commodity pools as the Filer may establish in the future (together with the Commodity Pools, the **"Funds"**) for a decision (the **"Exemption Sought"**) under the securities legislation of the Jurisdiction of the principal regulator (the **"Legislation"**) for exemptive relief from the following provisions of National Instrument 81-102 – *Mutual Funds* (**"NI 81-102"**) and National Instrument 81-104 – *Commodity Pools* (**"NI 81-104"**):

1. Subsection 6.8(1) of NI 81-102 limiting the deposit of portfolio assets of the Funds as margin with any dealer inside Canada that is a member of a self-regulatory organization (**"SRO"**) that is a participating member of the Canadian Investor Protection Fund (**"CIPF"**) to ten percent of the net assets of the Fund, taken at market value as at the time of deposit;

2. Subsection 6.8(2)(c) of NI 81-102 limiting the deposit of portfolio assets of the Funds as margin with any dealer outside Canada to ten percent of the net assets of the mutual fund, taken at market value as at the time of deposit; and

3. Subsection 3.2(2)(a) of NI 81-104 requiring a commodity pool to have invested in it at all times securities that were issued pursuant to paragraph 3.2(1)(a) of NI 81-104 having an aggregate issue price of $50,000 at the time of issue.

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

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

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

Representations

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

General

1. Each Commodity Pool is, or will be, a mutual fund trust governed by the laws of the Province of Alberta, however, other Funds may be established

as trusts under the laws of another jurisdiction, but each Fund will be a reporting issuer under the laws of all of the Jurisdictions.

2. Claymore filed a preliminary and pro forma prospectus in respect of the Commodity Pools on October 23, 2009 and filed a final prospectus in respect of Claymore Natural Gas Commodity ETF on December 4, 2009.

3. Each of the Funds is, or will be, a commodity pool as such term is defined in section 1.1 of NI 81-104, in that each Fund has adopted or will adopt fundamental investment objectives that permit the Fund to use or invest in specified derivatives in a manner that is not permitted under National Instrument 81-102 – *Mutual Funds*.

4. Each Fund is, or will be, subject to NI 81-102, subject to the exceptions relating to commodity pools, as such exceptions are outlined in NI 81-104.

5. Capital Units (**"Capital Units"**) of each Fund will be listed on the Toronto Stock Exchange (the **"TSX"**) or another stock exchange recognized by the OSC. Units of Claymore Natural Gas Commodity ETF are listed on the TSX and Claymore has applied to list the units of each other Commodity Pool on the TSX.

6. The investment objective of the Commodity Pools (other than the Claymore Inverse Natural Gas Commodity ETF) is to replicate, to the extent possible, the performance of an index. The investment objective of the Claymore Inverse Natural Gas Commodity ETF is to replicate the inverse (opposite) daily performance of the NGX Canadian Natural Gas Index. The other Funds will have similar investment objectives.

7. In order to achieve its investment objective, each Commodity Pool may invest in exchange-traded notes or securities issued by exchange-traded funds which may or may not be managed by Claymore or an affiliate, and in specified derivatives including options, futures, forward contracts, swaps and debt-like securities. Each Commodity Pool may also use specified derivatives to hedge, or protect, against changes in asset class prices or foreign exchange risks (if applicable). The Commodity Pools may also invest in futures contracts in order to provide market exposure for cash held by the Commodity Pools and may hold money market instruments or cash to meet their current obligations. It is expected that other Funds will use similar investment strategies.

8. Claymore acts, or will act, as trustee and manager of the Funds. Claymore is registered as a portfolio manager and exempt market dealer. The principal and head office of Claymore is located in Toronto, Ontario.

9. The Commodity Pools will be sub-advised by Auspice Capital Advisors Ltd., a registered portfolio manager with its head office in Calgary, Alberta.

10. The investment strategies of the Funds will, except to the extent that the Exemption Sought is granted, be limited to the investment practices permitted by NI 81-102 and NI 81-104.

NI 81-102, Subsections 6.8(1) and 6.8(2)(c)

11. The Funds may take both long and short positions in their portfolios on exchanges in the United States, Canada and elsewhere around the world. The Funds may seek to apply leverage.

12. Claymore may seek to engage in specified derivative transactions in Canada and outside of Canada.

13. Claymore is authorized to establish, maintain, change and close brokerage accounts on behalf of the Funds. In order to facilitate specified derivatives transactions outside of Canada, Claymore may establish accounts with futures commissions merchants in the United States of America (**"Dealers"**).

14. Each Dealer is regulated by the Commodity Futures Trading Commission (the **"CFTC"**) and the National Futures Association (the **"NFA"**) in the United States, and is required to segregate all assets held on behalf of clients, including each Fund. Each Dealer is subject to audits and must have insurance to guard against employee fraud. Each Dealer has a net worth, determined from its most recent audited financial statements that have been made public, in excess of the equivalent of $50 million. Each Dealer has an exchange assigned to it as its designated self-regulatory organization (the **"DSRO"**). As a member of a DSRO, each Dealer must meet capital requirements, comply with the conduct rules of the CFTC, NFA and its DSRO, and participate in an arbitration process with a complainant.

15. The dealers are members of the clearing corporations and exchanges through which the standardized futures in the Funds' portfolio are primarily traded. Each clearing corporation is obliged to apply its surplus funds and the security deposits of its members to reimburse clients of failed members.

16. Each dealer requires, for each account, that cash and/or government securities be deposited with the dealer as collateral for specified derivatives transactions (**"Margin"**). Margin represents the minimum amount of funds that must be deposited with the dealer to initiate trading in specified derivatives transactions or to maintain the dealer's open position in standardized futures.

17. Dealers are required to hold all Margin, including cash and government securities, in segregated accounts and the Margin is not available to satisfy claims against the dealer made by parties other than the Funds.

18. Margin will be deposited with dealers in respect of standardized futures traded on exchanges.

19. Levels of Margin are established at the dealers' discretion. However, the Funds expect to operate generally with an approximate average margin utilization of 20%, and a maximum margin utilization of 30%, of the net asset value of each Fund. At no time will more than 30% of the net assets of a Fund be deposited with dealers as Margin.

20. The use of Margin allows the Funds to use leverage to invest in standardized futures more extensively than if no leverage was used.

21. The use of leverage is in accordance with the investment objectives and investment restrictions of the Funds.

NI 81-104, Subsection 3.2(2)(a)

22. If the Funds were governed by the provisions of NI 81-102 in this regard, Claymore would be allowed to redeem its seed capital investment in each Fund upon the Fund having received subscriptions totalling not less than $500,000 from investors other than the persons or companies referred to in paragraph 3.1(1)(a) of NI 81-102.

23. Claymore wishes to redeem the seed capital invested in each Fund subject to the conditions set out in this decision.

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

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

26. Having regard to Claymore's fiduciary obligation as set out in paragraph 25 above, the Funds' fixed investment objective, not having $50,000 invested in each Fund at all times will not change how Claymore manages each Fund. Claymore's interests will generally be aligned with those of investors in the Fund.

27. Claymore will be subject to the applicable requirements of registration as an investment fund manager under National Instrument 31-103 – *Registration Requirements and Exemptions* (**NI 31-103**) no later than the one year transition period after NI 31-103 came into force on September 28, 2009.

Decision

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

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

(a) the Funds shall only use margin such that the amount of Margin already held by any dealer within Canada and outside Canada on behalf of a Fund does not exceed 30% of the net assets of the Fund, taken at market value as at the time of the deposit;

(b) all Margin deposited with any dealers within Canada and outside Canada is and will be held in segregated accounts and is not, and will not be, available to satisfy claims against such dealers made by parties other than Claymore or Funds;

(c) Claymore may not redeem any of its initial investment of $50,000 in a Fund until $5.0 million has been received by the Fund from persons or companies other than the persons and companies referred to in paragraph 3.2(1)(a) of NI 81-104;

(d) the basis on which Claymore may redeem any of its initial investment of $50,000 from a Fund will be disclosed in the prospectus of the Fund;

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

(f) Claymore will at all times maintain excess working capital of a minimum of $100,000, or any higher amount that maybe required by NI 31-103.

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

2.1.14 PetroBakken Exploration Ltd. – 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).

March 23, 2010

McCarthy Tétrault LLP
3300, 421 - 7 Avenue SW
Calgary, AB T2P 4K9

Attention: Andrew D. Grasby

Dear Sir:

Re: PetroBakken Exploration Ltd. (the Applicant) - Application for a decision under the securities legislation of Alberta and Ontario (the Jurisdictions) that the Applicant is not a reporting issuer

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

As the Applicant has represented to the Decision Makers that:

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

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

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

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

each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been

met and orders that the Applicant is deemed to have ceased to be a reporting issuer.

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

2.2 Orders

2.2.1 Nest Acquisitions and Mergers et al.

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

AND

**IN THE MATTER OF
NEST ACQUISITIONS AND MERGERS,
IMG INTERNATIONAL INC.,
CAROLINE MYRIAM FRAYSSIGNES,
DAVID PELCOWITZ, MICHAEL SMITH, and
ROBERT PATRICK ZUK**

ORDER

WHEREAS on January 18, 2010, the Secretary of Ontario Securities Commission (the "Commission") issued a Notice of Hearing, pursuant to sections 37, 127 and 127.1 of the Ontario *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), for a hearing to commence at the offices of the Commission at 20 Queen Street West, 17th Floor Hearing Room on Monday, January 28th, 2010 at 10 a.m., or as soon thereafter as the hearing can be held;

AND WHEREAS on January 18, 2010, Staff of the Commission ("Staff") filed with the Commission a Statement of Allegations in this matter;

AND WHEREAS previously on April 8, 2009 a temporary cease trade order was issued, pursuant to subsections 127(1) and 127(5) of the Act, ordering that all trading in securities by Nest Acquisitions and Mergers and Caroline Frayssignes shall cease, and on January 22, 2010, pursuant to subsection 127(8), this order was extended until the end of the hearing on the merits;

AND WHEREAS previously on June 11, 2009 a temporary cease trade order was issued, pursuant to subsections 127(1) and 127(5) of the Act, ordering that all trading in securities by IMG International Inc./Investors Marketing Group International Inc. and Michael Smith shall cease, and on January 22, 2010, pursuant to subsection 127(8) of the Act, this order was extended until the end of the hearing on the merits;

AND WHEREAS Staff served the respondents with copies of the Notice of Hearing and the Statement of Allegations dated January 18, 2010, as evidenced by the Affidavit of Tammy Orta sworn on January 27, 2010, and filed with the Commission;

AND WHEREAS on January 28, 2010, counsel for Staff, counsel for Robert Patrick Zuk, who was also acting as agent for counsel for Caroline Myriam Frayssignes and Nest Acquisitions and Mergers, and David Pelcowitz appeared before the Commission;

AND WHEREAS on January 28, 2010, no one appeared on behalf of Michael Smith and IMG International Inc.;

AND WHEREAS the parties present on January 28, 2010 consented to the adjournment of the hearing until March 22, 2010 for the purpose of reviewing the status of disclosure, determining whether any motions by any party will be brought, to set a date for a pre-hearing conference, if necessary, and to set dates for the hearing on the merits in this matter;

AND WHEREAS on March 22, 2010, counsel for Staff, counsel for Robert Patrick Zuk, and counsel for Caroline Myriam Frayssignes and Nest Acquisitions and Mergers appeared before the Commission;

AND WHEREAS on March 22, 2010, no one appeared on behalf of David Paul Pelcowitz, Michael Smith and IMG International Inc.;

AND WHEREAS on March 22, 2010, Staff advised that disclosure of 18 volumes of information was made available to the respondents on February 19, 2010, and that the balance of disclosure would be available in approximately one week;

AND WHEREAS the parties present on March 22, 2010 consented to the setting of a pre-hearing conference for July 15, 2010 for purpose of reviewing the status of disclosure, determining whether any motions by any party will be brought, and to set dates for the hearing on the merits in this matter;

IT IS ORDERED that this matter is adjourned to July 15, 2010 at 10:00 a.m., or such other time as the Secretary's Office may advise.

DATED at Toronto this 22nd day of March 2010.

"Carol S. Perry"

2.2.2 Paladin Capital Markets Inc. et al. – ss. 127(1), 127(7), 127(8)

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

AND

IN THE MATTER OF
PALADIN CAPITAL MARKETS INC.,
JOHN DAVID CULP AND
CLAUDIO FERNANDO MAYA

ORDER
Sections 127(1), 127(7) and 127(8)

WHEREAS on June 2, 2009, the Ontario Securities Commission (the "Commission") issued a temporary order (the "Temporary Order") pursuant to sections 127(1) and 127(5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") ordering that:

1. Under s. 127(1)1 of the Act, the registration of Paladin and Culp be suspended;

2. Under s. 127(1)2 of the Act, all trading in any securities by the Respondents cease;

3. Under s. 127(1)2 of the Act, all trading in securities of Paladin cease; and

4. Under s. 127(1)3 of the Act, all exemptions contained in Ontario securities law do not apply to the Respondents;

AND WHEREAS on June 2, 2009, the Commission ordered that the Temporary Order shall expire on the 15th day after its making unless extended by order of the Commission;

AND WHEREAS on June 4, 2009 the Commission issued a Notice of Hearing to consider, among other things, the extension of the Temporary Order, to be held on June 15, 2009 at 10:00 a.m;

AND WHEREAS the Commission held a hearing on June 15, 2009 to consider whether to extend the Temporary Order;

AND WHEREAS counsel for Staff, Maya and Culp, on his own behalf and for Paladin, appeared at the hearing held on June 15, 2009;

AND WHEREAS Culp, on his own behalf and for Paladin, consented to the extension of the Temporary Order to September 30, 2009;

AND WHEREAS Maya consented to the extension of the Temporary Order to September 30, 2009, subject to his right to contest the Temporary Order by hearing on July 2, 2009 at 2:30 p.m.;

AND WHEREAS on July 2, 2009, the Commission heard submissions from Staff and Maya as to the continuation of the Temporary Order against Maya;

AND WHEREAS on July 2, 2009, with reasons issued on July 10, 2009, the Commission was not satisfied that Maya had provided satisfactory information not to extend the temporary order;

AND WHEREAS the Commission held a hearing on September 29, 2009 to consider whether to extend the Temporary Order;

AND WHEREAS Maya and Culp, on his own behalf and for Paladin, and counsel for Staff, appeared at the hearing held on September 29, 2009;

AND WHEREAS the parties consented to the extension of the Temporary Order to December 1, 2009;

AND WHEREAS the Commission held a hearing on November 30, 2009 to consider whether to extend the Temporary Order;

AND WHEREAS counsel for Staff and Culp, on his own behalf and for Paladin, appeared at the hearing held on November 30, 2009;

AND WHEREAS counsel for Staff spoke to and provided an email in respect of Maya's consent to an extension to the Temporary Order for a further two months;

AND WHEREAS at the hearing on November 30, 2009, Culp on his own behalf and for Paladin, and counsel for Staff consented to the extension of the Temporary Order to February 3, 2010;

AND WHEREAS the Commission held a hearing on February 2, 2010 to consider whether to extend the Temporary Order;

AND WHEREAS counsel for Staff but none of the Respondents appeared at the hearing held on February 2, 2010;

AND WHEREAS counsel for Staff spoke to and provided emails in respect of the Respondents' consents to an extension to the Temporary Order until March 23, 2010;

AND WHEREAS the Commission held a hearing on March 22, 2010 to consider whether to extend the Temporary Order;

AND WHEREAS on March 22, 2010 counsel for Staff and Maya attended in person at the hearing and Mr. Culp on his own behalf and for Paladin attended by telephone;

AND WHEREAS the parties consented to the extension of the Temporary Order until June 15, 2010 to allow for discussion of possible settlements and to allow Maya to seek legal advice;

AND WHEREAS Staff advised that it would file a Statement of Allegations and seek the issuance of a Notice of Hearing for a hearing on the merits prior to June 15, 2010 if resolutions cannot be reached with the Respondents;

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

AND WHEREAS by Commission order made August 31, 2009, pursuant to section 3.5(3) of the Act, any one of W. David Wilson, James E. A. Turner, David L. Knight, Carol S. Perry, Patrick J. LeSage, James D. Carnwath and Mary G. Condon, acting alone is authorized to exercise the powers of the Commission under the Act, subject to subsection 3.5(4) of the Act, to make orders under section 127 of the Act;

IT IS ORDERED that:

1. pursuant to sections 127(7) and 127(8), the Temporary Order is extended until June 16, 2010; and

2. the hearing is adjourned to June 15, 2010 at 2:00 p.m.

Dated at Toronto this 22nd day of March 2010

David L. Knight, FCA

2.2.3 Chartcandle Investments Corporation et al.

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

AND

IN THE MATTER OF
CHARTCANDLE INVESTMENTS CORPORATION,
CCI FINANCIAL, LLC, CHARTCANDLE INC.,
PSST GLOBAL CORPORATION,
STEPHEN MICHAEL CHESNOWITZ
and CHARLES PAULY

ORDER

WHEREAS on February 17, 2010, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing and Statement of Allegations pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act");

AND WHEREAS on March 22, 2010, Staff of the Commission advised the Commission panel that all of the Respondents had been properly served with the Notice of Hearing and Statement of Allegations dated February 17, 2010 and that the Respondents, Charles Pauly and Stephen Michael Chesnowitz, were aware of the hearing date but were unable to attend;

IT IS ORDERED THAT the hearing is adjourned to May 26, 2010 at 10:00 a.m., or such other date as the Secretary's office will advise, for a pre-hearing conference to review the status of disclosure, determine whether any motions will be brought by any of the parties and to set dates for the hearing on the merits in this matter.

DATED at Toronto this 22nd day of March 2010.

"Carol S. Perry"

2.2.4 Gold-Quest International et al.

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

AND

IN THE MATTER OF
GOLD-QUEST INTERNATIONAL,
1725587 Ontario Inc. carrying on business as
HEALTH AND HARMONEY,
HARMONEY CLUB INC.,
DONALD IAIN BUCHANAN,
LISA BUCHANAN
AND SANDRA GALE

ORDER

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

AND WHEREAS the Commission further ordered as part of the Temporary Order that pursuant to clause 2 of subsection 127(1) and subsection 127(5) of the Act that all trading in any securities by 1725587 Ontario Inc., carrying on business as Health and HarMONEY ("Health and HarMONEY"), Donald Iain Buchanan and Lisa Buchanan shall cease;

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

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

AND WHEREAS on April 8, 2008, the Commission issued a Notice of Hearing to consider among other things, the extension of the Temporary Order (the "TCTO Hearing");

AND WHEREAS on April 11, 2008 the Temporary Order was extended by the Commission with some amendments (the "Amended Temporary Order");

AND WHEREAS the Amended Temporary Order has been extended from time to time, most recently until the completion of the Hearing on the Merits;

AND WHEREAS on March 13, 2009, the Commission issued a Notice of Hearing of pursuant to sections 127 and 127.1 of the Act (the "Hearing") together with a Statement of Allegations dated March 12, 2009, issued by Staff of the Commission ("Staff"), with respect to Gold-Quest, Health and HarMONEY, the Harmoney Club Inc. (the "Harmoney Club"), Donald Iain Buchanan, Lisa Buchanan and Sandra Gale;

AND WHEREAS on March 20, 2009, upon hearing submissions from Sandra Gale, counsel for Staff and counsel for Donald Iain Buchanan and Lisa Buchanan, it was ordered that the Hearing be adjourned to May 26, 2009;

AND WHEREAS on May 26, 2009, upon hearing submissions from Sandra Gale, counsel for Staff and counsel for Donald Iain Buchanan and Lisa Buchanan, it was ordered that the Hearing be adjourned to June 25, 2009;

AND WHEREAS on June 25, 2009, counsel for Staff, counsel for Sandra Gale and counsel for Donald Iain Buchanan and Lisa Buchanan attended before the Commission;

AND WHEREAS on June 25, 2009, no one appeared for Gold-Quest, Health and HarMONEY or the Harmoney Club;

AND WHEREAS on June 25, 2009, upon hearing submissions from counsel for Staff, counsel for Sandra Gale, and counsel for Donald Iain Buchanan and Lisa Buchanan, it was ordered that the Hearing be adjourned to August 20, 2009;

AND WHEREAS on August 20, 2009, no one appeared for Gold-Quest, Health and HarMONEY or the Harmoney Club;

AND WHEREAS on August 20, 2009, upon hearing submissions from counsel for Staff and counsel for Sandra Gale, it was ordered that a pre-hearing conference be held on October 9, 2009;

AND WHEREAS on October 9, 2009, a pre-hearing conference was commenced and counsel for Staff, counsel for Sandra Gale and counsel for Donald Iain Buchanan and Lisa Buchanan attended before the Commission;

AND WHEREAS on October 9, 2009, no one appeared for Gold-Quest, Health and HarMONEY or the Harmoney Club;

AND WHEREAS on October 9, 2009, counsel for Staff, counsel for Sandra Gale and counsel for Donald Iain Buchanan and Lisa Buchanan requested, and it was ordered, that the pre-hearing conference be continued on December 10, 2009;

AND WHEREAS on December 10, 2009, the pre-hearing conference was continued and counsel for Staff, Sandra Gale, counsel for Sandra Gale, and counsel for Donald Iain Buchanan and Lisa Buchanan made submissions to the Commission;

AND WHEREAS on December 10, 2009, no one appeared for Gold-Quest, Health and HarMONEY or the Harmoney Club;

AND WHEREAS on December 10, 2009, it was ordered that the Hearing be adjourned to March 25, 2010 and March 26, 2010;

AND WHEREAS on December 10, 2009, it was further ordered that the motion for leave of the Commission to withdraw brought by counsel for Sandra Gale was granted and leave of the Commission was granted for counsel to withdraw;

AND WHEREAS Staff and the Respondents have agreed to request that the Hearing should be further adjourned;

IT IS ORDERED THAT the Hearing is adjourned to April 28, 2010 at 10:00 a.m. for a full day and April 29, 2010 from 10:00 a.m. to 2:00 p.m., or such other dates as are agreed to by the parties and determined by the Office of the Secretary, for the purpose of considering sanctions against certain of the Respondents and for any other purpose that the parties may advise the Office of the Secretary.

DATED at Toronto this 23rd day of March, 2010

"James Turner"

2.2.5 Richvale Resource Corp. et al. – ss. 127(1), 127(5)

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

AND

**RICHVALE RESOURCE CORP.,
MARVIN WINICK,
HOWARD BLUMENFELD,
PAQUALE SCHIAVONE,
AND SHAFI KHAN**

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

WHEREAS it appears to the Ontario Securities Commission that:

1. Richvale Resource Corp. ("Richvale") is an Ontario corporation with a registered office in Thornhill, Ontario;

2. Richvale is not a reporting issuer:

3. Marvin Winick ("Winick") and Howard Blumenfeld ("Blumenfeld") are the registered officers and directors of Richvale;

4. Pasquale Schiavone ("Schiavone") is a directing mind of Richvale;

5. Shafi Khan ("Khan") are acting as a representative of Richvale;

6. Richvale, Winick, Blumenfeld, Schiavone and Khan are not registered in any capacity with the Commission;

7. Richvale has not filed a preliminary prospectus or a prospectus and the Director has not issued a receipt in respect of this company;

8. Richvale shares have been offered for sale, and sold to the public in Ontario and elsewhere in Canada by representatives of Richvale;

9. Staff are conducting an investigation into the trading of Richvale securities, and it appears that Richvale and their representatives, including Winick, Blumenfeld, Schiavone and Khan may have engaged in the following conduct:

   (i) trading in securities of Richvale without proper registration or inappropriate exemption from the registration requirements under the Act contrary to section 25 of the Act;

   (ii) making representations, with the intention of effecting a trade in the shares of Richvale, that such shares will be listed on any stock exchange, contrary to section 38 of the Act;

   (iii) trading in shares of Richvale that would be a distribution of securities for which no preliminary prospectus or prospectus has been filed and no receipt has been issued by the Director contrary to section 53 of the Act; and

   (iv) engaging or participating in acts or a course of conduct relating to the shares of Richvale that they knew or ought to have known perpetrates a fraud on any person or company contrary to section 126.1 of the Act.

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

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

AND WHEREAS by Commission order made August 31, 2009 pursuant to section 3.5(3) of the Act, any one of W. David Wilson, James E. A. Turner, David L. Knight, Carol S. Perry, Patrick J. LeSage, James D. Carnwath and Mary G. Condon, acting alone, is authorized to make orders under section 127 of the Act;

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

IT IS FURTHER ORDERED pursuant to clause 2 of subsection 127(1) of the Act that Richvale and its representatives, including Winick, Blumenfeld, Schiavone and Khan cease trading in all securities; and

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

Dated at Toronto this 19th day of March, 2010

"David Wilson"

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
Toxin Alert Inc.	09 Mar 10	22 Mar 10	22 Mar 10	
ExelTech Aerospace Inc.	10 Mar 10	22 Mar 10	22 Mar 10	
ScotOil Petroleum Limited	12 Mar 10	24 Mar 10	24 Mar 10	
Glendale International Corp.	12 Mar 10	24 Mar 10	24 Mar 10	
Tahera Diamond Corporation	23 Mar 10	05 Apr 10		
Carber Capital Corp.	07 Dec 05	19 Dec 05	19 Dec 05	24 Mar 10

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

There are no items to report this week.

4.2.2 Outstanding Management & Insider Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/ Expire	Date of Issuer Temporary Order
Coalcorp Mining Inc.	07 Oct 09	19 Oct 09	19 Oct 09		
Axiotron Corp.	12 Feb 10	24 Feb 10	24 Feb 10		
RoaDor Industries Ltd.	----	24 Feb 10	24 Feb 10		

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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
01/01/2009 to 12/31/2009	2	AIC Corporate Fund Inc.- AIC Global Premium Dividend Income Corporate Class - Options	8,595.67	N/A
01/01/2009 to 12/31/2009	2	AIC Global Financial Split Corp. - Options	87,390.86	N/A
01/01/2009 to 12/31/2009	2	AIC Global Premium Dividend Income Fund - Options	116,542.53	N/A
01/01/2009 to 12/31/2009	2	AIC Global Wealth Management Fund - Units	62,568.81	N/A
01/01/2009 to 12/31/2009	1	AMI Canadian Equity Pooled Fund - Units	433,651.00	N/A
01/01/2009 to 12/31/2009	2	AMI Capped Canadian Equity Pooled Fund - Units	9,675,804.66	N/A
01/01/2009 to 12/31/2009	1	AMI Corporate Bond Pooled Fund - Units	111,090.89	N/A
01/01/2009 to 12/31/2009	4	AMI Fixed Income Pooled Fund - Units	5,634,230.42	N/A
01/01/2009 to 12/31/2009	2	AMI Growing Income Pooled Fund - Units	1,990,742.11	N/A
01/01/2009 to 12/31/2009	2	AMI Money Market Pooled Fund - Units	16,321,179.16	N/A
01/01/2009 to 12/31/2009	14	AMI Small Cap Pooled Fund - Units	8,506,278.24	N/A
03/12/2010	75	Arizona Acquisition Fund Inc. - Common Shares	1,986.30	19,863.00
03/03/2010	3	ArvinMeritor, Inc. - Common Shares	2,268,000.00	17,350,000.00
03/03/2010	3	ArvinMeritor, Inc. - Notes	3,529,305.11	1.00
03/05/2010	1	Axela Inc. - Debentures	200,801.00	1.00
03/03/2010	1	Blue-Zone Technologies Ltd. - Common Shares	100,000.00	50,000.00
02/11/2010	26	BNP Paribas (Canada) - Notes	3,610,000.00	3,610.00
03/04/2010	25	Buried Hill Energy (Cyprus) Public Company Limited - Common Shares	25,798,777.08	9,999,526.00
01/09/2009 to 12/04/2009	9	Caldwell Growth Opportunities Trust - Units	957,046.48	N/A
01/16/2009 to 09/25/2009	9	Caldwell ICM Market Strategy Trust - Units	201,479.17	23,783.63

Transaction Date	# of Purchasers	Issuer/Security	Total Purchase Price ($)	# of Securities Distributed
03/27/2009 to 12/24/2009	17	Caldwell Institutional Bond Pool - Units	4,874,834.24	N/A
01/09/2009 to 12/24/2009	20	Caldwell Institutional Equity Pool - Units	4,917,670.18	561,610.46
01/01/2009 to 12/31/2009	3	Canadian Fixed Income Plus Fund - Units	1,777,073.14	121,443.00
03/01/2010	3	Capital Direct I Income Trust - Units	310,000.00	31,000.00
01/01/2009 to 12/31/2009	2	Copernican International Dividend Income Fund - Options	143,021.29	N/A
01/01/2009 to 12/31/2009	2	Copernican International Financial Split Corp. - Options	173,861.38	N/A
01/01/2009 to 12/31/2009	2	Copernican World Banks Split Inc. - Options	133,284.36	N/A
01/01/2009 to 12/31/2009	2	Copernican World Financial Infrastructure Trust - Options	97,673.89	N/A
03/05/2010	1	Express, LLC and Express Finance Corp. - Notes	101,418.93	1.00
01/01/2009 to 12/31/2009	26	Fiera Active Fixed Income Fund - Units	199,829,823.00	19,608,921.00
01/01/2009 to 12/31/2009	26	Fiera Balanced Fund - Units	31,202,729.00	3,396,273.64
01/01/2009 to 12/31/2009	66	Fiera Canadian Bond Fund - Units	19,532,585.00	478,620.84
01/01/2009 to 12/31/2009	44	Fiera Canadian Equity Ethical Fund - Units	12,993,750.00	1,448,290.27
01/01/2009 to 12/31/2009	43	Fiera Canadian Equity Fund - Units	9,134,411.00	116,433.00
01/01/2009 to 12/31/2009	115	Fiera Canadian Equity Growth Fund - Units	19,294,725.00	2,819,550.79
01/01/2009 to 12/31/2009	72	Fiera Canadian Equity Value Fund - Units	56,756,704.00	4,990,405.31
01/01/2009 to 12/31/2009	20	Fiera Global Equity Fund - Units	99,955,244.00	14,451,640.72
01/01/2009 to 12/31/2009	96	Fiera Global Macro Fund - Units	52,062,986.00	5,207,621.11
01/01/2009 to 12/31/2009	2	Fiera Income Trust Fund - Units	3,275,799.00	596,229.09
01/01/2009 to 12/31/2009	50	Fiera International Equity Fund - Units	17,374,424.00	1,708,892.05
01/01/2009 to 12/31/2009	116	Fiera International Equity Fund (Sprucegrove) - Units	119,224,744.00	12,699,728.29
01/01/2009 to 12/31/2009	858	Fiera Market Neutral Equity Fund - Units	37,896,880.00	3,453,622.62

Transaction Date	# of Purchasers	Issuer/Security	Total Purchase Price ($)	# of Securities Distributed
01/01/2009 to 12/31/2009	139	Fiera Money Market Fund - Units	322,471,422.00	28,310,924.83
01/01/2009 to 12/31/2009	183	Fiera North American Market Neutral Fund II - Units	100,755,206.00	9,990,028.90
01/01/2009 to 12/31/2009	157	Fiera Private Wealth Canadian Equity Fund - Units	13,688,438.00	1,155,607.62
01/01/2009 to 12/31/2009	170	Fiera Private Wealth Income Fund - Units	52,447,051.00	7,387,094.89
01/01/2009 to 12/31/2009	82	Fiera Private Wealth US Equity Fund - Units	25,933,449.00	9,002,008.14
01/01/2009 to 12/31/2009	44	Fiera Short Term Investment Fund - Units	273,106,150.00	27,310,615.00
01/01/2009 to 12/31/2009	67	Fiera Tactical Fixed Income Fund - Units	80,481,660.00	7,952,635.57
01/01/2009 to 12/31/2009	37	Fiera US Equity Ethical Fund - Units	12,120,000.00	2,049,280.57
01/01/2009 to 12/31/2009	110	Fiera US Equity Fund - Units	49,285,453.00	952,519.36
07/03/2009	3	Freegold Ventures Limited - Common Shares	1,720,000.00	1,720,000.00
02/06/2009	2	Freegold Ventures Limited - Common Shares	115,000.00	500,000.00
10/01/2009	1	Freegold Ventures Limited - Common Shares	1,504,330.00	16,714,774.00
01/01/2009 to 12/31/2009	2	GS+A Canadian Bond Index Fund - Units	659,243.74	N/A
01/01/2009 to 12/31/2009	4367	GS+A Credit Arbitrage Fund - Units	863,101,499.80	N/A
01/01/2009 to 12/31/2009	2114	GS+A Enhanced Bond Fund - Units	667,866,114.83	N/A
01/01/2009 to 12/31/2009	425	GS+A Enhanced Credit Arbitrage Fund - Units	97,251,243.29	N/A
01/01/2009 to 12/31/2009	5	GS+A Equity Long/Short Fund - Units	1,018,918.91	N/A
01/01/2009 to 12/31/2009	27	GS+A Focused Long/Short Fund - Units	7,613,924.18	N/A
01/01/2009 to 12/31/2009	9	GS+A High Yield Long/Short Fund - Units	2,672,150.65	N/A
01/01/2009 to 12/31/2009	7	GS+A High Yield Long/Short Trust - Units	74,334.28	N/A
01/01/2009 to 12/31/2009	52	GS+A Income Long/Short Fund - Units	28,533,255.70	N/A
01/01/2009 to 12/31/2009	4	GS+A Income Long/Short Trust - Units	30,216.24	N/A

Transaction Date	# of Purchasers	Issuer/Security	Total Purchase Price ($)	# of Securities Distributed
01/01/2009 to 12/31/2009	677	GS+A Multi-Strategy Fund - Units	120,276,082.45	N/A
01/01/2009 to 12/31/2009	800	GS+A Multi-Strategy Opportunities Fund - Units	107,968,638.88	N/A
01/01/2009 to 12/31/2009	757	GS+A Multi-Strategy Opportunities Trust - Units	55,859,426.07	N/A
01/01/2009 to 12/31/2009	908	GS+A Multi-Strategy Trust - Units	91,423,337.25	N/A
01/01/2009 to 12/31/2009	1	GS+A Quantitative Long/Short Fund - Units	125,000.00	N/A
01/01/2009 to 12/31/2009	2	GS+A Quantitative Long/Short Trust - Units	26,000.00	N/A
01/01/2009 to 12/31/2009	344	GS+A RRSP Fund - Units	12,976,640.51	N/A
01/01/2009 to 12/31/2009	12	GS+A Short Fund - Units	2,352,713.93	N/A
01/01/2009 to 12/31/2009	528	GS+A Short Term Bond Fund - Units	182,083,994.57	N/A
01/01/2009 to 12/31/2009	1	GS+A Short Trust - Units	7,500.00	N/A
01/01/2009 to 12/31/2009	203	GS+A Top 15 Fund - Units	36,464,033.33	N/A
01/01/2009 to 12/31/2009	9	GS+A US$ Fixed Income Fund - Units	958,943.02	N/A
01/01/2009 to 12/31/2009	120	GS+A U.S. Equity Fund - Units	1,735,025.91	N/A
03/02/2010	3	Hastings (Bancroft) Investments Inc. - Loans	3,728,221.00	3,728,221.00
02/26/2010 to 03/02/2010	27	IGW Real Estate Investment Trust - Units	543,211.75	554,986.86
01/01/2009 to 12/31/2009	3	Integra Acadian Global Equity Fund - Units	22,463,711.72	1,022,368.00
01/01/2009 to 12/31/2009	5	Integra Conservative Allocation Fund - Units	3,787,747.26	338,289.00
01/01/2009 to 12/31/2009	7	Integra Diversified Fund - Units	82,549,284.75	2,192,151.00
01/01/2009 to 12/31/2009	9	Integra Equity Fund - Units	7,131,107.75	462,020.00
01/01/2009 to 12/31/2009	1	Integra Global Market Neutral Fund - Units	435,606.04	N/A
01/01/2009 to 12/31/2009	7	Integra Growth Allocation Fund - Units	3,752,183.09	338,288.40
01/01/2009 to 12/31/2009	7	Integra Strategic Allocation Fund - Units	7,545,899.08	574,170.55

Transaction Date	# of Purchasers	Issuer/Security	Total Purchase Price ($)	# of Securities Distributed
06/30/2009 to 12/31/2009	2	JHIC Balanced Fund - Units	151,997.91	44,310.63
01/30/2009 to 12/31/2009	1	JHIC Bond Fund - Units	1,174,060.84	117,632.76
01/30/2009 to 10/30/2009	1	JHIC Canadian Equity Fund - Units	27,564.17	4,024.38
02/18/2009 to 12/31/2009	5	JHIC Foreign Equity Fund - Units	18,328,076.90	N/A
01/30/2009 to 12/01/2009	1	JHIC Money Market Fund - Units	2,264.56	N/A
01/01/2009 to 12/31/2009	2	JHIC Small Cap Fund - Units	4,335,527.09	N/A
03/08/2010	1	King Edwards Realty Inc. - Loans	3,000,000.00	3,000,000.00
01/01/2009 to 12/31/2009	120	KJH Energy Partners Fund - Units	22,093,563.67	192,602.61
01/01/2009 to 12/31/2009	34	KJH Financial Franchises Fund - Units	3,352,180.21	34,674.75
01/01/2009 to 12/31/2009	217	KJH Fixed Income Fund - Units	30,897,120.57	N/A
01/01/2009 to 12/31/2009	78	KJH Small Companies CISSEMT Fund - Units	1,519,145.70	19,374.64
01/01/2009 to 12/31/2009	546	KJH Strategic Investors Fund - Units	22,652,759.13	N/A
01/01/2009 to 12/31/2009	131	KJH Sweet Sixteen Fund - Units	5,619,309.17	65,285.91
03/02/2010	3	Main Lanes (Alexandria) Investments Inc. - Loans	3,475,460.00	3,475,460.00
03/01/2010	1	Marathon Legacy Securities Public-Private Investment Fund, Ltd. - Common Shares	15,787,500.00	15,000.00
02/25/2010	2	Mason Wells Buyout Fund II, LP - Limited Partnership Interest	20,000,000.00	4.00
01/14/2010	29	Metropolitan Life Global Funding I - Notes	300,000,000.00	N/A
03/03/2010	1	Mustard Capital Inc. - Common Shares	325,000.00	411,392.00
03/03/2010	1	Mustard Capital Inc. - Loans	325,000.00	1.00
01/01/2009 to 12/31/2009	91	Natcan Canadian Bond Fund - Units	115,899,165.44	1,333,492.72
01/01/2009 to 12/31/2009	26	Natcan Canadian Equity Fund - Units	66,150,757.65	197,268.33
01/01/2009 to 12/31/2009	2	Natcan Canadian Equity Growth Fund - Units	38,433,621.35	375,936.28
01/01/2009 to 12/31/2009	52	Natcan Global Equity Fund - Units	50,283,755.88	779,124.02

Transaction Date	# of Purchasers	Issuer/Security	Total Purchase Price ($)	# of Securities Distributed
01/01/2009 to 12/31/2009	61	Natcan International Equity Fund - Units	44,486,261.00	75,330.70
01/01/2009 to 12/31/2009	218	Natcan Money Market Fund - Units	2,641,442,607.86	2,641,442.32
01/01/2009 to 12/31/2009	7	Natcan Small Cap Equity Fund - Units	14,061,823.09	18,201.56
01/01/2009 to 12/31/2009	55	Natcan Social Value Canadian Equity Fund - Units	27,111,772.44	287,009.99
01/01/2009 to 12/31/2009	26	Natcan U.S. Equity Fund - Units	29,029,545.42	69,254.56
01/01/2009 to 12/31/2009	5	NWQ U.S. Large Cap Value Fund - Units	2,028,146.48	94,929.00
02/26/2010	4	Oshkosh Corporation - Notes	7,894,500.00	78,945.00
01/01/2009 to 12/31/2009	18	Picton Mahoney Global Long Short Equity Fund - Units	248,506.47	11,822.24
01/01/2009 to 12/31/2009	83	Picton Mahoney Global Market Neutral Equity Fund - Units	3,763,551.23	200,378.49
01/01/2009 to 12/31/2009	1	Picton Mahoney Global Market Neutral Equity US Dollar Fund - Units	14,972.26	1,440.56
01/01/2009 to 12/31/2009	169	Picton Mahoney Long Short Equity Fund - Units	8,529,640.63	304,100.10
01/01/2009 to 12/31/2009	649	Picton Mahoney Market Neutral Equity Fund - Units	38,707,835.33	1,433,434.46
01/01/2009 to 12/31/2009	962	Polar Investment Funds Limited - Common Shares	106,535,423.55	N/A
03/03/2010	1	rue21.inc. - Common Shares	1,466,000.00	50,000.00
03/02/2010	3	Sadler (Almonte) Investments Inc. - Loans	3,096,319.00	3,096,319.00
02/24/2010	86	Samarium Group Corporation - Preferred Shares	886,769.90	N/A
02/23/2010	1	Scotiabank Peru S.A.A. - Notes	26,250,000.00	N/A
09/01/2009 to 12/01/2009	3	SEAMARK Pooled Canadian Bond Fund - Units	1,040,000.00	94,151.00
02/11/2009 to 10/02/2009	2	SEAMARK Pooled Money Market Fund - Units	1,750,000.00	175,000.00
02/11/2009	1	SEAMARK Pooled US Equity Fund - Units	250,000.00	23,312.00
01/01/2009 to 12/31/2009	79	Sentry Select Market Neutral L.P. - Units	6,820,513.00	65,058.41
01/01/2009 to 12/31/2009	35	Sentry Select Market Neutral RRSP Fund - Units	1,766,515.00	172,878.66
01/06/2009 to 12/31/2009	47	The Pembroke Canadian Growth Fund - Units	5,014,557.69	790,481.51
01/06/2009 to 12/31/2009	138	The Pembroke Corporate Bond Fund - Units	18,422,329.28	1,747,725,826.00

Transaction Date	# of Purchasers	Issuer/Security	Total Purchase Price ($)	# of Securities Distributed
01/06/2009 to 12/22/2009	39	The Pembroke U.S. Growth Fund - Units	4,516,150.31	685,658,668.00
02/23/2010	44	TimberRock Energy Corp. - Common Shares	6,936,875.00	5,549,500.00
02/17/2010	1	UBS AG, Jersey Branch - Certificate	463,683.57	480.00
03/01/2010	1	York Total Return Unit Trust - Trust Units	521,050.00	N/A

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Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
AGF Canadian Conservative Inflation Managed Income Fund
AGF Canadian Growth Equity Fund
AGF Canadian Resources Fund
AGF Global Aggregate Bond Fund
AGF Pure Canadian Balanced Fund
AGF Traditional Income Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectuses dated March 19, 2010
NP 11-202 Receipt dated March 23, 2010
Offering Price and Description:
Mutual Fund Series, Series F, G, H, O, T, V and S Securities
Underwriter(s) or Distributor(s):
AGF Funds Inc.
Promoter(s):
-
Project #1548453

Issuer Name:
BioExx Specialty Proteins Ltd.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated March 17, 2010
NP 11-202 Receipt dated March 17, 2010
Offering Price and Description:
$15,077,500 - 8,150,000 Common Shares - Price: $1.85 per Common Share
Underwriter(s) or Distributor(s):
Canaccord Financial Ltd.
Cormark Securities Inc.
Wellington West Capital Markets Inc.
GMP Securities L.P.
Fraser Mackenzie Limited
Lowewen, Ondaatje, McCutcheon Limited
Promoter(s):
-
Project #1547305

Issuer Name:
Canyon Services Group Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated March 17, 2010
NP 11-202 Receipt dated March 17, 2010
Offering Price and Description:
$40,660,000 - 10,700,000 Common Shares - Price: $3.80 per Common Share
Underwriter(s) or Distributor(s):
Peters & Co. Limited
Cormark Securities Inc.
Raymond James Ltd.
Wellington West Capital Markets Inc.
Promoter(s):
-
Project #1547282

Issuer Name:
Empire Capital Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary CPC Prospectus dated March 16, 2010
NP 11-202 Receipt dated March 17, 2010
Offering Price and Description:
$700,000 - 3,500,000 Common Shares - Price: $0.20 per Common Share
Underwriter(s) or Distributor(s):
Macquarie Private Wealth Inc
Promoter(s):
Norman Eyolfson
Project #1546839

Issuer Name:
Essential Energy Services Trust
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated March 18, 2010
NP 11-202 Receipt dated March 18, 2010
Offering Price and Description:
$13,000,000 - 10,000,000 Units - Price: $1.30 per Unit
Underwriter(s) or Distributor(s):
Wellington West Capital Markets Inc.
Raymond James Ltd.
CI Capital Markets Inc.
Promoter(s):
-
Project #1548006

Issuer Name:
First Trust Global Capital Strength Portfolio
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated March 17, 2010
NP 11-202 Receipt dated March 19, 2010
Offering Price and Description:
Series A and F Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
First Defined Portfolio Management Co.
Project #1547899

Issuer Name:
Greater China Capital Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary CPC Prospectus dated March 22, 2010
NP 11-202 Receipt dated March 23, 2010
Offering Price and Description:
$200,000 to $1,815,000 - 1,000,000 to 9075000 Common Shares - Price: $0.20 per Common Share
Underwriter(s) or Distributor(s):
Portfolio Strategies Securities Inc.
Promoter(s):
-
Project #1549442

Issuer Name:
Himalayan Capital Corp.
Principal Regulator - British Columbia
Type and Date:
Preliminary CPC Prospectus dated March 12, 2010
NP 11-202 Receipt dated March 17, 2010
Offering Price and Description:
$240,000 -1,200,000 Common Shares - Price: $0.20 per Common Share
Underwriter(s) or Distributor(s):
Haywood Securities Inc.
Promoter(s):
Ionic Capital Corp.
Project #1547352

Issuer Name:
Master Credit Card Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Shelf Prospectus dated March 22, 2010
NP 11-202 Receipt dated March 22, 2010
Offering Price and Description:
Up to $3,000,000,000 Credit Card Receivables-Backed Notes
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
Promoter(s):
Bank Of Montreal
Project #1548835

Issuer Name:
Med BioGene Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated March 22, 2010
NP 11-202 Receipt dated March 23, 2010
Offering Price and Description:
US$ * - * Common Shares - Price: US$ * per Common Share
Underwriter(s) or Distributor(s):
Dundee Securities Corporation
Promoter(s):

Project #1520094

Issuer Name:
MillenMin Ventures Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary CPC Prospectus dated March 18, 2010
NP 11-202 Receipt dated March 19, 2010
Offering Price and Description:
$200,000 - 2,000,000 Common Shares - Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
Leede Financial Markets Inc.
Promoter(s):
Shunyi Yao
John H. Paterson
Yunkai Cai
Project #1547977

Issuer Name:
Rare Element Resources Ltd.
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated March 17, 2010
NP 11-202 Receipt dated March 17, 2010
Offering Price and Description:
$7,875,000 - 2,250,000 Units - Price: $3.50 per Unit
Underwriter(s) or Distributor(s):
Pope & Company Limited
Jacob Securities Inc.
Promoter(s):
-
Project #1547384

Issuer Name:
Realex Properties Corp.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated March 22, 2010
NP 11-202 Receipt dated March 22, 2010
Offering Price and Description:
$ * - * Common Shares - Price: $ * per Common Share
Underwriter(s) or Distributor(s):
Desjardins Securities Inc.
Genuity Capital Markets
TD Securities Inc.
Promoter(s):
-
Project #1548959

Issuer Name:
ScotiaMocatta Physical Copper Fund
Principal Regulator - Ontario
Type and Date:
Amended and Restated Preliminary Long Form Prospectus dated March 17, 2010
NP 11-202 Receipt dated March 17, 2010
Offering Price and Description:
Maximum $ *
* Class A Units - Price: $10.00 per Class A Unit
* Class F Units - Price: $10.00 per Class F Unit
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
TD Securities Inc.
Canaccord Financial Ltd.
Desjardins Securities Inc.
Dundee Securities Corporation
GMP Securities L.P.
HSBC Securities (Canada) Inc.
Macquarie Capital Markets Canada Ltd.
Manulife Securities Incorporated
Raymond James Ltd.
Wellington West Capital Markets Inc.
Promoter(s):
Scotia Managed Companies Administration Inc.
Project #1452758

Issuer Name:
Toronto Hydro Corporation
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated March 22, 2010
NP 11-202 Receipt dated March 22, 2010
Offering Price and Description:
$245,057,000 6.11% Senior Unsecured Debentures due 2011
$245,057,000 6.11% Senior Unsecured Debentures due 2013
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
Promoter(s):
-
Project #1548686

Issuer Name:
Allon Therapeutics Inc.
Principal Regulator - British Columbia
Type and Date:
Final Shelf Prospectus dated March 18, 2010
NP 11-202 Receipt dated March 18, 2010
Offering Price and Description:
$10,000,000 - * Common Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1543138

Issuer Name:
Chemtrade Logistics Income Fund
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated March 17, 2010
NP 11-202 Receipt dated March 17, 2010
Offering Price and Description:
$80,000,000 - 6.0% Convertible Unsecured Subordinated Debentures - Price: $1,000 per Debenture
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
TD Securities Inc.
Promoter(s):
-
Project #1544520

Issuer Name:
Desjardins Alternative Investments Fund
Desjardins American Equity Growth Fund (formerly Desjardins CI Value Trust Corporate Class Fund)
Desjardins American Equity Value Fund
Desjardins Canadian Balanced Fund
Desjardins Canadian Bond Fund
Desjardins Canadian Equity Fund
Desjardins Canadian Equity Value Fund
Desjardins Canadian Small Cap Equity Fund
Desjardins Capital Yield Bond Fund
Desjardins Dividend Growth Fund
Desjardins Dividend Income Fund (formerly Desjardins Dividend Fund)
Desjardins Emerging Markets Fund
Desjardins Enhanced Alternative Investments Fund
Desjardins Enhanced Bond Fund
Desjardins Environment Fund
Desjardins Fidelity True North (R) Fund
Desjardins Global All Cap Equity Fund
Desjardins Global Equity Value Fund
Desjardins Global Real Estate Fund
Desjardins Global Small Cap Equity Fund
Desjardins Money Market Fund
Desjardins Northwest Specialty Equity Fund
Desjardins Northwest Specialty Global High Yield Bond Fund
Desjardins Overseas Equity Growth Fund
Desjardins Overseas Equity Value Fund
Desjardins Québec Balanced Fund
Desjardins Short-Term Income Fund
SocieTerra Balanced Portfolio
SocieTerra Growth Plus Portfolio
SocieTerra Growth Portfolio
SocieTerra Secure Market Portfolio
Principal Regulator - Quebec
Type and Date:
Final Simplified Prospectuses dated March 18, 2010
NP 11-202 Receipt dated March 23, 2010
Offering Price and Description:
Class A, T and I Units @ Net Asset Value
Underwriter(s) or Distributor(s):
Féderation des caisses Desjardins du Québec
Féderation des caisses Dejsardins du Québec
Federation des caisses Desjardins du Quebec
Féderation des caisses Desjardins de Québec
Promoter(s):
-
Project #1531431

Issuer Name:
First Asset Canadian Dividend Opportunity Fund
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated March 22, 2010
NP 11-202 Receipt dated March 23, 2010
Offering Price and Description:
Maximum - $200,000,000 - 20,000,000 Units - Price: $10.00 per Unit
Minimum - $40,000,000 - 4,000,000 Units - Price $10.00 per Unit
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
National Bank Financial Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
TD Securities Inc.
Dundee Securities Corporation
HSBC Securities (Canada) Inc.
Raymond James Ltd.
Wellington West Capital Markets Inc.
Canaccord Financial Ltd.
GMP Securities L.P.
Macquarie Capital Markets Canada Ltd.
Promoter(s):
First Asset Investment Management Inc.
Project #1535401

Issuer Name:
Greater Toronto Airports Authority
Principal Regulator - Ontario
Type and Date:
Final Shelf Prospectus dated March 19, 2010
NP 11-202 Receipt dated March 19, 2010
Offering Price and Description:
$1,500,000,000
Medium-Term Notes (Secured)
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1544998

Issuer Name:
Killam Properties Inc.
Principal Regulator - Nova Scotia
Type and Date:
Final Short Form Prospectus dated March 17, 2010
NP 11-202 Receipt dated March 17, 2010
Offering Price and Description:
$50,611,500 - 6,210,000 Common Shares - Price: $8.15 per Offered Share
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
TD Securities Inc.
Canaccord Financial Ltd.
National Bank Financial Inc.
Beacon Securities Limited
Desjardins Securities Inc.
Dundee Securities Corporation
Macquarie Capital Markets Canada Ltd.
Raymond James Ltd.
Brookfield Financial Corp.
M Partners Inc.
Promoter(s):
-
Project #1544482

Issuer Name:
Labrador Iron Mines Holdings Limited
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated March 19, 2010
NP 11-202 Receipt dated March 19, 2010
Offering Price and Description:
$30,003,300 - 5,406,000 Common Shares
$5,054,000 - 760,000 Flow-Through Shares
Price: $5.55 per Common Share and $6.65 per Flow-Through Share
Underwriter(s) or Distributor(s):
Canaccord Financial Ltd.
Jennings Capital Inc.
Haywood Securities Inc.
Promoter(s):
-
Project #1545062

Issuer Name:
Mavrix Québec 2010 Flow Through LP
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated March 22, 2010
NP 11-202 Receipt dated March 22, 2010
Offering Price and Description:
Maximum offering: $20,000,000 (2,000,000 Units) - Minimum offering: $2,000,000 (200,000 Units)
Subscription Price: $10.00 per Unit
Underwriter(s) or Distributor(s):
Desjardins Securities Inc.
Dundee Securities Corporation
Industrial Alliance Securities Inc.
GMP Securities L.P.
Laurentian Bank Securities Inc.
Canaccord Financial Ltd.
Wellington West Capital Markets Inc.
Promoter(s):
Mavrix Quebec 2010 Ltd.
Mavrix Fund Management Inc.
Project #1532322

Issuer Name:
NIF-T
Principal Regulator - Ontario
Type and Date:
Final Shelf Prospectus dated March 16, 2010
NP 11-202 Receipt dated March 17, 2010
Offering Price and Description:
Up to $1,500,000,000 Asset-Backed Notes
Underwriter(s) or Distributor(s):
-
Promoter(s):
Nissan Canada Inc.
Project #1543499

Issuer Name:
Norbord Inc.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated March 22, 2010
NP 11-202 Receipt dated March 23, 2010
Offering Price and Description:
$150,300,000 - 9,000,000 Common Shares - Price: $16.70 per Common Share
Underwriter(s) or Distributor(s):
TD Securities Inc.
RBC Dominion Securities Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
Credit Suisse Securities (Canada), Inc.
National Bank Financial Inc.
HSBC Securities (Canada) Inc.
Promoter(s):
-
Project #1546538

Issuer Name:
NorthWest Healthcare Properties Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated March 16, 2010
NP 11-202 Receipt dated March 17, 2010
Offering Price and Description:
$175,000,000 - 17,500,000 Units - Price: $10.00 per Unit
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
National Bank Financial Inc.
Scotia Capital Inc.
TD Securities Inc.
Canaccord Financial Ltd.
Macquarie Capital Markets Canada Ltd.
Versant Partners Inc.
Promoter(s):
NorthWest Operating Trust
Project #1532615

Issuer Name:
Palliser Oil & Gas Corporation
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated March 17, 2010
NP 11-202 Receipt dated March 17, 2010
Offering Price and Description:
$10,132,000 - 12,665,000 Common Shares issuable upon exercise of 12,665,000 outstanding Special Warrants - Price: $0.80 per Special Warrant
Underwriter(s) or Distributor(s):
Jennings Capital Inc.
Dundee Securities Corporation
Promoter(s):
-
Project #1544082

Issuer Name:
Sprott Gold Bullion Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus dated March 17, 2010
NP 11-202 Receipt dated March 19, 2010
Offering Price and Description:
Mutual fund trust units at net asset value
Underwriter(s) or Distributor(s):

Promoter(s):
-
Project #1531417

Issuer Name:
Terra Energy Corp.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated March 17, 2010
NP 11-202 Receipt dated March 17, 2010
Offering Price and Description:
$9,000,000 - 5,000,000 Common Shares
$13,500,000 - 6,250,000 Flow-Through Shares
Price: $1.80 per Common Share and $2.16 per Flow-Through Share
Underwriter(s) or Distributor(s):
GMP Securities L.P.
Scotia Capital Inc.
Dundee Securities Corporation
Acumen Capital Finance Partners Limited
Mackie Research Capital Corporation
Jennings Capital Inc.
Promoter(s):
-
Project #1544637

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Voluntary Surrender of Registration	Danz Financial Corporation	Exempt Market Dealer	March 17, 2010
Change of Category	Kaiog Capital Partners Inc.	From: Portfolio Manager To: Portfolio Manager & Exempt Market Dealer & Investment Fund Manager	March 17, 2010
Consent to Suspension (s. 30 of the Act - Surrender of Registration)	DBU Capital Group Inc.	Exempt Market Dealer	March 18, 2010
Consent to Suspension (s. 30 of the Act - Surrender of Registration)	Stern Capital LLC	Exempt Market Dealer	March 18, 2010
Consent to Suspension (s. 30 of the Act - Surrender of Registration)	Scotia Capital (USA) Inc.	Exempt Market Dealer	March 19, 2010
Name Change	From: D & D Securities Company To: D & D Securities Inc.	Investment Dealer	March 19, 2010

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Chapter 13

SROs, Marketplaces and Clearing Agencies

13.1 SROs

13.1.1 IIROC Rules Notice – Request for Comments – Proposed Plain Language Rules: 3100 – Business Conduct and 3200 – Client Accounts

RULES NOTICE

REQUEST FOR COMMENTS

Plain language rule re-write project –
Proposed Rule 3100, Business Conduct and
Proposed Rule 3200, Client Accounts

Summary of the nature and purpose of the proposed Rule

On January 26, 2010, the Board of Directors ("the Board") of the Investment Industry Regulatory Organization of Canada ("IIROC") approved the publication for comment of proposed Dealer Member Rules 3100 relating to business conduct and 3200 relating to client accounts, which includes rules relating to accounts with options contracts and futures contracts and discretionary and managed accounts (collectively referred to as the "proposed Rules").

IIROC has undertaken a project to rewrite its rules in plain language. The primary objective of this project is to develop a set of rules that is more clear, concise and organized, without changing the rules themselves. In addition we have identified a number of rules that also require substantive revisions.

The new rules will be submitted to the Board and issued for public comments in 8 tranches. The first tranche submitted to the Board and issued for public comments includes the following two sets of substantive change rules:

(1) Rule 3100, *Business Conduct*; and

(2) Rule 3200, *Client Accounts*.

The existing rules relating to business conduct standards and clients accounts have been identified as requiring substantive revisions in order to:

- eliminate unnecessary rule provisions;
- clarify IIROC's expectations with respect to certain rules;
- ensure that the rules reflect actual IIROC practices; and
- ensure consistency with other IIROC Dealer Member rules and applicable securities legislation.

Proposed Rule 3100 is a consolidation of the relevant requirements currently set out in IIROC Dealer Member Rules 17, 29, 1300 and 1500, relating to Business Conduct.

Proposed Rule 3200 is a consolidation of the relevant requirements currently set out in IIROC Dealer Member Rules 29, 200, 1300, 1500, 2500, 2700 and 3200, relating to client Accounts.

Issues and specific proposed amendments

Current rules

Other than the proposed substantive revisions set out below, the proposed Rules 3100 and 3200 do not create any new obligations for Dealer Members and have been drafted to clarify the existing Rules with respect to business conduct standards and client accounts, respectively.

Proposed rules

In addition to the plain language rewrite of the existing requirements to create proposed Rule 3100, the following substantive amendment is proposed:

- *Business conduct*: Current Dealer Member Rule 1300.1(o) states that Dealer Members must use "due diligence to ensure that acceptance of any order is within the bounds of good business practice". In order to ensure consistency with other IIROC Dealer Member Rules, including the suitability requirements, the proposed Rule will clarify that Dealer Members are required to use due diligence to ensure that both *orders and recommendations* are within the bounds of good business practice.

In addition to the plain language rewrite of existing requirements to create proposed Rule 3200, the following substantive amendments are proposed to parts A, B and/or C of proposed Rule 3200 relating to general client account related requirements:

- *Client identification*: Current Dealer Member Rules require each dealer to use due diligence to know every client and to also complete the applicable information on Form 2. Form 2 includes questions designed to determine how long the advisor has known the client, whether they have met the client face to face and whether the client is an insider of any public corporation. The current Dealer Member Rules do not specifically state that the Dealer Member has to identify each client and determine whether the client is an insider of a reporting issuer. While current IIROC Dealer Member Rules only impose this specific requirement when dealing with trust accounts and corporate accounts it should be noted that Dealer Members are currently required to identify each new client in order to comply with the federal anti-money laundering legislation. Furthermore, National Instrument 31-103 ("NI 31-103") includes a requirement that Dealer Members identify every new client and determine whether that client is an insider of a public company. For consistency with NI 31-103, proposed Rule 3200 will require that each Dealer Member use due diligence to establish the identity of every new client and if there is cause for concern, then make inquiries as to the reputation of the client. Furthermore, for consistency with NI 31-103, proposed Rule 3200 (part A) will require each Dealer Member to use due diligence to establish whether the client is an insider of a reporting issuer or other issuer whose securities are publicly traded.

- Under the current Dealer Member Rules, when opening an initial account for a corporation, partnership or similar entity, Dealer members must identify any individual who is a beneficial owner, or exercises direct or indirect control over, more than 10% of the corporation, partnership or similar entity. However, Dealer Members are not subject to this requirement when opening an account for an entity that is, or is an affiliate of, a financial institution that is subject to a satisfactory regulatory regime in the country in which it is located. The proposed Rule codifies the current interpretation of the above noted exemption by clarifying that an institution is not subject to a satisfactory regulatory regime if it is exempted from the substantive requirements of the regulatory regime. Furthermore, Dealer Members are also not subject to the above noted identification requirement for any financial institution located in a particular country that may be exempted by IIROC. The proposed Rule codifies the current interpretation of this exemption by clarifying that the exemption may be provided not only to a specific institution in a particular country but also, to a class of institutions or all institutions located in a particular country.

- *Account Information for Institutional Clients*: The current Dealer Member Rules set out the definition of an Institutional Client. Although, it is expected and implied that IIROC Dealer Members would verify that a client qualifies as an Institutional Client prior to dealing with the client as such, it is not specifically required in the current IIROC Dealer Member Rules. Proposed Rule 3200 (part B) will specifically require Dealer Members to verify that a client qualifies as an Institutional Client before dealing with the client as such.

- *Account information* - To codify existing practices, to assist Dealer Members in complying with their general conduct requirements, and to ensure the accuracy of the account information, proposed Rule 3200 (part B) will specifically require that Dealer Members maintain account documents and records that meet not only IIROC requirements but also requirements imposed by all other applicable legislation.

- *Leverage Risk Disclosure Statement*: The current IIROC Dealer Member Rules require that a Leverage Risk Disclosure Statement be provided to each client. This rule was introduced in response to National Instrument 33-102 which requires that a leverage disclosure statement be provided to each retail client.[1] Consistent with current expectations and practice, historical records show that the current IIROC Dealer Member rule was only intended to apply to retail clients, however, the current IIROC Dealer Member Rule does not make specific reference to this limitation and merely states that it must be disclosed to each client. In order to ensure that the proposed Rule 3200 remains true to the original objectives (i.e. that it only apply to retail clients) and is consistent with current expectations and practices, proposed Rule 3200 (part B) will clarify that the Leverage Risk Disclosure Statement requirement is applicable only when dealing with retail clients.

[1] National Instrument 33-102 was repealed and replaced with equivalent provisions in National Instrument 31-103 as at September 28, 2009.

Furthermore, Proposed Rule 3200 will require Dealer Members to obtain an acknowledgment from each client who receives a copy of the Leverage Risk Disclosure Statement. This requirement was added to proposed Rule 3200 to ensure consistency with other similar provisions within the IIROC Dealer Member Rules, such as the requirement to obtain an executed copy of a Margin Account Agreement from the client as well as the requirement to obtain an acknowledgement of an options contract account or futures contract Risk Disclosure Statement from the client. There is no compelling reason that such an acknowledgement would not be obtained from a client with respect to a Leverage Risk Disclosure Statement in comparison to other risk disclosure statements.

- *Client mail* – The current IIROC Dealer Member Rules require that all "hold mail" instructions be evidenced by the client in writing, and controlled/reviewed on a regular basis. The existing requirements do not however, provide a time limit relating to "hold mail" restrictions. The current expectation is that "hold mail" restrictions will only be permitted on a temporary basis. Consistent with the purpose of "hold mail" restrictions, proposed Rule 3200 (part B) will specify that Dealer Members are required to set reasonable time limits of no longer than 6 months, in any 12 month period, on "hold mail" restrictions in their procedures. The time limit is to ensure that hold mail restrictions are not applied to any account on a continuous basis. However, IIROC staff recognize that there may be limited circumstances under which a longer period may be acceptable. Accordingly, the proposed Rule provides that a longer hold mail period may be in force for an account under the following conditions: i) it is permitted by the Dealer Member's policies and procedures, ii) the Dealer Member has policies and procedures to closely supervise the account, and iii) an appropriate Supervisor pre-approves the extended hold mail period.

In addition to the plain language rewrite of existing requirements to create proposed Rule 3200, the following substantive amendments are proposed to part D of proposed Rule 3200 dealing with options contracts, futures contracts and futures contract option accounts:

- *Letter of undertaking*: Current Dealer Member Rule 1800 stipulates that instead of a Futures Contract or Futures Contract Options Trading Agreement, a Dealer Member may obtain a letter of undertaking if the client, among other things, is "a dealer on its own behalf or a dealer on behalf of its customer if the dealer is required to maintain with its customer an account agreement substantially similar to those set out in Rule 1800.9". The term "dealer" as set out above is not defined in the IIROC Dealer Member rules. Accordingly, proposed Rule 3200 uses the term *regulated entity* rather than *dealer*. A regulated entity, as set out in Form 1 - Joint Regulatory Financial Questionnaire and Report of the IIROC Dealer Member Rules, is defined as a member of any association or exchange that:

    - has an investor protection regime similar to the CIP Fund;
    - has similar segregation and financial reporting requirement to those of IIROC;
    - sets out specific requirements relating to segregation of client credit balances and the margining of client accounts; and
    - is subject to regulatory oversight of a government agency or a self-regulatory organization.

  The revision of Rule 1800 contained in proposed Rule 3200 ensures the use of consistent terms in the IIROC Dealer Member Rules, where applicable. The revision will also clarify IIROC's expectations with respect to the question of when a Futures Contract or Futures Contract Options Trading Agreement is required and when a Letter of Undertaking will suffice.

- Current Dealer Member Rule 1900 stipulates that instead of an Options Trading Agreement, a Dealer Member may obtain a letter of undertaking if the client is an "acceptable institution" or an "acceptable counterparty". Unlike current Dealer Member Rule 1800, which allows a Dealer Member to simply obtain a letter of undertaking when dealing with a dealer acting on its own behalf or on behalf of a customer, current Dealer Member Rule 1900 does not allow Dealer Members to obtain a letter of undertaking, rather than an Options Trading Agreement, when dealing with another dealer that trades in options contracts. Given that Dealer Members, entering into option dealing relationships with acceptable institutions and acceptable counterparties have the option of obtaining either a Letter of Undertaking or an Options Trading Agreement, there is no compelling reason not to allow Dealer Members to similarly obtain a Letter of Undertaking when dealing in options with regulated entities.

  Similarly, the term "regulated entity" will substitute the term "dealer". This revision will create consistency between the options account and futures account sections of proposed Rule 3200.

- *Reports*: Dealer Member Rule 1900 sets out requirements with respect to options reports filed with IIROC. Dealer Member Rule 1800 sets out requirements with respect to futures contracts and futures contract options reports filed with IIROC. Currently, IIROC does not expect Dealer Members to file any such reports. Consequently, any reference to such reporting requirements should be omitted to ensure consistency with current practices and expectations. Proposed Rule 3200 has been updated accordingly.

In addition to the plain language rewrite of existing requirements to create proposed Rule 3200, the following substantive amendments are proposed to part E of proposed Rule 3200 relating to discretionary and managed accounts:

- *Discretionary trading*: Under the current Dealer Member Rules, the prohibition against discretionary trading, unless in a discretionary or managed account, is implied through existing rules relating to the proper operation of discretionary and managed accounts and more specifically, captured through the definition of a discretionary account. Proposed Rule 3200 more clearly sets out the prohibition against discretionary trading, including the prohibition against time and price discretion.

- *Term limit on discretionary accounts*: The current Dealer Member Rules state that a discretionary account cannot be opened for a term of longer than twelve months unless the Dealer Member has satisfied the Corporation that a longer term is appropriate and the customer is aware. The intent and nature of discretionary accounts is to accommodate temporary situations for which a client may want to provide discretionary authority to his/her advisor. It is the position of IIROC staff that it is not appropriate for discretionary authority to be granted to a Registered Representative on a long term basis and that client awareness and satisfaction of the Corporation without any checks and balances is not necessarily sufficient to address issues that may arise from granting discretionary authority on a long term basis. For consistency with the purpose of discretionary accounts, Proposed Rule 3200 will prohibit operating a discretionary account for a period in excess of twelve months. An alternative to the proposed Rule considered was that a term longer than 12 months would only be permitted if the Dealer Member obtains written client authorization, closely supervises the account, and receives pre-approval from IIROC. However, it seemed more appropriate to impose an absolute time restriction as it is consistent with the intent of discretionary accounts and with the practice adopted by many IIROC Dealer Members. The absolute time restriction will also provide more certainty in terms of conditions under which an account may be accepted on a discretionary basis. If an approval process was adopted, then it may result in unintended inconsistencies over time.

- *Restrictions in a discretionary account*: Current Dealer Member Rules prohibit the *holding* of publicly traded securities of a Dealer Member or its affiliates in a discretionary account. The proposed provision restricts an *acquisition* of such securities within discretionary accounts. The proposed Rule was revised to allow for these types of securities to be held in a discretionary account if these securities were held by a client prior to the creation/acceptance of the discretionary account. Without this carve out, a client wishing to convert an account into a discretionary account would have no choice but to: 1) sell the offending securities, despite the fact that they may otherwise be suitable for the client; or 2) abandon their plan to grant discretionary authority over the account; or 3) transfer the security position to another non-affiliated Dealer Member. It is the position of IIROC staff that it is more appropriate to prohibit a subsequent acquisition of such securities than to prohibit the continued holding of a previously acquired position that may otherwise be suitable for the client.

- *Managed Account Agreement*: Current Dealer Member Rules require that a client's investment objectives and risk tolerance for a managed account be described in the Managed Account Agreement. As per proposed Rule 3200, the Managed Account Agreement can either describe, or incorporate by reference, the applicable investment objectives or risk tolerance of the client that may be set out elsewhere. This type of flexibility is proposed for consistency with other account document related provisions.

- *Borrowing from a client*: The current Dealer Member Rules state that client consent is required in order for a managed account to make a loan to a responsible person. The proposed revisions eliminate this provision as it is inconsistent with general business conduct standards and current practices. The revision is proposed on the basis that borrowing from clients or otherwise engaging in personal financial dealing with clients is inappropriate conduct, irrespective of client consent.

- *Conflict of interest provisions*: The existing conflict of interest rules relating to managed accounts directly and specifically apply to portfolio managers. The application of the conflict of interest rules to sub-advisors is however captured within the general conditions under which a managed account may be managed by a sub-advisor. These conditions include a requirement that the sub-advisor be subject to legislation or regulations equivalent to the conflict of interest provisions set out in the IIROC Dealer Member Rules. Alternatively, the Dealer Member may enter into a written agreement with the sub-advisor which states that the sub-advisor will comply with the relevant conflict of interest rules as set out in the IIROC Dealer Member Rules. The language contained within proposed Rule 3200 will make it clear that the conflict of interest rules apply equally to both portfolio managers and sub-advisors authorized to effect trades in managed accounts. This proposed revision is consistent with the current requirements applicable to sub-advisors and is merely a clarification of the existing requirement.

- *Application of the client priority rule within managed accounts*: Currently Dealer Members are required to give priority to client orders over all other orders for the same security at the same price. This rule is often referred to as the "Client Priority Rule". The phrase "*client orders*" does not include an order for an account in which the Dealer Member or an employee of the Dealer Member has a direct or indirect interest, other than the commission charged.

  The current Dealer Member Rule relating to managed accounts permits accounts of partners, Directors, Officers, Approved Persons, employees or agents of a Dealer Member who participate in the managed account program to be included as client orders. This is considered an exemption from the Client Priority Rule.

Proposed Rule 3200 more clearly sets out IIROC's position that the above noted exemption will not apply to those involved in the investment decision making process. To clarify, *client orders* will not include accounts of partners, Directors, Officers, Approved Persons, employees and agents of a Dealer Member who participate in the managed account program if they are part of the investment decision making process. This revision is consistent with the purpose and scope of the existing Rule as set out in previously issued guidance. This amendment is proposed on the basis that it is inappropriate for those involved in the investment decision making process of a managed account program to receive client priority through their participation in the managed account program.

The full text of the proposed plain language Dealer Member Rules 3100 and 3200 is attached.

Rule-making process

IIROC Staff involved representatives of Dealer Members in the rule development process, through preliminary consultations. Proposed Rule 3100 and proposed Rule 3200 were made available to all Dealer Members for their input through a Dealer Members-only website. A designated Compliance and Legal Section ("CLS") working group also reviewed and provided comments on proposed Rule 3100 and proposed Rule 3200 (parts A,B,C and E). Copies of the proposed Rules 3100 and 3200 were then made available to all CLS Members for their input and comments. A number of changes to the draft proposal were made in response to the comments IIROC received through these consultations.

The proposed Rules were approved for publication by the IIROC Board of Directors on January 26, 2010.

The text of proposed plain language Rules 3100 and 3200 is set out in Attachments A and B. The text of the existing Dealer Member Rules to be repealed is set out in Attachment C. A table of concordance is included as Attachment D.

Issues and alternatives considered

An alternative to the inclusion of the amendments being proposed was to leave the rules substantively as they were prior to the plain language rewrite. IIROC staff considered other pending projects and proposals as well as the extent of the potential, substantive changes identified in order to decide which of the substantive changes would be proposed as part of the plain language rule rewrite project. Those substantive changes which were originally identified as part of the plain language rule rewrite project, but which were ultimately excluded from the plain language rewrite project are being pursued as separate rulemaking projects.

In dealing with proposed Rule 3100 "Business Conduct", IIROC staff specifically considered whether pending proposals currently being worked on by IIROC staff, with respect to personal financial dealing and general business conduct standards should also be brought forward at this time. In particular, IIROC staff considered bringing forward the personal financial dealing rule which includes proposals to prohibit registrants from borrowing money from clients, acting as a power of attorney for clients and accepting any gratuity from clients, subject to specific exemptions. Given the materiality of those pending proposals, IIROC staff concluded that it is best to deal with those revisions as separate rule proposals, which will be considered at a later time.

With respect to proposed Rule 3200, the client account related proposals, IIROC staff is in the process of issuing guidance that is consistent with previously proposed, Form 2 related rule amendments.[2] Given the length of the proposed Guidance Note, IIROC staff concluded that it is best to deal with those issues as a separate project.

Proposed Rule classification

Statements have been made elsewhere as to the nature and effects of the proposed Rules. The purposes of the proposed Rules are to:

- Ensure compliance with securities laws;
- Prevent fraudulent and manipulative acts and practices;
- Promote just and equitable principles of trade and emphasize the duty to act fairly, honestly and in good faith;
- Foster fair, equitable and ethical business standards and practices; and
- Promote the protection of investors.

IIROC staff propose that rules pertaining to business conduct standards and client accounts should be rewritten to reflect actual IIROC expectations, to enhance the clarity of the rule and to ensure consistency with applicable securities legislation. These

[2] The Form 2 proposed rule amendments were withdrawn in July 2009.

amendments are in addition to the plain language rewrite of the existing rule provisions. The Board has determined that the proposed amendments are not contrary to the public interest.

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

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

With proposed plain language Rules 3100 and 3200, Dealer Members will benefit from enhanced clarity and certainty in rules relating to business conduct standards and client account requirements.

The proposed Rules will not have any significant effects on Dealer Members or non-Dealer Members, market structure or competition. Furthermore, it is not expected that there will be any significant, increased costs of compliance as a result of the proposed Rules.

The proposed Rules do not impose any burden or constraint on competition or innovation that is not necessary or appropriate in the furtherance of IIROC's regulatory objectives. The proposed Rules do not impose costs or restrictions on the activities of market participants that are disproportionate to the goals of the regulatory objectives sought to be realized.

Technological implications and implementation plan

There should not be significant technological implications for Dealer Members as a result of the proposed amendments. Proposed plain language Rules 3100 and 3200 will be implemented at the same time as the rest of the plain language rules.

Request for public comment

Comments are sought on the proposed amendments. Comments should be made in writing. Two copies of each comment letter should be delivered within 90 days of the publication of this notice. One copy should be addressed to the attention of:

Sherry Tabesh-Ndreka
Policy Counsel
Investment Industry Regulatory Organization of Canada
Suite 1600, 121 King Street West
Toronto, Ontario
M5H 3T9
stabesh@iiroc.ca

A second copy should be addressed to the attention of:

Manager of Market Regulation
Ontario Securities Commission
20 Queen Street West
19th Floor, Box 55
Toronto, Ontario
M5H 3S8
marketregulation@osc.gov.on.ca

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

Questions may be referred to:

Sherry Tabesh-Ndreka
Policy Counsel, Member Regulation Policy
Investment Industry Regulatory Organization of Canada
416-943-4656
stabesh@iiroc.ca

Attachments

Attachment A - Proposed Rule 3100

Attachment B - Proposed Rule 3200

Attachment C - Text of the relevant provisions of Dealer Member Rules 17, 29, 200, 800, 1300, 1500, 1800, 1900, 2500, 2700 and 3200

Attachment D - Table of Concordance

ATTACHMENT A

INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA

PLAIN LANGUAGE RULE 3100 – BUSINESS CONDUCT
PROPOSED AMENDMENTS

1. As part of a project to rewrite IIROC Rules in plain language, the following current rules are repealed and replaced.

Repealed current rule	Proposed plain language rule
None	**3101. Introduction** (1) This rule sets out each Dealer Member's obligations with respect to their dealings with their clients. The requirements are in line with the Corporation's objective to maintain investor confidence in securities markets and to reinforce each Dealer Member's responsibility to observe high standards of ethics and conduct in dealing with clients.
29.01 1300.02(a) 1300.01(a) 1300.01(o)	**PART A - BUSINESS CONDUCT** **3102. Business conduct** (1) Each Dealer Member, its partners, Directors, Officers, Supervisors, Registered Representatives, Investment Representatives, employees and agents must: (i) observe high standards of ethics and conduct in the their business; (ii) not engage in any business conduct or practice that is unbecoming or detrimental to the public interest; (iii) be of good character and business repute; (iv) have requisite experience and training consistent with the standards set out in this Rule. (2) Each Dealer Member must ensure that the handling of their clients' business is within the bounds of ethical conduct, consistent with just and equitable principles of trade, and not detrimental to the interests of the securities industry. (3) Each Dealer Member must use due diligence to learn, and remain informed regarding the essential facts concerning every client and for every order or account it accepts. (4) Each Dealer Member must use due diligence to ensure that any order or recommendation for any account is within the bounds of good business practice.
17.14	**3103. Compliance with all applicable rules** (1) A Dealer Member engaged in securities related activities shall comply with all relevant rules of the following organizations: (i) securities, derivatives and financial regulatory authorities; (ii) self regulatory organizations; (iii) stock, financial futures and commodity futures exchanges and other listing or issuing organizations; and

Repealed current rule	Proposed plain language rule
	(iv) clearing and settlement organizations that are in effect from time to time. (2) Where there is an inconsistency between the rules and requirements of the Corporation and any of the foregoing organizations involving securities related activities, compliance with the most stringent rule or requirement is required.
29.06	**3104. Conflict of Interest** (1) A Dealer Member or any Director, Executive, Supervisor, employee or shareholder of a Dealer Member must not give, offer, or agree to give or offer, directly or indirectly, to any partner, director, officer, employee, shareholder or agent of a client or any associate of such persons, a gratuity, advantage, benefit or any other consideration in relation to any business of the client with the Dealer Member. (2) sub-section 3104(1) does not apply if the prior written consent of the client has been obtained. *[3105 to 3149 Reserved]*
1500	**3150. Conduct and Practices Handbook** (1) Every Registered Representative, Investment Representative, Supervisor, Executive or Director of a Dealer Member must: (i) have in their possession a hard copy, or access to an electronic copy, of the Conduct and Practices Handbook (CPH); (ii) have in their possession a hard copy, or access to an electronic copy of the CPH updates; and (iii) read and understand the CPH and its updates. (2) Each Dealer Member must take reasonable steps to ensure that all individuals subject to subsection 3150(1) comply with subsection 3150(1). [*3151 to 3199 Reserved*]

ATTACHMENT B

INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA

PLAIN LANGUAGE RULE 3200 – CLIENT ACCOUNTS
PROPOSED AMENDMENTS

1. As part of a project to rewrite IIROC Rules in plain language, the following rules are repealed and replaced.

Repealed current rule	Proposed plain language rule
None	**3201. Introduction** (1) This Rule sets out Dealer Members' obligations to identify each client, and to learn and remain informed of the essential facts about each client, account and order accepted. (2) This Rule also sets out procedures required for opening new accounts, and updating existing accounts.
1300.01(a) 1300.02 2500II(A.1) 2700II(1)	**PART A - IDENTIFICATION AND VERIFICATION REQUIREMENTS** **3202. Identifying all new clients** (1) Each Dealer Member must use due diligence to establish: (i) the identity of every new client, and if there is any cause for concern, then make inquiries as to the reputation of the client; (ii) whether the client is an insider of a reporting issuer or any other issuer whose securities are publicly traded. (2) Each Dealer Member must complete an account application for every new account in accordance with the requirements set out in this Rule.
1300.01(e)(i) 1300.01(e)(ii) 1300.01(g) 1300.01(f)	**3203. Identifying accounts of trusts** (1) When opening an initial account for a trust: (i) a Dealer Member must identify the settlor of the trust and as far as is reasonable, any known beneficiaries of more than 10% of the trust; (ii) a Dealer Member must verify the identity of each such individual beneficiary in paragraph 3203(1)(i) in accordance with the requirements set out in section 3205; and (iii) a Dealer Member must not open a trust account unless it first identifies the individual beneficiaries referred to in paragraph 3203(1)(i) and determines whether any of the beneficiaries are either insiders or controlling shareholders of one or more public corporations. (2) Subsection 3203(1) does not apply to a testamentary trust or a trust that has issued publicly traded units.
1300.01(b)(i) 1300.01(b)(ii) 1300.01(c)(i) 1300.01(c)(ii) 1300.01(d)	**3204. Identifying accounts of corporations and similar entities** (1) When opening an initial account for a corporation, partnership or similar entity:

Repealed current rule	Proposed plain language rule
1300.01(g) 1300.01(i) 1300.01(j) 1300.01(k)	(i) each Dealer Member must identify any individual who is the beneficial owner, or exercises direct or indirect control or direction over, more than 10% of the corporation or similar entity. (ii) each Dealer Member must verify the identity of such beneficial owner in paragraph 3204(1)(i) in accordance with the requirements set out in section 3205. (iii) a Dealer Member must not open an account unless it identifies the individual beneficial owners in paragraph 3204(1)(i) and determines whether one or more of them are insiders and/or controlling shareholders of one or more public corporations. (2) Subsection 3204(1) does not apply to: (i) a corporation, partnership or similar entity that is, or is an affiliate of, a bank, trust or loan company, credit union, caisse populaire, insurance company, mutual fund, mutual fund management company, pension fund, securities dealer or broker, investment manager or similar financial institution that is subject to a satisfactory regulatory regime in the country in which it is located; or (ii) a corporation, partnership or similar entity whose securities are publicly traded, or an affiliate thereof. (3) An institution referred to in paragraph 3204(2)(i) is not deemed to be subject to a satisfactory regulatory regime if it is exempted from the substantive requirements of the regulatory regime. (4) The Corporation may rule that the exemption in subsection 3204(2) does not apply to a specific financial institution, class of institutions or all institutions located in a particular country. (5) A Dealer Member must not open an account for a shell bank which is defined as a bank that does not have a physical presence in any country. (6) Subsection 3204(4) does not apply to a bank that is an affiliate of a bank, loan or trust company, credit union, or other depository institution with a physical presence in Canada or in a foreign country in which the depository institution is subject to supervision by a banking or other similar regulatory authority.
1300.01(b)(ii) 1300.01(e)(ii) 1300.01(h) 1300.01(m)	**3205. Identity verification** (1) For each beneficial owner in paragraphs 3203(1)(i) and 3204(1)(i), the Dealer Member must verify the identity of such individual by using methods that allow the Dealer Member to form a reasonable belief that it knows the true identity of the individual. (2) The identity of such individual in subsection 3205(1) must be verified as soon as practicable and not more than six months after opening the account. (3) If the identity of such individuals referred to in subsection 3205(1) cannot be verified within six months of opening an account, the Dealer Member must restrict the account to liquidating trades, transfers of securities and paying out funds or delivering securities. These account restrictions must remain in place until the Dealer Member completes the verification.

Repealed current rule	Proposed plain language rule
	[3206 Reserved]
1300.02	**PART B - ACCOUNT INFORMATION AND RECORDS**
	3207. Account information
	(1) For each new account, each Dealer Member must obtain and maintain the applicable information required by Form 2.
	(2) For each Institutional Client, the Dealer Member must verify that the client qualifies as an Institutional Client.
	(3) The Dealer Member must record the account number on the account application.
	(4) Each Dealer Member must ensure that all new account documentation and records meet the requirements of all other laws and regulations applicable to the Dealer Member's business separately or in combination with the IIROC related documentation requirements.
200.01(i)(2) & Guide to Interpretation	**3208. Margin Account Agreement**
	(1) Prior to opening a margin account, each Dealer Member must:
	(i) deliver a Margin Account Agreement to the client; and
	(ii) obtain an executed copy of the Margin Account Agreement from the client.
	(2) Each Dealer Member's Margin Account Agreement must, at a minimum, contain a written description of the following rights and obligations:
	(i) the client's obligation to pay their indebtedness to the Dealer Member and to maintain adequate margin;
	(ii) the client's obligation to pay interest on debit balances in their account;
	(iii) the Dealer Member's right to raise money and pledge assets held in the client's account;
	(iv) the extent of the Dealer Member's right to use free credit balances in the client's account;
	(v) the Dealer Member's right to sell assets in the client's account and make purchases to cover short sales. If the client requires prior notice, the Member must set out the nature of the notice and the client's obligations to remedy any deficiency;
	(vi) the extent of the Dealer Member's right to use a security in the client's account for delivery against a short sale;
	(vii) the extent of the Dealer Member's right to use a security in the client's account for delivery against a short sale in an account for the Dealer Member, a partner or director;
	(viii) the extent of the Dealer Member's right to use assets in the client's account and to hold them as security for the client's debt; and

Repealed current rule	Proposed plain language rule
	(ix) that all transactions are subject to requirements of the Corporation and the exchange under which the transaction has been carried out.
29.26	**3209. Leverage Risk Disclosure Statement** (1) When opening a new account, prior to making a recommendation to a retail client to purchase securities using borrowed money, or becoming aware of a client's intent to purchase securities using borrowed money, a Dealer Member must: (i) provide each client with a copy of the Leverage Risk Disclosure Statement; and (ii) obtain the client's written acknowledgement that they are in receipt of the disclosure statement referred to in paragraph 3209(1)(i) (2) A Dealer Member is not required to comply with subsection 3209(1) where: (i) it has provided the client with a Leverage Disclosure Statement in accordance with subsection 3209(1), within the last six months; or (ii) it is subject to the requirements set out in section 3208 and complies accordingly. (3) A leverage risk disclosure statement must be in substantially the following words: "Using borrowed money to finance the purchase of securities involves greater risk than using cash resources only. If you borrow money to purchase securities, your responsibility to repay the loan and pay interest as required by its terms remains the same even if the value of the securities purchased declines."
2500II(C.1) 2500II(C.2)	**3210. Client mail** (1) A Dealer Member's hold-mail account procedures must at a minimum include the following provisions: (i) a requirement that the Dealer Member obtain written authorization from the client to "hold mail"; (ii) a requirement that limits the length of time that a "hold mail" order may remain in force for no longer than 6 months, in any 12 month period; and (iii) a rule requiring the control and regular review of "hold mail" accounts by a Supervisor. (2) Notwithstanding paragraph 3210(1)(ii), a longer period may be in force if: (i) it is permitted by the Dealer Member's policies and procedures; (ii) the Dealer Member has policies and procedures to closely supervises such accounts; and

Repealed current rule	Proposed plain language rule
	(iii) the appropriate Supervisor pre-approves the extended period. (3) A Dealer Member's returned mail procedures must at a minimum include the following provisions: (i) a rule requiring the control and investigation by a person independent of the sales function, but may be located within a Business Location; and (ii) a rule requiring that a record of all investigations and their results be maintained. *[3211 -3219 Reserved]*
2500II(A.4) 1300.01(n) 200.01(i)(1) 200.01(i)(3)	**PART C - ACCOUNT OPENING AND UPDATING PROCEDURES** **3220. Record keeping** (1) Each Dealer Member must maintain a record for each account that includes: (i) a complete set of documentation consisting of any information, disclosure statement or agreement that the Dealer Member is required to provide to or obtain from the client in accordance with IIROC Dealer Member Rules including, but not limited to, copies of the completed account applications; (ii) the name and address of the account guarantor, if applicable; and (iii) a signed trading authorization from a person other than the account holder, authorized to direct orders for the account, if applicable. (2) The Registered Representative responsible for an account must retain a current copy of each account application. This requirement can be satisfied where a Dealer Member maintains information in an electronic application accessible to the Registered Representative. (3) Each Dealer Member must keep records of all information obtained and identity verification procedures completed in accordance with the record retention requirements.
2500II Introduction 2500II(A.2) 2500 II(A.5) 2500II(B.1) 2500II(B.3) 2500II(B.4) 2500I(F.1)	**3221. Account opening procedures** (1) Each Dealer Member must establish procedures to: (i) collect and maintain accurate, complete and up-to-date information about each client; and (ii) ensure the proper completion of documentation when opening new accounts. (2) A Dealer Member must also: (i) have procedures in place to ensure that supporting documents are received within a reasonable period of time after opening an account; (ii) have a system for recording pending account documentation and following up where it is not received in a reasonable time;

Repealed current rule	Proposed plain language rule
	(iii) take specific action to obtain required documents that have not been received within 25 or more business days of opening the account, unless a shorter period is prescribed; (iv) have policies and procedures for verifying material changes to client information, which may include the receipt of a signed client acknowledgement of the changed information; and (v) have a system in place to record the review and approval by the Supervisor.
800.11 2500II(A.2) 2500II(A.3) 2500II(A.7) 2700II(3)	**3222. Opening new client accounts** (1) Each Dealer Member may only assign an account number to a new account if it includes the full and accurate name and address of the client; the complete account application must be received no later than the following business day. (2) The Designated Supervisor must ensure that the account application is completed and at a minimum includes the information required by the Corporation. Completed means that all information necessary to identify the client and to assess suitability, creditworthiness and risk tolerance have been obtained. (3) A Designated Supervisor must approve each new account no later than one business day after completing the initial trade for the account. (4) A Dealer Member may use an alternative procedure to approve new accounts on an interim basis, provided the Designated Supervisor provides final approval no later than one business day after the initial trade. (5) Before opening an account for an employee of another Dealer Member, the Dealer Member must obtain written approval from the client's employer, and must designate the account as non-client.
2500II(A.5) 2500II(A.6) 2700II(4)	**3223. Updating client accounts** (1) Each Dealer Member must ensure that Registered Representatives update account application, on a timely basis, to reflect any material change in a client's information. (2) The Dealer Member's policies and procedures must stipulate that any changes to an account application are approved in the same way that an account application is approved for a new account. (3) If a client's Registered Representative changes, the Dealer Member's procedures must require that: (i) the new Registered Representative verify the information in the account application with the client as soon as practicable to ensure the information is correct; (ii) the new Registered Representative and their Supervisor must acknowledge, in writing, that the account application was reviewed and, if necessary, updated; (iii) if the client's account application was approved within the past two years, the Dealer Member may use a copy of a client's

Repealed current rule	Proposed plain language rule
	current account application, but must have the Registered Representative and their Supervisor initial any changes; and (4) The Dealer Member must restrict the access of Registered Representatives and other persons to its systems in such a manner so as to ensure that material information cannot be changed without the required approval. *[3224 -3229 Reserved]*
2700 Introduction 2700II(2)	**3230. Institutional client accounts** (1) Each Dealer Member that opens accounts for Institutional Clients must implement the policies and procedures required by Rule 3200, relating to the opening and maintenance of Institutional Client accounts. (2) Sub-Account files of an Institutional Client may refer to the documentation contained in the master file to which it is related. *[3231 -3239 Reserved]*
1300.01(t) 3200A.3(a) 3200A.3(b) 3200A.3(c) 3200A.3(d) 3200B.1 3200B.3(a) 3200B.3(b) 3200B.3(c) 3200B.3(d)	**3240. Order execution-only services** (1) Each Dealer Member approved by the Corporation to provide order execution only services must implement the policies and procedures required by Rule 3200, as applicable to its order-execution only business. (2) A Dealer Member in subsection 3240(1), prior to opening an account must: (i) provide a written disclosure to the client that includes a statement confirming that the Dealer Member will not provide advice to the client or be responsible for suitability determinations; (ii) provide a written disclosure to the client explaining that the client is solely responsible for investment decisions, and that the Dealer Member will not consider the client's financial situation, investment knowledge, investment objectives nor risk tolerance when accepting orders from the client; and (iii) obtain an acknowledgement, in positive form, from the client and all beneficial owners of the account, confirming that the client and each beneficial owner has received and understands the disclosure stipulated in paragraphs 3240(1)(i) and(ii). (3) Each Dealer Member in subsection 3240(1) must maintain a record of the acknowledgement referred to in paragraph 3240(2)(iii), which can be in the form of: (i) the client's signature or initials on a new client form or other document, specifically related to the disclosure and acknowledgement; (ii) an electronic acknowledgement attached to the disclosure and acknowledgement text; or (iii) a tape recording of a verbal acknowledgement. (4) Each Dealer Member that provides an order-execution only service in advisory accounts must also:

Repealed current rule	Proposed plain language rule
	(i) provide a client with a description of what does or does not constitute a recommendation and instructions on how the client can report trades which have not been accurately designated as recommended or non-recommended; and (ii) ensure all trades are marked "recommended" or "non-recommended" rather than "solicited" or "not solicited.". [*3241-3249 Reserved]*
None	**PART D - OPTIONS CONTRACTS, FUTURES CONTRACTS AND FUTURES CONTRACT OPTIONS** **3250. Introduction** (1) This part sets out the Corporation's requirements for opening and administering options, futures and futures options contract trading accounts. (2) A Dealer Member must ensure that persons trading on its behalf or advising clients in options, futures and futures contract options trading accounts meet minimum proficiency requirements.
1900.02(b) 1900.02(c) 1900.02(d)(i) 1900.06(b) 2500V(A.1) 2500V(A.2) 2500V(A.3) 2500V(A.4)	**OPTIONS CONTRACTS** **3251. Opening an options account** (1) Before entering an options contract trade, a Dealer Member must: (i) obtain a completed Options Account Application Form from the client; (ii) obtain a signed Option Trading Agreement, from the client; (iii) provide the client with the most recent Options Disclosure Statement or similar disclosure document; and (iv) record the appropriate Designated Supervisor's approval in writing. (2) The Designated Supervisor must ensure that the Registered Representative is aware of any trading restrictions.
1900.06(a) 2500V(A.2)	**3252. Options Trading Agreement** (1) A Dealer Member's Options Trading Agreement must define the rights and obligations between the Dealer Member and the client, and at a minimum must include the following: (i) the time periods when the Dealer Member will accept orders for execution; (ii) the Dealer Member's right to exercise discretion in accepting orders; (iii) the Dealer Member's obligations when errors and omissions occur;

Repealed current rule	Proposed plain language rule
	(iv) the method for distributing exercise assignment notices; (v) the Dealer Member's deadlines for a client to submit an exercise notice; (vi) a notice that: (a) the Dealer Member may set maximum limits on short positions; (b) the Dealer Member may apply cash-only terms during the last 10 days before expiry; and (c) the Corporation may impose other rules affecting existing or subsequent transactions. (vii) the client's obligation to instruct the Dealer Member to close positions before expiry; (viii) the client's obligation to comply with the Corporation's requirements and any entity's requirements through which the options contract is traded, including complying with position and exercise limits; (ix) the client's acknowledgement of receiving the current Options Disclosure Statement; (x) any other matter required by an options contract trading or clearing entity.
1900.06(b)	**3253. Letter of undertaking** (1) Instead of an Options Trading Agreement, a Dealer Member may obtain a letter of undertaking for accounts where the client is: (i) an acceptable institution; (ii) an acceptable counterparty; or (iii) a regulated entity (2) The letter of undertaking must state that the client agrees to abide by the Corporation's requirements, and the requirements of any entity through which options contracts are traded or cleared, including compliance with position and exercise limits.
1900.02(d)	**3254. Options Disclosure Statement** (1) A Dealer Member must: (i) provide each options contract client with the current disclosure statement or other similar document, approved by the Corporation, before accepting an options contract order from the client; (ii) obtain the client's acknowledgement of receipt of the disclosure statement or similar document in paragraph 3254(1)(i); (iii) provide each options contract client with any amendments to the disclosure statement or similar document, as approved by the Corporation; and

Repealed current rule	Proposed plain language rule
	(iv) maintain a record of the names and addresses of all clients to whom it has provided a risk disclosure statement or similar document, including any amendments.
1900.02(e)	**3255. Position and exercise limits** (1) A Dealer Member must comply with the requirements of any entity through which it trades or clears an options contract. (2) A Dealer Member must comply with the position and exercise limits that apply under subsection 3255(1).
1800.02(b) 1800.02(c) 1800.02(d)(i) 2500VI(A.1) 2500Vi(A.2) 2500VI(A.4)	**FUTURES CONTRACTS AND FUTURES CONTRACT OPTIONS** **3256. Opening a futures or futures contract option account** (1) Before entering a futures contract or futures contract option trade, a Dealer Member must: (i) obtain a completed Futures Account Application Form from the client; (ii) obtain a signed Futures or Futures Contract Options Trading Agreement from the client; (iii) provide the client with the most recent Risk Disclosure Statement or similar statement; and (iv) record the appropriate Designated Supervisor's approval in writing. (2) The appropriate Designated Supervisor must indicate any trading restrictions on the futures account approval form or the futures contract options approval form.
1800.09 2500VI(A.5)	**3257. Futures and Futures Contract Options Trading Agreement** (1) A Dealer Member's Futures and Futures Contract Option Trading Agreement must define the rights and obligations of the Dealer Member and the client, which at a minimum must include the following: (i) the time periods during which the Dealer Member accepts orders; (ii) the Dealer Member's right to exercise discretion in accepting orders; (iii) the Dealer Member's obligations when errors or omissions occur; (iv) the Dealer Member's right to impose trading limits and/or closeout positions under specified conditions; (v) for futures contract options, the method for distributing exercise assignment notices and the client's obligation to instruct the Dealer Member to close out contracts before the expiry date; (vi) the conditions under which the Dealer Member may apply the client's funds, securities or other property in other accounts to satisfy outstanding debts or margin calls;

Repealed current rule	Proposed plain language rule
	(vii) the extent of the Dealer Member's right to use free credit balances in the client's account for its own business or to cover debits in the same or other accounts; (viii) the requirement for the Dealer Member to obtain client consent in order for the Dealer Member to take the other side of the client's transaction, and whether the client provides such consent; (ix) the Dealer Member's right to raise money on, and pledge securities or other assets in, the client's account; (x) the extent of the Dealer Member's right to deal with securities and other assets in the client's account and to hold them as collateral against the client's debts; (xi) the Dealer Member's right to provide information to its regulators regarding reporting and position limits; (xii) the client's obligations to comply with reporting, position limit and exercise limit requirements that the commodity futures exchange or its clearing house establishes; (xiii) a statement that the Dealer Member requires a client to maintain a minimum margin that is the greater of: (a) the amount the commodity futures exchange or clearing house prescribes; (b) the Corporation's requirements; and (c) the Dealer Member's requirements; (xiv) the client's obligation to maintain adequate margin and security and to pay any debts to the Dealer Member; (xv) a statement that the Dealer Member may comingle and use the client's margin funds or property in its own business; (xvi) the client's obligations to pay commission, if any; (xvii) the client's obligation to pay interest on debit balances in the account, if any; (xviii) any discretionary authority given to the Dealer Member must be clearly explained and specifically confirmed by the client, unless such discretionary authority is provided in another document. The authority must be consistent with the requirements contained within Rule 3200; (xix) the client's acknowledgement that they have received the Risk Disclosure Statement; and (xx) other than for a hedging account, a risk disclosure limit for futures trading indicating the maximum amount of cumulative losses the client can sustain which can be: (a) on a life time basis; or (b) on an annual basis, provided that it is updated annually.

Repealed current rule	Proposed plain language rule
1800.10	**3258. Letters of undertaking** (1) Instead of a Futures or Futures Contract Options Trading Agreement, a Dealer Member may obtain a letter of undertaking for accounts where the client is: (i) an acceptable institution; (ii) an acceptable counterparty; (iii) a regulated entity; or (iv) another adviser registered under any applicable legislation relating to trading or advising in respect of futures contracts or futures contract options. (2) The letter of undertaking must state that: (i) the client agrees to abide by the Corporation's requirements and the requirements of any entity through which futures contracts or futures contract options are traded or cleared, including complying with position and exercise limits; and (ii) if the client has an account that is charged interest on a debit balance, the conditions under which transfers of the client's funds, securities or other property in other accounts may be made between accounts (unless these conditions are acknowledged by the client in another document).
2500VI(A.3)	**3259. Verification of hedgers** (1) A Dealer Member must have procedures to verify a client's status as a hedger, which can include the use of a hedge letter, before granting approval to a client as a hedger.
1800.02(d)	**3260. Risk Disclosure Statement** (1) A Dealer Member must: (i) provide the client with the current Risk Disclosure Statement or other similar document, approved by the Corporation, before accepting a futures contract or futures contract options account; (ii) obtain the client's acknowledgement of receipt of the Risk Disclosure Statement or similar document in paragraph 3260(1)(i); (iii) provide each futures contract or futures contract options client with any amendments to the Risk Disclosure Statement or similar document, approved by the Corporation; and (iv) maintain records showing the names and addresses of all clients to whom it has sent a Risk Disclosure Statement or similar documents, including any amendments. *[3261-3269 Reserved]*

Repealed current rule	Proposed plain language rule
None	**PART E - Discretionary and Managed Accounts** **3270. Introduction** (1) This part sets out requirements relating to the opening and maintenance of discretionary and managed accounts. (2) Each Dealer Member must ensure that persons trading on its behalf, in discretionary or managed accounts, meet the minimum proficiency requirements.
1300.03	**3271. Prohibition against discretionary trading** (1) Each Dealer Member must ensure that persons trading on its behalf do not engage in any discretionary trading, including time and price discretion, unless discretion is exercised in a discretionary or managed account in accordance with the requirements set out in Rule 3200.
2500(VII) Introduction 2500VII(A.1) 2500VII(A.2) 2500VII(A.3) 1300.04(a) 1300.04(b) 1300.04(c) 1300.05(b)	**DISCRETIONARY ACCOUNTS** **3272. Accepting a Discretionary Account** (1) For the purposes of this Rule, a discretionary account is an account in which: (i) the discretionary authority has not been solicited; (ii) the discretion is accepted to accommodate a client who is frequently or temporarily unavailable to authorize trades; and (iii) the term of the discretionary authority does not exceed twelve months. (2) To accept discretionary accounts: (i) the Dealer Member must designate one or more Supervisors, who meet the proficiency requirements set out in Rule 2600, to be responsible for the discretionary accounts; (ii) the Dealer Member must have proper and adequate supervisory policies and procedures designed to ensure the proper operation of discretionary accounts in accordance with Rule 3900; (iii) the Dealer Member must identify discretionary accounts in its books and records to allow supervision of the discretionary accounts in accordance with Rule 3900; (iv) the Dealer Member must enter into a Discretionary Account Agreement with the client prior to accepting the account as a discretionary account; (v) the Designated Supervisor must approve the account as a discretionary account, and approve the Discretionary Account Agreement signed by the client; and (vi) the Dealer Member must maintain a record of the Designated Supervisor's approval.

Repealed current rule	Proposed plain language rule
2500VII(A.2) 1300.05	**3273. Discretionary Account Agreement** (1) A Discretionary Account Agreement must: (i) define the extent of the discretionary authority given to the Dealer Member by the client; (ii) include any restrictions on the trading authorization; (iii) have a maximum term of 12 months; and (iv) set out the terms of termination in accordance with subsection 3273(2). (2) A Discretionary Account Agreement may only be terminated by written notice: (i) by the client, effective when received by the Dealer Member, except for orders entered prior to receipt of the notice; or (ii) by the Dealer Member, effective not less than 30 days from the mailing date of the notice to the client.
1300.04(d) 1300.04(e)	**3274. Persons authorized to effect discretionary trades** (1) A Registered Representative may only be authorized to effect trades for a discretionary account if: (i) the Registered Representative has at least two years experience in trading, advising or performing analysis with respect to all types of products that are to be traded on a discretionary basis; and (ii) the discretionary account is maintained at the Dealer Member of the Registered Representative.
1300.18 2500VII(B.2)	**3275. Conflict of Interest** (1) A discretionary account must not acquire any publicly traded securities of the Dealer Member or its affiliates. (2) A Dealer Member and the person referred to in section 3274 must not trade for his or her or the Dealer Member's own accounts, or arrange or knowingly permit for any associate or affiliate to trade, in reliance upon the information relating to trades made or to be made in any discretionary account. *[3276-3279 Reserved]*
1300.03 1300.07(b) 1300.07(c) 1300.07(d) 1300.15 Introduction 1300.15(b)	**MANAGED ACCOUNTS** **3280. Opening a Managed Account** (1) For the purpose of this Rule, a managed account is one in which: (i) the investment portfolios were solicited for discretionary management on a continuing basis; and (ii) the investment decisions are made on a continuing basis by the Dealer Member or a third party hired by the Dealer Member.

Repealed current rule	Proposed plain language rule
	(2) To accept managed accounts: (i) the Dealer Member must designate a Supervisor to be responsible for managed accounts; (ii) the Dealer Member must have proper policies and procedures to handle managed accounts in accordance with Rule 3900; (iii) the Dealer Member must enter into a Managed Account Agreement with the client prior to opening a managed account; (iv) the Designated Supervisor must approve the managed account in writing; (v) the Dealer Member must retain a record of the Supervisor's approval; (vi) the Dealer Member must provide the client with a copy of its policy ensuring fair allocation of investment opportunities.
1300.08	**3281. Managed Account Agreement** (1) The Managed Account Agreement must: (i) describe or refer to the client's investment objectives and risk tolerance that are applicable to the managed account or accounts; (ii) describe any investment restrictions imposed by the client, where permitted by the Dealer Member; and (iii) set out the terms of termination in accordance with subsection 3281(2). (2) The Managed Account Agreement may only be terminated by written notice: (i) by the client, effective on receipt by the Dealer Member, except for transactions entered prior to receipt of the notice; or (ii) by the Dealer Member, effective not less than 30 days from the date of mailing the notice to the client.
1300.07(a)	**3282. Persons authorized to deal with managed accounts** (1) Each Dealer Member must designate an individual authorized to deal with managed accounts who is: (i) a Portfolio Manager in accordance with Rule 2600; or (ii) a sub-advisor with whom the Dealer Member has entered into a written sub-advisor agreement. (2) The sub-advisor in paragraph 3282(1)(ii) must be: (i) an individual or firm registered in the jurisdiction in which it resides, in a category of registration that permits the person or company to provide discretionary portfolio management services or as a broker or investment dealer active as a portfolio manager; and

Repealed current rule	Proposed plain language rule
	(ii) subject to legislation or regulations containing conflict of interest provisions at least equivalent to those set out in section 3283 or has entered into an agreement with the Dealer Member that it will comply with section 3283.
1300.18 1300.19	**3283. Conflicts of Interest** (1) A Dealer Member or a person referred to in section 3282 must not trade for his or her or the Dealer Member's own account, or arrange or knowingly permit any associate or affiliate to trade in reliance upon information relating to trades made or to be made in a managed account. (2) A Dealer Member or a person in section 3282 must not, without the written consent of the client, knowingly allow a managed account to: (i) invest in a security or derivative of an issuer that is related or connected to the Dealer Member; (ii) invest in a security or derivative of an issuer if the person in section 3282 is an officer or director of the issuer unless the position of the Dealer Member or the person in section 3282 with the issuer is disclosed to the client; (iii) invest in new issues or secondary offerings underwritten by the Dealer Member; or (iv) purchase or sell a security or derivative of an issuer from the account of a person in section 3282, or affiliate of such person.
1300.20	**3284. Application of client priority rule** (1) Section 3505 (the client priority rule) does not apply to the accounts of partners, Directors, Officers, Approved Persons or Employees of a Dealer Member who participate in a managed account program on the same basis as client accounts, except with regards to the accounts of any such persons involved in the investment decision process.
1300.16 1300.17 1300.21	**3285. Fees and remuneration** (1) A Dealer Member may not charge a client directly for services rendered to the managed account, that is: (i) based upon the volume or value of transactions in the account initiated for the account; or (ii) contingent upon profit or performance of the client's account unless the client has provided the Dealer Member with a written agreement which sets out the manner in which the fees may be charged based on volume or value of transactions or contingent upon profit or performance. (2) A Dealer Member must not compensate the person referred to in section 3282, on the basis of the value or volume of transactions in the account.

ATTACHMENT C

INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA
TEXT OF THE CURRENT RELEVANT PROVISIONS OF DEALER MEMBER RULES
17, 29, 200, 800, 1300, 1500, 1800, 1900, 2500, 2700 AND 3200

RULE 17
DEALER MEMBER MINIMUM CAPITAL, CONDUCT OF BUSINESS AND INSURANCE

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17.14. A Dealer Member engaged in trading in any securities or commodity futures contracts or options listed on or issued by a recognized stock exchange, commodity futures exchange, clearing or service corporation, or other listing or issuing organization, as the case may be, in respect of which the Rules or any Rulings do not prescribe specific standards or requirements, shall comply with the provisions of the relevant bylaws and regulations of such stock exchange, commodity futures exchange, clearing or service corporation, or other listing or issuing organization in effect from time to time to the extent not inconsistent with the Rules. For the purposes of this Rule 17.14, the Board of Directors shall, from time to time, designate recognized stock exchanges, futures exchanges, clearing or service corporations, or other listing or issuing organizations.

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RULE 29
BUSINESS CONDUCT

29.1. Dealer Members and each partner, Director, Officer, Supervisor, Registered Representative, Investment Representative and employee of a Dealer Member (i) shall observe high standards of ethics and conduct in the transaction of their business, (ii) shall not engage in any business conduct or practice which is unbecoming or detrimental to the public interest, and (iii) shall be of such character and business repute and have such experience and training as is consistent with the standards described in clauses (i) and (ii) or as may be prescribed by the Board.

For the purposes of disciplinary proceedings pursuant to the Rules, each Dealer Member shall be responsible for all acts and omissions of each partner, Director, Officer, Supervisor, Registered Representative, Investment Representative and employee of a Dealer Member; and each of the foregoing individuals shall comply with all Rules required to be complied with by the Dealer Member.

29.2. During the period of distribution to the public (as that term is defined in the relevant securities legislation) of any securities a Dealer Member shall not offer for sale or accept any offer to buy all or any part of the securities acquired by such Dealer Member through its participation in such distribution as an underwriter or as a member of a banking or selling group at a price or prices in excess of the stated initial public offering price of such securities.

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29.6. No Dealer Member or any Director, Executive or employee or shareholder of a Dealer Member shall give, offer or agree to give or offer, directly or indirectly, to any partner, director, officer, employee, shareholder or agent of a customer, or any associate of such persons, a gratuity, advantage, benefit or any other consideration in relation to any business of the customer with the Dealer Member, unless the prior written consent of the customer has first been obtained.

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29.26

(1)

(a) Each Dealer Member, or partner, Director, or Officer or Approved Person of a Dealer Member shall provide to each client a Leverage Risk Disclosure Statement:

i) at the time a new account is opened,

ii) when a recommendation is made to a client to purchase securities using, in whole or in part, borrowed money, or

iii) when the Dealer Member, partner, Director, Officer of Approved Person of the Dealer Member becomes aware of a client's intent to purchase securities using, in whole or in part, borrowed money.

(b) The Dealer Member or partner, Director, Officer or Approved Person of the Dealer Member is required to comply with subsection (a)(ii)or (iii) if within the preceding six month period a Leverage Risk Disclosure Statement has been provided to the client.

(c) The Leverage Risk Disclosure Statement shall be in substantially the following words:

Using borrowed money to finance the purchase of securities involves greater risk than using cash resources only. If you borrow money to purchase securities, your responsibility to repay the loan and pay interest as required by its terms remains the same even if the value of the securities purchased declines.

(2) Section 29.26(1) does not apply to the purchase of securities by a client on margin if the client's margin account is operated in accordance with the Rules of the Corporation.

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RULE 200
MINIMUM RECORDS

200.1. As required under Rule 17.2 every Dealer Member shall make and keep current books and records necessary to record properly its business transactions and financial charts including, without limitation:

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(i) A record in respect of each cash and margin account:

(1) The name and address of the beneficial owner (and guarantor, if any) of such account,

(2) In the case of a margin account a properly executed margin agreement containing the signature of such owner (and guarantor, if any), and

(3) Where trading instructions are accepted from a person or corporation other than the customer, written authorization or ratification from the customer naming the person or company,

But, in the case of a joint account or an account of a corporation, such records are required only in respect of the person or persons authorized to transact business for such account;

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Guide to interpretation of Rule 200.1

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(i) "Records of Cash and Margin Accounts"

A margin agreement between a Dealer Member and a customer shall define at least the following:

(i) The obligation of the customer in respect of the payment of his or her indebtedness to the Dealer Member and the maintenance of adequate margin and security;

(ii) The obligation of the customer in respect of the payment of interest on debit balances in his or her account;

(iii) The rights of the Dealer Member in respect of raising money on and pledging securities and other assets held in the customer's account;

(iv) The extent of the right of the Dealer Member to make use of free credit balances in the customer's account;

(v) The rights of the Dealer Member in respect of the realization of securities and other assets held in the customer's account and in respect of purchases to cover short sales, and whether any prior notice is required, and if notice be required, the nature and extent of it and the obligations of the customer in respect of any deficiency;

(vi) The extent of the right of the Dealer Member to utilize a security in the customer's account for the purpose of making a delivery on account of a short sale;

(vii) The extent of the right of the Dealer Member to use a security in the customer's account for delivery on a sale by the Dealer Member for his or her or its own account or for any account in which the Dealer Member, any partner therein or any director thereof, is directly or indirectly interested;

(viii) The extent of the right of the Dealer Member to otherwise deal with securities and other assets in the customer's account and to hold the same as collateral security for the customer's indebtedness; and

(ix) That all transactions entered into on behalf of the customer shall be subject to the Rules of the Investment Industry Regulatory Organization of Canada and/or any securities exchange if executed thereon.

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RULE 800
TRADING AND DELIVERY

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800.11. Dealer Members will not deal, either directly or indirectly, with or for the personal account of any employee of other Dealer Members without the written consent of a director or partner of the employee's firm.

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RULE 1300
SUPERVISION OF ACCOUNTS

1300.1.

Identity and Creditworthiness

(a) Each Dealer Member shall use due diligence to learn and remain informed of the essential facts relative to every customer and to every order or account accepted.

(b) When opening an initial account for a corporation or similar entity, the Dealer Member shall:

(i) ascertain the identity of any individual who is the beneficial owner of, or exercises direct or indirect control or direction over, more than 10% of the corporation or similar entity, including the name, address, citizenship, occupation and employer of each such beneficial owner, and whether any such beneficial owner is an insider or controlling shareholder of a publicly traded corporation or similar entity; and

(ii) as soon as is practicable after opening the account, and in any case no later than six months after the opening of the account, verify the identity of each individual identified in (i) using such methods as enable the Dealer Member to form a reasonable belief that it knows the true identity of each individual and that are in compliance with any applicable legislation and regulations of the Government of Canada or any province.

(c) Subsection (b) does not apply to:

(i) a corporation or similar entity that is or is an affiliate of a bank, trust or loan company, credit union, caisse populaire, insurance company, mutual fund, mutual fund management company, pension fund, securities dealer or broker, investment manager or similar financial institution subject to a satisfactory regulatory regime in the country in which it is located

(ii) a corporation or similar entity whose securities are publicly traded or an affiliate thereof.

(d) The Corporation may, at its discretion, direct Dealer Members that the exemption in subsection (c) does not apply to some or all types of financial institutions located in a particular country.

(e) When opening an initial account for a trust, a Dealer Member shall:

(i) ascertain the identity of the settlor of the trust and, as far as is reasonable, of any known beneficiaries of more than 10% of the trust, including the name, address, citizenship, occupation and employer of each such settlor and beneficiary and whether any is an insider or controlling shareholder of a publicly traded corporation or similar entity.

(ii) as soon as is practicable after opening the account, and in any case no later than six months after the opening of the account, verify the identity of each individual identified in (i) using such methods as enable

the Dealer Member to form a reasonable belief that it knows the true identity of each individual and that are in compliance with any applicable legislation and regulations of the Government of Canada or any province.

(f) Subsection (e) does not apply to a testamentary trust or a trust whose units are publicly traded.

(g) If a Dealer Member, on inquiry, is unable to obtain the information required under subsections (b)(i) and (e)(i), the Dealer Member shall not open the account.

(h) If a Dealer Member is unable to verify the identities of individuals as required under subsections (b)(ii) and (e)(ii) within six months of opening the account, the Dealer Member shall restrict the account to liquidating trades and transfers, payments or deliveries out of funds or securities only until such time as the verification is completed.

(i) No Dealer Member shall open or maintain an account for a shell bank.

(j) For the purposes of section (i) a shell bank is a bank that does not have a physical presence in any country.

(k) Subsection (i) does not apply to a bank which is an affiliate of a bank, loan or trust company, credit union, other depository institution that maintains a physical presence in Canada or a foreign country in which the affiliated bank, loan or trust company, credit union, other depository institution is subject to supervision by a banking or similar regulatory authority.

(l) Any Dealer Member having an account for a corporation, similar entity or trust other than those exempt under subsections (c) and (f) and which does not have the information regarding the account required in subsections (b)(i) and (e)(i) at the date of implementation of those subsections shall obtain the information within one year from date of implementation of subsections (b) and (e).

(m) If the Dealer Member does not or cannot obtain the information required under subsection (l) the Dealer Member shall restrict the account to liquidating trades and transfers, payments or deliveries out of funds or securities until such time as the required information has been obtained.

(n) Dealer Members must maintain records of all information obtained and verification procedures conducted under this Rule 1300.1 in a form accessible to the Corporation for a period of five years after the closing of the account to which they relate.

Business Conduct

(o) Each Dealer Member shall use due diligence to ensure that the acceptance of any order for any account is within the bounds of good business practice.

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Corporation Approval

(t) The Corporation, in its discretion, shall only grant such approval where the Corporation is satisfied that the Dealer Member will comply with the policies and procedures outlined in Rule 3200. The application for approval shall be accompanied by a copy of the policies and procedures of the Dealer Member. Following such approval, any material changes in the policies and procedures of the Dealer Member shall promptly be submitted to the Corporation.

1300.2.

(a) A Dealer Member must designate a Supervisor to be responsible for the opening of new accounts and for establishing and maintaining procedures acceptable to the Corporation for account supervision to ensure that the handling of client business is within the bounds of ethical conduct, consistent with just and equitable principles of trade and not detrimental to the interests of the securities industry. As part of this supervision each new account must be opened pursuant to a new account form which includes the applicable information required by Form No. 2 for Retail Customer accounts, Institutional Customer accounts and for accounts exempt from suitability reviews.

(b) Where a Dealer Member conducts more than one of retail business, institutional business and suitability-exempt business under Rules 1300.1(t) and 3200.B, the Dealer Member may designate separate Supervisors for each type of business.

(c) The Supervisor designated under this section or another Supervisor assigned the responsibility for doing so in the policies and procedures of the Dealer Member must approve and record the approval of the opening of an account prior to or promptly after the completion of any transaction.

Discretionary and Managed Accounts

1300.3. In this Rule 1300 unless the context otherwise requires, the expression:

"discretionary account" means an account of a customer other than a managed account in respect of which a Dealer Member or any person acting on behalf of the Dealer Member exercises any discretionary authority in trading by or for such account, provided that an account shall not be considered to be a discretionary account for the sole reason that discretion is exercised as to the price at which or time when an order given by a customer for the purchase or sale of a definite amount of a specified security, option, futures contract or futures contract option shall be executed;

"futures contracts managed account" means a managed account which includes only investments in commodity futures contracts or commodity futures contract options;

"investment" includes a commodity futures contract and a commodity futures contract option;

"managed account" means any account solicited by a Dealer Member in which the investment decisions are made on a continuing basis by the Dealer Member or by a third party hired by the Dealer Member;"

"portfolio manager" means a Registered Representative exercising discretionary authority over a managed account;

"responsible person" means a partner, Director, Officer, employee or agent of a Dealer Member who:

(a) exercises discretionary authority over the account of a client or approves discretionary orders for an account when exercising such discretion or giving such approval pursuant to Rule 1300.4, or

(b) participates in the formulation of, or has prior access information regarding investment decisions made on behalf of or advice given to a managed account

but does not include a sub-adviser under Rule 1300.7(a)(ii);

1300.4. A Registered Representative may not exercise discretionary authority over a customer account unless:

(a) the Dealer Member has designated a Supervisor or Supervisors to be responsible for discretionary accounts;

(b) the customer has given prior written authorization in compliance with in compliance with Rule 1300.5;

(c) a Supervisor designated under subsection (a) has approved the account as a discretionary account and recorded that approval;

(d) the Registered Representative authorized to effect discretionary trades for the account has actively dealt in, advised on or performed analysis for a period of two years with respect to all types of products which are to be traded on a discretionary basis; and

(e) the account is maintained at the Dealer Member of the Registered Representative.

1300.5. The prior written authorization provided for by clause (a) of Rule 1300.4 must:

(a) define the extent of the discretionary authority which has been given to the Dealer Member;

(b) except for a managed account, have a term of no more than twelve months, unless the Dealer Member has satisfied the Corporation that a longer term is appropriate and the customer is aware of such longer term;

(c) except for a managed account, only be renewable in writing;

(d) only be terminated by the customer by notice in writing, effective on receipt of the notice by the Dealer Member except with respect to transactions entered into prior to the receipt; and

(e) only be terminated by the Dealer Member by notice in writing, effective not less than 30 days from the date of delivery to the customer.

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1300.7. A Dealer Member may not exercise any discretionary authority with respect to a managed account unless:

(a) the individual who is responsible for the management of the account is:

(i) a portfolio manager; or

(ii) a sub-adviser with which the Dealer Member has entered into a written sub-adviser agreement, provided that

A. the sub-adviser is an individual or firm registered in the jurisdiction in which it resides, in a category of registration that permits the person or company to provide discretionary portfolio management services or as a broker or investment dealer active as a portfolio manager; and

B. the Dealer Member has determined that the sub-adviser is subject to legislation or regulations containing conflict of interest provisions at least equivalent to Rules 1300.18 and 1300.19 or has entered into an agreement with the sub-adviser that the sub-adviser will comply with Rules 1300.18 and 1300.19.

(b) the client has signed a managed account agreement in accordance with Rule 1300.8

(c) the Supervisor designated under Rule 1300.15(b) or in the Dealer Member's policies and procedures has specifically approved the account as a managed account and the approval has been recorded in writing;

(d) the Dealer Member has provided to the accountholder a copy of its policy ensuring fair allocation of investment opportunities.

1300.8. The managed account agreement provided for by clause (b) of Rule 1300.7 must:

(a) describe the investment objectives and risk tolerance of the customer with respect to the managed account or accounts;

(b) where permitted by the Dealer Member, describe any constraints imposed by customer on investments to be made in the managed account or accounts;

(c) only be terminated by the customer by notice in writing, effective on receipt by the Dealer Member except with respect to transactions entered into prior to the receipt; and

(d) only be terminated by the Dealer Member by notice in writing, effective not less than 30 days from the date of delivery of the notice to the customer.

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1300.15. A Dealer Member that has managed accounts or futures contracts managed accounts must establish and maintain a system acceptable to the Corporation to supervise the activities of those responsible for the management of such accounts under Rule 1300.7. The system must be reasonably designed to achieve compliance with the Rules and Forms of the Corporation. A Dealer Member firm's supervisory system must provide, at a minimum, for the following:

(a) the establishment and maintenance of written procedures, including:

(i) procedures designed to disclose when a responsible person has contravened Rules 1300.18 or 1300.19;

(ii) procedures to ensure fairness in the allocation of investment opportunities among its managed accounts;

(b) the designation of one or more Supervisors specifically responsible for the supervision of managed accounts.

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1300.16. A Dealer Member may charge a client directly for services rendered to a managed account but, except with the written agreement of the client, the charge may not be based on the volume or value of transactions initiated for the account or be contingent upon profits or performance.

1300.17. A Dealer Member may not pay remuneration to anyone managing a managed account that is computed on the basis of the value or volume of transactions in the account.

1300.18. No Dealer Member or responsible person shall trade for his or her or the Dealer Member's own account, or knowingly permit or arrange for any associate or affiliate to trade, in reliance upon information as to trades made or to be made for any discretionary or managed account.

1300.19. No Dealer Member or responsible person shall, without the written consent of the client, knowingly cause any managed account to:

(a) invest in the securities of, or a futures contract or option that is based on the securities of, the Dealer Member or an issuer that is related or connected to the Dealer Member;

(b) invest in the securities of any issuer, or a futures contract or option that is based on the securities of an issuer, of which a responsible person is an officer or director, and no such investment shall be made even with the written consent of the client unless such office or directorship shall have been disclosed to the client;

(c) invest in new or secondary issues underwritten by the Dealer Member;

(d) purchase or sell the securities of any issuer, or a futures contract or option that is based on the securities of an issuer, from or to the account of a responsible person, or from or to the account of an associate of a responsible person; or

(e) make a loan to a responsible person or to an associate of a responsible person.

A Dealer Member or related company or a partner, Director, Officer, employee or associate of either of them shall be deemed not to have breached any provision of this Rule 1300.19 in connection with any trade or activity if conducted in compliance with any securities legislation or rule, policy, directive or order of any securities commission which specifically applies to the trade or activity.

1300.20 Where investment decisions are made centrally and applied across a number of managed accounts, Rule 29.3A does not apply to the managed accounts of partners, Directors, Officers, Approved Persons, employees or agents of the Dealer Member who participate on the same basis as client accounts in the implementation of those decisions.

1300.21 Except as specifically permitted in the Rules or Rulings, a Dealer Member may not charge a customer a fee that is contingent upon the profit or performance of the customer's account.

RULE 1500
CONDUCT AND PRACTICES HANDBOOK FOR SECURITIES INDUSTRY PROFESSIONALS

1500.1

(a) Every registered representative, investment representative, partner, director or officer of a Dealer Member shall have in their possession and have read the Conduct and Practices Handbook for Securities Industry Professionals, including any updates:

(b) Each Dealer Member shall:

(i) Take reasonable measures to ensure that all individuals who are employed by such Dealer Member as a registered representative, investment representative, partner, director or officer have in their possession and have read the Conduct and Practices Handbook for Securities Industry Professionals including any updates; and

(ii) Bring to the attention and provide all updates of the Conduct and Practices Handbook for Securities Industry Professionals to all registered representatives, investment representatives, partners, directors and officers.

(c) For the purposes of Rule 1500, having access to an electronic version of the Conduct and Practices Handbook for Securities Industry Professionals shall qualify as having possession of it.

RULE 1800
COMMODITY FUTURES CONTRACTS AND OPTIONS

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(b) A Dealer Member must enter into a futures contract trading agreement or futures contract options trading agreement in compliance with Rule 1800.9 with a customer before effecting the customer's initial trade in futures contracts or futures contract options;

(c) The Supervisor designated under Rule 1800.2(a) or another Supervisor qualified to supervise futures contracts or futures contract options trading must approve the opening of the account of each customer of the Dealer Member for trading in futures contracts or futures contract options before the customer's first trade in futures contracts or futures contract options.

(d) A Dealer Member must:

(i) provide to each customer the then current risk disclosure statement approved by the Corporation and obtain from the customer acknowledgement of its receipt before the customer's initial trade in futures contracts or futures contract options

(ii) distribute to each customer having a futures contract or futures contract options account any amendments to the risk disclosure statement approved by the Corporation; and

(iii) maintain records showing the names and addresses of all persons to whom a current risk disclosure statement or an amendment thereto has been provided and the date or dates on which they were provided;

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1800.9. The account agreement required in Rule 1800.2(b) must define the rights and obligations between the Dealer Member and the customer on the subjects that the Corporation may from time to time determine, including the following:

(a) The rights of the Dealer Member to exercise discretion in accepting orders;

(b) The Dealer Member's obligation with respect to errors and/or omissions and qualification of the time periods during which orders will be accepted for execution;

(c) The customer's obligation in respect of the payment of his or her indebtedness to the Dealer Member and the maintenance of adequate margin and security, including the conditions under which the funds, securities or other property held in the account or any other accounts of the customer may be applied to such indebtedness or margin;

(d) The obligation of the customer in respect of commissions, if any, on futures contracts or futures contract options bought and sold for his or her account;

(e) The obligation of the customer in respect of the payment of interest, if any, on debit balances in his or her account;

(f) The extent of the right of the Dealer Member to make use of free credit balances in the customer's account either in its own business or to cover debit balances in the same or other accounts, and the consent, if given, of the customer to the Dealer Member taking the other side to the customer's transactions from time to time;

(g) The rights of the Dealer Member in respect of raising money on and pledging securities and other assets held in the customer's account;

(h) The extent of the right of the Dealer Member to otherwise deal with securities and other assets in the customer's account and to hold the same as collateral security for the customer's indebtedness;

(i) The customer's obligation to comply with the rules pertaining to futures contracts or futures contract options with respect to reporting, position limits and exercise limits, as applicable, as established by the commodity futures exchange on which such futures contracts or futures contract options are traded or its clearing house;

(j) The right of the Dealer Member, if so required, to provide regulatory authorities with information and/or reports related to reporting limits and position limits;

(k) The acknowledgement by the customer that he or she has received the current risk disclosure statement required by Rule 1800.2(d);

(l) The right of the Dealer Member to impose trading limits and to close out futures contracts or futures contract options under specified conditions;

(m) That minimum margin will be required from the customer in such amounts and at such times as the commodity futures exchange on which a contract is entered or its clearing house may prescribe and in such greater amounts at other times as prescribed by the Rules and as determined by the Dealer Member, and that such funds or property may be commingled and used by the Dealer Member in the conduct of its business;

(n) In the case of futures contract options accounts, the method of allocation of exercise assignment notices and the customer's obligation to instruct the Dealer Member to close out contracts prior to the expiry date; and

(o) Unless provided for in a separate agreement, the authority, if any, of the Dealer Member to effect trades for the customer on a discretionary basis, which authority shall be separately acknowledged in a part of the agreement prominently marked off from the remainder and shall not be inconsistent with any Rules relating to discretionary accounts.

1800.10. Rule 1800.9 does not apply to the opening of a futures contracts or futures contract options account where the customer is a dealer on its own behalf, a dealer on behalf of its customer if the dealer is required to maintain with its customer an account agreement substantially similar to that described in Rule 1800.9, an adviser registered under any applicable legislation relating to trading or advising in respect of futures contracts or futures contract options, an acceptable institution or an acceptable counter-party, provided the Dealer Member has obtained from the customer a letter of undertaking specifying:

(a) That the person opening the account will comply with the by-laws, rules and regulations of the exchange and clearing house upon or through which trades in contracts are to be effected including without limitation, the rules and regulations establishing position and reporting limits; and

(b) Where the customer also maintains with the same Dealer Member an account on which the customer is charged interest when there is a debit balance in the account, the conditions under which transfers of funds, securities or other property held in such other account will be made between accounts, unless provision is made elsewhere in a document signed by the person opening the account.

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RULE 1900
OPTIONS

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1900.2
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(b) A Dealer Member must enter into an options trading agreement in compliance with Rule 1900.6 with a customer before effecting the customer’s initial trade in options;

(c) The Supervisor designated under Rule 1900.2(a) or another Supervisor qualified to supervise options trading must approve each customer account of the Dealer Member for trading in options before the customer’s first trade in options;

(d) A Dealer Member must:

(i) provide to each customer the then current disclosure approved by the Corporation and obtain from the customer acknowledgement of its receipt before the customer’s first trade in options;

(ii) provide to each customer having an account approved for options trading any amendments to the disclosure document in subsection (i); and

(iii) maintain records showing the names and addresses of all persons to whom a current disclosure statement or an amendment thereto has been provided and the date or dates on which they were provided.

(e) A Dealer Member must comply with the applicable rules and rulings of any exchange, clearing corporation or other organization on or through which the option is traded or issued including, without limitation, those respecting position limits and exercise limits.

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1900.6.

(a) The options trading agreement required in Rule 1900.2(b) must define the rights and obligations between the Dealer Member and the customer on the subjects that the Corporation may from time to time determine, including the following:

(i) the rights of the Dealer Member to exercise discretion in accepting orders;

(ii) the Dealer Member's obligations with respect to errors and/or omissions and qualification of the time periods during which orders will be accepted for execution;

(iii) the method of allocation of exercise assignment notices;

(iv) the notice that maximum limits may be set on short positions and that during the last 10 days to expiry cash only terms may be applied and, in addition, that the Corporation may impose other rules affecting existing or subsequent transactions;

(v) the customer's obligation to instruct the Dealer Member to close out contracts prior to expiry date;

(vi) the customer's obligation to comply with applicable Rules and Rulings of the Corporation and any exchange, clearing corporation or other organization on or through which the option is traded or issued including, without limitation, those respecting position limits and exercise limits;

(vii) the acknowledgement by the customer that he or she has received the current disclosure statement referred to in Rule 1900.2(d);

(viii) a statement of the time limit set by the Dealer Member prior to which the client must submit an exercise notice; and

(ix) any other matter required by the exchange, clearing corporation or other organization on or through which an option is traded or issued.

(b) Notwithstanding Rule 1900.6(a), if the client is an acceptable institution or acceptable counter-party the Dealer Member may, in lieu of maintaining an options trading agreement, accept a letter of undertaking from the acceptable institution or acceptable counter-party in which the institution or counter-party agrees to abide by the Rules, Rulings and requirements of the Corporation and of the exchange, clearing corporation or other organization on or through which an option is traded including those relating to exercise and position limits.

RULE 2500
MINIMUM STANDARDS FOR RETAIL CUSTOMER ACCOUNT SUPERVISION

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I. Establishing and Maintaining Procedures, Delegation and Education
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F. Records

1. A Dealer Member must maintain records of supervisory review for seven years.
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II. Opening New Accounts

Introduction

To comply with the "Know-Your-Client" rule each Dealer Member must establish procedures to maintain accurate and complete information on each client. The first step towards compliance with this rule is completing proper documentation when opening new accounts. Accurate completion of the documentation when opening a new account allows both the Registered Representative and the supervisory staff to conduct the necessary review to ensure that recommendations made for any account are appropriate for the client and in keeping with his investment objectives. Maintaining accurate and current documentation will allow the Registered Representative and the supervisory staff to ensure that all recommendations made for any account are appropriate for the client and in keeping with the client's investment objectives.

“Know-Your-Client” procedures must also be directed at meeting a Dealer Member’s gatekeeper obligations by identifying clients that present a high risk of conducting improper activities in the securities markets. For example, if a Dealer Member is concerned about a client’s reputation, the Dealer Member must make all reasonable inquiries to resolve the concern. This includes making a reasonable effort to determine, for example, the nature of the client’s business. Dealer Members should refuse to accept instructions from clients who, in the Dealer Member’s judgment, are engaged in illegal, unfair or abusive trading activities. “Know-Your-Client” procedures must also meet the requirements of anti-money laundering and terrorist financial legislation and regulations.

A. Documentation

1. A Dealer Member must complete an account application for each new customer that conforms to the account information requirements of this Rule.

2. A Supervisor authorized in the Dealer Member’s policies and procedures to do so must approve a fully completed new account application no later than the business day after the initial trade. ‘Fully completed’ means that all information necessary to assess suitability, creditworthiness and risk has been obtained but does not mean that the client must have signed the application if the Dealer Member requires that the client do so. Alternate procedures for securing interim approval are acceptable to prevent undue delays provided the Supervisor applies prompt final approval following the initial trade. If an account application received after the initial trade is not fully completed, a Dealer Member must restrict the account to liquidating trades only until a fully completed application has been approved.

3. Where the customer is an employee or agent of another registered dealer, a Dealer Member must obtain written approval of the customer’s employer or principal before opening the account. A Dealer Member must designate such accounts as non-client accounts.

4. A Dealer Member must maintain a complete set of documentation regarding each account. The Registered Representative(s) handling an account must maintain a copy of the account application. A Dealer Member can meet this requirement by maintaining the information on the application in an electronic application accessible to the Registered Representative.

5. The Registered Representative must update the information on the application where there is a material change in client information. The update must be approved in the manner provided in subsection A.2. A Dealer Member must restrict the access of Registered Representatives and other persons to its electronic systems for maintaining know-your-client information so that material information cannot be changed without the required approval. A Dealer Member must have procedures independent of the Registered Representative for verifying material changes to customer information, such as changes of address, financial situation, investment objectives or risk tolerance.

6. When there is a change of Registered Representative, the new Registered Representative must verify the account information to ensure it is current. A Dealer Member must have a procedure for recording that the new Registered Representative has reviewed the customer information and that the appropriate Supervisor is satisfied that it has been reviewed and has approved any material changes. It is acceptable for the Registered Representative to record and initial any changes on a photocopy of the existing application provided that it was previously approved within two years of the review.

7. A Dealer Member must not assign an account number for a new customer unless it has the proper name and address of the customer.

B. Pending Documents

1. A Dealer Member must have procedures in place to ensure supporting documents are received within a reasonable period of time of opening the account.

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3. A Dealer Member must have a system for recording pending account documentation and following up where it is not received in a reasonable time.

4. A Dealer Member must take positive action specified in its policies and procedures to obtain required documentation not obtained within 25 business days of the opening of the account.

C. Other Requirements

1. All hold mail must be authorized by the client in writing and be controlled, reviewed on a regular basis and maintained by the responsible Supervisor.

2. Returned mail must be properly investigated and controlled by a person who is independent of the sales function but may be located within a Business Location.

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V. Option Account Supervision

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A. Account Opening and Approval

1. The option trading agreement and option account application must be completed and the client's agreement recorded before the first trade. This applies to new accounts or existing accounts approved for other products.

2. The option trading agreement contents must meet or exceed Corporation requirements.

3. The Designated Options Supervisor or another options qualified Supervisor must approve all accounts to trade in options and their approval and the date of approval must be recorded.

4. The approving Supervisor must determine whether the risk characteristics of the strategies the customer intends to use are appropriate for the customer and in keeping with his or her investment objectives and risk tolerance. If they are not, the approving Supervisor should restrict the account from using inappropriate strategies and note with the option account approval any trading restrictions imposed. The Supervisor must ensure that the Registered Representative handling the account is aware of any restrictions.

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VI. Future and Futures Options Account Supervision

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A. Account Opening and Approval

1. The futures trading agreement or letter of undertaking under Rule 1800.2(b) and futures account application must be completed, and the client's agreement recorded, before the first trade. This applies to new accounts or existing accounts approved for other products.

2. The Designated Futures Supervisor or another futures qualified Supervisor must approve all accounts and their approval and the date of approval must be recorded before any trading.

3. The Supervisor approving the opening of a hedging account must ensure that the Dealer Member has reliable evidence establishing acceptability of a client as a hedger. Such evidence can take the form of a hedge letter or statement supported by verification procedures.

4. The approving Supervisor must determine whether the risk characteristics of the futures contracts or futures contract options and strategies the customer intends to use are appropriate for the customer and in keeping with his or her investment objectives and risk tolerance. If they are not, the approving Supervisor should restrict the account from using inappropriate contracts or strategies and record with the futures account approval any

trading restrictions imposed. The approving Supervisor must ensure that the Registered Representative handling the account is aware of any restrictions.

5. A Dealer Member's futures account application or futures account agreement must include, other than for a hedging account, a risk limit for futures trading indicating the maximum amount of cumulative loss the client can afford to sustain. The maximum loss can be stated on a lifetime basis or on an annual basis. If the loss limit is stated on an annual basis, the Dealer Member must have a procedure to update it annually and the Designated Futures Supervisor or a Supervisor qualified to supervise futures must review and approve the updated loss limit and ensure that it takes into account any previously accumulated losses.

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VII. Discretionary Account Supervision

Introduction

Simple discretionary accounts are accounts where the discretionary authority has not been solicited and which are designed to accommodate customers who are frequently or temporarily unavailable to authorize trades.

A Dealer Member must consent to accepting discretionary accounts and have the proper documentation and supervisory procedures in place to handle such accounts.

A. Account Approval

1. The Designated Supervisor under Rule 1300.4(a) must approve any request for discretion.

2. The Dealer Member and customer must enter into a discretionary account agreement that includes any restrictions to the trading authorization. The Supervisor designated under Rule 1300.4(a) must approve the agreement.

3. The Dealer Member must identify discretionary accounts in its books and records in a manner that ensures that the Dealer Member can properly supervise them.

B. Entry of Orders

1. A Supervisor must approve any discretionary order for a discretionary account handled by a Registered Representative prior to the order being entered unless:

   - the Registered Representative is qualified to provide discretionary management services and the Dealer Member has notified the Corporation that he or she provides those services, or

   - the Registered Representative is also an approved Executive.

2. A discretionary account may not hold any publicly traded securities of the Dealer Member or its affiliates.

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RULE 2700
MINIMUM STANDARDS FOR INSTITUTIONAL CUSTOMER ACCOUNT OPENING, OPERATION AND SUPERVISION

Introduction

This Rule covers the opening, operation and supervision of Institutional Customer accounts, which are accounts for investors that are not individuals who meet the requirements of the definition herein.

This document sets out minimum standards governing the opening, operation and supervision of Institutional Customer accounts.

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II. New Account Documentation and Approval

1. A Dealer Member must complete a new customer account form for each Institutional Customer; and

2. A Dealer Member may establish a 'master' new account documentation file, containing full documentation and, when opening sub-accounts, it should refer to the principal or 'master' account with which it is associated.

3. Each new account must be approved by a Supervisor who is Department Head or his or her designate prior to the initial trade or promptly thereafter. Such approval must be recorded in writing or auditable electronic form.

4. The Dealer Member must exercise due diligence to ensure that the new customer account form is updated whenever the Dealer Member becomes aware that there is a material change in customer information.

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RULE 3200
MINIMUM REQUIREMENTS FOR DEALER MEMBERS SEEKING APPROVAL UNDER RULE 1300.1(T) FOR SUITABILITY RELIEF FOR TRADES NOT RECOMMENDED BY THE MEMBER

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A. Minimum requirements for Dealer Members offering solely an order-execution service, either as the Dealer Member's only business or through a separate business unit of the Dealer Member

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3. Account Opening

(a) At the time an account is opened, the Dealer Member or separate business unit of the Dealer Member must make a written disclosure to the customer advising that the Dealer Member or separate business unit of the Dealer Member will not provide any recommendations to the customer and will not be responsible for making a suitability determination of trades when accepting orders from the customer. Such disclosure shall clearly explain to the customer that the customer alone is responsible for his or her own investment decisions and that the Dealer Member will not consider the customer's financial situation, investment knowledge, investment objectives and risk tolerance when accepting orders from the customer.

(b) At the time an account is opened, the Dealer Member or separate business unit of the Dealer Member must obtain an acknowledgement from the customer that the customer has received and understood the disclosure described in Paragraph 3(a). For accounts such as joint and investment club accounts having more than one direct beneficial owner, the Dealer Member must obtain an acknowledgement from all beneficial owners.

(c) Prior to operating any existing accounts under the approval, the Dealer Member or separate business unit of the Dealer Member must provide the disclosure described in Paragraph 3(a) to the customer and obtain the acknowledgement described in Paragraph 3(b).

(d) The acknowledgements obtained under Paragraphs 3(b) and (c) must take the form of a positive act by the customer(s), a record of which must be maintained by the Dealer Member in an accessible form. Possible forms of the acknowledgement are:

(i) The customer's signature or initials on a new customer application form or similar document where the signature or initial specifically relates to the required disclosure and acknowledgement;

(ii) The clicking of an appropriately labeled button on an electronic account application form, placed directly under the disclosure and acknowledgement text;

(iii) The tape recording of a verbal acknowledgement made by telephone.

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B. Minimum requirements for Dealer Members offering both an advisory and an order-execution only service

1. Terminology

All references to the basis of trades in procedures, documents and reports under this Rule must use the terms "recommended" or "non-recommended". In particular, designating trades as solicited or unsolicited will not be accepted as complying with the requirements of this Rule.

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3. Account Opening

(a) At the time an account is opened, the Dealer Member must make a written disclosure to the customer advising that the Dealer Member will not be responsible for making a suitability determination when

accepting an order from the customer which was not recommended by the Dealer Member or a representative of the Dealer Member. Such disclosure shall clearly explain to the customer that the customer alone is responsible for his or her own investment decisions and that the Dealer Member will not consider the customer's financial situation, investment knowledge, investment objectives and risk tolerance when accepting orders from the customer. Such disclosure also shall include a brief description of what does or does not constitute a recommendation and instructions on how the customer can report trades which have not been accurately designated as recommended or non-recommended.

(b) At the time an account is opened, the Dealer Member must obtain an acknowledgement from the customer that the customer has received and understood the disclosure described in Paragraph 3(a). For accounts such as joint and investment club accounts having more than one direct beneficial owner, the Dealer Member must obtain an acknowledgement from all beneficial owners.

(c) Prior to operating any existing accounts under the approval, the Dealer Member must provide the disclosure described in Paragraph 3(a) to the customer and obtain the acknowledgement described in Paragraph 3(b).

(d) The acknowledgements obtained under Paragraphs 3(b) and (c) must take the form of a positive act by the customer(s), a record of which must be maintained by the Dealer Member in an accessible form. Possible forms of the acknowledgement are:

ii) The customer's signature or initials on a new customer application form or similar document where the signature or initial specifically relates to the required disclosure and acknowledgement;

iii) The clicking of an appropriately labeled button on an electronic account application form, placed directly under the disclosure and acknowledgement text;

iv) The tape recording of a verbal acknowledgement made by telephone.

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ATTACHMENT D

INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA
PROPOSED RULE 3100 - BUSINESS CONDUCT
PROPOSED RULE 3200 - CLIENT ACCOUNTS

TABLE OF CONCORDANCE

Current rule number and title	Sub-section		New rule number	New section, title and description	Sub-Section	Comments
New Provision			Rule 3100	R. 3101 Introduction	(1)	[New]
Rule 0029: Business Conduct	29.01	2nd paragraph	Rule 3100	R. 3102 Business conduct	(1)	
Rule 1300: Supervision of Accounts	1300.02	(a)	Rule 3100	R. 3102 Business conduct	(2)	
Rule 1300: Supervision of Accounts	1300.01	(a)	Rule 3100	R. 3102 Business conduct	(3)	
Rule 1300: Supervision of Accounts	1300.01	(o)	Rule 3100	R. 3102 Business conduct	(4)	[Amended] Section now clarifies that Dealer Member due diligence obligation applies to both orders and trade recommendations
Rule 0017: Dealer Member Minimum Capital, Conduct of Business and Insurance	17.14		Rule 3100	R. 3103 Compliance with all applicable rules	(1) and (2)	
Rule 0029: Business Conduct	29.06		Rule 3100	R. 3104 Conflict of interest	(1) and (2)	
New Provision			Rule 3100	R. 3105 - 3159 Reserved		[New]
Rule 1500: Conduct and Practices Handbook	1500.01	(a)	Rule 3100	R. 3150 Conduct and Practices Handbook	(1)(i)	
Rule 1500: Conduct and Practices Handbook	1500.01	(c)	Rule 3100	R. 3150 Conduct and Practices Handbook	(1)(i)	
Rule 1500: Conduct and Practices Handbook	1500.01	(a)	Rule 3100	R. 3150 Conduct and Practices Handbook	(1)(ii)	
Rule 1500: Conduct and Practices Handbook	1500.01	(c)	Rule 3100	R. 3150 Conduct and Practices Handbook	(1)(ii)	
Rule 1500: Conduct and Practices Handbook	1500.01	(a)	Rule 3100	R. 3150 Conduct and Practices Handbook	(1)(iii)	
Rule 1500: Conduct and Practices Handbook	1500.01	(b)	Rule 3100	R. 3150 Conduct and Practices Handbook	(2)	
New Provision			Rule 3100	R. 3151 - 3199 Reserved		[New]
New Provision			Rule 3200	R. 3201 Introduction	(1) and (2)	[New]

Current rule number and title	Sub-section		New rule number	New section, title and description	Sub-Section	Comments
Rule 1300: Supervision of Accounts	1300.01	(a) and NI 31-103 13.2(2)(a)	Rule 3200	R. 3202 Identifying all new clients	(1)(i)	[Amended] Section now conforms with NI 31-103 requirement to make inquiries if there is a concern as to client reputation
Rule 1300: Supervision of Accounts	1300.02	See Form 2 and NI 31-103 13.2(2)(b)	Rule 3200	R. 3202 Identifying all new clients	(1)(ii)	[Amended] Section now conforms with NI 31-103 requirement to use due diligence to determine whether client is an insider
Rule 1300: Supervision of Accounts	1300.02	(a)	Rule 3200	R. 3202 Identifying all new clients	(2)	
Rule 2500: Minimum Standards for Retail Account Supervision (Policy 2)	2500II	A.1	Rule 3200	R. 3202 Identifying all new clients	(2)	
Rule 2700: Minimum Standards for Institutional Account Opening, Operating & Supervision (Policy 4)	2700II	(1)	Rule 3200	R. 3202 Identifying all new clients	(2)	
Rule 1300: Supervision of Accounts	1300.01	(e)(i)	Rule 3200	R. 3203 Identifying accounts of trusts	(1)(i)	
Rule 1300: Supervision of Accounts	1300.01	(e)(ii)	Rule 3200	R. 3203 Identifying accounts of trusts	(1)(ii)	
Rule 1300: Supervision of Accounts	1300.01	(g)	Rule 3200	R. 3203 Identifying accounts of trusts	(1)(iii)	
Rule 1300: Supervision of Accounts	1300.01	(f)	Rule 3200	R. 3203 Identifying accounts of trusts	(2)	
Rule 1300: Supervision of Accounts	1300.01	(b)(i) and (ii)	Rule 3200	R. 3204 Identifying accounts of corporations and similar entities	(1)(i) and (ii)	
Rule 1300: Supervision of Accounts	1300.01	(g)	Rule 3200	R. 3204 Identifying accounts of corporations and similar entities	(1)(iii)	
Rule 1300: Supervision of Accounts	1300.01	(c)(i)	Rule 3200	R. 3204 Identifying accounts of corporations and similar entities	(2)(i)	
Rule 1300: Supervision of Accounts	1300.01	(c)(ii)	Rule 3200	R. 3204 Identifying accounts of corporations and similar entities	(2)(ii)	
Rule 1300: Supervision of Accounts	1300.01	(c)(i)	Rule 3200	R. 3204 Identifying accounts of corporations and similar entities	(3)	[Amended] New provision to clarify and codify application of 1300.01 (c)(i)
Rule 1300: Supervision of Accounts	1300.01	(d)	Rule 3200	R. 3204 Identifying accounts of corporations and similar entities	(4)	[Amended] to clarify and codify existing provision
Rule 1300: Supervision of Accounts	1300.01	(i)	Rule 3200	R. 3204 Identifying accounts of corporations and similar entities	(5)	

Current rule number and title	Sub-section		New rule number	New section, title and description	Sub-Section	Comments
Rule 1300: Supervision of Accounts	1300.01	(j)	Rule 3200	R. 3204 Identifying accounts of corporations and similar entities	(5)	
Rule 1300: Supervision of Accounts	1300.01	(k)	Rule 3200	R. 3204 Identifying accounts of corporations and similar entities	(6)	
Rule 1300: Supervision of Accounts	1300.01	(l)	Rule 3200			[Repealed] Section now redundant
Rule 1300: Supervision of Accounts	1300.01	(b)(ii)	Rule 3200	R. 3205 Identity verification	(1)	
Rule 1300: Supervision of Accounts	1300.01	(e)(ii)	Rule 3200	R. 3205 Identity verification	(1)	
Rule 1300: Supervision of Accounts	1300.01	(b)(ii)	Rule 3200	R. 3205 Identity verification	(2)	
Rule 1300: Supervision of Accounts	1300.01	(e)(ii)	Rule 3200	R. 3205 Identity verification	(2)	
Rule 1300: Supervision of Accounts	1300.01	(h)	Rule 3200	R. 3205 Identity verification	(3)	
Rule 1300: Supervision of Accounts	1300.01	(m)	Rule 3200	R. 3205 Identity verification	(3)	
New Provision			Rule 3200	R. 3206 Reserved		[New]
Rule 1300: Supervision of Accounts	1300.02	(a) and (b)	Rule 3200	R. 3207 Account information	(1)	
New Provision			Rule 3200	R. 3207 Account information	(2)	[New] Codifies requirement to verify that the client qualifies as an Institutional Client
Form 2			Rule 3200	R. 3207 Account information	(3)	
New Provision			Rule 3200	R. 3207 Account information	(4)	[New] Codifies requirement to verify that client records maintained meet all other relevant legislative requirements
Rule 0200: Minimum Records	200.01	(i)(2)	Rule 3200	R. 3208 Margin Account Agreement	(1)	
Rule 0200: Minimum Records	200.01	Guide to interpreta-tion (i)	Rule 3200	R. 3208 Margin Account Agreement	(2)	
Rule 0029: Business Conduct	29.26	(1)(a) and (b)	Rule 3200	R. 3209 Leverage Risk Disclosure Statement	(1)	[Amended] Clarification that Leverage Risk Disclosure Statement must be provided to retail clients rather than all clients. Have also added requirement to obtain client's written acknowledgement of the statement.

Current rule number and title	Sub-section		New rule number	New section, title and description	Sub-Section	Comments
Rule 0029: Business Conduct	29.26	(1)(b)	Rule 3200	R. 3209 Leverage Risk Disclosure Statement	(2)	
Rule 0029: Business Conduct	29.26	(2)	Rule 3200	R. 3209 Leverage Risk Disclosure Statement	(2)	
Rule 0029: Business Conduct	29.26	(1)(c)	Rule 3200	R. 3209 Leverage Risk Disclosure Statement	(3)	
Rule 2500: Minimum Standards for Retail Account Supervision (Policy 2)	2500II	C.1	Rule 3200	R. 3210 Client mail	(1)	[Amended] Have added a time limit to a client authorized hold mail order
Rule 2500: Minimum Standards for Retail Account Supervision (Policy 2)	2500II	C.1	Rule 3200	R. 3210 Client mail	(2)(i)(ii) and (iii)	[Amended] Have clarified that the time limit can only be extended in limited circumstances.
Rule 2500: Minimum Standards for Retail Account Supervision (Policy 2)	2500II	C.2	Rule 3200	R. 3210 Client mail	(3)	
New Provision			Rule 3200	R. 3211 - 3219 Reserved		[New]
Rule 2500: Minimum Standards for Retail Account Supervision (Policy 2)	2500II	A.4	Rule 3200	R. 3220 Record keeping	(1)(i)	
Rule 1300: Supervision of Accounts	1300.01	(n)	Rule 3200	R. 3220 Record keeping	(1)(i)	
Rule 0200: Minimum Records	200.01	(i)(1)	Rule 3200	R. 3220 Record keeping	(1)(ii)	
Rule 0200: Minimum Records	200.01	(i)(3)	Rule 3200	R. 3220 Record keeping	(1)(ii) and (iii)	
Rule 2500: Minimum Standards for Retail Account Supervision (Policy 2)	2500II	A.4	Rule 3200	R. 3220 Record keeping	(2)	
Rule 1300: Supervision of Accounts	1300.01	(n)	Rule 3200	R. 3220 Record keeping	(3)	
Rule 2500: Minimum Standards for Retail Account Supervision (Policy 2)	2500II	Introduction	Rule 3200	R. 3221 Account opening procedures	(1)(i) and (ii)	
Rule 2500: Minimum Standards for Retail Account Supervision (Policy 2)	2500II	A.2	Rule 3200	R. 3221 Account opening procedures	(1)(i) and (ii)	
Rule 2500: Minimum Standards for Retail Account Supervision (Policy 2)	2500II	B.1	Rule 3200	R. 3221 Account opening procedures	(2)(i)	

Current rule number and title	Sub-section		New rule number	New section, title and description	Sub-Section	Comments
Rule 2500: Minimum Standards for Retail Account Supervision (Policy 2)	2500II	B.3	Rule 3200	R. 3221 Account opening procedures	(2)(ii)	
Rule 2500: Minimum Standards for Retail Account Supervision (Policy 2)	2500II	B.4	Rule 3200	R. 3221 Account opening procedures	(2)(iii)	
Rule 2500: Minimum Standards for Retail Account Supervision (Policy 2)	2500II	A.5	Rule 3200	R. 3221 Account opening procedures	(2)(iv)	
Rule 2500: Minimum Standards for Retail Account Supervision (Policy 2)	2500I	F.1	Rule 3200	R. 3221 Account opening procedures	2(v)	
Rule 2500: Minimum Standards for Retail Account Supervision (Policy 2)	2500II	A.7	Rule 3200	R. 3222 Opening new client accounts	(1)	
Rule 2500: Minimum Standards for Retail Account Supervision (Policy 2)	2500II	A.2	Rule 3200	R. 3222 Opening new client accounts	(2), (3) and (4)	
Rule 2700: Minimum Standards for Institutional Account Opening, Operating & Supervision (Policy 4)	2700II	3	Rule 3200	R. 3222 Opening new client accounts	(3) and (4)	
Rule 0800: Trading & Delivery	800.11		Rule 3200	R. 3222 Opening new client accounts	(5)	
Rule 2500: Minimum Standards for Retail Account Supervision (Policy 2)	2500II	A.3	Rule 3200	R. 3222 Opening new client accounts	(5)	
Rule 2700: Minimum Standards for Institutional Account Opening, Operating & Supervision (Policy 4)	2700II	4	Rule 3200	R. 3223 Updating client accounts	(1)	
Rule 2500: Minimum Standards for Retail Account Supervision (Policy 2)	2500II	A.5	Rule 3200	R. 3223 Updating client accounts	(2)	
Rule 2500: Minimum Standards for Retail Account Supervision (Policy 2)	2500II	A.6	Rule 3200	R. 3223 Updating client accounts	(3)	
Rule 2500: Minimum Standards for Retail Account Supervision (Policy 2)	2500II	A.6	Rule 3200	R. 3223 Updating client accounts	(4)	
New Provision			Rule 3200	R. 3224 - 3229 Reserved		[New]

Current rule number and title	Sub-section		New rule number	New section, title and description	Sub-Section	Comments
Rule 2700: Minimum Standards for Institutional Account Opening, Operating & Supervision (Policy 4)	2700	Introduc-tion	Rule 3200	R. 3230 Institutional client accounts	(1)	
Rule 2700: Minimum Standards for Institutional Account Opening, Operating & Supervision (Policy 4)	2700II	(2)	Rule 3200	R. 3230 Institutional client accounts	(1)	
New Provision			Rule 3200	R. 3231 - 3239 Reserved		[New]
Rule 1300: Supervision of Accounts	1300.01	(t)	Rule 3200	R. 3240 Order execution-only services	(1)	
Rule 3200: Minimum Requirements for Dealer Members seeking approval under Rule 1300.1(T) for suitability relief for trades not recommended by the Member (Policy 9)	3200A	(3)(a), (b) and (c)	Rule 3200	R. 3240 Order execution-only services	(2)(i), (ii) and (iii)	
Rule 3200: Minimum Requirements for Dealer Members seeking approval under Rule 1300.1(T) for suitability relief for trades not recommended by the Member (Policy 9)	3200B	(3)(b) and (c)	Rule 3200	R. 3240 Order execution-only services	(2)(i), (ii) and (iii)	
Rule 3200: Minimum Requirements for Dealer Members seeking approval under Rule 1300.1(T) for suitability relief for trades not recommended by the Member (Policy 9)	3200A	(3)(d)	Rule 3200	R. 3240 Order execution-only services	(3)	
Rule 3200: Minimum Requirements for Dealer Members seeking approval under Rule 1300.1(T) for suitability relief for trades not recommended by the Member (Policy 9)	3200B	(3)(d)	Rule 3200	R. 3240 Order execution-only services	(3)	

Current rule number and title	Sub-section		New rule number	New section, title and description	Sub-Section	Comments
Rule 3200: Minimum Requirements for Dealer Members seeking approval under Rule 1300.1(T) for suitability relief for trades not recommended by the Member (Policy 9)	3200B	(3)(a)	Rule 3200	R. 3240 Order execution-only services	(4)(i)	
Rule 3200: Minimum Requirements for Dealer Members seeking approval under Rule 1300.1(T) for suitability relief for trades not recommended by the Member (Policy 9)	3200B	(1)	Rule 3200	R. 3240 Order execution-only services	(4)(ii)	
New Provision			Rule 3200	R. 3241 - 3249 Reserved		[New]
New Provision			Rule 3200	R. 3250 Introduction		[New]
Rule 2500: Minimum Standards for Retail Account Supervision (Policy 2)	2500V	A.1	Rule 3200	R. 3251 Opening an options account	(1)(i)	
Rule 2500: Minimum Standards for Retail Account Supervision (Policy 2)	2500V	A.2	Rule 3200	R. 3251 Opening an options account	(1)(ii)	
Rule 1900: Options	1900.02	(b)	Rule 3200	R. 3251 Opening an options account	(1)(ii)	
Rule 1900: Options	1900.06	(b)	Rule 3200	R. 3251 Opening an options account	(1)(ii)	
Rule 1900: Options	1900.02	(d)(i)	Rule 3200	R. 3251 Opening an options account	(1)(iii)	
Rule 1900: Options	1900.02	(c)	Rule 3200	R. 3251 Opening an options account	(1)(iv)	
Rule 2500: Minimum Standards for Retail Account Supervision (Policy 2)	2500V	A.3	Rule 3200	R. 3251 Opening an options account	(1)(iv)	
Rule 2500: Minimum Standards for Retail Account Supervision (Policy 2)	2500V	A.4	Rule 3200	R. 3251 Opening an options account	(2)	
Rule 2500: Minimum Standards for Retail Account Supervision (Policy 2)	2500V	A.2	Rule 3200	R. 3252 Options Trading Agreement	(1)	
Rule 1900: Options	1900.06	(a)	Rule 3200	R. 3252 Options Trading Agreement	(1)	

Current rule number and title	Sub-section		New rule number	New section, title and description	Sub-Section	Comments
Rule 1900: Options	1900.06	(a)(ii)	Rule 3200	R. 3252 Options Trading Agreement	(1)(i) and (iii)	
Rule 1900: Options	1900.06	(a)(i)	Rule 3200	R. 3252 Options Trading Agreement	(1)(ii)	
Rule 1900: Options	1900.06	(a)(iii)	Rule 3200	R. 3252 Options Trading Agreement	(1)(iv)	
Rule 1900: Options	1900.06	(a)(viii)	Rule 3200	R. 3252 Options Trading Agreement	(1)(v)	
Rule 1900: Options	1900.06	(a)(iv)	Rule 3200	R. 3252 Options Trading Agreement	(1)(vi)	
Rule 1900: Options	1900.06	(a)(v)	Rule 3200	R. 3252 Options Trading Agreement	(1)(vii)	
Rule 1900: Options	1900.06	(a)(vi)	Rule 3200	R. 3252 Options Trading Agreement	(1)(viii)	
Rule 1900: Options	1900.06	(a)(vii)	Rule 3200	R. 3252 Options Trading Agreement	(1)(ix)	
Rule 1900: Options	1900.06	(a)(ix)	Rule 3200	R. 3252 Options Trading Agreement	(1)(x)	
Rule 1900: Options	1900.06	(b)	Rule 3200	R. 3253 Letter of undertaking	(1) and (2)	[Amended] Clarified to allow letter of undertaking to be obtained from a "regulated entity" [a defined category of dealers] rather than a "dealer".
Rule 1900: Options	1900.02	(d)(i)	Rule 3200	R. 3254 Options Disclosure Statement	(1)(i) and (ii)	
Rule 1900: Options	1900.02	(d)(ii)	Rule 3200	R. 3254 Options Disclosure Statement	(1)(iii)	
Rule 1900: Options	1900.02	(d)(iii)	Rule 3200	R. 3254 Options Disclosure Statement	(1)(iv)	
Rule 1900: Options	1900.02	(e)	Rule 3200	R. 3255 Position and exercise limits	(1) and (2)	
Rule 1900: Options	1900.05	(a) and (b)	Rule 3200			[Repealed] Requirement to file option contract open position reports with IIROC has been repealed.
Rule 2500: Minimum Standards for Retail Account Supervision (Policy 2)	2500VI	A.1	Rule 3200	R. 3256 Opening a futures or futures contract options account	(1)(i) and (ii)	
Rule 1800: Commodity Futures Contracts & Options	1800.02	(b)	Rule 3200	R. 3256 Opening a futures or futures contract options account	(1)(ii)	
Rule 1800: Commodity Futures Contracts & Options	1800.02	(d)(i)	Rule 3200	R. 3256 Opening a futures or futures contract options account	(1)(iii)	

Current rule number and title	Sub-section		New rule number	New section, title and description	Sub-Section	Comments
Rule 2500: Minimum Standards for Retail Account Supervision (Policy 2)	2500VI	A.2	Rule 3200	R. 3256 Opening a futures or futures contract options account	(1)(iv)	
Rule 1800: Commodity Futures Contracts & Options	1800.02	(c)	Rule 3200	R. 3256 Opening a futures or futures contract options account	(1)(iv)	
Rule 2500: Minimum Standards for Retail Account Supervision (Policy 2)	2500VI	A.4	Rule 3200	R. 3256 Opening a futures or futures contract options account	(2)	
Rule 1800: Commodity Futures Contracts & Options	1800.09		Rule 3200	R. 3257 Futures and Futures Contract Options Trading Agreement	(1)	
Rule 1800: Commodity Futures Contracts & Options	1800.09	(b)	Rule 3200	R. 3257 Futures and Futures Contract Options Trading Agreement	(1)(i) and (iii)	
Rule 1800: Commodity Futures Contracts & Options	1800.09	(a)	Rule 3200	R. 3257 Futures and Futures Contract Options Trading Agreement	(1)(ii)	
Rule 1800: Commodity Futures Contracts & Options	1800.09	(l)	Rule 3200	R. 3257 Futures and Futures Contract Options Trading Agreement	(1)(iv)	
Rule 1800: Commodity Futures Contracts & Options	1800.09	(n)	Rule 3200	R. 3257 Futures and Futures Contract Options Trading Agreement	(1)(v)	
Rule 1800: Commodity Futures Contracts & Options	1800.09	(c)	Rule 3200	R. 3257 Futures and Futures Contract Options Trading Agreement	(1)(vi) and (xiv)	
Rule 1800: Commodity Futures Contracts & Options	1800.09	(f)	Rule 3200	R. 3257 Futures and Futures Contract Options Trading Agreement	(1)(vii) and (viii)	
Rule 1800: Commodity Futures Contracts & Options	1800.09	(g)	Rule 3200	R. 3257 Futures and Futures Contract Options Trading Agreement	(1)(ix)	
Rule 1800: Commodity Futures Contracts & Options	1800.09	(h)	Rule 3200	R. 3257 Futures and Futures Contract Options Trading Agreement	(1)(x)	
Rule 1800: Commodity Futures Contracts & Options	1800.09	(j)	Rule 3200	R. 3257 Futures and Futures Contract Options Trading Agreement	(1)(xi)	
Rule 1800: Commodity Futures Contracts & Options	1800.09	(i)	Rule 3200	R. 3257 Futures and Futures Contract Options Trading Agreement	(1)(xii)	
Rule 1800: Commodity Futures Contracts & Options	1800.09	(m)	Rule 3200	R. 3257 Futures and Futures Contract Options Trading Agreement	(1)(xiii) and (xv)	
Rule 1800: Commodity Futures Contracts & Options	1800.09	(d)	Rule 3200	R. 3257 Futures and Futures Contract Options Trading Agreement	(1)(xvi)	

Current rule number and title	Sub-section		New rule number	New section, title and description	Sub-Section	Comments
Rule 1800: Commodity Futures Contracts & Options	1800.09	(e)	Rule 3200	R. 3257 Futures and Futures Contract Options Trading Agreement	(1)(xvii)	
Rule 1800: Commodity Futures Contracts & Options	1800.09	(o)	Rule 3200	R. 3257 Futures and Futures Contract Options Trading Agreement	(1)(xviii)	
Rule 1800: Commodity Futures Contracts & Options	1800.09	(k)	Rule 3200	R. 3257 Futures and Futures Contract Options Trading Agreement	(1)(xix)	
Rule 2500: Minimum Standards for Retail Account Supervision (Policy 2)	2500VI	A.5	Rule 3200	R. 3257 Futures and Futures Contract Options Trading Agreement	(1)(xx)	
Rule 1800: Commodity Futures Contracts & Options	1800.10		Rule 3200	R. 3258 Letters of undertaking	(1)	[Amended] Clarified to allow letter of undertaking to be obtained from a "regulated entity" [a defined category of dealers] rather than a "dealer".
Rule 1800: Commodity Futures Contracts & Options	1800.10	(a) and (b)	Rule 3200	R. 3258 Letters of undertaking	(2)	
Rule 2500: Minimum Standards for Retail Account Supervision (Policy 2)	2500VI	A.3	Rule 3200	R. 3259 Verification of hedgers	(1)	
Rule 1800: Commodity Futures Contracts & Options	1800.02	(d)(i)	Rule 3200	R. 3260 Risk Disclosure Statement	(1)(i) and (ii)	
Rule 1800: Commodity Futures Contracts & Options	1800.02	(d)(ii)	Rule 3200	R. 3260 Risk Disclosure Statement	(1)(iii)	
Rule 1800: Commodity Futures Contracts & Options	1800.02	(d)(iii)	Rule 3200	R. 3260 Risk Disclosure Statement	(1)(iv)	
Rule 1800: Commodity Futures Contracts & Options	1800.07		Rule 3200			[Repealed] Requirement to file futures contract open position reports with IIROC has been repealed.
New Provision			Rule 3200	R. 3261 - 3269 Reserved		[New]
New Provision			Rule 3200	R. 3270 Introduction		[New]
New Provision			Rule 3200	R. 3271 Prohibition against discretionary trading	(1)	[New] Under current rules the restriction of discretionary trading to discretionary and managed accounts is implied [Rule 1300.3]. A specific restriction is being proposed.

Current rule number and title	Sub-section		New rule number	New section, title and description	Sub-Section	Comments
Rule 2500: Minimum Standards for Retail Account Supervision (Policy 2)	2500VII	Introduction	Rule 3200	R. 3272 Accepting a Discretionary Account	(1)(i) and (ii)	
Rule 1300: Supervision of Accounts	1300.05	(b)	Rule 3200	R. 3272 Accepting a Discretionary Account	(1)(iii)	[Amended] Provision has been amended to restrict discretionary accounts to a twelve month period. The revised provision will not provide for any conditions under which the term may be extended.
Rule 1300: Supervision of Accounts	1300.04	(a)	Rule 3200	R. 3272 Accepting a Discretionary Account	(2)(i)	[Amended] Provision clarifies that a Supervisor designated to supervise discretionary accounts must meet the requisite proficiency requirements applicable to Supervisors. Interpretation consistent with current interpretation of 1300.4(a). See notice # 09-0227.
Rule 2500: Minimum Standards for Retail Account Supervision (Policy 2)	2500VII	A.1	Rule 3200	R. 3272 Accepting a Discretionary Account	(2)(i)	
Rule 2500: Minimum Standards for Retail Account Supervision (Policy 2)	2500VII	Introduction	Rule 3200	R. 3272 Accepting a Discretionary Account	(2)(ii)	
Rule 2500: Minimum Standards for Retail Account Supervision (Policy 2)	2500VII	A.3	Rule 3200	R. 3272 Accepting a Discretionary Account	(2)(iii)	
Rule 1300: Supervision of Accounts	1300.04	(b)	Rule 3200	R. 3272 Accepting a Discretionary Account	(2)(iv)	
Rule 2500: Minimum Standards for Retail Account Supervision (Policy 2)	2500VII	A.2	Rule 3200	R. 3272 Accepting a Discretionary Account	(2)(iv)	
Rule 1300: Supervision of Accounts	1300.04	(c)	Rule 3200	R. 3272 Accepting a Discretionary Account	(2)(vi)	
Rule 2500: Minimum Standards for Retail Account Supervision (Policy 2)	2500VII	A.1 and 2	Rule 3200	R. 3272 Accepting a Discretionary Account	(2)(v)	
Rule 1300: Supervision of Accounts	1300.05	(a)	Rule 3200	R. 3273 Discretionary Account Agreement	(1)(i)	

Current rule number and title	Sub-section		New rule number	New section, title and description	Sub-Section	Comments
Rule 2500: Minimum Standards for Retail Account Supervision (Policy 2)	2500VII	A.2	Rule 3200	R. 3273 Discretionary Account Agreement	(1)(i) and (ii)	
Rule 2500: Minimum Standards for Retail Account Supervision (Policy 2)	2500VII	A.2	Rule 3200	R. 3273 Discretionary Account Agreement	(1)(ii) and (2)	
Rule 1300: Supervision of Accounts	1300.05	(b)	Rule 3200	R. 3273 Discretionary Account Agreement	(1)(iii)	[Amended] Section has been amended to reflect the 12 month time restriction in 3272(1)(iii)
Rule 1300: Supervision of Accounts	1300.05	(c)	Rule 3200	R. 3273 Discretionary Account Agreement		[Repealed] Section has been repealed to reflect the 12 month time restriction in 3272(1)(iii)
Rule 1300: Supervision of Accounts	1300.05	(d)	Rule 3200	R. 3273 Discretionary Account Agreement	(1)(iv) and (2)	
Rule 1300: Supervision of Accounts	1300.05	(e)	Rule 3200	R. 3273 Discretionary Account Agreement	(1)(v) and (2)	
Rule 1300: Supervision of Accounts	1300.04	(d)	Rule 3200	R. 3274 Persons authorized to effect discretionary trades	(1)(i)	
Rule 1300: Supervision of Accounts	1300.04	(e)	Rule 3200	R. 3274 Persons authorized to effect discretionary trades	(1)(ii)	
Rule 2500: Minimum Standards for Retail Account Supervision (Policy 2)	2500VII	B.2	Rule 3200	R. 3275 Conflict of interest	(1)	[Amended] Section has been amended to prohibit the acquisition of publicly traded securities of the Dealer Member or affiliates - current requirement prohibits the holding of the same.
Rule 1300: Supervision of Accounts	1300.18		Rule 3200	R. 3275 Conflict of interest	(2)	
New Provision			Rule 3200	R. 3276 - 3279 Reserved		[New]
Rule 1300: Supervision of Accounts	1300.03	Definition	Rule 3200	R. 3280 Opening a Managed Account	(1)(i) and (ii)	
Rule 1300: Supervision of Accounts	1300.15	(b)	Rule 3200	R. 3280 Opening a Managed Account	(2)[i)	
Rule 1300: Supervision of Accounts	1300.15	Introduction	Rule 3200	R. 3280 Opening a Managed Account	(2)(ii)	
Rule 1300: Supervision of Accounts	1300.07	(b)	Rule 3200	R. 3280 Opening a Managed Account	(2)(iii)	
Rule 1300: Supervision of Accounts	1300.07	(c)	Rule 3200	R. 3280 Opening a Managed Account	(2)[iv) and (v)	
Rule 1300: Supervision of Accounts	1300.07	(d)	Rule 3200	R. 3280 Opening a Managed Account	(2)(vi)	

Current rule number and title	Sub-section		New rule number	New section, title and description	Sub-Section	Comments
Rule 1300: Supervision of Accounts	1300.08	(a)	Rule 3200	R. 3281 Managed Account Agreement	(1)(i)	[Amended] Section has been amended to allow that investment objective and risk tolerance information may be incorporated by reference.
Rule 1300: Supervision of Accounts	1300.08	(b)	Rule 3200	R. 3281 Managed Account Agreement	(1)(ii)	
Rule 1300: Supervision of Accounts	1300.08	(c)	Rule 3200	R. 3281 Managed Account Agreement	(2)(i)	
Rule 1300: Supervision of Accounts	1300.08	(d)	Rule 3200	R. 3281 Managed Account Agreement	(2)(ii)	
Rule 1300: Supervision of Accounts	1300.07	(a)(i)	Rule 3200	R. 3282 Persons authorized to deal with managed accounts	(1)(i)	
Rule 1300: Supervision of Accounts	1300.07	(a)(ii)	Rule 3200	R. 3282 Persons authorized to deal with managed accounts	(1)(ii) and (2)	
Rule 1300: Supervision of Accounts	1300.18		Rule 3200	R. 3283 Conflicts of interest	(1)	[Amended] Clarified that conflict of interest requirements also apply to sub-advisors
Rule 1300: Supervision of Accounts	1300.19	(a)	Rule 3200	R. 3283 Conflicts of interest	(2)(i)	[Amended] Clarified that conflict of interest requirements also apply to sub-advisors
Rule 1300: Supervision of Accounts	1300.19	(b)	Rule 3200	R. 3283 Conflicts of interest	(2)(ii)	[Amended] Clarified that conflict of interest requirements also apply to sub-advisors
Rule 1300: Supervision of Accounts	1300.19	(c)	Rule 3200	R. 3283 Conflicts of interest	(2)(iii)	[Amended] Clarified that conflict of interest requirements also apply to sub-advisors
Rule 1300: Supervision of Accounts	1300.19	(d)	Rule 3200	R. 3283 Conflicts of interest	(2)(iv)	[Amended] Clarified that conflict of interest requirements also apply to sub-advisors
Rule 1300: Supervision of Accounts	1300.19	(e)	Rule 3200			[Repealed] Section allowing a "responsible person" to borrow money from a managed account will be repealed.
Rule 1300: Supervision of Accounts	1300.20		Rule 3200	R. 3284 Application of client priority rule	(1)	[Amended] Clarification of application of client priority rule as it relates to partners, directors and employees of Dealer Members who participate in a managed account program.
Rule 1300: Supervision of Accounts	1300.16		Rule 3200	R. 3285 Fees and remuneration	(1)[i) and (ii)	

Current rule number and title	Sub-section		New rule number	New section, title and description	Sub-Section	Comments
Rule 1300: Supervision of Accounts	1300.21		Rule 3200	R. 3285 Fees and remuneration	(1)(ii)	
Rule 1300: Supervision of Accounts	1300.17		Rule 3200	R. 3285 Fees and remuneration	(2)	
New Provision			Rule 3200	R. 3286 - 3299 Reserved		[New]

13.1.2 Amendments to MFDA Rule 2.4.1 – Payment of Commissions to Unregistered Corporation

MUTUAL FUND DEALERS ASSOCIATION OF CANADA

PAYMENT OF COMMISSIONS TO UNREGISTERED CORPORATIONS
MFDA RULE 2.4.1
(Blacklined To Version Published For Comment at (2009) 32 OSCB 5149)

2.4 REMUNERATION, COMMISSIONS AND FEES

2.4.1 (a) **Payable by Member Only**. Any remuneration in respect of business conducted by an Approved Person on behalf of a Member must be paid by the Member (or its affiliates or its related Members which have received it from the Member) directly to and in the name of the Approved Person.

No Approved Person in respect of a Member shall accept or permit any associate to accept directly or indirectly, any remuneration, gratuity, benefit or any other consideration from any person other than the Member or its affiliates or its related Members, in respect of the business carried out by such Approved Person on behalf of the Member or its affiliates or its related Members.

(b) **Payment of Commissions to Unregistered Corporation.** For the purpose of this Rule, "unregistered corporation" shall be understood to mean a corporation that is, itself, not registered ~~as a dealer or salesperson~~under securities legislation. Notwithstanding paragraph (a), where an Approved Person acts as an agent of the Member in compliance with MFDA Rule 1.1.5, any remuneration, gratuity, benefit or other consideration in respect of business conducted by ~~an~~the Approved Person on behalf of a Member may be paid by the Member to an unregistered corporation provided that:

(i) such arrangements are not prohibited or otherwise limited by the relevant securities legislation or securities regulatory authorities;

(ii) the corporation is incorporated under the laws of Canada or a province or territory of Canada;

(iii) the Member, Approved Person and the unregistered corporation have entered into an Agreement in writing, in a form prescribed by the Corporation, in favour of the Corporation, the terms of which provide that:

(A) the Member and Approved Person shall comply with applicable MFDA By-laws and Rules and securities legislation and remain liable to third parties, including clients, irrespective of whether any remuneration, gratuity, benefit or any other consideration is paid to an unregistered corporation and no such payment shall, in and of itself, in any way limit or affect the duties, obligations or liability of the Member or Approved Person under MFDA Rules and applicable securities legislation;

(B) the Member shall engage in appropriate supervision with respect to the conduct of the Approved Person and ~~its~~the unregistered corporation to ensure such compliance as referred to in (A), above; and

(C) the Approved Person and the ~~Approved Person's~~ unregistered corporation shall provide the Member, the applicable securities commission and the MFDA with access to all books and records maintained by or on behalf of either of them for the purpose of determining compliance with MFDA Rules and applicable securities legislation.

(c) **Arrangements Prohibited**. Paragraph (b) does not apply in respect of any such remuneration, gratuity, benefit or other consideration derived from a client in Alberta.

Summary of Public Comments Respecting Proposed Amendments to MFDA Rule 2.4.1

Summary of Public Comments Respecting Proposed Amendments to MFDA Rule 2.4.1 (Payment of Commissions to Unregistered Corporation) and Responses of the MFDA

On June 19, 2009, the British Columbia Securities Commission and Ontario Securities Commission published proposed amendments to MFDA Rule 2.4.1 (Payment of Commissions to Unregistered Corporation) (the "**Proposed Amendments**") for a 90-day public comment period.

The public comment period expired on September 17, 2009.

6 submissions were received during the public comment period:

1. Advocis
2. dcp Financial Management Ltd. ("dcp")
3. Independent Financial Brokers of Canada ("IFB")
4. Investment Industry Association of Canada ("IIAC")
5. Kelly Strem
6. McInnes Cooper

Copies of comment submissions may be viewed at the offices of the MFDA, 121 King Street West, Suite 1000, Toronto, Ontario by contacting Ken Woodard, Director, Communications and Membership Services, (416) 943-4602.

The following is a summary of the comments received, together with the MFDA's responses.

Support for MFDA Directed Commission Model

The IFB commended the MFDA for proposing a harmonized approach that will apply equally to all mutual fund registrants and noted that the extended suspension of Rule 2.4.1 in many jurisdictions in past years has indicated that directing commissions to an unregistered corporation poses no regulatory risks.

MFDA Response

Staff acknowledges the comment.

Support for Incorporated Salesperson Model

Advocis expressed support for the Proposed Amendments but recommended that the MFDA present them to the Canadian Securities Administrators ("CSA") as part one of a two-part process to provide a comprehensive solution to the incorporation issue. Advocis acknowledged that the Proposed Amendments exhaust the full scope of the MFDA's regulatory authority, and recommended that part two of the process should be a clear expression from the MFDA for the CSA to commence a process to make the necessary legislative changes to provincial securities acts to allow for incorporated salespersons. Advocis recognized that part two of the process is beyond the scope of MFDA regulatory authority; however, it suggested that it is within MFDA authority to indicate what actions are needed and to provide suggested solutions to the CSA.

Advocis acknowledged that, in preparing the Proposed Amendments, the MFDA was limited by time constraints, as the Applicable Jurisdictions indicated that they will not extend the current suspension of Rule 2.4.1 beyond March 31, 2010; however, it recommended that the MFDA take a comprehensive approach to resolving the incorporation issue.

Advocis recommended that the MFDA promote to the CSA the need to amend the definition sections of the applicable *Securities Acts* to explicitly state that an 'adviser', 'salesperson', or 'person' captures the concept of a corporation and noted that a commitment from the commissions to issue Blanket Orders exempting corporations from the registration requirements under the applicable securities acts would provide added clarity. Advocis proposed that future provisions regarding the definition of salesperson strip away the corporate veil but only against liability for market conduct related to the registered activity in the sale and distribution of securities and suggested a number of provisions that could be included in future legislation to achieve this goal. Advocis also suggested requiring that a salesperson, his or her corporation and the dealer enter into a contract with prescribed terms that would offer additional assurances that registrant salespersons will not seek shelter from their obligations behind the corporate veil.

Advocis noted the existence of Prince Edward Island *Securities Act* that allows for the incorporation of licensed salespersons and remarked that the Prince Edward Island Securities Office also issued Blanket Order 33-504 exempting a corporation from having to register. Advocis also noted that proposed 2003 British Columbia *Securities Act* and 2008 draft *Securities Act* (Canada) which, if adopted and proclaimed, would provide the legislative solution to the issue, as well as legislation adopted by

various provinces that permits some professions to incorporate while preserving the accountability of the individual, such as those found under some *Business Corporations Acts*.

Noting tax concerns, McInnes Cooper and the IIAC recommended a legislative amendment to allow corporations to carry on registrable activities. McInnes Cooper noted a pattern established for a number of professions through provincial legislation by allowing, subject to appropriate restrictions to protect the public, members of those professions to practice through corporations that are licensed to do so.

MFDA Response

Staff acknowledges the industry's preference for amendments to the various Securities Acts that would allow for incorporated salespersons and has communicated this information to the CSA.

Harmonization across Jurisdictions

Advocis expressed the view that the objective of a harmonized approach between Recognizing Jurisdictions, while laudable, should not become a hurdle to the best possible solution and recommended that, if full harmonization cannot be achieved, all willing Recognizing Jurisdictions ("Applicable Jurisdictions") move forward with the Proposed Amendments supported by the majority, allowing reluctant jurisdictions to opt out or issue a Local Order suspending the practice in their jurisdiction.

Advocis expressed the view that the wording of proposed subsection 2.4.1(b)(i), which states that payment of commissions to an unregistered corporation be allowed provided "such arrangements are not prohibited or otherwise limited by the relevant securities legislation or securities regulatory authority", weakens the purpose underlying the Proposed Amendments and is an unnecessary compromise clause included to ensure that securities regulatory authorities in jurisdictions other than Applicable Jurisdictions, such as Alberta Securities Commission ("ASC"), which has clearly stated its opposition, can support the MFDA proposal. Advocis expressed the opinion that the overall effect of this approach weakens the perceived commitment on the part of the MFDA and the Applicable Jurisdictions to achieving the best solution and recommended that the MFDA remove this subsection.

Advocis recommended that, instead of including the qualification in subsection 2.4.1(b)(i), if a particular jurisdiction wishes to prohibit the right to incorporate, it issue a Local Order stating that MFDA Rule 2.4.1(b) will not apply in their jurisdiction. Advocis noted that removing subsection 2.4.1(b)(i) would not alter the incorporation status of advisors in Alberta as the ASC has clearly stated it will not support this initiative at this time. Accordingly, removal of this subsection would more clearly reflect the will of the majority of the Recognizing Jurisdictions, and clearly reflect the position of the ASC.

Advocis recommended that the MFDA and the Applicable Jurisdictions approach the Proposed Amendments with the foresight that the concerns preventing the ASC from extending the right to incorporate to licensed salespersons in that province will eventually be addressed. Advocis suggested that the ASC, in issuing an Order disallowing MFDA Rule 2.4.1(b), would attach to it a termination date, at which point the ASC could extend the Order, or if their concerns have been addressed, allow the Order to expire, thus bringing it in line with the Applicable Jurisdictions and extending the benefits associated with incorporation to advisors in that province.

Dcp, which operates through a corporation in Alberta, expressed the view that the fact that the ASC does not allow to direct commissions to unregistered corporations adds complication and cost to the management of business and provides no identified additional protection for the consumer. Dcp and Kelly Strem, a financial planner and Approved Person based in Alberta, advocated extending the directed commission model to Alberta, noting that this would allow for improvement of overall business efficiency, a much more streamlined management of revenues and expenses, as well as for business planning strategies with no detriment to investor protection and would remove other inefficiencies in the current business structures.

MFDA Response

MFDA staff is fully supportive of a harmonized approach amongst the Recognizing Jurisdictions. However, the current positions of the Recognizing Jurisdictions are not uniform and MFDA Rules need to accommodate any inconsistencies. For compliance and enforcement reasons, it is more transparent and clear to Members to outline Member requirements in an MFDA Rule.

Extend Permission to Use Corporation to All Financial Advisors

The IIAC recommended that, to promote a level playing field in the Canadian financial services industry, there be consistency between MFDA Rules and those of the Investment Industry Regulatory Organization of Canada ("IIROC") and noted the current inconsistency with respect to payment of commissions to personal corporations and the fact that the Proposed Amendments will codify this inconsistency. The IIAC recommended a legislative amendment that would allow both MFDA and IIROC Approved Persons to conduct registrable activities through a corporation, as this is the only approach that would provide the same business and tax benefits to advisors as are available to other professionals. The IIAC recalled a proposed IIROC rule, which

was approved by IIROC (then the Investment Dealers Association of Canada) Board of Directors and presented to the CSA for approval in January 2006, noting, however, that the CSA was not prepared to approve the rule as it felt investor protection would be compromised.

The IIAC expressed the view that such a legislative amendment is integral to the cost-effective delivery of financial services, the facilitation of fair and open competition in the overall wealth management business and the standardization of industry structures while ensuring that appropriate tax and other benefits are achieved in compliance with all applicable legislation including securities and tax.

In the event the incorporation approach is not adopted, the IIAC recommended extending the effect of the Proposed Amendments to IIROC salespersons who wish to conduct their business through a corporation.

The IIAC recommended that a committee be established, comprised of representatives from the MFDA, IIROC, the IIAC and the CSA to develop a permanent, workable solution that would provide an appropriate regulatory, corporate and tax structure and would also create a level playing field for IIROC and MFDA advisors who wish to incorporate. The IIAC expressed the view that such a solution would provide advisors with all the advantages associated with a true corporate structure while ensuring that investors are fully protected.

MFDA Response

Staff acknowledges the desirability of arriving at a solution that is harmonized across jurisdictions and that creates a level playing field among all financial advisors. Staff continues to be willing to work with other regulators and industry stakeholders to accomplish this objective.

Tax Issues

The IIAC noted that, under the *Income Tax Act*, the Canada Revenue Agency may recognize a corporation as carrying on a professional practice unless provincial law or the regulatory body for the particular profession provides that only individuals may practice the profession, in which case income derived from the profession will normally be considered to be earned by the individual who rendered such professional services and not by the corporation. The IIAC remarked that, at this time, securities legislation across Canada provides that only individuals may engage in registrable activities and that, for a corporation to earn income, it must in fact be performing services, as otherwise income will be taxed as income of the individual and not of the corporation, thus suggesting that the Proposed Amendments will not have the desired tax consequences.

McInnes Cooper expressed the view that, since an unregistered corporation is not authorized to carry on a securities-related business, any income earned from such a business through the efforts of an Approved Person would not be beneficially earned by the corporation. McInnes Cooper expressed the view that it would be hazardous, from a tax point of view, for an Approved Person, relying on Rule 2.4.1 if the Proposed Amendments come in effect, to direct qualifying income to an unregistered corporation on the assumption that the corporation, and not the Approved Person, would be taxable on that income. McInnes Cooper expressed the view that, if a tax benefit cannot be obtained, it is hard to see what advantage there would be in such an arrangement as such an individual could transfer after-tax income to a corporation at any time, without the need for permission from the MFDA.

The IFB and dcp acknowledged the concerns identified in the letter submitted by McInnes Cooper. The IFB agreed that all Approved Persons considering directed commission model should seek expert advice to ensure they find the most appropriate solution to fit their business needs; however, the IFB noted that tax matters should be dealt with outside of the MFDA or securities legislators.

MFDA Response

While staff understands the tax considerations involved and has received many comments in respect of this issue, the amendments as proposed have not been drafted to achieve a particular tax outcome. As noted, the Proposed Amendments are intended to allow for commissions to be directed to unregistered corporations in a manner that is simple and that does not compromise investor protection. Such arrangements would be expected to be consistent with applicable tax legislation but that is a matter for Members, Approved Persons and taxation authorities to address.

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