The Ontario Securities Commission

OSC Bulletin

May 14, 2010

Volume 33, Issue 19

(2010), 33 OSCB

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

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

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

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U.S.	$175
Outside North America	$400

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ISSN 0226-9325

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1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

MAY 14, 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
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20 Queen Street West
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Patrick J. LeSage	—	PJL
Carol S. Perry	—	CSP
Charles Wesley Moore (Wes) Scott	—	CWMS

SCHEDULED OSC HEARINGS

May 17; May 19-21; May 26 –June 4; June 14-15; June 28-29, 2010	**Coventree Inc., Geoffrey Cornish and Dean Tai** s. 127 J. Waechter in attendance for Staff
10:00 a.m.	Panel: JEAT/MGC/PLK
May 26, 2010 8:30 a.m.	**Xi Biofuels Inc., Biomaxx Systems Inc., Xiiva Holdings Inc. carrying on Business as Xiiva Holdings Inc., Xi Energy Company, Xi Energy and Xi Biofuels, Ronald Crowe and Vernon Smith** s. 127 M. Vaillancourt in attendance for Staff Panel: DLK/MCH
May 31 – June 4, 2010 10:00 a.m.	**Lyndz Pharmaceuticals Inc., James Marketing Ltd., Michael Eatch and Rickey McKenzie** s. 127(1) and (5) J. Feasby in attendance for Staff Panel: TBA
June 2, 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
June 3, 2010 10:00 a.m.	**Richvale Resource Corp., Marvin Winick, Howard Blumenfeld, Pasquale Schiavone, and Shafi Khan** s. 127(7) and 127(8) H. Craig in attendance for Staff Panel: DLK

June 3, 2010 11:30 a.m.	**Nelson Financial Group Ltd., Nelson Investment Group Ltd., Marc D. Boutet, Stephanie Lockman Sobol, Paul Manuel Torres, H.W. Peter Knoll** s. 127 P. Foy in attendance for Staff Panel: DLK
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: JDC/CSP
June 7, 2010 10:00 a.m.	**Sextant Capital Management Inc., Sextant Capital GP Inc., Otto Spork, Robert Levack and Natalie Spork** s. 127 T. Center in attendance for Staff Panel: JDC/CSP
June 10, 2010 2:00 p.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: TBA
June 10, 2010 2:00 p.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: TBA
June 14, 2010 10:00 a.m.	**Christina Harper, Howard Rash, Michael Schaumer, Elliot Feder, Vadim Tsatskin, Oded Pasternak, Alan Silverstein, Herbert Groberman, Allan Walker, Peter Robinson, Vyacheslav Brikman, Nikola Bajovski, Bruce Cohen and Andrew Schiff** s. 127 H. Craig in attendance for Staff Panel: TBA
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: CSP
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) and (5) A. Heydon in attendance for Staff Panel: JEAT
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

June 30, 2010	**Abel Da Silva**
9:30 a.m.	s. 127
	M. Boswell in attendance for Staff
	Panel: TBA
July 8-9, 2010	**Shane Suman and Monie Rahman**
10:00 a.m.	s. 127 and 127(1)
	C. Price in attendance for Staff
	Panel: JEAT/PLK
July 9, 2010	**Hillcorp International Services, Hillcorp Wealth Management,**
10:00 a.m.	**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	**Global Energy Group, Ltd. And New Gold Limited Partnerships**
11:30 a.m.	s. 127
	H. Craig in attendance for Staff
	Panel: CSP
August 10-13, 2010	**Robert Joseph Vanier (a.k.a. Carl Joseph Gagnon)**
10:00 a.m.	s. 127
	S. Horgan in attendance for Staff
	Panel: JEAT/PLK
August 13, 2010	**Axcess Automation LLC, Axcess Fund Management, LLC, Axcess**
10:00 a.m.	**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: CSP
September 7-10, 2010	**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**
10:00 a.m.	s. 127
	M. Vaillancourt/T. Center in attendance for Staff
	Panel: TBA
September 13, 2010	**Irwin Boock, Stanton Defreitas, Jason Wong, Saudia Allie, Alena Dubinsky, Alex Khodjiaints**
9:00 a.m.	**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 and 127.1
	H. Craig in attendance for Staff
	Panel: JEAT
September 13-24, 2010	**New Life Capital Corp., New Life Capital Investments Inc., New Life Capital Advantage Inc., New Life**
10:00 a.m.	**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 and October 4-19, 2010	**Sulja Bros. Building Supplies, Ltd., Petar Vucicevich, Kore International Management Inc., Andrew Devries, Steven Sulja, Pranab Shah, Tracey Banumas and Sam Sulja**
10:00 a.m.	s. 127 and 127.1
	J. Feasby in attendance for Staff
	Panel: TBA

October 13, 2010 10:00 a.m.	**Ameron Oil and Gas Ltd. and MX-IV, Ltd.** s. 127 M. Boswell in attendance for Staff Panel: MGC
October 13, 2010 10:30 a.m.	**QuantFX Asset Management Inc., Vadim Tsatskin, Lucien Shtromvaser and Rostislav Zemlinsky** s. 127 H. Craig 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 and 127.1 H. Craig in attendance for Staff Panel: TBA
October 21, 2010 10:00 a.m.	**Ciccone Group, Medra Corporation, 990509 Ontario Inc., Tadd Financial Inc., Cachet Wealth Management Inc., Vince Ciccone, Darryl Brubacher, Andrew J. Martin., Steve Haney, Klaudiusz Malinowski and Ben Giangrosso** s. 127 P. Foy in attendance for Staff Panel: TBA
October 25-29, 2010 10:00 a.m.	**IBK Capital Corp. and William F. White** s. 127 M. Vaillancourt in attendance for Staff Panel: TBA
November 15, 2010 10:00 a.m.	**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
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

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 and 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

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

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

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: TBA

TBA

Anthony Ianno and Saverio Manzo

s. 127 and 127.1

A. Clark in attendance for Staff

Panel: TBA

TBA

Peter Robinson and Platinum International Investments Inc.

s. 127

M. Boswell in attendance for Staff

Panel: TBA

TBA

Uranium308 Resources Inc., Michael Friedman, George Schwartz, Peter Robinson, and Shafi Khan

s. 127

M. Boswell in attendance for Staff

Panel: TBA

TBA

Innovative Gifting Inc., Terence Lushington, Z2A Corp., and Christine Hewitt

s. 127

M. Boswell 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),

s. 127

M. Vaillancourt/T. Center in attendance for Staff

Panel: TBA

TBA **Tulsiani Investments Inc. and Sunil Tulsiani**

s. 127

M. Vaillancourt/T. Center in attendance for Staff

Panel: TBA

TBA **Agoracom Investor Relations Corp., Agora International Enterprises Corp., George Tsiolis and Apostolis Kondakos (a.k.a. Paul Kondakos)**

s. 127

T. Center in attendance for Staff

Panel: TBA

TBA **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

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

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 Staff Notice 81-710 – Approvals for Change in Control of a Mutual Fund Manager and Change of a Mutual Fund Manager under National Instrument 81-102 Mutual Funds

OSC STAFF NOTICE 81-710

APPROVALS FOR CHANGE IN CONTROL OF A MUTUAL FUND MANAGER AND CHANGE OF A MUTUAL FUND MANAGER UNDER NATIONAL INSTRUMENT 81-102 MUTUAL FUNDS

Purpose

This notice sets out the views of staff of the Ontario Securities Commission (OSC Staff) on circumstances that may cause OSC Staff to view a proposed transaction or relevant series of transactions for which regulatory approval in respect of a mutual fund has been sought under Part 5 of National Instrument 81-102 *Mutual Funds* (NI 81-102) as requiring securityholder approval.

Change in Control of a Manager vs. Change of Manager

A change in control of the manager of a mutual fund requires the prior approval by the securities regulatory authorities under subsection 5.5(2) of NI 81-102. A change in the manager of a mutual fund requires prior approval by the securities regulatory authorities under paragraph 5.5(1)(a) of NI 81-102 and, unless the new manager is an affiliate of the current manager, prior securityholder approval pursuant to paragraph 5.1(b) of NI 81-102.

OSC Staff have seen an increasing number of applications for approval of a change in control of the manager of a mutual fund that, upon further examination of the substance of the proposed transaction or relevant series of transactions and its impact on the securityholders of the mutual fund, appear to OSC Staff to make it appropriate for approval by the securities regulatory authorities to be provided on the basis that there is a change in the manager of the mutual fund requiring securityholder approval.

In our review of applications for regulatory approval for a change in control of the manager of the mutual fund, OSC Staff will consider the intended final outcome for the securityholders of the mutual fund. We may ask the applicant for submissions in order to ascertain whether the result for securityholders of the proposed transaction or relevant series of transactions is effectively a change of the manager, rather than a change in control of the manager. When examining the substance of a proposed transaction or relevant series of transactions, OSC Staff will raise questions where it appears the transaction or series of transactions has been structured to effect a change of manager of the mutual fund without securityholder approval.

Generally, this issue will arise if a proposed transaction or relevant series of transactions is structured in one of the following ways:

(i) the manager of a mutual fund amalgamates with another investment fund manager; or

(ii) if, immediately following a change in control of the manager of the mutual fund, a change of manager will occur where the new manager will be the entity that acquired control of the original manager or an affiliate of such entity; or

(iii) when it is contemplated that within a foreseeable period of time following a change in control of the manager of the mutual fund, a change of manager of the mutual fund will occur where the new manager will be the entity that acquired control of the original manager or an affiliate of such entity.

Further Information

Issuers and their counsel are encouraged to contact OSC Staff at an early stage in the planning of any transaction that may give rise to any questions concerning the issue discussed in this Notice.

Questions

If you have any questions, please refer them to:

Rhonda Goldberg
Deputy Director, Investment Funds Branch
Ontario Securities Commission
Tel: (416) 593–3682
Email: rgoldberg@osc.gov.on.ca

Irene Lee
Legal Counsel, Investment Funds Branch
Ontario Securities Commission
Tel: (416) 593-3668
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Carina Kwan
Legal Counsel, Investment Funds Branch
Ontario Securities Commission
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May 14, 2010

1.1.3 Sextant Capital Management Inc. et al.

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

AND

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

NOTICE OF WITHDRAWAL

WHEREAS on December 8, 2008, the Ontario Securities Commission issued a Notice of Hearing and a Statement of Allegations of Staff pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended, in respect of Sextant Capital Management Inc., Sextant Capital GP Inc., the Sextant Strategic Opportunities Hedge Fund L.P., Otto Spork, Robert Levack and Natalie Spork;

TAKE NOTICE that Staff of the Commission withdraw the allegations against the respondent, Sextant Strategic Opportunities Hedge Fund L.P., as of May 11, 2010.

May 11, 2010

STAFF OF THE ONTARIO SECURITIES COMMISSION
20 Queen Street West
P.O. Box 55, 19th Floor
Toronto, Ontario
M5H 3S8

1.2 Notices of Hearing

1.2.1 Nelson Financial Group Ltd. et al. – ss. 127(1), 127.1

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

AND

**IN THE MATTER OF
NELSON FINANCIAL GROUP LTD.,
NELSON INVESTMENT GROUP LTD.,
MARC D. BOUTET, STEPHANIE LOCKMAN SOBOL,
PAUL MANUEL TORRES, H. W. PETER KNOLL**

**NOTICE OF HEARING
(Sections 127(1) and 127.1 of the Securities Act)**

TAKE NOTICE that the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to sections 127(1) and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), at the offices of the Commission located at 20 Queen Street West, Toronto, in Hearing Room A, 17th Floor, commencing on June 3, 2010, at 11:30 a.m. or as soon thereafter as the hearing can be held;

AND TAKE NOTICE that the purpose of the hearing is to consider whether to make orders:

(a) pursuant to clause 1 of section 127(1) of the Act, that the registration of the respondents Nelson Investment Group Ltd. ("Nelson Investment"), Marc D. Boutet ("Boutet") and Paul Manuel Torres ("Torres") be terminated;

(b) pursuant to clause 2 of section 127(1) of the Act, that trading in any securities by or of the respondents cease permanently or for such period of time as is specified by the Commission;

(c) pursuant to clause 2.1 of section 127(1) of the Act, that the acquisition of any securities by the respondents is prohibited permanently or for such period as is specified by the Commission;

(d) pursuant to clause 3 of section 127(1) of the Act, that any exemptions contained in Ontario securities law do not apply to the respondents permanently or for such period as is specified by the Commission;

(e) pursuant to clause 6 of section 127(1) of the Act, that the respondents be reprimanded;

(f) pursuant to clause 7 of section 127(1) of the Act, that the respondent Boutet

resign any position that he holds as a director or officer of an issuer;

(g) pursuant to clause 8 of section 127(1) of the Act, that Boutet and Sobol each be prohibited from becoming or acting as a director or officer of any issuer;

(h) pursuant to clause 8.2 of section 127(1) of the Act, that Boutet, Sobol, Knoll and Torres each be prohibited from becoming or acting as a director or officer of a registrant;

(i) pursuant to clause 8.5 of section 127(1) of the Act, that the respondents be prohibited from becoming or acting as a registrant;

(j) pursuant to clause 9 of section 127(1) of the Act, that Nelson Investment, Boutet, Sobol, Knoll and Torres each pay an administrative penalty for each failure to comply with Ontario securities law;

(k) pursuant to clause 10 of section 127(1) of the Act, that Nelson Investment, Boutet, Sobol, Knoll and Torres each disgorge to the Commission any amounts obtained as a result of their non-compliance with Ontario securities law;

(l) pursuant to section 127.1 of the Act, that Nelson Investment, Boutet, Sobol, Knoll and Torres pay the costs of the investigation and hearing;

(m) such other orders as the Commission considers appropriate.

BY REASON OF the allegations set out in the Statement of Allegations of Staff of the Commission dated May 12, 2010, and such additional allegations as counsel may advise and the Commission may permit;

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

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

DATED at Toronto this 12th day of May, 2010

"John Stevenson"
Secretary to the Commission

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

AND

IN THE MATTER OF
NELSON FINANCIAL GROUP LTD.,
NELSON INVESTMENT GROUP LTD.,
MARC D. BOUTET, STEPHANIE LOCKMAN SOBOL,
PAUL MANUEL TORRES, H. W. PETER KNOLL

STATEMENT OF ALLEGATIONS
OF STAFF OF THE
ONTARIO SECURITIES COMMISSION

Staff of the Ontario Securities Commission ("the Commission") make the following allegations:

I. OVERVIEW

1. This proceeding relates to an illegal distribution of securities in breach of the *Securities Act*, R.S.O. 1990, c.S.5, as amended (the "Act"), by the respondent issuer, Nelson Financial Group Ltd. ("Nelson Financial"), its related investment company, Nelson Investment Group Ltd. ("Nelson Investment"), the directing mind of these entities, Marc D. Boutet ("Boutet"), and by the other individually named respondents, H. W. Peter Knoll ("Knoll"), Paul Manuel Torres ("Torres") and Stephanie Lockman Sobol ("Sobol"), who were employees and/or agents of Nelson Financial and/or Nelson Investment (collectively, the "Respondents").

2. Between December 19, 2006 and January 31, 2010 (the "Material Time"), Nelson Financial, through Nelson Investment and/or its employees and agents, including the individual Respondents, raised investor funds of over $50 million (net of redemptions) from approximately 500 Ontario investors by issuing non-prospectus qualified securities. Although the Respondents purported to rely upon the Accredited Investor Exemption (defined below) in selling securities of Nelson Financial, a significant percentage of investors were not accredited.

3. Throughout the Material Time, Nelson Financial operated at an increasing accumulated deficit and was unable to meet its obligations to investors without the receipt of new investor capital. In addition to its ongoing working capital requirements and contrary to express representations to investors about the use of their capital, Nelson Financial used investor funds that it had obtained in breach of the Act to pay other investors the returns on their investment and continued to accept additional investor funds in order to do so when Nelson Financial was insolvent. Boutet, as the directing mind of the Nelson entities, and Sobol, as Nelson Financial's de facto chief financial and chief operating officer, were aware of and/or directed this conduct. This conduct was misleading to investors and was abusive to the integrity of the capital markets.

4. In addition to the unlawful conduct identified above, Nelson Financial, Nelson Investment and Boutet made statements to the Commission and to Staff of the Commission that were materially misleading and in breach of the Act.

II. THE RESPONDENTS

5. Nelson Financial was incorporated in Ontario on September 14, 1990. Nelson Financial is not a reporting issuer and is not registered under the Act. Nelson Financial provides vendor assisted financing for the purchase of home consumable products, either through a vendor (or an aggregator of vendors), or directly to the consumer (the "Consumer Loans").

6. Nelson Investment was incorporated in Ontario on September 14, 2006 for the sole purpose of selling securities of Nelson Financial. On December 19, 2006, Nelson Investment obtained registration under the Act as a dealer in the category of limited market dealer ("LMD"), now exempt market dealer ("EMD").

7. Boutet is a resident of Ontario and was at all material times listed as the sole officer and director of Nelson Financial and Nelson Investment (together, the "Nelson Entities"). Boutet is the directing mind of the Nelson Entities. Throughout the Material Time and, in addition to acting as the directing mind of the Nelson Entities, Boutet acted as a salesperson at Nelson Investment and dealt with a select group of investors.

8. Throughout the Material Time, Boutet was registered with the Commission: first as a trading officer under the category of LMD with Nelson Investment and then subsequently as the ultimate designated person and chief compliance officer under the firm registration category of EMD.

9. Knoll was initially employed by Nelson Financial in the Fall of 2005 and was then later employed by Nelson Investment as a salesperson and its compliance officer from at least December 19, 2006 until September 15, 2009. In that period, Knoll was registered with the Commission as a trading officer and the designated compliance officer of Nelson Investment. Upon Knoll's departure from Nelson Investment, Boutet took over as the compliance officer of Nelson Investment.

10. Torres was employed by and acted as a salesperson for Nelson Investment beginning in or around August 2008. Torres has been registered under the Act as a salesperson (now dealing representative) with Nelson Investment since November 13, 2008.

11. Sobol is employed by and was the *de facto* chief financial officer ("CFO") and de facto chief operating officer ("COO") of Nelson Financial and has been so employed since May 2008. Sobol was a key member of the management team of the Nelson Entities. Sobol is not and has never been registered with the Commission.

III. BACKGROUND AND PARTICULARS TO ALLEGATIONS

A. Illegal Distribution – Sections 25 and 53 of the Act

12. Nelson Investment was incorporated by Boutet in 2006 for the sole purpose of selling securities of Nelson Financial and, throughout the Material Time, Nelson Investment's business was limited to selling securities of Nelson Financial.

13. During the Material Time and through Nelson Investment, Nelson Financial raised approximately $82 million through the sale and distribution of securities of Nelson Financial to (almost exclusively) Ontario investors. As of February 28, 2010, there were approximately 500 Nelson investors with a total investment amount outstanding of approximately $51.2 million, net of redemptions.

14. The securities sold and distributed by Nelson Financial were in the form of fixed term promissory notes and preferred shares and were offered by Nelson Financial at fixed/guaranteed annual rates of return of 12% and 10%, respectively, typically paid to investors on a monthly basis.

15. Nelson Investment, Boutet, Knoll and Torres each received commissions on the funds raised by the sale of Nelson Financial securities, including on amounts "rolled over" by investors upon maturity of the promissory notes, i.e. where an investor opted to remain invested with Nelson Financial instead of redeeming their investment.

16. Throughout the Material Time, the scope of registration for Nelson Investment, Boutet, Knoll and Torres was limited to the sale of securities for which a prescribed exemption was properly available.

17. In distributing securities of Nelson Financial, the Nelson Entities purported to rely upon the accredited investor exemption as set out in section 2.3 of National Instrument 45-106 (the "AI Exemption").

18. A significant percentage of the investors to whom securities were issued by Nelson Financial either did not meet the requirements necessary to qualify as accredited investors or there was insufficient information for the Nelson Entities and their employees and/or agents to make that determination.

19. In many instances, the Respondents knew or ought to have known that the investors were not accredited and failed to make further inquiries to determine whether investors were, in fact, accredited.

20. For each investment up to October 2009, Boutet signed the respective offering and issuance documents in his capacity as President of Nelson Financial, including the term sheet for each promissory note/preferred share, and each promissory note issued by Nelson Financial. After that time and upon Boutet's replacement of Knoll as the compliance officer of Nelson Investment, Sobol signed the

issuance documents on behalf of Nelson Financial in lieu of Boutet. As of October 2009, Sobol was aware of significant compliance issues and/or deficiencies at Nelson Investment. In many instances, Boutet and Sobol knew or ought to have known that the investors were not accredited and failed to make further inquiries to determine whether investors were, in fact, accredited.

21. All of the Respondents traded, either directly or through acts in furtherance of trading, in securities of Nelson Financial. The trades in the securities of Nelson Financial were trades in securities not previously issued and were therefore distributions. No preliminary prospectus or prospectus was filed and no receipts were issued for them by the Director to qualify the trading of the securities.

22. The Respondents failed to ensure that the requirements of the AI Exemption were met and, therefore cannot rely on the AI Exemption in respect of many of the trades of Nelson Financial securities. The Respondents breached section 53 of the Act by distributing securities of Nelson Financial without a prospectus in circumstances where no exemption was properly available.

23. Further, as no exemption was properly available, the trades in the securities of Nelson Financial were beyond the registerable activity permitted by the category of registration under the Act and thus in breach of section 25 of the Act.

B. Misleading Staff of the Commission – Section 122(1)(a) of the Act

24. Boutet made a number of materially misleading statements to Staff, including by providing inaccurate or untrue information and/or failing to provide relevant information about the business and operations of Nelson Investment and Nelson Financial in a) a Risk Assessment Questionnaire ("RAQ") he completed and submitted on behalf of Nelson Investment on October 6, 2009; and b) during the course of an on-site compliance review of Nelson Investment by Staff of the Commission in October and November 2009.

25. Boutet's misrepresentations in the RAQ included statements regarding the disclosure of commissions and risks to investors, the strength and nature of Nelson Investment's compliance system, and the relatedness of the parties involved in the distribution of the securities.

26. Boutet's misrepresentations to Staff during the on-site compliance review related primarily to statements about the financial position of Nelson Financial.

27. Staff allege that Boutet's misrepresentations were material and contrary to section 122(1) of the Act and contrary to the public interest.

C. Misleading the Commission – Section 122(1)(b)

28. During the Material Time, Nelson Financial filed 45-106F1s – Report of Exempt Distribution (the "Forms 45-106") with the Commission relating to the distribution of securities of Nelson Financial to investors in Ontario.

29. The Forms 45-106 did not accurately report either the commissions paid in connection with the distribution or the nature of the securities that were distributed, including by failing to identify approximately $2 million in commissions charged by Nelson Investment.

30. Staff allege that Nelson Financial's misrepresentations were material and contrary to section 122(1) of the Act and contrary to the public interest.

D. Conduct Abusive to the Integrity of the Capital Markets

31. Nelson Financial relied on investors' funds for liquidity throughout the relevant period and raised new investor funds in a manner that was misleading to investors and abusive to the capital markets.

32. In soliciting investors, Nelson Investment and Nelson Financial expressly and implicitly represented to investors that Nelson Financial's business model, and consequently the success of the Nelson Financial investments, was premised upon applying investor capital to fund the Consumer Loans so that Nelson Financial would generate a higher return on the Consumer Loans than the returns promised to investors, as follows: a) investors' funds are used directly to fund the Consumer Loans; b) the Consumer Loans are extended at interest rates ranging from 29.9%; c) the fixed rates of return of 10-12% on the securities are paid to investors from the high interest rates earned on the Consumer Loans; and d) the "remaining spread" is used by Nelson Financial for "portfolio management, administration, underwriting and profit".

33. Throughout the Material Time, Nelson Financial made all of its monthly interest and "dividend" payments to investors and, for those who elected to redeem their investments upon maturity or otherwise, Nelson Financial repaid investors their full principal.

34. Throughout the Material Time, however, Nelson Financial's operations did not generate sufficient revenue for it to cover its operating expenses or its interest, "dividend", and principal repayment obligations to investors. During the Material Time, Nelson Financial had no other source of financing available to it and was solely dependant on the receipt of new investor capital.

35. In addition to its ongoing working capital requirements and contrary to express representations to investors about the use of their capital, Nelson Financial used at least part of the new investor funds that it obtained in breach of ss. 25 and 53 of the Act to offset its growing accumulated deficit, to pay other investors their monthly returns and to repay investors their principal upon redemption. Nelson Financial's continued acceptance of new investor funds in order to do meet its obligations to investors was abusive to investors in the circumstances.

36. At no time did the Respondents advise investors that Nelson Financial was insolvent or that their funds would be used either in whole or in part to pay or repay other investors.

37. On or about January 31, 2010, due to regulatory concerns raised by Staff following its on-site compliance review, Nelson Financial temporarily suspended the distribution of any of its securities.

38. On March 23, 2010, less than two months after suspending its capital raising activities, Nelson Financial was required to seek an order for creditor protection and restructuring under the *Companies' Creditors Arrangement Act* on the basis that it was insolvent.

39. During the Material Time, Boutet, as the directing mind of the Nelson entities, and Sobol, as Nelson Financial's *de facto* COO and *de facto* CFO, were aware of and/or directed Nelson Financial to continue to accept investors' funds in circumstances where it was misleading to investors and was abusive to the integrity of the capital markets.

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

40. Staff allege that the foregoing conduct engaged in by the Respondents constituted breaches of Ontario securities law and/or was contrary to the public interest:

(a) Nelson Financial, Nelson Investment, Boutet, Knoll, Torres and Sobol traded securities of Nelson Financial without a prospectus in circumstances where no exemption was available contrary to the prospectus requirements of section 53 of the Act and contrary to the public interest;

(b) Boutet, as an officer and director of Nelson Financial and Nelson Investment, authorized, permitted or acquiesced in the breaches of 53 of the Act by Nelson Financial and Nelson Investment contrary to section 129.2 of the Act and contrary to the public interest;

(c) Sobol, from at least October 2009, as a *de facto* officer of Nelson Financial, authorized, permitted or acquiesced in the breaches of 53 of the Act by Nelson Financial contrary to section 129.2 of the Act and contrary to the public interest;

(d) Nelson Investment, Boutet, Knoll and Torres traded securities of Nelson Financial where no exemption was available contrary to the scope of their registration and the registration requirements of section 25 of the Act and contrary to the public interest;

(e) Boutet, as an officer and director of Nelson Investment, authorized, permitted or acquiesced in the breaches of section 25 by Nelson Investment contrary to section 129.2 of the Act and contrary to the public interest;

(f) Nelson Financial made statements in the Forms 45-106 filed with the Commission that were materially misleading or untrue and/or failed to state facts which were required to be stated contrary to subsection 122(1) of the Act and contrary to the public interest;

(g) Nelson Investment made statements in the Risk Assessment Questionnaire filed with the Commission that were materially misleading or untrue and/or failed to state facts which were required to be stated contrary to subsection 122(1) of the Act and contrary to the public interest;

(h) Boutet, as an officer and director of the Nelson Entities, authorized, permitted or acquiesced in the breaches of section 122(1) by Nelson Financial and Nelson Investment (described in subparagraph (e)-(f)) which was contrary to subsection 122(3) of the Act and contrary to the public interest;

(i) Boutet made statements to Staff of the Commission during the course of its on-site review of Nelson Investment that were materially misleading or untrue and/or failed to state facts which were required to be stated contrary to subsection 122(1) of the Act and contrary to the public interest; and

(j) Boutet, as the directing mind of the Nelson Entities, and Sobol, as a key member of the management team of the Nelson Entities and as a *de facto* officer of Nelson Financial, permitted, authorized or acquiesced in Nelson Financial's continued distribution of securities and continued acceptance of new investor capital in circumstances where it was misleading to investors, abusive to the integrity of the capital markets and contrary to the public interest.

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

DATED at Toronto this 12th day of May, 2010.

1.4 Notices from the Office of the Secretary

1.4.1 Sulja Bros. Building Supplies, Ltd. et al.

FOR IMMEDIATE RELEASE
May 10, 2010

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

AND

IN THE MATTER OF
SULJA BROS. BUILDING SUPPLIES, LTD.,
PETAR VUCICEVICH,
KORE INTERNATIONAL MANAGEMENT INC.,
ANDREW DE VRIES, STEVEN SULJA,
PRANAB SHAH, TRACEY BANUMAS,
AND SAM SULJA

TORONTO – The Commission issued an order in the above named matter which provides that the pre-hearing motions shall be heard on July 8, 2010 at 10:00 a.m. on a peremptory basis.

A copy of the Order dated May 7, 2010 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

For media inquiries:

Wendy Dey
Director, Communications & Public Affairs
416-593-8120

Theresa Ebden
Senior Communications Specialist
416-593-8307

Robert Merrick
Senior Communications Specialist
416-593-2315

For investor inquiries:

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

1.4.2 Juniper Fund Management Corporation et al.

FOR IMMEDIATE RELEASE
May 10, 2010

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

AND

IN THE MATTER OF
THE JUNIPER FUND MANAGEMENT
CORPORATION, JUNIPER INCOME FUND,
JUNIPER EQUITY GROWTH FUND AND
ROY BROWN (a.k.a. ROY BROWN-RODRIGUES)

TORONTO – The Commission issued an order which provides that the Hearing be scheduled to commence on November 15, 2010 and continue on November 16, 17 and 18, November 24 to 26, November 29 and 30, and December 1 and 2, 2010 and to continue, if needed, on such other dates as ordered by the Commission.

A copy of the Order dated April 30, 2010 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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1.4.3 Robert Joseph Vanier (a.k.a. Carl Joseph Gagnon)

FOR IMMEDIATE RELEASE
May 11, 2010

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

AND

IN THE MATTER OF
ROBERT JOSEPH VANIER
(a.k.a. CARL JOSEPH GAGNON)

TORONTO – The Commission issued an order which provides that the hearing on the merits shall commence on Tuesday, August 10, 2010 at 10:00 a.m. and continue each day through to Friday, August, 13, 2010 or as soon thereafter as may be fixed by the Secretary to the Commission and agreed to by the parties.

A copy of the Order dated May 10, 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:

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1.4.4 Sextant Capital Management Inc. et al.

FOR IMMEDIATE RELEASE
May 12, 2010

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

AND

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

TORONTO – Staff of the Ontario Securities Commission filed a Notice of Withdrawal against the Respondent, Sextant Strategic Opportunities Hedge Fund L.P., as of May 11, 2010 in the above noted matter.

A copy of the Notice of Withdrawal dated May 11, 2010 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

For media inquiries:

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1-877-785-1555 (Toll Free)

1.4.5 Nelson Financial Group Ltd. et al.

FOR IMMEDIATE RELEASE
May 12, 2010

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

AND

IN THE MATTER OF
NELSON FINANCIAL GROUP LTD.,
NELSON INVESTMENT GROUP LTD.,
MARC D. BOUTET, STEPHANIE LOCKMAN SOBOL,
PAUL MANUEL TORRES, H. W. PETER KNOLL

TORONTO – The Office of the Secretary issued a Notice of Hearing setting the matter down to be heard on June 3, 2010, at 11:30 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 May 12, 2010 and Statement of Allegations of Staff of the Ontario Securities Commission dated May 12, 2010 are available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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Theresa Ebden
Senior Communications Specialist
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Chapter 2

Decisions, Orders and Rulings

2.1.1 AGF Investments Inc. et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Exemption from requirement in section 2.1 of NI 81-101 and Item 5(b) of Form 81-101F1 to permit existing funds to preserve their respective start dates once continued as new classes of a mutual fund corporation further to an amalgamation – Upon amalgamation, portfolio assets of existing funds to continue as portfolio assets referable to the continuing funds – Continuing funds to have same investment objectives, investment strategies, management fees, portfolio investment manager, and, at effective date of amalgamation, same portfolio assets as the existing funds.

Applicable Legislative Provisions

National Instrument 81-101 Mutual Fund Prospectus Disclosure, ss. 2.1, 6.1.
Form 81-101F1 Contents of Simplified Prospectus, Item 5(b).

March 17, 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
AGF INVESTMENTS INC. (THE MANAGER),
AGF ALL WORLD TAX ADVANTAGE GROUP
LIMITED (AWTAG), AGF CANADIAN GROWTH EQUITY
FUND LIMITED (AGF GROWTH) AGF CANADIAN
RESOURCES FUND LIMITED (AGF RESOURCES)
AGF CANADIAN GROWTH EQUITY CLASS AND
AGF CANADIAN RESOURCES CLASS
(COLLECTIVELY, FILERS)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filers for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) granting an exemption from:

(a) Sections 15.3(2), 15.6(a)(i), 15.6(b), 15.6(d), 15.8(2)(a), 15.8(3)(a) and 15.9(2)(d) of National Instrument 81-102 — *Mutual Funds* (**NI 81-102)** to permit the Continuing Funds (as defined below) to use performance data of the Existing Funds (as defined below) in sales communications and reports to securityholders (collectively, the **Fund Communications**);

(b) Section 2.1 of National Instrument 81-101 — *Mutual Fund Prospectus Disclosure* (**NI 81-101**) for the purposes of the relief requested from Form 81-101F1 — *Contents of Simplified Prospectus* (**Form 81-101F1**); and

(c) Item 5(b) of Part B of Form 81-101F1 to permit AGF Canadian Growth Equity Class and AGF Canadian Resources Class of AWTAG to disclose the start dates of AGF Growth and AGF Resources as their respective start dates.

(collectively, the **Exemption Sought**).

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

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

(b) the Filers have provided notice that Section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Manitoba, Québec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland, Northwest Territories, Yukon 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 Filers:

The Filers

1. The head office of each of the Filers is located in Toronto, Ontario. The Filers are not in default of securities legislation in any jurisdiction.

2. The Manager, a corporation incorporated under the laws of Ontario, is the manager of AGF Growth, AGF Resources and all of the classes of AWTAG.

3. Each of AWTAG, AGF Growth and AGF Resources (collectively, the **Corporations**) is a mutual fund corporation incorporated under the laws of Ontario. Each of AGF Growth and AGF Resources offer only one class of shares. AWTAG offers currently 20 classes of shares. Each class of shares is issuable in more than one series.

4. All of the directors and officers of the Corporations are the same.

5. Each of the Corporations is a reporting issuer as defined in the securities legislation of each province and territory of Canada, operates in accordance with NI 81-102, and distributes its shares to the public pursuant to a simplified prospectus (**SP**) and annual information form (**AIF**).

6. For securities law purposes, each mutual fund is a separate share class.

The Amalgamation

7. Subject to shareholder and regulatory approval, AGF Growth and AGF Resources will amalgamate with AWTAG (the **Amalgamation**) and continue as one corporation known as AGF All World Tax Advantage Group Limited (**Amalco**).

8. The Amalgamation will be effected pursuant to an amalgamation agreement entered into between the Corporations as contemplated by section 174 of the *Business Corporations Act* (Ontario) (**OBCA**).

9. Pursuant to the Amalgamation, each existing class and series of AWTAG will be an identical class with identical series, identical assets referable to such class and series, identical portfolio managers, identical fees and identical net asset values per class and per series in Amalco.

10. Pursuant to the Amalgamation, shareholders of AGF Growth and AGF Resources (collectively, the **Existing Funds**) will become shareholders of two new classes of Amalco to be known as AGF Canadian Growth Equity Class and AGF Canadian Resources Class (collectively, the **Continuing Funds**). The Existing Funds and the corresponding Continuing Funds will be substantially similar, with the Continuing Funds having the same investment objectives, investment strategies, management fees, portfolio investment manager, and, at the effective date of the Amalgamation, the same portfolio assets as the Existing Funds.

11. Upon the Amalgamation, the portfolio assets of the Existing Funds will continue as portfolio assets referable to the Continuing Funds. The portfolio assets of the Continuing Funds will be maintained as a separate portfolio by Amalco for the exclusive benefit of the shareholders of the Continuing Funds, as they are for the other classes of Amalco.

12. Upon the Amalgamation, the portfolio assets referable to each series of shares of the Existing Funds will become referable to a corresponding series of shares of the Continuing Funds (each such series, a **Replacement Series**). The rights associated with each series will be identical in all respects to the rights formerly associated with the corresponding series of shares of the Existing Funds. Upon the Amalgamation, for each share they held of an Existing Fund, shareholders will receive a share of the Replacement Series. The net asset value (NAV) of each such share of the Replacement Series will be equal to the NAV per share of the corresponding series of shares of the Existing Fund.

13. As a result, the merger by way of Amalgamation is not a merger of mutual funds as it is commonly understood since the Existing Funds will not terminate under the OBCA but will continue with the other classes of AWTAG as one corporation while remaining separate classes (funds) from other classes.

14. The Amalgamation will be a tax-deferred transaction under subsection 87(1) of the *Income Tax Act* (Canada).

15. Immediately prior to the Amalgamation, an amendment to AWTAG's SP and AIF will be filed relating to the Amalgamation and the new AGF Canadian Growth Equity Class and AGF Canadian Resources Class.

16. Subject to necessary shareholder and regulatory approval, the Filers intend to effect the Amalgamation on or about October 1, 2010 (the **Effective Date**).

17. The Continuing Funds will be new funds and will not have any assets or liabilities and will not have their own performance data or information derived from financial statements (collectively, the **Financial Data**) as at the Effective Date. In order for the merger by way of Amalgamation to be as seamless as possible for investors in the Existing Funds and the Continuing Funds, the Filers propose that:

    (a) the Continuing Funds' Fund Communications include the performance data of the Existing Funds;

    (b) Amalco's SP:

        (i) incorporate by reference the following financial statements and management reports of fund performance (MRFPs) of the Existing Fund (collectively, the Existing Fund Disclosure):

            1. the interim financial statements and MRFP for the six months ended March 31, 2010; and

            2. the annual financial statements and MRFP for the year ended September 30, 2010, when available;

        until such Existing Fund Disclosure is superseded by more current financial statements and MRFPs of the Continuing Funds; and

        (ii) states that the start date for each Replacement Series of the Continuing Funds is based upon the start date of the corresponding series of the respective Existing Funds.

18. The Financial Data of each series of the Existing Funds is significant information which can assist investors in determining whether to purchase or hold shares of the corresponding Replacement Series.

19. The Filers have filed a separate application for exemptive relief from certain provisions of National Instrument 81-106 — *Investment Fund Continuous Disclosure* (**NI 81-106**) to enable the Continuing Funds' to include in its annual and interim MRFPs Financial Data presented in the Existing Fund's annual MRFP for the year ended September 30, 2010 (**NI 81-106 Relief**).

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 Continuing Funds' Fund Communications include the performance data of the Existing Funds prepared in accordance with Part 15 of NI 81-102, including section 15(1) of NI 81-102;

(b) The Continuing Funds' simplified prospectus:

(i) incorporates by reference the Existing Fund Disclosure, until such Existing Fund Disclosure is superseded by more current financial statements and MRFPs of the Continuing Funds;

(ii) states that the start date for each Replacement Series is the start date of the corresponding series of the Existing Funds; and

(iii) discloses the Amalgamation where the start date of each Replacement Series of the Continuing Funds is stated; and

(c) The Continuing Funds prepare their respective MRFPs in accordance with the NI 81-106 Relief.

"Rhonda Goldberg"
Manager, Investment Funds
Ontario Securities Commission

2.1.2 Stanton Asset Management Inc. et al.

Headnote

One time trade of securities between a non-redeemable investment fund and an affiliated fund, both advised by the same portfolio manager, to implement a merger – costs of the merger borne by the manager – sale of securities exempt from the self-dealing prohibitions in paragraph s.13.5(2)(b)(iii), National Instrument 31-103 Registration Requirements and Exemptions.

Applicable Legislative Provisions

National Instrument 31-103 Registration Requirements and Exemptions, ss. 13.5(2)(b)(iii), 15.1.

May 3, 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
STANTON ASSET MANAGEMENT INC.
(THE FILER)

AND

O'LEARY GLOBAL INFRASTRUCTURE FUND
(THE TERMINATING FUND)

AND

O'LEARY GLOBAL INFRASTRUCTURE YIELD FUND
(THE CONTINUING FUND, AND TOGETHER WITH
THE TERMINATING FUND, THE FUNDS)

DECISION

Background

The securities regulatory authority or regulators in each of the Jurisdictions (**Decision Maker**) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) for exemptive relief from Section 13.5(2)(b)(iii) of National Instrument 31-103 – *Registration Requirements and Exemptions* (**NI 31-103**) in connection with the transfer of the investment portfolio of the Terminating Fund to the Continuing Fund in order to implement the merger (the **Merger**) of O'Leary Global Infrastructure Fund with O'Leary Global Infrastructure Yield Fund (the **Exemption Sought**).

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

(a) L'Autorité des marchés financiers is the principal regulator (the **Principal Regulator**) for this application;

(b) the decision is the decision of the Principal Regulator and evidences the decision of the securities regulatory authority or regulator in Ontario; and

(c) the Filer has provided notice that section 4.7(2) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Manitoba, New Brunswick, Prince Edward Island, Nova Scotia and Newfoundland and Labrador.

Interpretation

Terms defined in MI 11-102 and 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 intends to merge the Terminating Fund into the Continuing Fund which will involve the transfer of assets of the Terminating Fund in exchange for series X units (the **Series X Units**) of the Continuing Fund. Holders of units of the Terminating Fund (**Unitholders**) will receive Series X Units, the value of which will be equal to the net asset value (**NAV**) of the units held by such Unitholder.

2. The Filer is a corporation existing under the *Business Corporations Act* (Canada) and is registered as a portfolio manager under the securities legislation of each of Québec and Ontario.

3. At the time that the Merger steps are completed, the Filer will manage the investment portfolios of each of the Terminating Fund and the Continuing Fund.

4. Each Fund was established pursuant to a declaration of trust under the laws of the Province of Ontario and the Filer is the portfolio manager of each Fund.

5. The Terminating Fund is a "non-redeemable investment fund" as defined in the Legislation and the units of the Terminating Fund (the **Class A Units**) are listed on the Toronto Stock Exchange (**TSX**).

6. The Continuing Fund is a mutual fund for the purposes of the Legislation and offers its Series A, F, H, I, M and X units pursuant to an amended and restated simplified prospectus dated December 22, 2009, as further amended on March 26, 2010.

7. The head office of the Filer is located in Québec. The Filer is not in default of securities legislation in any jurisdiction.

8. The Funds are reporting issuers under the applicable securities legislation of each province of Canada and are not on the list of defaulting reporting issuers maintained under such securities legislation.

9. Unless an exemption has been obtained, each of the Funds follows the standard investment restrictions and practices established under the applicable securities legislation of each province of Canada.

10. The NAV for units of the Terminating Fund and for units of the Continuing Fund is calculated on a daily basis on each day that the TSX is open for trading.

11. The board of directors of O'Leary Funds Management Inc., the general partner of the manager of the Funds, O'Leary Funds Management LP (the **Manager**), approved the Merger and a press release and material change report in respect of the Merger were filed on SEDAR on March 16, 2010 and March 17, 2010, respectively.

12. The Merger will be effected in accordance with the "permitted merger" provision set out in the declaration of trust of the Terminating Fund dated October 29, 2008 (the **Terminating Fund Declaration**). This provision provides that the Manager may, without obtaining Unitholder approval and subject to TSX approval, merge the Terminating Fund with another fund or funds, provided that:

    (a) the fund(s) with which the Fund is merged must be managed by the Manager or an affiliate of the Manager (the **Affiliated Fund(s)**);

    (b) Unitholders are permitted to redeem their Class A Units at a redemption price equal to 100% of the NAV per Class A Unit, less any costs of funding the redemption, including commissions, prior to the effective date of the merger;

    (c) the funds being merged have similar investment objectives as set forth in their respective declarations of trust, as determined in good faith by the Manager and by the manager of the Affiliated Funds in their sole discretion;

    (d) the Manager must have determined in good faith that there will be no increase in the management expense ratio borne by the Unitholders as a result of the merger;

    (e) the merger of the funds is completed on the basis of an exchange ratio determined with reference to the NAV per unit of each fund; and

    (f) the merger of the funds must be capable of being accomplished on a tax-deferred rollover basis for unitholders of each of the funds.

    If the Manager determines that a merger is appropriate and desirable, the Manager can effect the merger, including any required changes to the Terminating Fund Declaration, without seeking Unitholder approval for the merger or such amendments. If a decision is made to merge, the Manager will issue a press release at least thirty (30) business days prior to the proposed effective date thereof disclosing details of the proposed merger.

13. As required by National Instrument 81-107 – *Independent Review Committee for Investment Funds* (**NI 81-107**), an Independent Review Committee (**IRC**) has been appointed for the Funds, and the Filer presented the terms of the Merger to the IRC for a recommendation. The IRC considered the proposed Merger and approved the proposed merger on the basis that the Merger would achieve a fair and reasonable result for each of the Funds.

14. It is proposed that the Merger will occur on or about June 1, 2010 (the **Merger Date**), subject to regulatory approval.

15. All costs and expenses associated with the Merger will be borne by the Manager. No sales charges, redemption fees or other fees or commissions will be payable by unitholders of the Funds in connection with the Merger.

16. Subject to regulatory approval, the Merger will be implemented on a tax-deferred basis after the expiry of the annual redemption notice period of the Terminating Fund.

17. The Merger is expected to take place using the following steps:

    (a) Effective as of close of business on May 4, 2010, the Class A Units of the Terminating Fund will be de-listed from the TSX.

(b) On the Merger Date, the Terminating Fund will transfer all of its assets (other than such assets as are sufficient to satisfy its liabilities) to the Continuing Fund in exchange for Series X Units, the value of which will be equal to the NAV of the Terminating Fund transferred to the Continuing Fund, calculated as of the close of business on the Merger Date.

(c) Immediately thereafter, the Series X Units of the Continuing Fund will be distributed to unitholders of the Terminating Fund and the Unitholder's units of such Terminating Fund will be redeemed and cancelled. Each Unitholder will receive Series X Units of the applicable Continuing Fund, the value of which will be equal to the NAV of the units of the Terminating Fund previously held by the Unitholder as of the close of business on the Merger Date. Once the Merger is completed on or about June 1, 2010, subscriptions for additional investments and redemptions of the Continuing Fund will be made via FundSERV. Determination by the Manager of the exchange ratio with reference to NAV per unit of the Terminating Fund and NAV per unit of the Continuing Fund will be made as at the close of business on May 31, 2010.

(d) Subsequent to completion of the Merger, the Terminating Fund will be wound up and terminated.

(e) The Filer will issue a press release forthwith after the Merger is completed announcing the completion of the Merger and the respective ratios by which units of the Terminating Fund were exchanged for Series X Units.

18. The Terminating Fund is and the Continuing Fund will be a mutual fund trust under the *Income Tax Act* (Canada) (**Tax Act**) and, accordingly, units of all of the Funds are "qualified investments" under the Tax Act for registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered disability savings plans, registered education savings plans and tax-free savings accounts.

19. The Filer is a "responsible person" as a result of being the portfolio manager of the Funds.

20. The transfer of the investment portfolio of the Terminating Fund to the Continuing Fund (and the corresponding purchase of such investment portfolio by the Continuing Fund) as a step in the Merger may be considered a purchase or sale of securities, knowingly caused by a registered adviser that manages the investment portfolio of the applicable Funds, from or to the investment portfolio of an investment fund for which a "responsible person" acts as an adviser, contrary to NI 31-103.

21. In the absence of this order, the Filer would be prohibited from purchasing and selling the securities of the Terminating Fund (and thereby transferring their investment portfolios to the Continuing Fund) in connection with the Merger.

22. In the opinion of the Filer, the Merger will not adversely affect unitholders of the Terminating Fund or the Continuing Fund and will in fact be in the best interests of Unitholders of the Terminating Fund. The Filer believes that the Merger will be beneficial to Unitholders for the following reasons:

(a) The Continuing Fund has the potential to have a larger portfolio, as the Continuing Fund will be in continuous distribution, and so should offer improved portfolio diversification to Unitholders;

(b) Series X Units of each Continuing Fund will have greater liquidity through daily purchases and redemptions of units than the Terminating Fund and the Merger will eliminate the discount to NAV for the Terminating Fund;

(c) The management fees for the units of the Terminating Fund are substantially the same as the management fees for the Series X Units of the Continuing Fund. If any difference exists between the management fees of the Fund, the fees of the Continuing Fund will be lower than those of the Terminating Fund; and

(d) The Continuing Fund allows greater unitholder flexibility with respect to switches, reclassifications and conversions.

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 is that the Exemption Sought is granted provided that:

(a) upon a request by a Unitholder for financial statements, the Filer will make best efforts to provide the unitholder with financial statements of the Continuing Fund; and

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

"Mario Albert"
Superintendent, Client Services, Compensation and Distribution

2.1.3 Canext Energy Ltd.

Headnote

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

Applicable Legislative Provisions

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

Citation: Canext Energy Ltd., Re, 2010 ABASC 204

May 5, 2010

Blake, Cassels & Graydon LLP
3500, Bankers Hall East
855 – 2 Street SW
Calgary, AB T2P 4J8

Attention: Janan Pskaran

Dear Sir:

Re: Canext Energy 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.

"Blaine Young"
Associate Director, Corporate Finance

2.1.4 Progress Energy Resources Corp.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – temporary exemption granted from the additional independence requirements – filer granted relief to hire an individual for a summer intern position who is a child of an audit committee member and shares a home with this audit committee member.

Applicable Legislative Provisions

National Instrument 52-110 Audit Committees, s. 1.5.

Citation: Progress Energy Resources Corp., Re, 2010 ABASC 206

May 6, 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
PROGRESS ENERGY RESOURCES CORP.
(THE FILER)

DECISION DOCUMENT

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**) to grant a temporary exemption from the additional independence requirements of Subsection 1.5 of National Instrument 52-110 *Audit Committees* (**NI 51-110**) (the **Exemption Sought**).

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

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

(b) the Filer has provided notice that 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 Filer:

1. The Filer, a corporation incorporated under the *Business Corporations Act* (Alberta) with its head office in Alberta, is a reporting issuer in each of the Jurisdictions and has its securities listed on the Toronto Stock Exchange.

2. One of the individuals who has applied for a summer intern position with the Filer (the **Intern**) is an adult child of one of the directors of the Filer, who is also a member of the Filer's audit committee (the **Member**), and the Intern lives part-time in the same home as the Member.

3. The Filer would like to offer the Intern a clerk position in the Filer's finance and information technology departments on a temporary basis for a 20-week term of employment.

4. The Intern will not be involved in the preparation of financial information regarding the Filer, the Intern will not be authorized to make decisions on behalf of the Filer and in carrying out his employment, the Intern will report directly to the managers of each of the finance and information technology departments.

5. The remuneration that will be paid by the Filer to the Intern for his employment as a clerk with the Filer is consistent with the remuneration that the Filer is paying its other employees who have comparable positions.

6. The employment of the Intern with the Filer, through the payment to the Intern of the salary for the 20-week term of employment, is deemed to be an indirect acceptance of compensation by the Member and creates a "material relationship", for the purposes of NI 52-110, between the Member and the Filer.

7. Consequently, the Member is no longer considered "independent" for the purposes of NI 52-110 and the Filer can no longer satisfy the audit committee composition requirements of Subsection 3.1(3) NI 52-110, which requires every member of the audit committee be "independent".

8. The Filer believes that the remuneration being paid by the Filer to the Intern for his employment as a clerk with the Filer is not a significant amount and therefore would not be expected to interfere with the exercise of the Member's independent judgement.

9. The board of directors of the Filer have considered the relationship between the Member and the Filer created by the temporary employment of the Member's adult child and have determined that such relationship is not reasonably expected to interfere with the exercise of the Member's independent judgement.

Decision

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

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

“William S. Rice, QC”
Alberta Securities Commission

“Glenda A. Campbell, QC”
Alberta Securities Commission

2.1.5 Homburg Invest Inc.

Headnote

Multilateral Instrument 11-102 Passport System and National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – National Instrument 52-107, s. 9.1 Acceptable Accounting Principles, Auditing Standards and Reporting Currency – A reporting issuer wants to early adopt IFRS for purposes of preparing its financial statements – The Filer currently provides interim and annual financial statements prepared in accordance with both Canadian GAAP and IFRS-IASB – The Filer will use its audited IFRS-IASB balance sheet at December 31, 2009 as the basis for its opening balance sheet at January 1, 2010, if the relief is granted – The Filer will provide detailed disclosure regarding its early adoption of IFRS as set out in CSA Staff Notice 52-320 in its MD&A filed subsequent to obtaining the requested relief.

Applicable Legislative Provisions

National Instrument 52-107 Acceptable Accounting Principles, Auditing Standards and Reporting Currency, ss. 3.1, 9.1.

May 5, 2010

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
NOVA SCOTIA AND ONTARIO (THE JURISDICTIONS)

AND

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

AND

IN THE MATTER OF
HOMBURG INVEST INC. (THE FILER)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the **Decision Makers**) have received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) exempting the Filer from the requirement in section 3.1 of National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency* (**NI 52-107**) that financial statements be prepared in accordance with Canadian GAAP (the **Exemption Sought**), in order that the Filer may prepare its financial statements for periods beginning on or after January 1, 2010 in accordance with International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board (**IFRS-IASB**).

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

a) the Nova Scotia Securities Commission is the principal regulator for this application;

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

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

Interpretation

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

Representations

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

1. The Filer is an international real estate investment and development company which owns a diversified portfolio of quality real estate, including office, retail, industrial and residential apartment and townhouse properties in Canada, Europe (Germany, Baltic's and The Netherlands) and the United States. The Filer also owns land assets for development in Calgary and Edmonton, Alberta, Montreal, Quebec and Charlottetown, Prince Edward Island. As at September 30, 2009, the Filer owned 263 properties with an estimated net book value of $3.5 billion represented by approximately 20.4 million gross square feet of space.

2. The Filer was continued under the *Business Corporations Act* (Alberta) as Basic Realty Investment Corporation ("Basic Realty") on October 21, 1999, further to the amalgamation of Northern Glacier Resources Inc. and 844717 Alberta Ltd. The Filer is the successor company of Uni-Invest Ltd., which became a publicly listed company in 2000 as a result of a reverse take-over of Basic Realty. Basic Realty was a public company that became listed on the Canadian Venture Exchange (now the TSX Venture Exchange) on December 10, 1999. On September 19, 2000, Basic Realty agreed to acquire 100% of the issued and outstanding shares of Uni-Invest Canada Ltd., a private real estate investment company, in a share exchange transaction. This share exchange transaction closed on October 23,

2000, at which time Basic Realty changed its name to Uni-Invest Ltd. On January 10, 2001, Uni-Invest Ltd. changed its name to Homburg Invest Inc. and the shares of the Filer were de-listed from the Canadian Venture Exchange and listed on the Toronto Stock Exchange (the TSX).

3. The Filer is a domestic reporting issuer or equivalent in the Jurisdictions and each of the Passport Jurisdictions. The Filer is not, to its knowledge, in default of its reporting issuer obligations under the Legislation or the securities legislation of the Jurisdictions or the Passport Jurisdictions.

4. The Filer's Class A Subordinate Voting Shares (the **Class A Shares**) and the Class B Multiple Voting Shares (the **Class B Shares**) are listed and posted for trading on the TSX under the symbols HII.A and HII.B, respectively. The Class A Shares are also listed and posted for trading on Eurolist by the New York Stock Exchange (**NYSE**) Euronext under the symbol HII.

5. The corporate head office of the Filer is located at Suite 600, 1741 Brunswick Street, Halifax, Nova Scotia B31 3X8.

6. The Canadian Accounting Standards Board has confirmed that publicly accountable enterprises will be required to prepare their financial statements in accordance with IFRS-IASB for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011.

7. NI 52-107 sets out acceptable accounting principles for financial reporting under securities legislation by domestic issuers, foreign issuers, registrants and other market participants. Under NI 52-107, a domestic issuer must use generally accepted accounting principles (**Canadian GAAP**) with the exception that a registrant with the United States Securities and Exchange Commission may use US GAAP. Under NI 52-107, only foreign issuers may use IFRS-IASB.

8. In CSA Staff Notice 52-321 *Early Adoption of International Financial Reporting Standards*, *Use of US GAAP and Reference to IFRS-IASB*, staff of the Canadian Securities Administrators recognized that some issuers may wish to prepare their financial statements in accordance with IFRS-IASB for periods beginning prior to January 1, 2011 and indicated that staff were prepared to recommend exemptive relief on a case by case basis to permit a domestic issuer to do so, despite section 3.1 of NI 52-107.

9. Subject to obtaining the Exemption Sought, the Filer intends to adopt IFRS-IASB for its financial statements for periods beginning on or after January 1, 2010.

10. The Filer and its subsidiaries are subject to various financial reporting requirements. Consequently, the Filer currently prepares its interim and annual consolidated financial statements in accordance with Canadian GAAP and also in accordance with IFRS-IASB, since December 31, 2000, under NYSE Euronext listing requirements.

11. The Filer confirms that the Filer's financial statements for the period ending December 31, 2010 that will be prepared in accordance with IFRS-IASB are not the Filer's "First IFRS financial statements" as defined in IFRS 1 – First-time Adoption of International Financial Reporting Standards. Accordingly, the notes to these financial statements will not include disclosures required by IFRS 1 or any other reconciliation disclosure between Canadian GAAP and IFRS.

12. The Filer has evaluated, and is satisfied as to, its overall readiness to transition from Canadian GAAP to IFRS-IASB effective January 1, 2010, including the readiness of its staff, board of directors, audit committee, auditors, investors and other market participants to deal with the change.

13. The most significant financial reporting differences under IFRS-IASB to the Filer's Canadian GAAP statements are as follows:

    a. Investment properties are recorded at fair value with adjustments impacting equity;

    b. Development properties (other than those for resale) are recorded at fair value with adjustments impacting equity; and

c. Depreciation is not recorded on the investment properties, and certain deferred charges are not capitalized.

14. The Filer's Canadian GAAP and IFRS-IASB financial statements are made available to users via the System for Electronic Document Analysis and Retrieval ("SEDAR") website at www.sedar.com.

15. The Filer believes that the adoption of IFRS-IASB prior to 2011 would be in its best interests and will provide a greater benefit to the Filer and users of its financial information, as it would allow the Filer to prepare a single set of financial statements and avoid significant costs and complexity during the financial statement preparation process.

16. The Filer implemented IFRS-IASB in 2000 and therefore already has the necessary technology, information systems and administrative processes (including those relating to CEO and CFO certifications) in place to prepare IFRS-IASB financial statements. Accordingly, HII does not

require a detailed conversion plan or any further modifications to existing processes and technology in order to continue preparing its interim and annual financial statements in accordance with IFRS-IASB.

Decision

1. 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.

2. The decision of the Decision Makers under the Legislation is that the Requested Relief is granted, provided that:

   (a) the Filer prepares its financial statements for financial periods beginning on or after January 1, 2010 in accordance with IFRS-IASB; and

   (b) if the Filer files interim financial statements prepared in accordance with Canadian GAAP for one or more interim periods in the year that the Filer adopts IFRS-IASB, the Filer will restate and refile those interim financial statements originally prepared in accordance with Canadian GAAP in accordance with IFRS-IASB, together with the restated interim management's discussion and analysis as well as the certificates required by National Instrument 52-109 — *Certification of Disclosure in Issuers' Annual and Interim Filings*.

"Kevin G. Redden"
Director, Corporate Finance
Nova Scotia Securities Commission

2.1.6 Consolidated Envirowaste Industries Inc.

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 under applicable securities laws – issuer has no publicly held securities – issuer is in default of certain continuous disclosure obligations – requested relief granted.

Applicable Legislative Provisions

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

May 3, 2010

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

AND

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

AND

IN THE MATTER OF
CONSOLIDATED ENVIROWASTE INDUSTRIES INC.
(the Filer)

DECISION

Background

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

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

(a) the British Columbia 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

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

Representations

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

1. the Filer is a British Columbia corporation that was incorporated on September 1, 1983 and is governed by the *Business Corporations Act* (British Columbia); its head office is located at 27715 Huntingdon Road, Abbotsford, British Columbia V4X 1B6;

2. the Filer is a reporting issuer in British Columbia, Alberta and Ontario;

3. the Filer has applied for a decision that it is not a reporting issuer in all of the Jurisdictions in which it is currently a reporting issuer; once the Exemptive Relief Sought is granted, the Filer will not be a reporting issuer in any jurisdiction of Canada;

4. the Filer's authorized share capital consists of 100,000,000 common shares without par value;

5. effective February 26, 2010, under a plan of arrangement (the Arrangement), James Darby and Douglas Halward acquired indirectly, through 0865273 B.C. Ltd., all of the issued and outstanding shares of the Filer not owned by them or their spouses for $0.14 per common share in cash; the shareholders of the Applicant approved the transaction at a Special Meeting held on January 29, 2010 and a final order of the Supreme Court of British Columbia approving the transaction was obtained on February 2, 2010; as a result, the outstanding securities of the Filer are beneficially owned, directly or indirectly, by fewer than 15 security holders in each of the jurisdictions in Canada and fewer than 51 securities holders in total in Canada;

6. trading of the Filer's common shares on the TSX Venture Exchange was halted on February 23, 2010 and its shares were delisted from the TSX Venture Exchange on March 3, 2010 and as a result no securities of the Filer are traded on a marketplace as defined in National Instrument 21-101 *Marketplace Operation*;

7. the Filer has no current intention to seek public financing by way of offering securities;

8. the Filer is not in default of any of its obligations under the Legislation as a reporting issuer, except for the obligation to file its interim unaudited financial statements for the quarter ended December 31, 2009 (the Financial Statements) along with the certificates of the Chief Financial Officer and Chief Executive Officer of the Filer and Management Discussion and Analysis related to the Financial Statements; and

9. the Filer is not eligible to use the simplified procedure under CSA Staff Notice 12-307 *Applications for a Decision that an Issuer is not a Reporting Issuer* because it is a reporting issuer in British Columbia and is in default of the Legislation with regard to the filing of the Financial Statements.

Decision

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

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

"Martin Eady, CA"
Director, Corporate Finance
British Columbia Securities Commission

2.1.7 West Face Capital Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief from the prohibition in NI 31-103 that restricts a registered adviser of a fund from knowingly causing any investment portfolio managed by it to purchase a security of an issuer in which a responsible person or an associate of a responsible person is a partner, officer or director provided the conflict is disclosed to the security holders of the fund, and written consent of the security holders of the fund is obtained in the investment management agreement signed by security holders.

Applicable Legislative Provisions

National Instrument 31-103 Registration Requirements, ss. 13.5(2)(a), 15.1.

April 6, 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
WEST FACE CAPITAL INC.
(the Filer)

AND

WEST FACE LONG TERM OPPORTUNITIES LIMITED PARTNERSHIP, WFC OPPORTUNITIES TRUST, WEST FACE LONG TERM OPPORTUNITIES (USA) LIMITED PARTNERSHIP, WEST FACE LONG TERM OPPORTUNITIES MASTER FUND L.P.
(the Initial Funds)

DECISION

Background

The principal regulator in the Jurisdiction (the **Decision Maker**) has received an application from the Filer on its behalf and on behalf of the Initial Funds and any fund which is not a reporting issuer and may be established, advised or managed by the Filer in the future (the **Future Funds**, and together with the Initial Funds, the **Fund(s)**) for a decision under the securities legislation of the principal regulator (the **Legislation**) exempting the Funds and the Filer from the restriction in the Legislation which prohibits a registered adviser from knowingly causing any investment portfolio managed by it to purchase a security of an issuer in which a responsible person or an associate of a responsible person is a partner, officer or director unless this fact is disclosed to the client, and the written consent of the client to the purchase is obtained before the purchase (the **Exemption Sought**).

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

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

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

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:

Filer

1. The Filer is a corporation established under the laws of Ontario with its head office located in Toronto, Ontario.

2. The Filer is registered with the Ontario Securities Commission as an adviser in the category of portfolio manager and as a dealer in the category of exempt market dealer and with the Manitoba Securities Commission as an adviser in the category of portfolio manager.

3. The Filer is the portfolio manager for the Initial Funds and as such is responsible for making investment decisions on behalf of the Initial Funds. The Filer assists in the marketing of certain of the Initial Funds and acts as a distributor of the securities of certain of the Initial Funds not otherwise sold through another registered dealer.

4. The Filer will be the portfolio manager for the Future Funds and as such will be responsible for making investment decisions on behalf of the Future Funds. The Filer may assist in the marketing of the Future Funds and may act as a distributor of the securities of the Future Funds not otherwise sold through another registered dealer.

5. The Filer is not a reporting issuer in any jurisdiction and is not, to its knowledge, in default of securities legislation in any jurisdiction.

Funds

6. The Funds will be sold in private placement markets pursuant to prospectus exemptions and will not be reporting issuers in any jurisdiction of Canada.

7. West Face Long Term Opportunities Limited Partnership is a limited partnership established under the laws of British Columbia, WFC Opportunities Trust is an investment trust established under the laws of Manitoba, West Face Long Term Opportunities (USA) Limited Partnership is a limited partnership established under the laws of Delaware and West Face Long Term Opportunities Master Fund L.P. is a limited partnership established under the laws of the Cayman Islands.

8. The Funds may invest their assets in:

   (a) any entity that is not a reporting issuer in Canada and is formed by the Filer or an affiliate of the Filer and whose securities will only be held by one or more Funds (a **Holdco**); or

   (b) any entity in which a responsible person has been appointed as a director so that the Filer can seek to influence the management of such entity (a **Target**).

Holdcos

9. Each Holdco will be either (i) a corporation, partnership or trust established under the laws of a jurisdiction of Canada, (ii) a société à responsabilité limitée ("s.à.r.l.") established under the laws of Luxembourg, (iii) a corporation or limited liability company established under the laws of a jurisdiction of the United States, or (iv) a Cayman domiciled exempt company or partnership.

10. Certain directors and/or officers of the Filer may also be directors and/or officers of a Holdco. The Filer may also be appointed adviser to a Holdco.

11. In Canada, securities of the Holdcos will be issued pursuant to prospectus exemptions in accordance with National Instrument 45-106 *Prospectus and Registration Exemptions*.

Fund-Holdco Structure

12. To ensure compliance with Canadian tax filing obligations and/or ownership restrictions on certain of the Funds' investments, the Filer may establish a Holdco for the purposes of purchasing securities in any one issuer in which it owns securities (the **Issuer**). The Fund or Funds may transfer an existing interest in an Issuer to a Holdco in exchange for securities of the Holdco. In addition, a Fund or Funds may purchase securities of a Holdco for cash. The Fund may also provide a loan to a Holdco for the purposes of purchasing securities of an Issuer. A Holdco will be wholly-owned by the respective Fund(s) and to the extent the Fund or Funds transfer an existing interest in an Issuer to a Holdco, the respective Fund(s) will retain the identical beneficial interest in the Issuer.

13. A Holdco may hold securities of more than one Issuer.

14. For the purpose of implementing the Fund-Holdco structure, the Filer shall ensure that:

   a. prior to a Fund entering into a transaction with a Holdco, the Filer's Investment Committee will review the pricing terms to ensure that the transaction will be conducted at fair market value;

   b. the arrangements between or in respect of each Fund and a Holdco will not result in any duplication of management fees or incentive fees;

   c. the offering memorandum of each Fund will describe the Fund's intent, or ability, to invest in securities of one or more Holdcos; and

   d. the investments by the Funds in a Holdco represents the business judgement of responsible persons uninfluenced by considerations other than the best interests of the Funds.

Investments in Targets

15. One of the core techniques employed by each Fund is to take significant positions that are deemed to be or constitute *de facto* positions of control in companies. This technique is in the best interests of the Funds, and it is consistent with the investment objectives and strategies of the Funds, for the Filer to seek to influence management of those companies by seeking seats on the board of directors. The Filer may cause a Fund to make a subsequent investment in a Target.

16. The Targets may be either public or private issuers.

17. For the purpose of subsequent investments in Targets, the Filer shall ensure that:

   a. prior to a Fund making a subsequent investment in a Target, the Filer's Investment Committee will review the pricing terms to ensure that the transaction will be conducted at fair market value;

b. the offering memorandum of each Fund will describe:

i. the Fund's intent, or ability, to invest in securities of one or more Targets; and that

ii. one of the core techniques employed by each Fund is to take significant positions that are deemed to be or constitute *de facto* positions of control in companies.

c. the investments by the Funds in the Targets are made in accordance with each Fund's investment objectives and strategies; and

d. the investments by the Funds in the Targets represent the business judgement of responsible persons uninfluenced by considerations other than the best interests of the Funds.

Generally

18. In the absence of this Decision, pursuant to the Legislation, the Funds would be precluded from implementing the Fund-Holdco Structure and from making subsequent investments in Targets.

19. The Fund-Holdco structure and subsequent investments in Targets represent the business judgement of responsible persons uninfluenced by considerations other than the best interests of each Fund.

20. Prior to the Funds entering into a transaction with a Holdco or making a subsequent investment in a Target, the Filer will make reasonable efforts to ensure that the proposed transaction:

a. is entered into free of influence by an entity related to the Filer and without taking into account any consideration relevant to an entity related to the Filer;

b. is uninfluenced by considerations other than the best interest of the Funds:

c. is in compliance with the written polices and procedures of the Funds; and

d. achieves a fair and reasonable result for the Funds.

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, in connection with the Funds:

(a) securities of the Funds are distributed in Canada solely pursuant to exemptions from the prospectus requirements in accordance with National Instrument 45-106 *Prospectus and Registration Exemptions*;

(b) prior to the Funds entering into a transaction with a Holdco or making a subsequent investment in a Target, the Filer's Investment Committee will review the pricing terms to ensure that the transaction will be conducted at fair market value;

(c) prior to the Funds entering into a transaction with a Holdco or making a subsequent investment in a Target, the Filer will make reasonable efforts to ensure that the proposed transaction:

i. is entered into free of influence by an entity related to the Filer and without taking into account any consideration relevant to an entity related to the Filer;

ii. is uninfluenced by considerations other than the best interests of the Funds;

iii. is in compliance with the written polices and procedures of the Funds; and

iv. achieves a fair and reasonable result for the Funds;

(d) the Fund-Holdco structure and investments by the Funds in Targets are compatible with the fundamental investment objectives of the Funds;

(e) the arrangements between or in respect of the Funds and a Holdco will not result in any duplication of management fees or incentive fees;

(f) the offering memorandum (or other similar document) of the Funds will describe,

i. the Fund's intent, or ability, to invest in securities of one or more Targets; and that

ii. one of the core techniques employed by each Fund is to take significant positions that are deemed to be or constitute de facto positions of control in companies.

(g) all new investors in the Funds will consent to the Fund-Holdco structure and the investment by the Funds in Targets through the investment management agreement or subscription agreement or similar document; and

(h) the security holders of the Funds may at any time request from the Funds a complete list of the Targets.

"James D. Carnwath"
Commissioner
Ontario Securities Commission

"Mary G. Condon"
Commissioner
Ontario Securities Commission

2.1.8 AltaGas Income Trust and AltaGas Ltd.

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: AltaGas Income Trust, Re, 2010 ABASC 194

May 3, 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
ALTAGAS INCOME TRUST (the Trust) AND
ALTAGAS LTD. (AltaGas and, together with
the Trust, 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 the Trust from the requirement under Item 14.2 of Form 51-102F5 *Information Circular* (the **Circular Form**) of the Legislation to include the AltaGas Financial Statements (as defined below) and the AltaGas MD&A (as defined below) in the management information circular (the **Circular**) to be prepared by the Trust and delivered to the holders (**Unitholders**) of units of the Trust (**Trust Units**) and to the holders (**LP #1 B Unitholders** and, together with the Unitholders, the **Securityholders**) of Class B limited partnership units (**LP #1 B Units**) of AltaGas Holding Limited Partnership No. 1 (**AltaGas LP #1**) in connection with an annual and special meeting (the **Meeting**) of Securityholders to be held on June 3, 2010 for the purposes of, among other things, considering a plan of arrangement under the Canada Business Corporations Act (the **CBCA**) (the **Arrangement**) resulting in the internal reorganization of the Trust's trust structure into a corporate structure (the **Circular Relief**);

(b) exempting New AltaGas Amalco (as defined below) 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 New AltaGas Amalco (as defined below) 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 New AltaGas Amalco (as defined below) 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:

The Trust, AltaGas, the General Partner, New AltaGas, and AltaGas LP #1

The Trust

1. The Trust is an unincorporated open-ended investment trust governed by the laws of Alberta pursuant to a declaration of trust dated as of March 26, 2004, between the settlor and Computershare Trust Company of Canada, as trustee (the **Trustee**), as from time to time amended, supplemented or restated. The principal office of the Trust is located in Calgary, Alberta.

2. The Trust is a reporting issuer or the equivalent under the securities legislation of each of the provinces of Canada. The Trust is not in default of securities legislation in any jurisdiction of Canada.

3. The Trust Units are listed on the Toronto Stock Exchange (**TSX**) under the symbol "ALA.UN".

4. The Trust 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, 2009.

AltaGas

5. AltaGas is a corporation amalgamated under the CBCA and both the principal operating entity for the Trust and the administrator of the Trust. The principal office of AltaGas is located in Calgary, Alberta.

6. AltaGas is an indirect, wholly-owned subsidiary of the Trust.

7. AltaGas is not a reporting issuer in any jurisdiction and is not in default of applicable securities legislation in any jurisdiction of Canada.

8. The issued and outstanding common shares of AltaGas are not listed or posted for trading on any exchange or quotation and trade reporting system.

The General Partner

9. AltaGas General Partner Inc. (the **General Partner**) is a corporation amalgamated under the CBCA. The principal office of the General Partner is located in Calgary, Alberta.

10. The General Partner is a direct, wholly-owned subsidiary of the Trust, the delegate of the Trustee of the Trust and the general partner of AltaGas LP #1.

11. The General Partner is not a reporting issuer in any jurisdiction and is not in default of applicable securities legislation in any jurisdiction of Canada.

New AltaGas

12. AltaGas Conversion Inc. (**New AltaGas**) is a corporation incorporated under the CBCA for the sole purpose of participating in the Arrangement. The principal office of New AltaGas will be located in Calgary, Alberta.

13. New AltaGas will not be a reporting issuer in any jurisdiction prior to the completion of the transactions contemplated by the Arrangement.

14. New AltaGas Shares (as defined below) are not listed or posted for trading on any exchange or quotation and trade reporting system, however, application has been made to have New AltaGas Shares to be issued in connection with the Arrangement listed on the TSX, as well as the New AltaGas Amalco Shares (as defined below) which such New AltaGas Shares will become pursuant to the Amalgamation (as defined below).

AltaGas LP #1

15. AltaGas LP #1 is a limited partnership created pursuant to the laws of Alberta pursuant to a limited partnership agreement dated as of June 28, 2005 among the General Partner, AltaGas Holding Trust and the limited partners thereof from time to time, as from time to time amended, supplemented or restated.

16. AltaGas LP #1 has two classes of securities, Class A limited partnership units (all of which are beneficially owned by the Trust) and LP #1 B Units (which are held by the public).

17. AltaGas LP #1 is not a reporting issuer in any jurisdiction and is not in default of applicable securities legislation in any jurisdiction of Canada.

18. The LP #1 B Units are non-transferable and are exchangeable into Trust Units on a one-for-one basis. The LP #1 B Units are not listed or posted for trading on any exchange or quotation and trade reporting system.

Arrangement

19. Pursuant to the Arrangement, (i) each of AltaGas LP #1 and the Trust will be dissolved; (ii) the LP #1 B Units and the Trust Units will be cancelled; (iii) common shares of the General Partner will be distributed to Unitholders and ultimately exchanged for common shares of New AltaGas (**New AltaGas Shares**) on a one-for-one basis; (iv) New AltaGas Shares will be distributed to LP #1 B Unitholders on a one-for-one basis; (v) New AltaGas will amalgamate (the **Amalgamation**) with AltaGas and AltaGas Conversion #2 Inc., a corporation newly formed solely to participate in the Arrangement, to form AltaGas Ltd. (**New AltaGas Amalco**); (vi) pursuant to the Amalgamation, the New AltaGas Shares will become common shares in the capital of New AltaGas Amalco (**New AltaGas Amalco Shares**); and (vii) New AltaGas Amalco will own, directly or indirectly, all of the existing assets and assume all of the existing liabilities of the Trust, effectively resulting in the internal reorganization of the Trust's trust structure into a corporate structure.

20. Following the completion of the Arrangement: (i) the sole business of New AltaGas Amalco will be the current business of the Trust, as conducted through AltaGas; (ii) New AltaGas Amalco will be a reporting issuer or the equivalent under the securities legislation in all of the provinces of Canada; and (iii) the New AltaGas Amalco Shares will, subject to approval by the TSX, be listed on the TSX.

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

22. Pursuant to the Declaration of Trust, the CBCA and applicable securities laws, the Securityholders will be required to approve the Arrangement at the Meeting. The Arrangement must be approved by not less than two-thirds of the votes cast by Securityholders at the Meeting. The Meeting will take place on June 3, 2010 and the Circular is expected to be mailed on or about May 5, 2010.

23. The Arrangement will be a "restructuring transaction" (as such term is defined in NI 51-102) in respect of the Trust and therefore will require compliance with Item 14.2 of the Circular Form.

Financial statements and management's discussion and analysis disclosure in the Circular

24. Item 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 (**MD&A**)) prescribed under securities legislation and described in the form of prospectus that New AltaGas Amalco (as the entity whose securities are being distributed pursuant to the restructuring transaction and in which entity the Securityholders will have an interest after the completion of the restructuring transaction) would be eligible to use immediately prior to the sending and filing of the Circular for a distribution of its securities. However, as New AltaGas Amalco will not be in existence on the date of the Circular, Item 32.1(a) of the Prospectus Form requires that the financial statements of any predecessor entity that formed the basis of the business of New AltaGas Amalco be included. As AltaGas is the principal operating entity of the Trust and therefore will form the basis of the business of New AltaGas Amalco on completion of the Arrangement, the Circular must contain the disclosure in respect of AltaGas prescribed by Form 41-101F1 *Information Required in a Prospectus* (the **Prospectus Form**) and by NI 41-101.

25. Items 8.2(1)(a) and (b) and 8.2(2) of the Prospectus Form require the Trust to include MD&A corresponding to each of the financial years ended December 31, 2009 and December 31, 2008 and the interim period ended March 31, 2010 of AltaGas (the **AltaGas MD&A**) in the Circular.

26. Item 32.2(1) of the Prospectus Form requires the Trust to include certain annual financial statements of AltaGas in the Circular, including: (i) an income statement, a statement of retained earnings, and a cash flow statement of AltaGas for each of the financial years ended December 31, 2009, December 31, 2008 and December 31, 2007; and (ii) a balance sheet of AltaGas as at December 31, 2009 and December 31, 2008 (collectively, the **AltaGas Annual Financial Statements**). Item 32.3(1) of the Prospectus Form also requires the Trust to include certain comparative interim financial statements of AltaGas in the Circular, including: (i) an income statement, a statement of retained earnings and a cash flow statement of AltaGas for the interim periods ended March 31, 2010 and March 31, 2009; and (ii) a balance sheet of AltaGas as at the end of March 31, 2010 and December 31, 2009 (together with the AltaGas Annual Financial Statements, the **AltaGas Financial Statements**).

27. Subsection 4.2(1) of NI 41-101 requires that the Annual 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*.

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

29. The Arrangement will be an internal reorganization undertaken without dilution to the Securityholders or additional debt or interest expense being incurred or assumed by New AltaGas Amalco.

Exemptions Sought

Circular Relief

30. The Trust's financial statements and related MD&A are prepared on a consolidated basis, which includes the financial results for AltaGas. To present the AltaGas Financial Statements and the AltaGas MD&A in the Circular, which would exclude accounts of the Trust, would be misleading, since there are transactions between AltaGas and the Trust that eliminate when consolidation is performed at the Trust level. To present the AltaGas Financial Statements, which would exclude the accounts of the Trust, would present the effects of only one side of the financing activities between AltaGas and the Trust. This would result in significant intra-group liabilities and large amounts of intra-group interest expense being reflected on the AltaGas Financial Statements. As a result, the presentation of these intra-group transactions, which will be eliminated upon completion of the Arrangement, would present a confusing (and potentially misleading) picture of financial performance.

31. The AltaGas Financial Statements and the AltaGas MD&A are not relevant to the Securityholders for the purposes of considering the Arrangement, as the AtlaGas Financial Statements and the AtlaGas MD&A, other than as discussed above, would be substantially and materially the same as the consolidated financial statements of the Trust 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.

32. The Circular will contain prospectus level disclosure in accordance with the Prospectus Form (other than the AltaGas Financial Statements and the AltaGas 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 New AltaGas Amalco.

Prospectus Relief

33. 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. New AltaGas Amalco 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 the Trust (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 AltaGas Financial Statements and the AltaGas 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

34. The Trust 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.

35. 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 New AltaGas Amalco Shares, debt securities or subscription receipts) of New AltaGas Amalco.

36. In anticipation of the filing of a preliminary short form prospectus, and assuming the Arrangement has been completed, New AltaGas Amalco 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, New AltaGas Amalco 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.

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

38. 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.

39. The short form prospectus of New AltaGas Amalco 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 New AltaGas Amalco, 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 New AltaGas Amalco pursuant to NI 44-101 during the currency of the Qualification Relief specifically incorporates by reference the Circular and any financial statements and related MD&A of the Trust incorporated by reference into the Circular; and

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

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

2.1.9 Blumont Capital Corporation et al.

Headnote

NP 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Approval of mutual fund merger – approval required because the proposed merger does not meet the criteria for pre-approval – investment objectives of the funds are not substantially similar – merger is not a "qualifying exchange" or a tax-deferred transaction under Income Tax Act – financial statements of continuing fund not sent to unitholders of the terminating fund in connection with the merger but the information circular sent for unitholder meeting clearly discloses the various ways unitholders can access the financial statements – terminating fund failed to comply with Part 11 of National Instrument 81-106 but sole investor that purchased without knowledge of merger provided with notice and given ability to get out at no cost.

Applicable Legislative Provisions

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

October 23, 2009

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

AND

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

AND

IN THE MATTER OF
BLUMONT CAPITAL CORPORATION
("BluMont")

AND

IN THE MATTER OF
BLUMONT NORTH AMERICAN FUND
(the "Terminating Fund")

AND

IN THE MATTER OF
BLUMONT CANADIAN FUND
(the "Continuing Fund")

DECISION

Background

The principal regulator in the Jurisdiction has received an application (the "**Application**") from BluMont on behalf of the Terminating Fund for a decision under the securities legislation of the Jurisdiction of the principal regulator (the "**Legislation**") for approval pursuant to paragraph 5.5(1)(b) of National Instrument 81-102 – *Mutual Funds* ("**NI 81-102**") to merge the assets of the Terminating Fund with the assets of the Continuing Fund (the "**Merger**").

Under NP 11-203 (a passport review application):

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

(b) BluMont has provided notice that Section 4.7(a) of Multilateral Instrument 11-102 – *Passport System* ("**MI 11-102**") is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Nova

Scotia, Prince Edward Island, Newfoundland and Labrador, Northwest Territories and Yukon Territory (the "**Jurisdictions**").

Interpretation

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

Representations

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

BluMont and the Funds

1. BluMont is a corporation governed by the laws of Ontario and its head office is located in Toronto, Ontario.

2. BluMont has been the Trustee and Manager of each of the Terminating Fund and the Continuing Fund (together, the "**Funds**") from the inception date of each Fund, being August 25, 1997 in the case of the Continuing Fund and May 5, 1998 in the case of the Terminating Fund to December 1, 2001, on which date BluMont transferred trusteeship and management of the Funds to Burgeonvest Securities Limited ("**Burgeonvest**"). On December 1, 2004, Burgeonvest then transferred trusteeship and management of the Funds to its affiliate, Halcyon Fund Management Inc. ("**Halcyon**"). Throughout this period, and subsequent to the transfer to Burgeonvest, BluMont or its affiliate, Integrated Investment Management Inc., continued to provide investment advisory and management services pursuant to subadvisory agreements entered into between BluMont and each of Burgeonvest and Halcyon. Effective November 8, 2007, Halcyon transferred trusteeship and management of the Funds back to BluMont and BluMont continues to provide trustee, management and advisory services to the Funds to present.

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

The Funds

4. Each of the Funds is an open-end investment trust governed by a declaration of trust under the laws of the Province of Ontario. BluMont is the Trustee and Manager of each of the Funds.

5. Each of the Funds is a mutual fund as defined in the *Securities Act* (Ontario).

6. Each of the Funds is a reporting issuer in all the provinces and territories of Canada (other than Nunavut) and is separate and distinct from each other in all respects, including as to its assets and liabilities.

7. Units of the Continuing Fund and the Terminating Fund are being offered in all provinces and territories (other than Nunavut) under a combined simplified prospectus and annual information form dated January 29, 2009.

8. The investment practices of each Fund comply or will comply in all respects with the requirements of NI 81-102, except to the extent that the Funds have been granted exemptions from the required securities regulatory authorities to deviate therefrom.

9. Other than as described in paragraph 15(d), neither of the Funds is in default of securities legislation in any of the Jurisdictions.

10. BluMont believes that the Merger will be beneficial to Unitholders for the following reasons:

    (a) the Continuing Fund will have a greater level of assets which will allow for, among other things, increased portfolio diversification opportunities; greater liquidity of investments; and increased economies of scale for operating expenses;

    (b) the Terminating Fund has had diminishing resources which is hampering its ability to buy and hold equity securities of worthwhile North American companies;

    (c) the Merger will eliminate the administrative and regulatory costs of operating the Terminating Fund as a separate mutual fund, which because of its small size, will no longer be economically viable to operate on a stand-alone basis; and

(d) the Continuing Fund benefits from a management fee, exclusive of GST, which is limited to 1.80% compared to a management fee, exclusive of GST, which is limited to 1.85% for the Terminating Fund.

The Merger

11. Subject to Unitholder approval, the Merger will be structured as follows:

(a) the value of the Terminating Fund's portfolio and other assets will be determined at the close of business on the effective date of the Merger in accordance with the Terminating Fund's amended and restated declaration of trust dated as of November 8, 2007;

(b) the Continuing Fund will acquire all or substantially all of the investment portfolio and the assets of the Terminating Fund in exchange for trust units of the Continuing Fund;

(c) the Continuing Fund will not assume the Terminating Fund's liabilities and the Terminating Fund will retain sufficient assets to satisfy its estimated liabilities, if any, as of the date of the Merger;

(d) the trust units of the Continuing Fund received by the Terminating Fund will have an aggregate net asset value equal to the value of the Terminating Fund's portfolio and other assets and will be issued at the net asset value per unit of the Continuing Fund as of the close of business on the effective date of the Merger;

(e) immediately thereafter, the trust units of the Continuing Fund received by the Terminating Fund will be distributed to Unitholders on a pro rata basis in exchange for their Units in the Terminating Fund; and

(f) as soon as reasonably possible following the Merger, the liabilities of the Terminating Fund will be satisfied and the Terminating Fund will be wound up.

12. Unitholders will continue to have the right to redeem units of the Terminating Fund held by them and the right to switch their investment to other mutual funds offered and managed by BluMont until the close of business on the business day before the effective date of the Merger, provided that BluMont is in receipt of a written redemption or switch order, duly completed and executed by or on behalf of the applicable unitholder, with the consequent income tax implications. Redemption and switch requests not settled on or before the effective date of the Merger will be deemed to be requests to redeem units of the Continuing Fund and the normal settlement procedures will apply after the effective date of the Merger. Unitholders of the Terminating Fund will be able to subsequently redeem, in the ordinary course, the units of the Continuing Fund that they acquire through the Merger.

13. The Merger was presented to, and a positive recommendation in favour was received from, the independent review committee of both of the Terminating Fund and the Continuing Fund.

14. The cost of the Merger will be borne by BluMont.

Description of those Elements of the Proposed Transaction that make Section 5.6 of NI 81-102 Inapplicable

15. Securities regulatory approval for the Merger is required under Section 5.5(1)(b) of NI 81-102 because the 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) the fundamental investment objective of the Terminating Fund is not substantially similar to the fundamental investment objectives of the Continuing Fund. Although both the Terminating Fund and the Continuing Fund invest primarily in equity securities across a broad range of sectors, the Continuing Fund invests primarily in equity securities of Canadian companies encompassing both larger and smaller capitalization companies. The Terminating Fund invests primarily in equities of North American companies encompassing primarily mid to smaller capitalization companies;

(b) the Merger will not qualify as a "qualifying exchange" under the *Income Tax Act* (Canada) (the "**Tax Act**");

(c) the materials sent to Unitholders in connection with the Merger did not include copies of the Continuing Fund's annual and interim financial statements as contemplated by Section 5.6(1)(f)(ii) of NI 81-102. However, the circular sent to Unitholders instead, did contain disclosure that Unitholders can obtain a copy of the Continuing Fund's financial statements at no cost by accessing the SEDAR website at www.sedar.com or by requesting a copy of such documents from BluMont, in which case, such requested materials would be promptly mailed to the requesting Unitholder; and

(d) through inadvertence the Funds failed to comply with Part 11 of National Instrument 81-106 – *Investment Funds Continuous Disclosure* (NI 81-106) as the Funds did not issue a press release, file a material change report and file a prospectus amendment in connection with BluMont's decision to seek the approval of the unitholders of the Terminating Fund (the "**Unitholders**") to complete the Merger.

16. During the period between the record date for the special meeting (the "**Meeting**"), and the date hereof, only one new investor (the "**New Investor**") purchased units of the Terminating Fund. Since the New Investor may not have been aware of the proposed Merger at the time of purchase, the New Investor was informed of the proposed Merger and offered the right to redeem the units he acquired in the Terminating Fund, at no cost to the New Investor, up to the date of the Merger. The New Investor elected to exercise this redemption right and will, upon such redemption, receive the net asset value per unit of the Terminating Fund (which, as of the date of exercise, was greater than the original purchase price per unit paid by the New Investor).

17. The Manager will file a renewal prospectus following completion of the Merger.

Description of the Differences between the Funds

18. **Fundamental Investment Objectives and Investment Strategies**

(a) *The Terminating Fund*

(i) The Terminating Fund's investment objective is to achieve superior capital appreciation over both short and long-term horizons by primarily investing in North American equity securities.

(ii) The Terminating Fund seeks to achieve its objective primarily by investing in equities of North American companies encompassing primarily mid to smaller capitalized companies. The Terminating Fund may invest in bonds and other debt instruments from time to time. The Terminating Fund does not specialize in any one industry other than to concentrate investments in those industries which the advisor believes offer the best opportunities for exceptional returns at each stage of the economic and market cycle. The Terminating Fund has allocated investments between Canada and the United States based on available opportunities. The Terminating Fund may also invest in equity based options (including put options (i.e. the option to sell) or call options (i.e. the option to purchase)) either in respect of a specific security or a stock exchange index as a means to reduce volatility.

(iii) The Terminating Fund may invest in short positions, mostly in equity securities, in total not exceeding 20% of the net asset value of the Terminating Fund. Short positions are initiated opportunistically, targeting companies which, in the opinion of the advisor have inferior business prospects, poor management track records or severely deteriorated financial prospects.

(iv) The Terminating Fund may hold cash or invest in short term securities for the purpose of preserving capital and/or maintaining liquidity, based upon ongoing evaluation of current and anticipated economic and market conditions. The Terminating Fund may invest in short term securities and bonds for the purpose of preserving capital and/or maintaining liquidity, based upon the advisor's ongoing evaluation of current and anticipated economic and market conditions.

(b) *The Continuing Fund*

(i) The Continuing Fund's investment objective is to achieve superior capital appreciation over both short and long-term horizons by primarily investing in Canadian equity securities.

(ii) The Continuing Fund aims to achieve its objective primarily by investing in equity securities of Canadian companies encompassing both larger and smaller capitalization companies. The Continuing Fund may invest in bonds and other debt instruments from time to time. The Continuing Fund does not specialize in any one industry other than to concentrate investments in those industries which the advisor believes offer the best opportunities for exceptional returns at each stage of the economic and market cycle. The Continuing Fund may also invest in equity based options (including put options or call options) either in respect of a specific security or in respect of a stock exchange index as a means to reduce volatility.

(iii) The Continuing Fund may invest in short positions, mostly in equity securities, in total not exceeding 20% of the net asset value of the Continuing Fund. Short positions are initiated opportunistically, targeting companies which, in the opinion of the advisor, have inferior business prospects, poor management track records or severely deteriorated financial prospects.

(iv) The Continuing Fund may hold cash or invest in short-term securities for the purpose of preserving capital and/or maintaining liquidity, based upon the advisor's ongoing evaluation of current and anticipated economic and market conditions. The Continuing Fund may also invest in foreign securities of the same type and characteristics within the applicable foreign property limits imposed under the Tax Act.

19. **Differences in Fee Structure.** The management fee payable by Terminating Fund is 1.85% per annum and the management fee payable by the Continuing Fund is 1.80% per annum. In addition to the management fee, each of these Funds is responsible for the payment of all expenses relating to its operation and the carrying on of its business.

20. The management expense ratio ("**MER**") of the Terminating Fund for the 2008 financial year was 2.54% and the MER of the Continuing Fund was 2.79%. However, such MERs were calculated based on the 2008 management fees applicable to the Continuing Fund (2.15% per annum) and the Terminating Fund (1.90% per annum), which have since been reduced to the 2009 management fees indicated in paragraph 19 above. Both the Terminating Fund and the Continuing Fund pay performance fees to the Manager.

21. **Description of Other Material Differences.** The size and net asset values of the Terminating Fund and the Continuing Fund are substantially different. As at July 31, 2009, the net asset value (the "**NAV**") of the Terminating Fund was $3.8 million (NAV per unit - $18.87) and the NAV of the Continuing Fund was $12.5 million (NAV per unit - $15.91).

22. **Details of the Total Annual Returns of each of the Funds for the Previous Five Years.** The total annual returns for the Terminating Fund for the previous three years (since inception) have been 2007 – (-0.59%), 2008 – (-30.63%) and 2009 (year to date) – 17.10%. The total annual returns for the Continuing Fund for the previous five years have been 2004 – 10.13%, 2005 – 19.51%, 2006 – 8.6%, 2007 – 12.12% and 2008 – 9.59%.

Approval of Unitholders

23. The approval of the Merger by Unitholders is required because:

(a) a reasonable person might consider that, as a result of the Merger, there has been a change in the fundamental investment objectives of the Terminating Fund; and

(b) the Merger will result in a transfer of the assets of the Terminating Fund to the Continuing Fund, following which: (i) the Terminating Fund will cease to continue after the Merger; and (ii) the Merger will result in the Unitholders of the Terminating Fund becoming holders of trust units of the Continuing Fund.

24. The Unitholders of the Terminating Fund approved the Merger at a special meeting of unitholders held on September 21, 2009. The Merger was approved by 100% of the votes cast at the special meeting. Subject to obtaining securities regulatory approval, it is expected that the Merger will occur on or about October 21, 2009.

Approval of unitholders of the Continuing Fund

25. The approval of the Merger by unitholders of the Continuing Fund is not required (i) pursuant to Section 5.1(g) of NI 81-102 as the Merger is not represented by a material change to the Continuing Fund; or (ii) otherwise pursuant to the Continuing Fund's constating documents.

Decision

The Principal Regulator is satisfied that the test contained in the Legislation that provides the Principal Regulator with the jurisdiction to make the decision set forth herein has been met.

The decision of the Principal Regulator under the Legislation is that, subject to the Filer obtaining Unitholder approval of the Merger, approval for the Merger is granted.

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

2.1.10 Casgrain & Company Limited

Headnote

Application by exempt market dealer (EMD) for relief from restrictions contained in subsections 25(2) and 26(4) of the Securities Act (Ontario) on acting as underwriter in prospectus offerings in Ontario – applicant a party to dealer agreements relating to distribution of medium term notes under MTN programs – applicant has signed underwriter certificate pages in respective shelf prospectuses, amendments or supplements – applicant registered as investment dealer under the Securities Act (Québec) and a member of Investment Industry Regulatory Organization of Canada (IIROC) – applicant has filed application for interface registration as an investment dealer in Ontario – relief granted for 180 days to permit applicant to participate as underwriter in connection with distribution in Ontario of medium term notes pending processing of its application as an investment dealer in Ontario.

Legislation Cited

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 1(1) ("underwriter"), 25(2), 26(4), 74(1), 147.
Part 6 of National Policy 11-204 Process for Registration in Multiple Jurisdictions (NP 11-204).

May 7, 2010

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

AND

IN THE MATTER OF
CASGRAIN & COMPANY LIMITED
(the "Filer")

DECISION

Background

The Ontario Securities Commission (the "**Commission**") has received an application from the Filer for an order pursuant to subsection 74(1) and section 147 of the *Securities Act* (Ontario) (the "**Act**") that the Filer be exempt, for a period of 180 days from the date of this decision, from the restrictions contained in subsections 25(2) and 26(4) of the Act relating to acting as an underwriter with respect to the distribution of medium term notes in Ontario from time to time under the short form base shelf prospectuses listed in Schedule 1 (the "**MTN Programs**"), as amended and supplemented from time to time (the "**Requested Relief**").

Interpretation

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

Representations

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

1. The Filer is a corporation incorporated under the federal laws of Canada.

2. The Filer's head office is located at 1200 McGill College Avenue, 21st floor, Montreal, Québec, H3B 4G7.

3. The Filer is registered as an investment dealer under the *Securities Act* (Québec) and is a member of the Investment Industry Regulatory Organization of Canada (**IIROC**).

4. The Filer is registered under the Act as an exempt market dealer. The Filer has filed an application for interface registration (as described in Part 6 of National Policy 11-204 *Process for Registration in Multiple Jurisdictions* (**NP 11-204**)) as an investment dealer in Ontario.

5. To the best of its knowledge, the Filer is not in default of securities legislation in any of the provinces of Canada.

6. Each of the issuers referenced in Schedule 1 has filed, and received a receipt for, a shelf prospectus qualifying the distribution of medium term notes in various provinces of Canada, including the Province of Ontario.

7. The Filer is a party to the respective dealer agreements relating to the distribution of medium term notes under the MTN Programs and has signed the underwriter certificate pages in the respective shelf prospectuses, shelf prospectus amendments or shelf prospectus supplements relating to the MTN Programs.

8. Under Ontario securities law, an exempt market dealer is not permitted to act as an "underwriter" in connection with a distribution of securities under a prospectus in the absence of exemptive relief.

9. The Filer has filed this application to permit the Filer to participate as underwriter in connection with the distribution in Ontario of medium term notes under the MTN Programs pending the processing of its application as an investment dealer in Ontario.

Decision

The Commission is satisfied that granting the Requested Relief would not be prejudicial to the public interest.

The decision of the Commission under the Act is that the Requested Relief is granted.

Dated this 7th day of May, 2010.

"Carol S. Perry"
Commissioner

"Mary Condon"
Commissioner

SCHEDULE 1

MTN PROGRAMS

Issuer	Date of Short Form Base Shelf Prospectus
AltaLink, L.P.	May 16, 2008
Bell Aliant Regional Communications, Limited Partnership	April 28, 2009
Bell Canada	September 3, 2009 and prospectus supplement dated September 4, 2009
Caisse centrale Desjardins	April 13, 2010
FortisAlberta Inc.	December 15, 2008
407 International Inc.	November 18, 2009
Hydro One Inc.	July 27, 2009 (as amended March 2, 2010)
Yellow Media Inc. (formerly YPG Holdings Inc.)	June 20, 2008

2.1.11 4554051 Canada Inc. (formerly known as Overland Realty Limited)

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 under applicable securities laws – issuer has no publicly held securities – issuer is in default of certain continuous disclosure obligations – requested relief granted.

Applicable Legislative Provisions

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

May 12, 2010

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
NOVA SCOTIA, ONTARIO, ALBERTA AND
NEW BRUNSWICK
(the "Jurisdictions")

AND

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

AND

IN THE MATTER OF
4554051 CANADA INC. (FORMERLY KNOWN AS
OVERLAND REALTY LIMITED)
(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 deemed to have ceased to be a reporting issuer in the Jurisdictions (the "**Order Sought**").

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 *Canada Business Corporations Act*.

2. The Filer's head and registered address is located in Nova Scotia at 1801 Hollis Street, Suite 1005, Halifax, Nova Scotia, B3J 2N7.

3. The Filer is a reporting issuer in all the Jurisdictions.

4. On March 10, 2010, Cominar Real Estate Investment Trust ("**Cominar**") acquired, pursuant to an offer and accompanying take-over bid circular dated January 26, 2010, approximately 35,642,339 common shares of the Filer ("**Common Shares**"), representing approximately 94% of the issued and outstanding Common Shares.

5. On March 16, 2010, Cominar acquired approximately 2,290,838 Common Shares pursuant to its statutory right of compulsory acquisition under the *Canada Business Corporations Act*, which represented approximately 6% of the issued and outstanding Common Shares.

6. Following the completion of the transaction, Cominar is the only shareholder of the Filer, which became a wholly-owned subsidiary of Cominar.

7. The authorized capital of the Filer consists of an unlimited number of Common Shares, with 37,933,176 Common Shares issued and outstanding.

8. The Common Shares, which traded on the TSX Venture Exchange ("**TSXV**"), were delisted from the TSXV at the close of market on March 16, 2010.

9. The Filer surrendered its reporting issuer status in British Columbia with effect on April 5, 2010.

10. The Filer is not in default of any of its obligations under the Legislation as a reporting issuer, except for its obligation to file its interim financial statements and related management's discussion and analysis for the interim period ended January 31, 2010, as required under National Instrument 51-102 *Continuous Disclosure Obligations*, and the related certification of this filing as required under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*, all of which became due on April 1, 2010.

11. The outstanding securities of the Filer, including debt securities, are beneficially owned, directly or

indirectly, by fewer than 15 security holders in each of the jurisdictions in Canada and fewer than 51 security holders in total in Canada.

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

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

14. The Filer is applying for a decision that it will not be a reporting issuer in all the jurisdictions in Canada in which it is a reporting issuer.

15. The Filer is not eligible to use the simplified procedure under CSA Staff Notice 12-307 *Applications for a Decision that an Issuer is not a Reporting Issuer* in order to apply for the Order Sought.

16. Upon the grant of the Order Sought, the Filer will not be a reporting issuer or the equivalent in any jurisdiction of 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 Order Sought is granted.

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

2.2 Orders

2.2.1 Sulja Bros. Building Supplies, Ltd. et al.

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

AND

IN THE MATTER OF
SULJA BROS. BUILDING SUPPLIES, LTD.,
PETAR VUCICEVICH,
KORE INTERNATIONAL MANAGEMENT INC.,
ANDREW DE VRIES, STEVEN SULJA,
PRANAB SHAH, TRACEY BANUMAS,
AND SAM SULJA

ORDER

WHEREAS on December 22, 2006, the Ontario Securities Commission (the "Commission") ordered pursuant to subsections 127(1) and 127(5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") that immediately for a period of 15 days from the date thereof: (a) all trading in securities of Sulja Bros. Building Supplies, Ltd. ("Sulja Nevada") cease; and (b) any exemptions in Ontario securities law do not apply to the respondents Sulja Nevada, Sulja Bros. Building Supplies Ltd. ("Sulja Ontario"), Kore International Management Inc. ("Kore International"), Peter Vucicevich ("Vucicevich") and Andrew De Vries ("De Vries") (the "Temporary Order");

AND WHEREAS on December 27, 2006, the Commission issued a Notice of Hearing and Staff of the Commission ("Staff") issued a Statement of Allegations in this matter;

AND WHEREAS on January 8, 2007, the Temporary Order was extended to March 23, 2007;

AND WHEREAS on March 23, 2007, the Temporary Order was extended to July 5, 2007;

AND WHEREAS on July 5, 2007, the Temporary Order was extended to September 7, 2007;

AND WHEREAS on September 7, 2007, the Temporary Order was extended to October 31, 2007;

AND WHEREAS on October 31, 2007, the Temporary Order was extended to January 22, 2008;

AND WHEREAS on January 22, 2008, the Temporary Order was extended to March 28, 2008;

AND WHEREAS on March 28, 2008, the Temporary Order was extended to May 23, 2008;

AND WHEREAS on May 23, 2008, the Temporary Order was extended to June 23, 2008;

AND WHEREAS on June 16, 2008, the Commission issued a Notice of Hearing and Staff filed an Amended Statement of Allegations which added additional respondents to this matter: Steven Sulja, Pranab Shah ("Shah"), Tracey Banumas ("Banumas") and Sam Sulja;

AND WHEREAS on June 23, 2008, the Temporary Order was extended to September 11, 2008;

AND WHEREAS on September 11, 2008, the Commission ordered that this matter be set down for a hearing on the merits beginning November 16, 2009, and concluding December 11, 2009, excluding the dates of November 24 and December 8, 2009, and extended the Temporary Order to the conclusion of the hearing on the merits in this matter;

AND WHEREAS on October 29, 2009, the Commission allowed a motion for counsel for Vucicevich, Kore International, Banumas and Shah to withdraw from the record and to adjourn the hearing on the merits;

AND WHEREAS on October 29, 2009, the Commission ordered the matter adjourned to December 4, 2009, for Vucicevich, Kore International, Banumas and Shah or new counsel on their behalf to attend for the purpose of scheduling a pre-hearing conference;

AND WHEREAS on December 4, 2009, Vucicevich attended before the Commission and advised that he, Shah, Banumas and Kore International had not yet retained new counsel. Vucicevich also advised the Commission of the efforts that had been made to retain new counsel and that new counsel should be retained by January 2010;

AND WHEREAS on December 4, 2009, this matter was adjourned to January 8, 2010, to set a date for a pre-hearing conference, whether or not new counsel had been retained for Vucicevich, Banumas, Kore International and Shah.

AND WHEREAS none of the Respondents attended the January 8, 2010, appearance and a pre-hearing conference was scheduled for March 4, 2010;

AND WHEREAS the Respondents Vucicevich, Banumas and Shah attended the offices of the Commission later in the day on January 8, 2010, and informed Staff that they had not retained counsel;

AND WHEREAS on March 4, 2010, the pre-hearing conference was adjourned to May 7, 2010, as Vucicevich, Banumas, Shah and Kore International appeared but did not file pre-hearing conference memoranda and had not yet retained counsel;

AND WHEREAS a pre-hearing conference was held on May 7, 2010;

AND WHEREAS DeVries, Sam Sulja, Steve Sulja, Sulja Nevada and Kore International did not attend, though served with notice;

AND WHEREAS Vucicevich advised that he no longer appeared as agent for Kore International;

AND WHEREAS Vucicevich, Banumas and Shah attended and advised that they had not yet retained counsel and that they wished to raise certain pre-hearing motions including asserting solicitor and client privilege over the anticipated testimony of certain witnesses listed in Staff's pre-hearing conference memorandum and a request to have certain witnesses, including a Respondent, listed in the Respondents' pre-hearing conference memoranda testify electronically or in writing;

AND WHEREAS Staff appeared and made submissions;

IT IS ORDERED that pre-hearing motions shall be heard on July 8, 2010, at 10:00am;

IT IS FURTHER ORDERED that the motions to be heard on July 8, 2010 are scheduled on a peremptory basis and will proceed as follows:

(a) All written materials, evidence and legal submissions the Respondents intend to rely on at the contemplated motions will be filed by the Respondents by 5:00pm on June 24, 2010;

(b) Any Responding materials from Staff will be filed by 5:00pm on July 2, 2010;

(c) In the event that the Respondents decide not to bring any pre-hearing motions, they shall inform the office of the Secretary, as well as Staff, on or before June 24, 2010, so the date may be vacated;

(d) If the Respondents fail to file their motion materials by June 24, 2010, at 5:00pm the motion date shall be vacated; and,

(e) The motions shall proceed whether or not the Respondents have retained counsel by July 8, 2010.

DATED at Toronto this 7th day of May, 2010.

"Carol S. Perry"

2.2.2 Juniper Fund Management Corporation et al. – s. 127

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

AND

IN THE MATTER OF
THE JUNIPER FUND MANAGEMENT CORPORATION, JUNIPER INCOME FUND, JUNIPER EQUITY GROWTH FUND AND ROY BROWN (a.k.a. ROY BROWN-RODRIGUES)

ORDER
(Section 127 of the Securities Act)

WHEREAS on March 8, 2006, the Ontario Securities Commission (the "Commission") ordered pursuant to subsection 127(5) of the *Securities Act,* R.S.O. 1990, c. S.5, as amended (the "Act") that all trading in the securities of the Juniper Income Fund ("JIF") and the Juniper Equity Growth Fund ("JEGF") collectively (the "Funds") shall cease forthwith for a period of 15 days from the date thereof (the "Temporary Order");

AND WHEREAS pursuant to subsections 127(1) and 127(5) of the Act, a hearing was scheduled for March 23, 2006 at 10:00 a.m. (the "Hearing");

AND WHEREAS the Respondents were served with the Temporary Order, the Notice of Hearing dated March 21, 2006, the Statement of Allegations dated March 21, 2006 and the Affidavit of Trevor Walz sworn March 17, 2006;

AND WHEREAS on March 23, 2006, the Commission ordered: (i) an extension of the Temporary Order to May 4, 2006; and (ii) an adjournment of the Hearing to May 4, 2006;

AND WHEREAS Staff of the Commission ("Staff") advised that the Commission issued two Directions dated May 4, 2006 under subsection 126(1) of the Act freezing bank accounts of The Juniper Fund Management Corporation ("JFM"), the Funds and Roy Brown ("Brown") without notice to any of the Respondents;

AND WHEREAS on May 4, 2006, the Commission ordered: (i) the Hearing adjourned to May 23, 2006; (ii) the Temporary Order extended to May 23, 2006; (iii) JFM not to be paid any monthly management fees; (iv) JFM's requests for funds to pay expenses incurred by the Funds to continue to be subject to approval by NBCN Inc. ("NBCN"); (v) weekly lists of expenses by the Funds to continue to be provided to and reviewed by Staff; and (vi) neither JFM nor Roy Brown to deal in any way with the assets or investments of the Funds;

AND WHEREAS Staff advised that on May 11, 2006 and June 30, 2006, the Ontario Superior Court of Justice (the "Superior Court") ordered that the two Directions dated May 4, 2006 freezing bank accounts of JFM, the Funds and Brown be extended with the exception of the personal accounts and one JFM account as defined in the Superior Court orders dated May 11, 2006 and June 30, 2006;

AND WHEREAS the two Directions expired on September 30, 2006;

AND WHEREAS on May 18, 2006, the Superior Court issued an *ex parte* order appointing Grant Thornton Limited as receiver (the "Receiver") over the assets, undertakings and properties of JFM and the Funds;

AND WHEREAS on May 18, 2006, the Commission granted leave to McMillan Binch Mendelsohn LLP to withdraw as counsel for the Respondents;

AND WHEREAS on May 23, 2006, the Commission ordered that: (i) the Hearing is adjourned to September 21, 2006; and (ii) the Temporary Order is extended to September 21, 2006;

AND WHEREAS on June 2, 2006, the Superior Court confirmed and extended the Receivership Order and approved the conduct of the Receiver and its counsel as set out in the First Report of the Receiver dated May 30, 2006;

AND WHEREAS on September 21, 2006, the Commission ordered: (i) the Hearing adjourned to November 8, 2006; and (ii) the Temporary Order extended to November 8, 2006;

AND WHEREAS NBCN and National Bank Financial Ltd. ("NBFL") have brought a motion for intervenor status in these proceedings (the "Intervenor Motion");

AND WHEREAS on November 7, 2006, the Commission adjourned the Hearing and the Intervenor Motion to December 13, 2006 and extended the Temporary Order to December 13, 2006;

AND WHEREAS on November 17, 2006, the Superior Court ordered, *inter alia*, that: (i) the Receiver is authorized to call a meeting of unitholders of the Funds; and (ii) the conduct of the Receiver and its counsel, as described in the Second and Third Reports of the Receiver, is approved without prejudice to the right of NBFL and NBCN to dispute the Receiver's conclusion that NBFL and NBCN hold no units in the JEGF;

AND WHEREAS by letter dated December 6, 2006, counsel for NBCN and NBFL advised that they intended to withdraw the Intervenor Motion;

AND WHEREAS on December 13, 2006, the Commission ordered: (i) an extension of the Temporary Order to March 2, 2007; and (ii) an adjournment of the Hearing to March 2, 2007;

AND WHEREAS on December 13, 2006, counsel for the Receiver advised that the Receiver will shortly be sending out an update letter to all unitholders explaining the steps taken by the Receiver and the status of the ongoing receivership;

AND WHEREAS on December 13, 2006, Staff advised that Staff's investigation and the investigation by the Receiver are both ongoing and there was a reasonable prospect that Staff's investigation would be completed by March 2007;

AND WHEREAS on December 13, 2006, counsel for the Receiver and Staff consented to: (i) an adjournment of the Hearing to March 2, 2007; and (ii) an extension of the Temporary Order to March 2, 2007 and counsel for Brown did not consent to the adjournment or the extension of the Temporary Order and requested the earliest possible return date;

AND WHEREAS on December 13, 2006, counsel for Brown and Staff scheduled a tentative pre-hearing conference with a Commissioner on February 27, 2007 at 11:00 a.m.;

AND WHEREAS on March 2, 2007, Staff advised that Staff's investigation and the investigation by the Receiver are both ongoing and that there is a reasonable prospect that Staff's investigation will be completed by April 2007;

AND WHEREAS on March 2, 2007, Staff advised that the tentative pre-hearing conference scheduled for February 27, 2007 did not proceed as Staff's investigation was ongoing;

AND WHEREAS on March 2, 2007, Staff advised that thirteen volumes of initial Staff disclosure were sent to counsel for Brown on February 23, 2007;

AND WHEREAS on March 2, 2007, counsel for the Receiver provided an update of the ongoing receivership and advised that an update letter had been sent to all unitholders;

AND WHEREAS on March 2, 2007, Staff requested and counsel for the Receiver consented to: (i) an adjournment of the Hearing to May 22, 2007; and (ii) an extension of the Temporary Order to May 22, 2007 and counsel for Brown did not consent to the adjournment and extension of the Temporary Order;

AND WHEREAS on March 2, 2007, the Commission ordered: (i) an extension of the Temporary Order to May 22, 2007; and (ii) an adjournment of the Hearing to May 22, 2007;

AND WHEREAS the First, Second, Third and Fourth Reports of the Receiver have been filed with the Commission;

AND WHEREAS on May 22, 2007, based on Staff's submissions, the Commission expected that Staff would conclude their investigation, amend their Statement of Allegations, provide additional disclosure to the Respondents and have attended at a pre-hearing conference in order to set a date for a hearing on the merits, all by mid-July 2007;

AND WHEREAS on May 22, 2007, Staff requested and the Commission ordered: (i) an adjournment of the Hearing to July 17, 2007; and (ii) an extension of the Temporary Order to July 17, 2007, and whereas counsel for Brown did not consent and counsel for the Receiver did consent to the adjournment and extension of the Temporary Order;

AND WHEREAS Staff provided fifteen volumes of disclosure to counsel for Brown on June 14 and 21, 2007 and the remaining five volumes of disclosure on July 9, 2007;

AND WHEREAS Staff amended the Statement of Allegations on July 5, 2007;

AND WHEREAS a pre-hearing conference was held on July 20, 2007 and a second pre-hearing conference was scheduled for September 18, 2007;

AND WHEREAS on July 17, 2007, Staff requested and counsel for the Receiver consented to and counsel to Brown neither consented to nor opposed and the Commission ordered: (i) an adjournment of the Hearing to September 4, 2007; and (ii) an extension of the Temporary Order to September 4, 2007;

AND WHEREAS the parties were provided and agreed at the last pre-hearing conference to tentative hearing dates of April 7 to 11, 2008 and April 14 to 18, 2008;

AND WHEREAS on September 4, 2007, the Commission ordered: (i) the Hearing to commence on April 7, 2008 and continue for nine days; and (ii) an extension of the Temporary Order until the conclusion of the Hearing;

AND WHEREAS on November 14, 2007, the Superior Court ordered, *inter alia*, that : (i) the activities and conduct of the Receiver as described in the Fifth Report of the Receiver are hereby approved; (ii) the claims process defined in the Fifth Report of the Receiver is hereby approved; and (iii) the JEGF unitholder registry is amended as described in the Fifth Report of the Receiver;

AND WHEREAS on November 15, 2007, the Receiver held separate unitholder meetings for the Funds to obtain direction on how the receivership should proceed;

AND WHEREAS JEGF unitholders voted 99.65% in favour of liquidating the investments held by JEGF and completing a redemption of all JEGF units;

AND WHEREAS JIF unitholders voted 100% in favour of liquidating the investments held by JIF and completing a redemption of all JIF units;

AND WHEREAS on January 14, 2008, the Superior Court ordered, *inter alia*, that : (i) the distribution process to JEGF and JIF unitholders as proposed by the Receiver was approved; (ii) the JEGF unitholder registry as prepared by the Receiver was complete and final; and (iii) the JIF unitholder registry as prepared by the Receiver was complete and final (the "Distribution Approval Order");

AND WHEREAS on February 22, 2008, the Commission revoked the Temporary Order pursuant to section 144 of the Act to permit the Receiver to complete a distribution of redemption proceeds to JEGF unitholders and JIF unitholders, in accordance with the Distribution Approval Order;

AND WHEREAS on March 13, 2008, the Commission granted leave for the withdrawal of Brown's former counsel of record;

AND WHEREAS on March 26, 2008, Brown brought a motion to adjourn the Hearing on the basis that he is no longer represented by counsel and he needed additional time to prepare for the Hearing;

AND WHEREAS on March 31, 2008, Brown requested an adjournment and advised that: (1) he is no longer represented by counsel; (2) he had not yet seen Staff's disclosure volumes which were served on his former counsel; and (3) he required additional time to prepare for the Hearing;

AND WHEREAS Staff opposed the adjournment request on the basis that the dates had been scheduled since September 4, 2007, witnesses had been summonsed and Staff were ready to proceed;

AND WHEREAS on March 31, 2008, the Commission ordered that: (i) the Hearing scheduled to commence on April 7, 2008 is adjourned; (ii) the Hearing will commence on June 16, 2008, or such other date as is agreed by the parties and determined by the Office of the Secretary;

AND WHEREAS on June 4, 2008, Staff brought a motion to adjourn the Hearing as Staff were not available on June 16, 2008;

AND WHEREAS Staff, Brown and counsel for the Receiver consented to the Hearing being adjourned to a date to be set by the Commission at a pre-hearing conference or such other date as agreed to among the parties and confirmed by the Office of the Secretary;

AND WHEREAS the Office of the Secretary tentatively scheduled the Hearing for June 15 to 19, 2009 but Brown was not available on those dates, nor had a second pre-hearing conference been confirmed prior to these dates being scheduled;

AND WHEREAS Staff requested by letter to the Office of the Secretary, dated December 23, 2009 that a pre-hearing conference in this matter be scheduled;

AND WHEREAS a case management conference was held on March 2, 2010 at which Brown participated by conference call and Staff participated in person;

AND WHEREAS on March 2, 2010, a pre-hearing conference was scheduled to be held on April 30, 2010 at 9:30 a.m.;

AND WHEREAS at the pre-hearing conference on April 30, 2010, Staff and Brown agreed that a pre-hearing conference will be held on June 16, 2010 and that the hearing on the merits will be held on November 15 to 18, November 24 to 26, November 29 and 30 and December 1 and 2, 2010;

AND WHEREAS we are of the opinion that this Order is not prejudicial to the public interest;

IT IS ORDERED that the Hearing be scheduled to commence on November 15, 2010 and continue on November 16, 17 and 18, November 24 to 26, November 29 and 30, and December 1 and 2, 2010 and to continue, if needed, on such other dates as ordered by the Commission.

DATED at Toronto this 30th day of April, 2010

"Patrick J. LeSage"

2.2.3 Robert Joseph Vanier (a.k.a. Carl Joseph Gagnon) – ss. 127, 127.1

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

AND

IN THE MATTER OF
ROBERT JOSEPH VANIER
(a.k.a. CARL JOSEPH GAGNON)

ORDER
(Sections 127 and 127.1)

WHEREAS on March 29, 2010, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing and a Statement of Allegations pursuant to section 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") in respect of Robert Joseph Vanier ("Vanier");

AND WHEREAS on April 8, 2010 at 2:00 p.m., the Commission held a hearing at which Staff of the Commission ("Staff") and counsel for the Respondent attended and the hearing was adjourned to April 9, 2010 at 2:30 p.m.;

AND WHEREAS on April 9, 2010 at 2:30 p.m., the Commission held a hearing at which Staff and counsel for the Respondent attended and the hearing was adjourned to April 12, 2010 at 3:30 p.m.;

AND WHEREAS on April 12, 2010 at 3:30 p.m., the Commission held a hearing at which Staff and counsel for the Respondent attended, Staff represented that the Respondent had provided an undertaking to the Commission in a form acceptable to Staff and the hearing was adjourned to May 10, 2010 at 10:00 a.m. for the purpose of a pre-hearing conference;

AND WHEREAS on May 10, 2010, the Commission held a pre-hearing conference at which counsel for the Respondent and Staff attended;

AND UPON HEARING submissions from counsel for Staff and from counsel for the Respondent;

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

IT IS ORDERED THAT the hearing on the merits shall commence on Tuesday, August 10, 2010 at 10:00 a.m. and continue each day through to Friday, August 13, 2010 or as soon thereafter as may be fixed by the Secretary to the Commission and agreed to by the parties.

DATED at Toronto this 10th day of May, 2010.

"James Turner"

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Chapter 4

Cease Trading Orders

4.1.1 Temporary, Permanent & Rescinding Issuer Cease Trading Orders

Company Name	Date of Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/Revoke
Davie Yards Inc.	30 Apr 10	12 May 10	12 May 10	
Quicksilver Resources Inc. (formerly MSR Exploration Ltd.)	16 July 91	29 July 91	29 July 91	10 May 10
Golden Sunset Trail Inc.	07 May 10	19 May 10		
Airesurf Networks Holdings Inc.	07 May 10	19 May 10		
MPL Communications Inc.	07 May 10	19 May 10		
Z-Gold Exploration Inc.	07 May 10	19 May 10		
AAER Inc.	10 May 10	21 May 10		
Greentree Gas & Oil Ltd.	10 May 10	21 May 10		
Aspen Group Resources Corporation	10 May 10	21 May 10		
Immunall Science Inc.	10 May 10	21 May 10		
Orbus Pharma Inc.	10 May 10	21 May 10		
Champion Communication Services, Inc.	12 May 10	25 May 10		
CCR Technologies Ltd.	12 May 10	25 May 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
SonnenEnergy Corp.	06 May 10	18 May 10			
Newlook Industries Corp.	06 May 10	18 May 10			
U.S. Silver Corporation	07 May 10	19 May 10			
TriNorth Capital Inc.	07 May 10	19 May 10			
Win-Eldrich Mines Limited	07 May 10	19 May 10			

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		
Homeland Energy Group Ltd.	06 April 10	19 Apr 10	19 Apr 10		
Redline Communications Group Inc.	07 April 10	19 Apr 10	19 Apr 10		
Synergex Corporation	08 Apr 10	20 Apr 10	20 Apr 10		
Phonetime Inc.	15 Apr 10	27 Apr 10	27 Apr 10		
Freeport Capital Inc.	05 May 10	17 May 10			
SonnenEnergy Corp.	06 May 10	18 May 10			
Newlook Industries Corp.	06 May 10	18 May 10			
U.S. Silver Corporation	07 May 10	19 May 10			
TriNorth Capital Inc.	07 May 10	19 May 10			
Win-Eldrich Mines Limited	07 May 10	19 May 10			

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 Pur. Price ($)	# of Securities Distributed
04/12/2010	2	310 Hoffer Drive LP - Units	903,389.62	N/A
04/12/2010	2	402 McDonald Street LP - Units	1,812,376.12	N/A
04/12/2010	2	651 Henderson Drive LP - Units	1,988,069.76	N/A
02/10/2009	2	Airesurf Networks Holdings Inc. - Units	50,000.00	1,000,000.00
04/09/2010	3	American Residential Services L.L.C. - Notes	12,655,045.49	12,000.00
04/22/2010	1	ASP Offshore Company Limited - 2010 Direct Fund - Common Shares	4,405,720.00	44,000.00
04/22/2010	1	ASP Offshore Company Limited - 2010 Non-U.S. Developed Markets Fund - Common Shares	13,217,160.00	132,000.00
04/22/2010	1	ASP Offshore Company Limited - 2010 Non-U.S. Emerging Markets Fund - Common Shares	4,405,720.00	44,000.00
04/22/2010	1	ASP Offshore Company Limited - 2010 U.S. Fund - Common Shares	22,028,600.00	220,000.00
04/22/2010	10	Aura Silver Resources Inc. - Units	635,000.00	3,175,000.00
04/14/2010	13	Aztech Associates Inc. - Units	260,000.00	N/A
04/23/2010	1	Banco Panamericano S.A. - Notes	249,325.00	1.00
02/19/2010 to 02/22/2010	3	Bison Prime Mortgage Fund - Trust Units	1,215,000.00	121,500.00
02/26/2010	14	Brampton Brick Limited - Debentures	9,000,000.00	N/A
05/01/2009 to 11/30/2009	10	Bristol Gate US Dividend Growth Fund LP - Limited Partnership Units	9,041,723.48	88,087.59
04/07/2010	1	Caisse de Depots et Consignations - Notes	50,000,000.00	N/A
02/19/2010	31	Caldera Geothermal Inc. - Units	1,885,128.00	9,425,638.00
03/18/2010	23	Canadian Horizons Blended Mortgage Investment Corporation - Preferred Shares	383,800.00	383,800.00
03/18/2010 to 03/19/2010	37	CareVest Blended Mortgage Investment Corporation - Preferred Shares	495,211.00	706,211.00
03/18/2010 to 03/19/2010	28	CareVest Capital Blended Mortgage Investment Corp. - Preferred Shares	1,015,115.00	1,015,115.00

Transaction Date	# of Purchasers	Issuer/Security	Total Pur. Price ($)	# of Securities Distributed
03/18/2010 to 03/19/2010	13	CareVest Capital First Mortgage Investment Corp. - Preferred Shares	175,276.00	175,276.00
04/13/2010	58	CBI Property Income Corp. - Common Shares	1,083,500.00	N/A
04/22/2010	18	Chinook Meadows Phase II Ltd. - Common Shares	1,087,000.00	N/A
02/10/2010	14	Chrysallis Capital LLC - Membership Interests	2,025,330.00	N/A
04/27/2010	1	Codexis, Inc. - Common Shares	795,600.00	60,000.00
04/09/2010	139	Commonwealth Bank of Australia - Notes	390,685,000.00	4,012,398.00
04/09/2010	8	Commonwealth Bank of Australia - Notes	100,000,000.00	1,000,000.00
03/04/2010	1	Connor, Clark & Lunn GVest Traditional Infrastructure Limited Partnership - Limited Partnership Interest	0.00	N/A
04/13/2010	91	Cream Minerals Ltd. - Units	1,607,424.98	22,963,214.00
04/21/2010	8	Crown Realty II Limited Partnership - Limited Partnership Units	20,500,000.00	20,500,000.00
04/20/2010	5	Development Notes Limited Partnership - Units	250,000.00	250,000.00
04/08/2010	1	DG FastChannel Inc. - Common Shares	789,075.00	25,000.00
02/25/2010	40	Dianor Resources Inc. - Common Shares	430,749.90	5,743,332.00
04/12/2010	1	Ellerslie GT-SDM Limited Partnership - Loans	25,000.00	N/A
03/03/2009	1	Engineering.com Incorporated - Common Shares	368,706.20	7,374,124.00
12/30/2009	1	eSight Corp. - Common Shares	750,000.00	N/A
04/21/2010	7	Exploration Syndicate Inc. - Flow-Through Shares	197,500.00	N/A
03/09/2010	2	First Leaside Fund - Trust Units	106,463.00	106,463.00
04/01/2010	4	First Leaside Fund - Trust Units	110,658.00	110,658.00
04/01/2010	4	First Leaside Fund - Trust Units	110,658.00	110,658.00
04/01/2010	1	First Leaside Ultimate Limited Partnership - Units	275,000.00	268,949.00
04/01/2010	1	First Leaside Universal Limited Partnership - Units	135,000.00	135,000.00
04/14/2010 to 04/15/2010	3	First Leaside Wealth Management Inc. - Units	130,277.00	130,277.00
04/27/2010	1	Global Geophysical Services, Inc. - Common Shares	1,530,000.00	125,000.00
02/12/2010	1	GMO Developed World Equity Investment Fund PLC - Units	80,037.04	3,342.47

Transaction Date	# of Purchasers	Issuer/Security	Total Pur. Price ($)	# of Securities Distributed
02/03/2010 to 02/23/2010	1	GMO International Core Equity Fund- III - Units	694,375.54	N/A
01/20/2010 to 02/17/2010	1	GMO International Intrinsic Value Fund- III - Units	115,000.64	5,542.30
01/29/2010	1	GMO International Opportunities Equity Allocation Fund- III - Units	58,691.90	4,315.11
01/19/2010	1	GMO World Opportunities Equity Allocation Fund- III - Units	498,790.17	27,777.12
04/06/2010	134	Gold Bullion Development Corp. - Units	3,990,855.35	18,582,117.00
01/25/2010	2	Gold Canyon Resources Inc. - Common Shares	1,500,000.00	7,142,858.00
04/12/2010	32	Golden Arrow Resources Corporation - Units	800,000.00	3,200,000.00
02/18/2010	93	Gryphon Gold Corporation - Units	1,852,550.00	10,897,353.00
01/29/2010	19	High Desert Gold Corporation - Common Shares	730,400.00	4,565,000.00
02/25/2010	36	HSBC Bank Canada - Notes	7,063,000.00	N/A
01/01/2008 to 12/31/2008	1	Intrepid International - Canada Fund - Units	47,499,182.00	474,991.82
01/22/2010	1	Ivory offshore Flagship Fund Ltd. - Units	777,225.00	750.00
01/01/2009 to 12/31/2009	34	Jarislowsky International Equity Fund - Units	32,077,064.79	1,859,654.70
01/01/2009 to 12/31/2009	49	Jarislowsky Special Equity Fund - Units	77,215,300.00	4,481,764.62
01/01/2009 to 12/31/2009	74	Jarislowsky, Fraser Balanced Fund - Units	138,595,328.69	10,979,855.12
01/01/2009 to 12/31/2009	23	Jarislowsky, Fraser Bond Fund - Units	56,348,591.83	5,253,160.07
01/01/2009 to 12/31/2009	48	Jarislowsky, Fraser Canadian Equity Fund - Units	214,909,797.22	7,696,280.17
01/01/2009 to 12/31/2009	23	Jarislowsky, Fraser Global Balanced Fund - Units	15,265,788.54	1,583,596.34
01/01/2009 to 12/31/2009	7	Jarislowsky, Fraser Global Equity Fund - Units	2,933,592.02	420,771.61
01/01/2009 to 12/31/2009	42	Jarislowsky, Fraser Money Market Fund - Units	314,023,500.00	31,402,350.00
01/01/2009 to 12/31/2009	3	Jarislowsky, Fraser Special Bond Fund - Units	15,589,132.74	1,558,913.27
01/01/2009 to 12/31/2009	12	Jarislowsky, Fraser US Equity Fund - Units	11,008,011.96	1,828,420.53
01/01/2009 to 12/31/2009	17	Jarislowsky, Fraser U.S. Money Market Fund - Units	28,087,177.48	2,453,350.00
04/15/2010	33	King's Bay Gold Corporation - Units	448,500.00	N/A

Transaction Date	# of Purchasers	Issuer/Security	Total Pur. Price ($)	# of Securities Distributed
02/15/2010	1	Kingwest Canadian Equity Portfolio - Units	5,321.25	525.29
02/15/2010	1	Kingwest US Equity Portfolio - Units	3,452.18	291.34
04/07/2010	1	Lion Industrial Trust - Preferred Shares	50,024,625.00	49,875.00
04/20/2010	1	Medical Properties Trust, Inc. - Common Shares	3,407,723.00	26,000,000.00
11/30/2009	1	Mellon Offshore Global Opportunity Fund Ltd. - Common Shares	40,000,000.00	46,312.75
04/15/2010	3	MGM Mirage - Notes	10,014,000.00	1.00
01/01/2009 to 12/31/2009	14	Morgan Meighen Balanced Pooled Fund - Units	2,316,228.00	271.84
01/01/2009 to 12/31/2009	4	Morgan Meighen Global Pooled Fund - Units	684,745.00	36,435.00
01/01/2009 to 12/31/2009	10	Morgan Meighen Growth Pooled Fund - Units	1,124,980.00	125,804.00
01/01/2009 to 12/31/2009	43	Morgan Meighen Income Pooled Fund - Units	4,319,954.95	362,638.00
04/13/2010 to 04/15/2010	25	Navarone Energy Corporation - Common Shares	2,976,830.70	N/A
02/16/2010	17	New Dimension Resources Ltd. - Units	573,000.00	2,865,000.00
01/20/2010 to 01/27/2010	14	Newport Canadian Equity Fund - Units	329,000.00	2,721.32
02/22/2010 to 02/25/2010	54	Newport Canadian Equity Fund - Units	875,354.69	7,159.12
01/19/2010 to 01/27/2010	22	Newport Fixed Income Fund - Units	975,340.67	9,178.38
02/18/2010 to 02/25/2010	64	Newport Fixed Income Fund - Units	4,053,341.31	38,330.86
01/18/2010 to 01/25/2010	5	Newport Global Equity Fund - Units	64,000.00	1,095.71
02/22/2010	8	Newport Global Equity Fund - Units	107,500.00	1,866.01
01/18/2010 to 01/27/2010	42	Newport Yield Fund - Units	1,091,561.90	9,764.29
02/18/2010 to 02/26/2010	100	Newport Yield Fund - Units	3,077,928.53	27,586.81
04/15/2010	20	NexJ Systems Inc. - Units	2,020,256.75	440,131.00
02/24/2010	25	North Atlantic Resources Ltd. - Units	1,349,949.90	8,999,666.00
05/01/2009 to 12/01/2009	22	Northern Citadel Mortgage Investment Trust - Trust Units	1,094,323.90	109,432.39
04/16/2010	5	Northern Star Mining Corp. - Units	1,500,000.00	4,545,452.00

Transaction Date	# of Purchasers	Issuer/Security	Total Pur. Price ($)	# of Securities Distributed
04/16/2010	1	NPS Pharmaceuticals Inc. - Common Shares	550,770.00	100,000.00
03/03/2010	70	NuLoch Resources Inc. - Warrants	23,011,500.00	15,870,000.00
04/09/2010	112	PanWestern Energy Inc. - Common Shares	6,000,000.00	30,000,000.00
04/15/2010	11	Pathocept Corporation - Common Shares	650,000.00	850,000.00
02/04/2010	3	Penn Virginia Resources Partners, L.P. - Notes	4,000,000.00	1.00
03/30/2010	38	Pennant Energy Inc. - Units	676,320.00	N/A
04/08/2010	1	ROI Private Capital Trust Series R - Units	4,000,000.00	38,891.29
01/01/2009 to 10/01/2009	5	Roundtable Closed Trust - Trust Units	188,211.65	15,450.62
01/01/2009 to 12/31/2009	49	Roundtable Dividend & Income Fund - Trust Units	12,777,213.21	1,170,743.00
10/01/2009 to 12/01/2009	10	Roundtable Everkey Global Fund - Trust Units	6,100,000.00	610,166.42
01/01/2009 to 12/16/2009	28	Roundtable Focused Equity Fund - Trust Units	2,424,579.09	306,993.57
03/02/2009 to 11/17/2009	14	Roundtable Growth Fund - Trust Units	2,938,349.89	220,163.60
12/31/2009	78	Salida Capital Income Fund - Units	2,074,800.00	319,200.00
04/16/2010 to 04/19/2010	4	Samaranta Mining Corporation - Common Shares	306,750.00	N/A
02/11/2010	45	Search Minerals Inc. - Units	875,000.00	2,400,000.00
07/01/2009	1	Seligman Health Spectrum Fund - Common Shares	174,060.00	959.32
07/01/2009 to 10/01/2009	1	Seligman Tech Spectrum Fund - Common Shares	1,657,600.00	5,933.45
04/01/2009 to 07/01/2009	1	Selingman Spectrum Focus Fund - Common Shares	5,196,300.40	34,306.73
11/27/2009 to 11/30/2009	1	Semcan Inc. - Warrants	900,000.00	N/A
01/01/2009 to 12/31/2009	23	Short-Term Investment Company (Global Series) PLC - Units	172,922,770.42	164,530,090.51
04/20/2010	11	Skyharbour Resources Ltd. - Flow-Through Shares	125,000.00	2,500,000.00
08/25/2009	1	Solfotara Mining Corp. - Units	999,999.07	2,857,142.00
04/16/2010	1	Southern Copper Corporation - Notes	2,004,850.00	N/A
04/09/2010	70	Stellar Biotechnologies Inc. - Units	3,210,965.00	11,467,732.00
04/16/2010	24	Syncapse Corp. - Common Shares	2,223,136.99	1,065,768.00

Transaction Date	# of Purchasers	Issuer/Security	Total Pur. Price ($)	# of Securities Distributed
03/04/2009	5	Taranis Resources Inc. - Units	100,000.00	500,000.00
04/26/2010	1	Telefonica emisiones, S.A.U. - Notes	5,000,000.00	1.00
03/01/2010	16	The Investment Partners Fund - Trust Units	3,825,477.90	N/A
04/20/2010	1	The Macerich Company - Common Shares	16,377,040.00	N/A
01/01/2009 to 12/14/2009	18	The SoundVest Portfolio Fund - Units	1,224,015.42	137,210.00
04/30/2010	3	Thermon Industries, Inc. - Notes	3,030,000.00	1.00
10/31/2009 to 12/31/2009	3	Triasima Canadian All Capitalization Fund - Common Shares	2,796,836.49	279,645.31
03/31/2009 to 07/31/2009	5	Triasima Canadian Small Capitalization Fund - Common Shares	406,672.23	53,639.76
03/31/2009 to 11/30/2009	18	Triasma Canadian Long/Short Fund - Common Shares	12,269,488.51	1,387,935.92
04/26/2010	2	Two Harbors Investment Corp. - Common Shares	14,311,200.00	160,800.00
03/03/2010	82	Verena Minerals Corporation - Units	6,000,000.00	24,000,000.00
12/31/2009	79	Vertex Fund - Trust Units	9,741,054.25	N/A
01/25/2010	33	Viking Gold Exploration Inc. - Flow-Through Shares	700,000.00	N/A
04/01/2010	3	Wimberly Apartments Limited Partnership - Units	200,000.00	279,427.00
03/22/2010	1	Wimberly Fund - Trust Units	140,000.00	140,000.00
03/19/2010	1	Wimberly Fund - Trust Units	150,000.00	150,000.00
04/12/2010 to 04/20/2010	6	Wimberly Fund - Trust Units	180,145.00	180,145.00
04/19/2010	18	Xtra-Gold Resources Corp. - Units	701,760.00	738,000.00

Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
Bank of Nova Scotia, The
Principal Regulator - Ontario
Type and Date:
Preliminary Shelf Prospectus dated May 7, 2010
NP 11-202 Receipt dated May 10, 2010
Offering Price and Description:
$8,000,000,000
Debt Securities (subordinated indebtedness)
Preferred Shares
Common Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1577668

Issuer Name:
Templeton Global Income Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated May 7, 2010
NP 11-202 Receipt dated May 7, 2010
Offering Price and Description:
Series S Units
Underwriter(s) or Distributor(s):
Franklin Templeton Investment Corp.
Franklin Templeton Investments Corp.
Bissett Investment Management, a division of Franklin Templeton Investments Corp.
Franklin Templeton Investmetns Corp.
Promoter(s):
-
Project #1577346

Issuer Name:
Canoro Resources Ltd.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated May 7, 2010
NP 11-202 Receipt dated May 11, 2010
Offering Price and Description:
Up to $13,877,116 - Offering of Rights to Subscribe for up to 138,771,162 Common Shares
Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1578438

Issuer Name:
CJL Capital Inc.
Principal Regulator - Quebec
Type and Date:
Preliminary CPC Prospectus dated May 6, 2010
NP 11-202 Receipt dated May 7, 2010
Offering Price and Description:
MINIMUM OFFERING: $250,000 or 2,500,000 Common Shares
MAXIMUM OFFERING: $300,000 or 3,000,000 Common Shares
PRICE: $0.10 per Common Share
Underwriter(s) or Distributor(s):
Haywood Securities Inc.
Promoter(s):
Mario Jacob
Project #1576861

Issuer Name:
Horizons BetaPro S&P/TSX 60 Index ETF
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated May 10, 2010
NP 11-202 Receipt dated May 10, 2010
Offering Price and Description:
Class A Units
Underwriter(s) or Distributor(s):
BetaPro Management Inc.
Promoter(s):
-
Project #1577962

Issuer Name:
Kaizen Capital Corp.
Principal Regulator - British Columbia
Type and Date:
Preliminary CPC Prospectus dated May 5, 2010
NP 11-202 Receipt dated May 7, 2010
Offering Price and Description:
$240,000 -1,200,000 Common Shares
Price: $0.20 per Common Share
Underwriter(s) or Distributor(s):
Leede Financial Markets Inc.
Promoter(s):
Ionic Securities Ltd.
Project #1577630

Issuer Name:
Malbex Resources Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated May 11, 2010
NP 11-202 Receipt dated May 11, 2010
Offering Price and Description:
Up to $11,000,000 - *Units
Price: $ * per Unit
Underwriter(s) or Distributor(s):
Dundee Securities Corporation
Clarus Securities Inc.
GMP Securities L.P.
Promoter(s):
-
Project #1578909

Issuer Name:
Med BioGene Inc.
Principal Regulator - British Columbia
Type and Date:
Second Amended and Restated Preliminary Short Form Prospectus May 7, 2010
NP 11-202 Receipt dated May 11, 2010
Offering Price and Description:
U.S. $* - 2,777,778 Common Shares
Price: U.S.$ * per Common Share
Underwriter(s) or Distributor(s):
Dundee Securities Corporation
Promoter(s):
-
Project #1520094

Issuer Name:
National Bank of Canada
Principal Regulator - Quebec
Type and Date:
Preliminary Shelf Prospectus dated May 5, 2010
NP 11-202 Receipt dated May 6, 2010
Offering Price and Description:
$3,500,000,000
Medium Term Notes
Debt Securities (Unsubordinated Indebtedness)
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
CIBC World Markets Inc.
Desjardins Securities Inc.
RBC Dominion Securities Inc.
Promoter(s):
-
Project #1576527

Issuer Name:
Orocobre Limited
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated May 4, 2010
NP 11-202 Receipt dated May 5, 2010
Offering Price and Description:
10,000,000 Ordinary Shares Issuable on Conversion of 10,000,000 Subscription Receipts
Price: $2.00 per Subscription Receipt
Underwriter(s) or Distributor(s):
Cormack Securities Inc.
CIBC World Markets Inc.
Canaccord Financial Ltd.
Dundee Securities Corporation
Byron Securities Limited
Promoter(s):
-
Project #1575837

Issuer Name:
PanWestern Energy Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated May 7, 2010
NP 11-202 Receipt dated May 7, 2010
Offering Price and Description:
$24,017,000 - 51,100,000 Common Shares issuable on exercise of outstanding Special Warrants
Price: $0.47 per Special Warrant
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
Cormark Securities Inc.
GMP Securities L.P.
Canaccord Financial Ltd.
FirstEnergy Capital Corp.
Promoter(s):
-
Project #1577523

Issuer Name:
Paramount Energy Trust
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated May 10, 2010
NP 11-202 Receipt dated May 10, 2010
Offering Price and Description:
$60,000,000 7.00% Convertible Unsecured Junior Subordinated Debentures Due December 31, 2015
Price: $1,000 per Debenture
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
National Bank Financial Inc.
Scotia Capital Inc.
TD Securities Inc.
Canaccord Genuity Corp.
Cormark Securities Inc.
RBC Dominion Securities Inc.
FirstEnergy Capital Corp.
Peters & Co. Limited
Promoter(s):
-
Project #1578320

Issuer Name:
Pathway Mining 2010 Flow-Through Limited Partnership
Principal Regulator - Ontario
Type and Date:
Amended and Restated Final Long Form Prospectus dated May 6, 2010
NP 11-202 Receipt dated May 7, 2010
Offering Price and Description:
$30,000,000 (Maximum Offering)
$5,000,000 (Minimum Offering)
A Maximum of 3,000,000 and a Minimum of 500,000 Limited Partnership Units
Minimum Subscription: 250 Limited Partnership Units
Subscription Price: $10.00 per Limited Partnership Unit
Underwriter(s) or Distributor(s):
Wellington West Capital Inc.
HSBC Securities (Canada) Inc.
BMO Nesbitt Burns Inc.
Burgeonvest Bick Securities Limited
Canaccord Financial Ltd
Raymond James Ltd.
Macquarie Capital Markets Canada Ltd.
Dundee Securities Corporation
M Partners Inc.
Mackie Research Capital Corporation
Integral Wealth Securities Limited
Argosy Securities Inc.
Promoter(s):
Pathway Mining 2009-II Inc.
Project #1518529

Issuer Name:
Penfold Capital Acquisition IV Corporation
Principal Regulator - Ontario
Type and Date:
Preliminary CPC Prospectus dated May 4, 2010
NP 11-202 Receipt dated May 5, 2010
Offering Price and Description:
Minimum Offering: $700,000 or 7,000,000 Common Shares
Maximum Offering: $1,000,000 or 10,000,000 Common Shares
Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
Northern Securities Inc.
Promoter(s):
Gary M. Clifford
Project #1575388

Issuer Name:
Ponderosa Fund
Principal Regulator - British Columbia
Type and Date:
Preliminary Long Form Prospectus dated May 5, 2010
NP 11-202 Receipt dated May 7, 2010
Offering Price and Description:
MINIMUM $55,000,000 (55,000 TRUST UNITS)
MAXIMUM $60,000,000 (60,000 TRUST UNITS)
Price: $1,000 per Unit - Minimum Purchase 10 Units ($10,000)
Underwriter(s) or Distributor(s):
Sora Group Wealth Advisors Inc.
Promoter(s):
Treegroup Developments Corp.
Project #1577669

Issuer Name:
Pure Industrial Real Estate Trust
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated May 5, 2010
NP 11-202 Receipt dated May 5, 2010
Offering Price and Description:
$20,300,000 - 5,800,000 Units
Price: $3.50 per Unit
Underwriter(s) or Distributor(s):
Canaccord Financial Ltd.
Dundee Securities Corporation
RBC Dominion Securities Inc.
National Bank Financial Inc.
Raymond James Ltd.
HSBC Securities (Canada) Inc.
Promoter(s):
Sunstone Industrial Advisors Inc.
Project #1576282

Issuer Name:
Tahoe Resources Inc.
Principal Regulator - British Columbia
Type and Date:
Amended and Restated Preliminary Long Form Prospectus dated May 5, 2010
NP 11-202 Receipt dated May 5, 2010
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
GMP Securities L.P.
Genuity Capital Markets
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
Macquarie Capital Markets Canada Ltd.
RBC Dominion Securities Inc.
Dundee Securities Corporation
Paradigm Capital Inc.
Promoter(s):
C. Kevin McArthur
Project #1574564

Issuer Name:
TERASEN GAS INC.
Principal Regulator - British Columbia
Type and Date:
Preliminary Shelf Prospectus dated May 7, 2010
NP 11-202 Receipt dated May 7, 2010
Offering Price and Description:
$600,000,000
MEDIUM TERM NOTE DEBENTURES (Unsecured)
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
National Bank Financial Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
TD Securities Inc.
Promoter(s):
-
Project #1577374

Issuer Name:
WCSB Oil & Gas Royalty Income 2010-II Limited Partnership
Principal Regulator - British Columbia
Type and Date:
Preliminary Long Form Prospectus dated May 7, 2010
NP 11-202 Receipt dated May 7, 2010
Offering Price and Description:
Maximum Offering: $20,000,000 (200,000 Units)
Minimum Offering: $2,500,000 (25,000 Units)
Price: $100 per Unit - Minimum Purchase: $5,000 (50 Units)
Underwriter(s) or Distributor(s):
Dundee Securities Corporation
HSBC Securities (Canada) Inc.
Wellington West Capital Markets Inc.
Canaccord Financial Ltd.
GMP Securities L.P.
Macquarie Private Wealth Inc.
Desjardins Securities Inc.
Industrial Alliance Securities Inc.
Laurentian Bank Securities Inc.
Manulife Securities Incorporated
Raymond James Ltd.
M Partners Inc.
Mackie Research Capital Corporation
Promoter(s):
WCSB Holdings Corp.
Project #1577702

Issuer Name:
WestFire Energy Ltd.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated May 7, 2010
NP 11-202 Receipt dated May 7, 2010
Offering Price and Description:
$30,000,000 - 3,750,000 Common Shares
Price: $8.00 per Common Share
Underwriter(s) or Distributor(s):
Macquarie Capital Markets Canada Ltd.
Raymond James Ltd.
CIBC World Markets Inc.
Mackie Research Capital Corporation
GMP Securities L.P.
Wellington West Capital Markets Inc.
Promoter(s):
-
Project #1577657

Issuer Name:
Alaris Royalty Corp.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated May 10, 2010
NP 11-202 Receipt dated May 10, 2010
Offering Price and Description:
$14,400,000 - 1,600,000 Common Shares
Price: $9.00 per Common Share
Underwriter(s) or Distributor(s):
Acumen Capital Finance Partners Limited
CIBC World Markets Inc.
Raymond James Ltd.
Canaccord Genuity Corp.
Cormark Securities Inc.
Promoter(s):
-
Project #1574799

Issuer Name:
AltaCanada Energy Corp.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated May 10, 2010
NP 11-202 Receipt dated May 11, 2010
Offering Price and Description:
$7,513,577 - Offering of Rights to Subscribe for Common Shares
Price: $0.07 per Common Share
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1567168

Issuer Name:
BNK Petroleum Inc.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated May 10, 2010
NP 11-202 Receipt dated May 11, 2010
Offering Price and Description:
$45,030,000 - 15,800,000 Common Shares
Price: $2.85 per Common Share
Underwriter(s) or Distributor(s):
Macquarie Capital Markets Canada Ltd.
Canaccord Financial Ltd.
Barclays Capital Canada Inc.
BMO Nesbitt Burns Inc.
GMP Securities L.P.
UBS Securities Canada Inc.
Promoter(s):
-
Project #1571732

Issuer Name:
Claymore Advantaged Canadian Bond ETF
Claymore Advantaged High Yield Bond ETF
Claymore Balanced Growth CorePortfolio ETF
Claymore Balanced Income CorePortfolio ETF
Claymore BRIC ETF
Claymore Canadian Balanced Income CorePortfolio ETF
Claymore Canadian Fundamental Index ETF
Claymore Conservative CorePortfolio ETF
Claymore Global Monthly Advantaged Dividend ETF
Claymore International Fundamental Index ETF
Claymore Inverse 10 Yr Government Bond ETF
Claymore Japan Fundamental Index ETF C$ hedged
Claymore Oil Sands Sector ETF
Claymore S&P Global Water ETF
Claymore S&P/TSX Canadian Dividend ETF
Claymore S&P/TSX CDN Preferred Share ETF
Claymore S&P/TSX Global Mining ETF
Claymore US Fundamental Index ETF
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectuses dated May 7, 2010
NP 11-202 Receipt dated May 10, 2010
Offering Price and Description:
Common Units, Advisor Class Units, Non-hedged Common Units and non-hedged Advisor Class Units at Net Asset Value
Underwriter(s) or Distributor(s):
Claymore Investments, Inc.
Promoter(s):
Claymore Investments Inc.
Project #1552991

Issuer Name:
Cumberland Capital Appreciation Fund
Cumberland Income Fund
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated April 30, 2010 to Final Simplified Prospectus and Annual Information Form dated July 17, 2010
NP 11-202 Receipt dated May 5, 2010
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Cumberland Private Wealth Management Inc.
Promoter(s):
Cumberland Investment Management Inc.
Project #1435917

Issuer Name:
Fidelity Income Trust Fund
Fidelity Monthly High Income Fund
Principal Regulator - Ontario
Type and Date:
Amendment #2 dated May 6, 2010 to Final Simplified Prospectuses and Annual Information Form dated November 2, 2009
NP 11-202 Receipt dated May 11, 2010
Offering Price and Description:
Series A, B, F ,O, T8 and S8 Units at Net Asset Value
Underwriter(s) or Distributor(s):
Fidelity Investments Canada ULC
Fidelity Investments Canadaz ULC
Fidelity Investments Canada Limited
Fidelity Investments Canada ULC
Promoter(s):
Fidelity Investments Canada ULC
Project #1481108

Issuer Name:
First National Financial Income Fund
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated May 4, 2010
NP 11-202 Receipt dated May 5, 2010
Offering Price and Description:
Up to $175,000,000.00 - 5.07% Series 1 Senior Secured Debentures due May 7, 2015
Price: $1,000 per Debenture
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
Promoter(s):
-
Project #1567163

Issuer Name:
Flatiron Strategic Yield Ltd.
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated May 6, 2010
NP 11-202 Receipt dated May 7, 2010
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
Front Street Corporate Management Services Ltd.
Project #1556642

Issuer Name:
Ford Floorplan Auto Securitization Trust
Principal Regulator - Ontario
Type and Date:
Final Shelf Prospectus dated May 5, 2010
NP 11-202 Receipt dated May 6, 2010
Offering Price and Description:
Up to $1,000,000,000.00 of Asset-Backed Notes
Underwriter(s) or Distributor(s):
-
Promoter(s):
Ford Credit Canada Limited
Project #1570420

Issuer Name:
Front Street Strategic Yield Fund Ltd.
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated May 6, 2010
NP 11-202 Receipt dated May 7, 2010
Offering Price and Description:
Maximum Offering: $100,000,000 - 10,000,000 Units
(Each Unit consists of one Equity Share and one Warrant to purchase one Equity Share)
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Scotia Capital Inc.
TD Securities Inc.
Canaccord Financial Ltd.
Desjardins Securities Inc.
GMP Securities L.P.
HSBC Securities (Canada) Inc.
Raymond James Ltd.
Dundee Securities Corporation
Macquarie Capital Markets Canada Ltd.
Tuscarora Capital Inc.
Wellington West Capital Markets Inc.
Promoter(s):
Front Street Capital 2004
Project #1556603

Issuer Name:
Genworth MI Canada Inc.
Principal Regulator - Ontario
Type and Date:
Final Shelf Prospectus dated May 7, 2010
NP 11-202 Receipt dated May 7, 2010
Offering Price and Description:
$1,500,000,000
Debt Securities
Preferred Shares
Common Shares
Subscription Receipts
Warrants
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1570490

Issuer Name:
Greater China Capital Inc.
Principal Regulator - Ontario
Type and Date:
Final CPC Prospectus dated May 3, 2010
NP 11-202 Receipt dated May 5, 2010
Offering Price and Description:
Minimum Offering: $200,000.00 -1,000,000 Common Shares
Maximum Offering: $1,815,000.00 - 9,075,000 Common Shares
Price: $0.20 per Common Share
Underwriter(s) or Distributor(s):
Portfolio Strategies Securities Inc.
Promoter(s):
-
Project #1549442

Issuer Name:
Lithium Americas Corp.
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated May 6, 2010
NP 11-202 Receipt dated May 7, 2010
Offering Price and Description:
$45,000,140 - 24,324,400 Common Shares
Price: $1.85 per Offered Share
Underwriter(s) or Distributor(s):
GMP Securities L.P.
Dundee Securities Corporation
Macquarie Capital Markets Canada Ltd.
Canaccord Financial Ltd.
Byron Securities Limited
Promoter(s):
Latin American Minerals Inc.
Groupo Minero Los Boros S.A.
Project #1546419

Issuer Name:
MAG Silver Corp.
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated May 10, 2010
NP 11-202 Receipt dated May 10, 2010
Offering Price and Description:
$32,015,250 - 4,185,000 Common Shares
Price: $7.65 per Offered Share
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
Macquarie Capital Markets Canada Ltd.
Canaccord Genuity Corp.
Raymond James Ltd.
Promoter(s):
-
Project #1573021

Issuer Name:
Novus Energy Inc. (formerly, Regal Energy Ltd.)
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated May 10, 2010
NP 11-202 Receipt dated May 11, 2010
Offering Price and Description:
$25,003,000 - 22,730,000 Common Shares
Price: $1.10 per Common Share
Underwriter(s) or Distributor(s):
Cormark Securities Inc.
GMP Securities L.P.
Canaccord Genuity Corp.
Haywood Securities Inc.
Mackie Research Capital Corporation
CIBC World Markets Inc.
Clarus Securities Inc.
Raymond James Ltd.
Desjardins Securities Inc.
Jennings Capital Inc.
Jacobs Securities Inc.
Thomas Weisel Partners Canada Inc.
Promoter(s):
-
Project #1574844

Issuer Name:
Platmin Limited
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated May 5, 2010
NP 11-202 Receipt dated May 5, 2010
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
Promoter(s):
-
Project #1564880

Issuer Name:
PowerShares 1-5 Year Laddered Corporate Bond Index Fund
PowerShares Canadian Preferred Share Index Class
PowerShares Diversified Yield Fund
PowerShares FTSE RAFI® Global+ Fundamental Fund
PowerShares FTSE RAFI® U.S. Fundamental Fund
PowerShares Global Dividend Achievers Fund
PowerShares High Yield Corporate Bond Index Fund
PowerShares India Class
PowerShares Real Return Bond Index Fund
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated May 4, 2010 to Final Simplified Prospectuses and Annual Information Form dated January 12, 2010
NP 11-202 Receipt dated May 6, 2010
Offering Price and Description:
Series A, Series F, Series I, Series T6 , Series T8 Units and Series A, Series F and Series I Shares at Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
Invesco Trimark Limited
Project #1512118

Issuer Name:
Southern Pacific Resource Corp.
Principal Jurisdiction - Alberta
Type and Date:
Final Short Form Prospectus dated May 10, 2010
NP 11-202 Receipt dated May 10, 2010
Offering Price and Description:
$100,800,000 - 84,000,000 Common Shares
Price: $1.20 per Common Share
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns
TD Securities Inc.
Raymond James Ltd.
RBC Dominion Securities Inc.
Canaccord Financial Ltd.
Acumen Capital Finance Partners Limited
Byron Securities Limited
Promoter(s):
David M. Antony
Project #1573089

Issuer Name:
Sprott All Cap Fund
Sprott Canadian Equity Fund
Sprott Energy Fund
Sprott Global Equity Fund
Sprott Gold and Precious Minerals Fund
Sprott Growth Fund
Sprott Small Cap Equity Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated May 6, 2010
NP 11-202 Receipt dated May 6, 2010
Offering Price and Description:
Series A, F and I Units at Net Asset Value
Underwriter(s) or Distributor(s):

Promoter(s):
-
Project #1552586

Issuer Name:
Stantec Inc.
Principal Regulator - Alberta
Type and Date:
Final Shelf Prospectus dated May 6, 2010
NP 11-202 Receipt dated May 6, 2010
Offering Price and Description:
$300,000,000
Common Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1574734

Issuer Name:
Tradex Bond Fund
Tradex Equity Fund Limited
Tradex Global Equity Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated May 7, 2010
NP 11-202 Receipt dated May 10, 2010
Offering Price and Description:
Mutual Funds Units/ Shares at Net Asset Value
Underwriter(s) or Distributor(s):
Tradex Management Inc.
Promoter(s):
-
Project #1561675

Issuer Name:
TransGlobe Apartment Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated May 7, 2010
NP 11-202 Receipt dated May 7, 2010
Offering Price and Description:
$247,290,000 - 24,729,000 Units
Price: $10.00 per Unit
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
RBC Dominion Securities Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
Citigroup Global Markets Canada Inc.
Canaccord Financial Ltd.
Scotia Capital Inc.
National Bank Financial Inc.
Dundee Securities Corporation
Promoter(s):
TransGlobal Investment Management Ltd.
Project #1561659

Issuer Name:
Vena Resources Inc.
Principal Regulator - Ontario
Type and Date:
Final Shelf Prospectus dated May 5, 2010
NP 11-202 Receipt dated May 6, 2010
Offering Price and Description:
$30,000,000.00
Common Shares
Warrants
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1567210

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Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Amalgamation	Brownstone Investment Planning Inc. and Wellington West Financial Services Inc. To Form: Wellington West Financial Services Inc.	Exempt Market Dealer Mutual Fund Dealer	March 1, 2010
Change in Registration Category	Bull Capital Management Inc.	From: Exempt Market Dealer and Portfolio Manger To: Exempt Market Dealer, Portfolio Manger, and Investment Fund Manager	May 5, 2010
Change of Category	Nexus Investment Management Inc.	From: Portfolio Manager and Exempt Market Dealer To: Portfolio Manager, Exempt Market Dealer and Investment Fund Manager	May 6, 2010
Change in Registration Category	Services Financiers Penson Canada Inc./Penson Financial Services Inc.	From: Investment Dealer To: Investment Dealer under the *Securities Act* and Futures Commission Merchant under the *Commodity Futures Act.*	May 7, 2010
Name Change	From: Canaccord Financial Ltd. To: Canaccord Genuity Corp.	Investment Dealer	May 10, 2010
Suspended pursuant to paragraph 2 of subsection 29(1) of the *Securities Act.*	Genuity Capital Markets	Investment Dealer	May 10, 2010

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Chapter 13

SROs, Marketplaces and Clearing Agencies

13.2 Marketplaces

13.2.1 Notice and Request for Comment – CNSX Markets Inc. – Application for Variation and Restatement of its Recognition Order

CNSX MARKETS INC.

APPLICATION FOR VARIATION AND RESTATEMENT OF ITS RECOGNITION ORDER

NOTICE AND REQUEST FOR COMMENT

CNSX Markets Inc. (CNSX Markets) submitted an application (Application) to the Ontario Securities Commission (Commission) for an order pursuant to subsection 21.(2) and section 144 of the *Securities Act (Ontario)* to vary and restate the current recognition order of the Commission dated May 7, 2004 and subsequently, varied on September 9, 2005, June 13, 2006 and May 16, 2008 (Draft Order).

CNSX Markets has also requested amendments to the definition of "Alternative Market Security" in Rule 1-101 *Definitions* and to Rule 11-102(1) Qualification for Alternative Market (collectively, the Rules). Please see this chapter for a copy of CNSX Markets' Notice, blackline and clean copies of the Rules.

The Commission is publishing for a 30 day comment period the Application of CNSX Markets and the related documents. We are seeking comments on all aspects of the application and related documents.

A. CHANGES TO THE RECOGNITION ORDER

CNSX Markets submitted the Application to vary and restate its current recognition order for a number of purposes, including:

1. to consolidate the terms and conditions of the current recognition order;

2. to update the financial viability terms and conditions by clarifying the reporting requirements if certain ratios are not maintained and by removing items specific to conditions at the time of the initial recognition;

3. to update the systems related terms and conditions;

4. to add an outsourcing term and condition based on The Joint Forum's *Outsourcing in Financial Services*[1] guiding principles;

5. to update the terms and conditions relating to issuer regulation, which in conjunction with the amendments to the Rules, broaden the qualification for securities to be traded on the Alternative Market (Pure Trading) to any stock exchange recognized in a jurisdiction in Canada and thereby including CNSX listed securities;

6. to require CNSX Markets, as other regulated entities, to continue to comply with the reporting obligations of the Commission's Automation Review Program in Appendix A *Information to be filed*;

7. to revise the eligibility requirements for issuers in Appendix C *Eligible Issuers*; and

8. to make housekeeping amendments to update the current recognition order to reflect for example, CNSX Markets' corporate name change and to make other minor clarifications.

Please see Schedule A for a copy of CNSX Markets' Application, including the Draft Order.

[1] The Joint Forum (Composed of the Basel Committee on Banking Supervision, International Organization of Securities Commissions and International Association of Insurance Supervisors) *Outsourcing in Financial Services*, February 2005.

B. HOW TO PROVIDE YOUR COMMENTS

You must provide your comments in writing by June 13, 2010. If you are not sending your comments by email, you should also send an electronic file containing the submissions (in Windows format, Microsoft Word).

Please send your comments to the following address:

c/o John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West
Suite 800, Box 55
Toronto, Ontario
M5H 3S8
jstevenson@osc.gov.on.ca

The Commission will publish written comments received unless the Commission approves a commenter's request for confidentiality.

Questions may be referred to:

Emily Sutlic
Senior Legal Counsel, Market Regulation
(416) 593-2362
esutlic@osc.gov.on.ca

Michael Bennett
Senior Legal Counsel, Corporate Finance
(416) 593-8079
mbennett@osc.gov.on.ca

May 14, 2010

Schedule A - CNSX Application

CINDY F. PETLOCK
General Counsel & Corporate Secretary
T: 416.572.2000 x2282
cindy.petlock@cnsx.ca

BY EMAIL AND DELIVERY

April 16, 2010

Ontario Securities Commission
20 Queen Street West
19th Floor, Box 55
Toronto, ON M5H 3S8
Attention: Emily Sutlic, Senior Legal Counsel, Market Regulation

Dear Ms Sutlic:

Re: CNSX Markets Inc. ("CNSX Markets") — Application for Variation of Recognition Order

CNSX Markets hereby applies under section 144 of the *Securities Act* (Ontario) (the "Act") for a variation and restatement of the order recognizing CNSX Markets as a stock exchange to: 1) consolidate the terms of its existing stock exchange recognition order, issued May 7, 2004 and amended September 9, 2005, June 13, 2006 and May 16, 2008 (the "Current Order"), and 2) to make further changes to update the order, as described below. A cheque for the application fee, in the amount of $5,000, is attached.

Background and Overview

CNSX Markets was recognized as a quotation and trade reporting system ("QTRS") by the OSC on February 28, 2003 and commenced trading on July 25, 2003. In May, 2004 the Commission granted the order recognizing CNSX Markets as a stock exchange and rescinded the QTRS recognition order. Subsequent variations were issued as separate orders. We are currently operating as a stock exchange under the applicable exemptions in Alberta, British Columbia, Manitoba and Québec and the Ontario Securities Commission ("OSC" or "Commission") is CNSX Markets' lead regulator.

We have found it impractical to have a multi-part recognition order, especially when responding to requests for copies for it from third parties or when directing such parties to the OSC website. As a result of reviewing the order for consolidation purposes, we noticed minor clarifications that we would like to make. We are also seeking to update the order to:

- reflect the change to our corporate name,
- revise the financial viability term and condition to better address our stage of development,
- clarify the eligibility requirements for issuers in Appendix C, and
- make other amendments that OSC staff have requested relating to systems and outsourcing requirements.

We have taken this opportunity to address all of these amendments in one order. Please see the attached draft order for the specific terms and conditions as described in the following paragraphs.

CNSX Markets' Market Structure

We are not seeking any changes to our market structure. We continue to operate two separately-branded electronic markets: Canadian National Stock Exchange ("CNSX") and Pure Trading. Access rules continue to require that participants be registered investment dealers ("Dealers") and we continue to contract with the Investment Industry Regulatory Organization of Canada ("IIROC") to provide market regulation services, including market surveillance, timely disclosure policy administration, trade desk compliance and investigations and enforcement.

With respect to new listings, an issuer must be a reporting issuer in a Canadian jurisdiction before the application is accepted by CNSX, as before, with one exception: certain issuers whose debt securities are exempt from prospectus requirements under clauses 73(1)(a) and (b) of the Act (for example, provincial debt issuers and financial institutions) are also eligible for listing. We have added a condition to deal with cases where issuers are deemed to be reporting issuers for a particular purpose, such as via BC Instrument 51-509 *Issuers Quoted in the US Over-the-Counter Markets*. Investors are able to directly access an issuer's trading data and disclosure record on our website at www.cnsx.ca (the "Website").

Corporate Governance

CNSX Markets' corporate governance structure and arrangements are unchanged. We are requesting a small number of non-substantive amendments to term and condition #1 of the Current Order, including a change in the reference from "quoted" to "listed" and changes to better reflect the existing and ongoing nature of our obligations.

Fitness

We are seeking a change to term and condition #2 of the Current Order to state that we must "take reasonable steps" to ensure that each significant shareholder, officer and director meets the fit and proper requirements. This standard is consistent with the obligation imposed on other regulated entities.

Fair and Appropriate Fees

No substantive changes are being requested to term and condition #3.

Access

We are requesting only minor drafting clarifications to term and condition #4.

Financial Viability

To account for our stages of evolution as we grow, we are requesting amendments to term and condition #5. As discussed with OSC staff, the revised term and condition combines the pre-existing exchange financial viability provisions and those that had formed an exemption at the time of our original recognition. The steps for reporting if certain ratios are not maintained are spelled out more clearly, and items specific to conditions at the time of initial recognition that are no longer required have been removed.

Regulation

CNSX Markets continues to maintain its ability to perform its regulation functions including setting requirements governing the conduct of and disciplining CNSX Dealers and Issuers. We are seeking the following changes to term and condition #6 to:

1) add that such regulation will be carried out "…directly or indirectly through a regulation services provider";

2) incorporate the May, 2008 variation in the consolidated order, changing the reference from Market Regulation Services Inc. to IIROC as our regulation services provider;

3) generalize the references in the section to "its regulation services provider" to accommodate any further name changes or a change of regulation services provider, should that ever be the case; and

4) make some minor style changes to update the provision.

Capacity and Integrity of Systems

On January 28, 2010, the requirements in National Instrument 21-101 ("NI 21-101") regarding systems were amended. In order to avoid having to revise the order for any further amendments to NI 21-101, following discussions with OSC staff we have made term and condition #7 principles-based. It now states that we must maintain reasonable controls to ensure capacity and integrity requirements and security of technology systems, and is supported by revised term and condition #16 that requires compliance with NI 21-101 and National Instrument 23-101 ("NI 23-101") generally. The title was also revised to "Capacity, Integrity and Security of Systems".

Purpose of Rules

We are submitting only formatting changes to term and condition #8.

Rules and Rule-Making

We are submitting only a minor grammatical change to term and condition #9.

Financial Statements

We are removing the reference to GAAP in term and condition #10 to accommodate the changes to accounting principles, and ensure the term and condition remains accurate whether we choose IFRS or the GAAP for Private Enterprises.

Discipline Rules

We are seeking to amend the title of term and condition #11 to "Disciplinary Powers" to better match the text. We are also proposing other drafting changes to conform to other similar entities' recognition orders, including clarifying that the obligation regarding violations of securities legislation relates to providing notice to the OSC of any violations of securities legislation *of which we become aware in the ordinary course*.

Due Process

We are proposing drafting revisions to term and condition #12 for clarity only.

Information Sharing

CNSX Markets is able and willing to share information and otherwise co-operate with the entities listed in term and condition #13, but our ability to do so is subject to privacy and other, similar, legislation. We are therefore requesting that this restriction be added to the end of the section in the Current Order.

Issuer Regulation

Term and condition #14 had been drafted specifically to address issues at the point in time that the Current Order was originally issued in May, 2004. We have not altered the reference to Appendix C for issuer eligibility but are seeking to remove the time limitation in the Current Order for applying to amend condition (a) (now 14.1).

We are also proposing several clarification changes, including, in condition (b) (now 14.2), to:

1) specifically name Pure Trading; and

2) refer to the Pure Trading qualification provisions in the Rules and remove the duplicative requirements in the order.

Clearing and Settlement

There are no substantive changes to term and condition #15. We are proposing a drafting change to better reflect the fact that the clearing and settlement arrangements in place are requirements imposed on our participants, not our own arrangements.

Transparency Requirements

At the request of OSC staff, this term and condition is being broadened to refer to compliance with all requirements in NI 21-101 and NI 23-101, not just regarding transparency. It has been re-titled "Marketplace Regulatory Requirements".

Outsourcing

As requested by OSC staff, we have included a term and condition regarding outsourcing.

Additional Information

In term and condition #18, we have only added language to reflect the fact that the provision continues to apply.

Appendix A

The Appendix is now titled "Reporting Obligations" for clarity. We are amending the notice section, #3, to replace the reference to "press release" with "notice" to reflect practice.

OSC staff have asked that we add section 4, General, to refer to compliance with the ongoing reporting obligations under the Automation Review Program.

Appendix B

There are only minor drafting changes to this appendix.

Appendix C

We are proposing to add to the existing eligibility standard, i.e. companies that are reporting issuers in a Canadian jurisdiction, certain issuers whose debt securities are exempt from prospectus requirements under clauses 73(1)(a) and (b) of the Act, (for example, provincial debt issuers and financial institutions). We have qualified the reporting issuer criterion to say that some reporting issuers, by virtue of how they became reporting issuers, may still be ineligible in accordance with the Rules until they file a prospectus, obtain a receipt and are not in default of any securities law requirements. A current example, as noted above, is an issuer deemed to be a reporting issuer under BC Instrument 51-509 *Issuers Quoted in the US Over-the-Counter Markets.*

Conclusion

We submit that the majority of the above changes are house-keeping amendments to update and clarify the terms and conditions of the Current Order. We look forward to receiving your comments at your earliest convenience. If you have any questions or would like to discuss any aspects of this application, please contact me at 416-572-2000 x 2282 or Robert Cook at 416-572-2000 x2470.

Yours truly,
CNSX MARKETS INC.

"*Cindy Petlock*"

Cindy Petlock
General Counsel & Corporate Secretary

cc: Susan Greenglass, Market Regulation, OSC
Tracey Stern, Market Regulation, OSC
Rob Cook, CNSX Markets
Mark Faulkner, CNSX Markets

CERTIFICATE

We authorize the making and filing of the attached application by CNSX Markets Inc. and confirm the truth of the facts contained therein.

DATED at Toronto this 16th day of April, 2010

CNSX MARKETS INC.

"*Cindy Petlock*"

Cindy Petlock
General Counsel & Corporate Secretary

CNSX Draft Order – s. 144 of the Act - Blacklined

IN THE MATTER OF
THE SECURITIES ACT, R.S.O. 1990,
CHAPTER S.5, As Amended (the "Act")

AND

IN THE MATTER OF
CNSX MARKETS INC.

VARIATION TO RECOGNITION ORDER
(Section 144 of the Act)

WHEREAS the Commission issued an order dated February 28, 2003, recognizing the Canadian Trading and Quotation System Inc. (CNQ) as a quotation and trade reporting system (QTRS) pursuant to section 21 of the Act (CNQ QTRS Recognition Order);

AND WHEREAS the Commission issued an order dated May 7, 2004, as varied on September 9, 2005, June 13, 2006, and May 16, 2008, granting recognition to CNQ as a stock exchange pursuant to section 21 of the Act and revoking the CNQ QTRS Recognition Order pursuant to section 144 of the Act (CNQ Exchange Recognition Order);

AND WHEREAS CNQ changed its name to CNSX Markets Inc. (CNSX Markets) on November 4, 2008;

AND WHEREAS the Commission has determined that it is not prejudicial to the public interest to issue this order that varies and restates the CNQ Exchange Recognition Order to reflect the name change, update the financial viability and systems-related terms and conditions, add an outsourcing term and condition, update Schedule A, Appendix C relating to eligible issuers, and make certain additional amendments;

IT IS ORDERED, pursuant to section 144 of the Act that the CNQ Exchange Recognition Order be varied and restated as follows:

IN THE MATTER OF
THE SECURITIES ACT, R.S.O. 1990,
CHAPTER S.5, As Amended (the "Act")

AND

IN THE MATTER OF
CNSX MARKETS INC.

RECOGNITION ORDER
(Section 21 of the Act)

WHEREAS the Commission issued an order dated February 28, 2003, recognizing the Canadian Trading and Quotation System Inc. (CNQ) as a quotation and trade reporting system (QTRS) pursuant to section 21 of the Act (CNQ QTRS Recognition Order);

AND WHEREAS the Commission issued an order dated May 7, 2004, as varied on September 9, 2005, June 13, 2006, and May 16, 2008, granting recognition to CNQ as a stock exchange pursuant to section 21 of the Act and revoking the CNQ QTRS Recognition Order pursuant to section 144 of the Act (CNQ Exchange Recognition Order);

AND WHEREAS CNQ changed its name to CNSX Markets Inc. (CNSX Markets) on November 4, 2008;

AND WHEREAS CNSX Markets operates the Canadian National Stock Exchange (CNSX) and the Alternative Market facility, Pure Trading (PURE):

AND WHEREAS CNSX Markets has made an application (Application) to continue its recognition under a varied and restated recognition order to reflect the name change, update the financial viability and systems-related terms and conditions, add an outsourcing term and condition; update Schedule A, Appendix C relating to eligible issuers and make certain additional amendments (collectively, the Amendments);

AND WHEREAS the Commission has received certain representations and undertakings from CNSX Markets in connection with the Application;

AND WHEREAS CNSX Markets will continue to comply with National Instrument 21-101 *Marketplace Operation* and National Instrument 23-101 *Trading Rules*;

AND WHEREAS the Commission considers it appropriate to set out in this order the terms and conditions of CNSX Markets' continued recognition as a stock exchange, which terms and conditions are set out in Schedule A;

AND WHEREAS CNSX Markets has agreed to the terms and conditions set out in Schedule A;

AND WHEREAS the Commission is of the opinion that the continued recognition of CNSX Markets as a stock exchange, subject to the terms and conditions set out in Schedule A would not be prejudicial to the public interest;

THE COMMISSION HEREBY continues to recognize CNSX Markets as a stock exchange pursuant to section 21 of the Act, subject to the terms and conditions set out in Schedule A.

DATED , 2010

SCHEDULE A

TERMS AND CONDITIONS

1. CORPORATE GOVERNANCE

1.1 ~~CNQ's~~CNSX Markets' arrangements with respect to the appointment, removal from office and functions of the persons ultimately responsible for making or enforcing the rules, policies and other similar instruments (Rules) of ~~CNQ~~CNSX Markets, namely, the ~~governing body~~board of directors (Board), are such as to ensure a proper balance between the interests of the different entities desiring access to the facilities of ~~CNQ~~CNSX Markets (~~CNQ Dealer~~CNSX Dealers) and companies seeking to be ~~quoted~~ listed on ~~CNQ~~CNSX (~~CNQ Issuer~~CNSX Issuers), and a reasonable number and proportion of directors are ~~will be~~ "independent" in order to ensure diversity of representation on the Board. An independent director is a director that is not:

(a) an associate, director, officer or employee of a ~~CNQ Dealer~~CNSX Dealer;

(b) an officer or employee of ~~CNQ~~CNSX Markets or its affiliates;

(c) an associate, director, officer or employee of any person or company who owns or controls, directly or indirectly, over 10% of ~~CNQ~~CNSX Markets; or

(d) a person who owns or controls, directly or indirectly, over 10% of ~~CNQ~~CNSX Markets.

In particular, ~~CNQ~~CNSX Markets will ensure that at least fifty per cent (50%) of its directors are~~will be~~ independent. In the event that at any time ~~CNQ~~CNSX Markets fails to meet such requirement, it will promptly remedy such situation.

1.2 Without limiting the generality of the foregoing, ~~CNQ's~~CNSX Markets' governance structure provides for:

(a) fair and meaningful representation on its ~~governing body~~board of directors, in the context of the nature and structure of ~~CNQ~~CNSX Markets, and any governance committee thereto and in the approval of Rules;

(b) appropriate representation of independent directors on any ~~CNQ~~CNSX Markets Board committees; and

(c) appropriate qualifications, remuneration, conflict of interest provisions and limitation of liability and indemnification protections for directors and officers and employees of ~~CNQ~~CNSX Markets generally.

2. FITNESS

2.1 In order to ensure that ~~CNQ~~CNSX Markets operates with integrity and in the public interest, CNSX Markets will take reasonable steps to ensure that each person or company that owns or controls, directly or indirectly, more than 10% of ~~CNQ~~CNSX Markets and each officer or director of ~~CNQ~~CNSX Markets is a fit and proper person and the past conduct of each person or company that owns or controls, directly or indirectly, more than 10% of ~~CNQ~~CNSX Markets and each officer or director of ~~CNQ~~CNSX Markets affords reasonable grounds for belief that the business of ~~CNQ~~CNSX Markets will be conducted with integrity.

3. FAIR AND APPROPRIATE FEES

3.1 Any and all fees imposed by ~~CNQ~~ CNSX Markets will be equitably allocated. Fees will not have the effect of creating barriers to access and must be balanced with the criterion~~a~~ that ~~CNQ~~CNSX Markets will have sufficient revenues to satisfy its responsibilities.

3.2 ~~CNQ~~CNSX Markets's process for setting fees will be fair, appropriate and transparent.

4. ACCESS

4.1 ~~CNQ's~~CNSX Markets' requirements will permit all properly registered dealers that are members of a recognized SRO and satisfy access requirements established by ~~CNQ~~CNSX Markets to access the facilities of ~~CNQ~~CNSX Markets.

4.2 Without limiting the generality of the foregoing, ~~CNQ~~CNSX Markets will:

(a) establish written standards for granting access to ~~CNQ Dealer~~CNSX Dealers trading on ~~CNQ~~ its facilities;

(b) not unreasonably prohibit or limit access by a person or company to services offered by it; and

(c) keep records of:

(i) each grant of access including, for each ~~CNQ Dealer~~CNSX Dealer, the reasons for granting such access, and

(ii) each denial or limitation of access, including the reasons for denying or limiting access to any applicant.

5. FINANCIAL VIABILITY

5.1 ~~CNQ~~CNSX Markets will maintain sufficient financial resources for the proper performance of its functions.

5.2 ~~CNQ~~CNSX Markets will deliver to Commission staff its annual financial budget, together with the underlying assumptions, that has been approved by its b~~B~~oard of d~~D~~irectors, within 30 days after the commencement of each fiscal year. Such financial budget should include monthly projected revenues, expenses and cash flows.

~~(c) For the two-year period commencing on September 9, 2005:~~

~~(i) CNQ will deliver to Commission staff unaudited monthly financial statements prepared in accordance with Generally Accepted Accounting Principles, and a status update on any pending capital raising transaction(s) including the amount, terms and name(s) of individuals/entities that have committed to providing funding and their commitment, within 30 days of each month end;~~

~~(ii) CNQ will deliver to Commission staff the following within 60 days of each quarter end:~~

~~(A) a comparison of the monthly revenues and expenses incurred by CNQ with the projected monthly revenues and expenses included in the most recent annual financial budget delivered to Commission staff, and~~

~~(B) for each revenue item whose actual was significantly lower than its projected amount, and for each expense item whose actual was significantly higher than its projected amount, the reasons for the variance;~~

~~(iii) CNQ will, prior to making a cash interest payment or principal repayment on the following debts, demonstrate to the satisfaction of Commission staff that it will have sufficient financial resources to continue its operations after the payment:~~

~~(A) the subordinated, convertible debentures described in the term sheet dated November 29, 2002,~~

~~(B) the debts owed by CNQ described in the subordinated agreement dated December 23, 2002 between 1141216 Ontario Limited, Wendsley Lake Corporation, CNQ and The Business, Engineering, Science & Technology Discoveries Fund Inc., and~~

~~(C) any amounts owed by CNQ to any officers or directors, or to any person or company that owns or controls, directly or indirectly, more than 10% of CNQ, except for reasonable compensation arising in the normal course of business; and~~

~~(iv) CNQ will, prior to making any loans, bonuses, dividends or other distributions of assets to any director, officer, related company or shareholder that are in excess of the amount included in the most recent annual financial budget delivered to Commission staff, demonstrate to the satisfaction of Commission staff that it will have sufficient financial resources to continue its operations after the payment.~~

5.3 CNSX Markets shall calculate monthly the following financial ratios:

~~(d) After September 9, 2007:~~

~~(i) CNQ will, on a quarterly basis (along with the quarterly financial statements required to be delivered pursuant to paragraph 10), report to Commission staff the following financial ratios to permit trend analysis and provide an early warning signal with respect to the financial health of the company:~~

(a) a current ratio, being the ratio of current assets to current liabilities~~,~~;

(b) a debt to cash flow ratio, being the ratio of total debt (including any line of credit draw downs, ~~term loans (~~and the current and long-term portions~~) and debentures~~ of any loans, but excluding accounts payable, accrued expenses and other liabilities) to EBITDA (or earnings before interest, taxes, stock based compensation, depreciation and amortization) for the most recent 12 months~~,~~; and

(c) a financial leverage ratio, being the ratio of total assets to shareholders' equity,

in each case following the same accounting principles as those used for the audited financial statements of ~~CNQ~~CNSX Markets~~;~~.

5.4 CNSX Markets will report quarterly (along with the financial statements required to be delivered pursuant to section 10.1) to Commission staff the monthly calculations for the previous quarter of the financial ratios as required to be calculated under section 5.3.

5.5 Depending on the results of the calculations under section 5.3, CNSX Markets may be required to provide additional reporting as set out below.

(a) If ~~CNQ~~CNSX Markets determines that it does not have ~~fails to maintain~~, or anticipates ~~it will~~ that, ~~fail to maintain~~in the next twelve months, it will not have:

(i) a current ratio of greater than or equal to 1.1/1,

(ii) a debt to cash flow ratio of less than or equal to 4.0/1, or

(iii) a financial leverage ratio of less than or equal to 4.0/1,

it will immediately ~~report to~~ notify Commission staff~~; and~~ of the above ratio(s) that it is not maintaining, the reasons, along with an estimate of the length of time before the ratio(s) will be maintained.

(b) Upon receipt of a notification made by CNSX Markets pursuant to paragraph (a), the Commission or its staff may, as determined appropriate, impose terms or conditions on CNSX Markets, which may include any of the terms and conditions set out in paragraphs 5.6(b) and (c).

5.6 If ~~CNQ~~CNSX Markets' ~~fails to maintain its~~ current ratio, debt to cash flow ratio or financial leverage ratio falls below~~at~~ the levels outlined ~~in paragraph (d)(ii)~~ in subparagraphs 5.5(a)(i), (ii) and (iii) above for a period of more than three months, ~~its President~~CNSX Markets will:

(a) immediately deliver a letter advising Commission staff of the reasons for the continued ratio deficiencies and the steps being taken to rectify the situation~~, and the Commission or its staff may impose terms or conditions on CNQ as it determines appropriate, including but not limited to requirements outlined in paragraph (c) above.~~;

(b) deliver to Commission staff, on a monthly basis, within 30 days of the end of each month:

(i) unaudited monthly financial statements and a status update on any pending capital raising transaction(s) including the amount, terms and name(s) of individuals/entities that have committed to providing funding and their commitment,

(ii) a comparison of the monthly revenues and expenses incurred by CNSX Markets against the projected monthly revenues and expenses included in CNSX Markets' most recently updated budget for that fiscal year,

(iii) for each revenue item whose actual was significantly lower than its projected amount, and for each expense item whose actual was significantly higher than its projected amount, the reasons for the variance, and

(iv) a calculation of the current ratio, debt to cash flow ratio and financial leverage ratio for the month;

(c) prior to making any type of payment to any director, officer, related company or shareholder that is in excess of the amount included in the most recent annual financial budget delivered to Commission staff, demonstrate to the satisfaction of Commission staff that it will have sufficient financial resources to continue its operations after the payment; and

(d) adhere to any additional terms or conditions imposed by the Commission or its staff, as determined appropriate, on CNSX Markets,

until such time as CNSX Markets has maintained each of its current ratio, debt to cash flow ratio and financial leverage ratio at the levels outlined in subparagraphs 5.5(a)(i), (ii) and (iii) for a period of at least 6 consecutive months.

6. REGULATION

6.1 ~~CNQ~~CNSX Markets will maintain its ability to perform its regulation functions including setting requirements governing the conduct of ~~CNQ Dealer~~CNSX Dealers and ~~CNQ Issuer~~CNSX Issuers and disciplining ~~CNQ Dealer~~CNSX Dealers and ~~CNQ issuer~~CNSX Issuers, whether directly or indirectly through a regulation services provider.

6.2 ~~CNQ~~CNSX Markets ~~has retained and~~ will continue to retain the Investment Industry Regulatory Organization of Canada (IIROC, the successor to Market Regulation Services Inc.) ~~Market Regulation Services Inc. (RS Inc.)~~ as a regulation services provider to provide certain regulation services which have been approved by the Commission. ~~CNQ~~CNSX Markets will provide to the Commission, on an annual basis, a list outlining the regulation services performed by ~~RS Inc.~~IIROC and the regulation services performed by ~~CNQ~~CNSX Markets. All amendments to those listed services are subject to the prior approval of the Commission.

6.3 ~~CNQ~~CNSX Markets will provide the Commission with an annual report with such information regarding its affairs as may be requested from time to time. The annual report will be in such form as may be specified by the Commission from time to time.

6.4 ~~CNQ~~CNSX Markets will perform all other regulation functions not performed by ~~RS Inc. IIROC~~ its regulation services provider.

6.5 Management of ~~CNQ~~CNSX Markets (including the President ~~and CEO~~) will at least annually assess the performance by ~~RS Inc. IIROC~~ its regulation services provider of its regulation functions and report to the Board, together with any recommendations for improvements. ~~CNQ~~CNSX Markets will provide the Commission with copies of such reports and ~~shall~~ will advise the Commission of any proposed actions arising there from.

6.6 ~~CNQ~~CNSX Markets ~~shall~~ will provide the Commission with the information set out in Appendix A, as amended from time to time.

7. CAPACITY AND INTEGRITY OF SYSTEMS

7.1 CNSX Markets will maintain, in accordance with prudent business practice, reasonable controls to ensure capacity, integrity requirements and security of its technology systems.

~~For each of its systems that support order entry, order routing, execution, data feeds, trade reporting and trade comparison, capacity and integrity requirements, CNQ will:~~

~~(a) on a reasonably frequent basis, and in any event, at least annually,~~

~~(i) make reasonable current and future capacity estimates;~~

~~(ii) conduct capacity stress tests of critical systems to determine the ability of those systems to process transactions in an accurate, timely and efficient manner;~~

~~(iii) develop and implement reasonable procedures to review and keep current the development and testing methodology of those systems;~~

~~(iv) review the vulnerability of those systems and data centre computer operations to internal and external threats including physical hazards, and natural disasters;~~

~~(v) establish reasonable contingency and business continuity plans;~~

~~(b) annually, cause to be performed an independent review and written report, in accordance with established audit procedures and standards, of its controls for ensuring that it is in compliance with paragraph (a) and conduct a review by senior management of the report containing the recommendations and conclusions of the independent review; and~~

~~(c) promptly notify the Commission of material systems failures and changes.~~

8. PURPOSE OF RULES

8.1 ~~CNQ~~CNSX Markets will establish Rules that are necessary or appropriate to govern and regulate all aspects of its business and affairs.

8.2 More specifically, ~~CNQ~~CNSX Markets will ensure that:

(a) the Rules are designed to:

(i) ensure compliance with securities legislation~~,~~;

(ii) prevent fraudulent and manipulative acts and practices~~,~~;

(iii) promote just and equitable principles of trade~~,~~;

(iv) foster cooperation and coordination with persons or companies engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in, securities~~,~~; and

(v) provide for appropriate discipline~~,~~;

(b) the Rules do not:

(i) permit unreasonable discrimination among ~~CNQ Issuer~~CNSX Issuers and ~~CNQ Dealer~~CNSX Dealers~~,~~; or

(ii) impose any burden on competition that is not necessary or appropriate in furtherance of securities legislation; and~~.~~

(c) the Rules are designed to ensure that its business is conducted in a manner so as to afford protection to investors.

9. RULES AND RULE-MAKING

9.1 ~~CNQ~~CNSX Markets will comply with the rule review process set out in Appendix B, as amended from time to time, concerning Commission approval of changes to~~in~~ its Rules.

10. FINANCIAL STATEMENTS

10.1 ~~CNQ~~CNSX Markets will file unaudited quarterly financial statements within 60 days of each quarter end and audited annual financial statements within 90 days of each year end~~, prepared in accordance with generally accepted accounting principles~~.

11. DISCIPLIN~~E~~ARY POWERS~~E RULES~~

11.1 ~~CNQ~~CNSX Markets will have general disciplinary and enforcement provisions in its Rules that will apply to any person or company subject to its regulation.

11.2 ~~CNQ~~CNSX Markets will ensure, through ~~Market Regulation Services Inc.~~ IIROC and otherwise, that any person or company subject to its regulation is appropriately ~~disciplined~~sanctioned for violations of ~~securities legislation and~~ the Rules. In addition, CNSX Markets will provide notice to the Commission of any violations of securities legislation of which it becomes aware in the ordinary course of its business.

12. DUE PROCESS

12.1 CNSX Markets ~~CNQ~~ will ensure that~~:~~

~~(a)~~ its requirements relating to access to ~~the~~ its facilities ~~of CNQ~~, the imposition of limitations or conditions on access and denial of access are fair and reasonable, including in respect of giving notice, giving parties an opportunity to be heard or make representations, keeping records, giving reasons and providing for appeals of its decisions.~~;~~

~~(b) parties are given an opportunity to be heard or make representations; and~~

~~(c) it keeps a record, gives reasons and provides for appeals of its decisions.~~

13. INFORMATION SHARING

13.1 ~~CNQ~~CNSX Markets will share information and otherwise co-operate with the Commission and its staff, the Canadian Investor Protection Fund, other Canadian exchanges and recognized self-regulatory organizations and regulatory authorities responsible for the supervision or regulation of securities firms and financial institutions, subject to the applicable privacy or other laws about the sharing of information and the protection of personal information.

14. ISSUER REGULATION

14.1 ~~CNQ~~CNSX Markets will ensure that only the issuers set out in Appendix C, as amended from time to time, are eligible for listing on CNSX~~, provided that upon application by CNQ made at any time after May 15, 2005, the Commission may amend or revoke this condition if it determines that to do so would not be prejudicial to the public interest~~.

14.2 ~~CNQ~~CNSX Markets may, in accordance with the requirements for qualification for trading on PURE set out in its Rules, trade~~designate certain listed~~ securities ~~as eligible for trading on PURE of issuers listed on designated Canadian stock exchanges in its Alternative Market~~ without approving such securities for an additional listing~~, provided that CNQ shall cease to trade any such security immediately upon notification that the security has been suspended or delisted by the designated exchange, or if it was the subject of a trading halt;~~.

14.3 ~~CNQ~~CNSX Markets has and will continue to ensure that it has sufficient authority over its CNSX listed issuers.

14.4 ~~CNQ~~CNSX Markets will carry~~ies~~ out appropriate review procedures to monitor and enforce listed issuer compliance with the Rules.

~~provided that:~~

~~a. for at least two months immediately prior to operating the Alternative Market, CNQ shall make available to the public any technology requirements regarding interfacing with and access to the marketplace; and~~

~~b. after the technology requirements set out in subsection (a) have been published, CNQ shall make available to the public, for at least one month, testing facilities for interfacing with and access to the marketplace.~~

14.5 ~~CNQ~~CNSX Markets will amend its Policies and Forms, from time to time, at the request of the Director, Corporate Finance, to reflect changes to the disclosure requirements of Ontario securities law.

15. CLEARING AND SETTLEMENT

15.1 The Rules impose a requirement on ~~CNQ has~~CNSX Dealers to have appropriate arrangements in place for clearing and settlement through a clearing agency recognized by the Commission under~~for the purposes of~~ the ~~*Securities Act* (Ontario)~~ Act.

16. ~~TRANSPARENCY~~MARKETPLACE REGULATORY REQUIREMENTS

16.1 ~~CNQ~~CNSX Markets will comply with the ~~pre-trade and post-trade transparency~~requirements set out in National Instrument 21-101 *Marketplace Operation* and in National Instrument 23-101 *Trading Rules*.

17. OUTSOURCING

17.1 In any material outsourcing of any of its business functions to a third party, CNSX Markets will proceed in accordance with industry best practices. Without limiting the generality of the foregoing, CNSX Markets will:

(a) establish and maintain policies and procedures that are approved by its board of directors for the evaluation and approval of such material outsourcing arrangements;

(b) in entering into any such material outsourcing arrangement:

(i) assess the risk of such arrangement, the quality of the service to be provided and the degree of control to be maintained by CNSX Markets, and

(ii) execute a contract with the service provider addressing all significant elements of such arrangement, including service levels and performance standards;

(c) ensure that any contract implementing such material outsourcing arrangement that is likely to impact on CNSX Markets' regulation functions provide for CNSX Markets, its agents and the Commission to be permitted to have access to and to inspect all data and information maintained by the service provider that CNSX Markets is required to share under section 13.1 or that is required for the assessment by the Commission of the performance of CNSX Markets of its regulation functions and the compliance of CNSX Markets with the terms and conditions in this Schedule A; and

(d) monitor the performance of the service provided under such material outsourcing arrangement.

~~17.~~18. ADDITIONAL INFORMATION

~~(a) CNQ has completed and submitted Form 21-101F1 (including the exhibits) to the Commission.~~

18.1 ~~CNQ~~CNSX Markets will provide the Commission with any additional information the Commission may require from time to time.

Appendix A

~~Information to be filed~~
Reporting Obligations

1. Quarterly Reporting on Exemptions or Waivers Granted

On a quarterly basis, ~~CNQ~~CNSX Markets will submit to the Commission a report summarizing all exemptions or waivers granted pursuant to the rules, policies or other similar instruments (Rules) to any ~~CNQ Dealer~~CNSX Dealer or ~~CNQ Issuer~~CNSX Issuer during the period. This summary should include the following information:

(a) The name of the ~~CNQ Dealer~~CNSX Dealer or ~~CNQ Issuer~~CNSX Issuer;

(b) The type of exemption or waiver granted during the period;

(c) The ~~D~~date of the exemption or waiver;~~,~~ and

(d) A description of ~~CNQ~~CNSX Markets staff's reason for the decision to grant the exemption or waiver.

2. Quarterly Reporting on Listing Applications

On a quarterly basis, ~~CNQ~~CNSX Markets will submit to the Commission a report containing the following information:

(a) The number of listing applications filed;

(b) The number of listing applications that were accepted;

(c) The number of listing applications that were rejected and the reasons for rejection, by category;

(d) The number of listing applications that were withdrawn or abandoned and, if known, the reasons why the application was withdrawn or abandoned, by category;

(e) The number of listing applications filed by ~~CNQ Issuer~~CNSX Issuers as a result of a Fundamental Change;

(f) The number of listing applications filed by ~~CNQ Issuer~~CNSX Issuers as a result of a Fundamental Change that were accepted;

(g) The number of listing applications filed by ~~CNQ Issuer~~CNSX Issuers as a result of a Fundamental Change that were ~~that were~~ rejected and the reasons for rejection, by category;

(h) The number of listing applications filed by ~~CNQ Issuer~~CNSX Issuers as a result of a Fundamental Change that were withdrawn or abandoned and, if known, the reasons why the application was withdrawn or abandoned, by category.

In each of the foregoing cases, the numbers shall be broken down by industry category and in any other manner that a Director of the Commission requests.

3. Notification of Suspensions and Disqualifications

If a ~~CNQ Issuer~~CNSX Issuer has been suspended or disqualified from qualification for listing, ~~CNQ~~CNSX Markets will immediately issue a ~~press release~~ notice setting out the reasons for the suspension and file this information with the Commission.

4. General

CNSX Markets will continue to comply with the reporting obligations under the Automation Review Program.

Appendix B

Rule Review Process

1. ~~CNQ~~CNSX Markets will file with the Commission each new or amended rule, policy and other similar instrument (Rules) adopted by its Board.

2. More specifically, ~~CNQ~~CNSX Markets will file the following information:

   (a) the Rule;

   (b) a notice of publication including:

      (i) a description of the Rule and its impact;

      (ii) a concise statement, together with supporting analysis, of the nature, purpose and intended effect of the Rule;

      (iii) the possible effects of the Rule on marketplace participants, competition and the costs of compliance;

      (iv) a description of the rule-making process, including a description of the context in which the Rule was developed, the process followed, the issues considered, the consultation process undertaken, the alternative approaches considered and the reasons for rejecting the alternatives;

      (v) where the Rule requires technological changes to be made by ~~CNQ~~CNSX Markets, ~~CNQ Dealer~~CNSX Dealers or ~~CNQ Issuer~~CNSX Issuers, ~~CNQ~~CNSX Markets will provide a description of the implications of the Rule and, where possible, an implementation plan, including a description of how the Rule will be implemented and the timing of the implementation;

      (vi) a reference to other jurisdictions including an indication as to whether another regulator in Canada, the United States or another jurisdiction has a comparable rule or has made or is contemplating making a comparable rule and, if applicable, a comparison of the Rule to the rule of the other jurisdiction; and

      (vii) whether the Rule is classified as "public interest" or "housekeeping"; and

      (viii) where the Rule is classified as "housekeeping", the effective date of the Rule.

3. For the purposes of the Rule Review Process, a Rule may be classified as "housekeeping" if it does not affect the meaning, intent or substance of an existing rule and involves only:

   (a) the correction of spelling, punctuation, typographical or grammatical mistakes or inaccurate cross-referencing;

   (b) stylistic formatting, including changes to headings or paragraph numbers;

   (c) amendments required to ensure consistency with an existing approved rule; or

   (d) changes in routine procedures and administrative practices of ~~CNQ~~CNSX Markets provided that such changes do not impose any significant burden or any barrier to competition that is not appropriate.

   Any Rule falling outside of this definition would be categorized as a "public interest" Rule. Prior to proposing a Rule that is of a "public interest" nature, as defined above, the b~~B~~oard of d~~D~~irectors of ~~CNQ~~CNSX Markets shall have determined that the entry into force of such "public interest" Rule would be in the best interests of the capital markets in Ontario. The material filed with the Commission in relation to "public interest" Rules shall be accompanied by a statement to that effect.

4. Where a Rule has been classified as "public interest", the Commission will publish for a 30 day comment period in its bulletin or on its website the notice filed by ~~CNQ~~CNSX Markets and the Rule. If amendments to the Rule are necessary as a result of comments received, ~~the~~ Commission staff shall have discretion to determine whether the Rule should be re-published for comment. If the Rule is re-published, the request for comment shall include ~~CNQ's~~CNSX Markets' summary of comments and responses thereto together with an explanation of the revisions to the Rule and the supporting rationale for the amendments.

5. A "public interest" Rule will be effective as of the date of Commission approval or on a date determined by ~~CNQ~~CNSX Markets, whichever is later. A "housekeeping" Rule shall be deemed to have been approved upon being filed with the Commission, unless staff of the Commission communicate to ~~CNQ~~CNSX Markets, within five business days of receipt of the Rule, their disagreement with ~~CNQ's~~CNSX Markets' classification of the Rule as "housekeeping" and the reasons for their disagreement. Where staff of the Commission disagree with ~~CNQ's~~CNSX Markets' classification, ~~CNQ~~CNSX Markets shall re-file the Rule as a "public interest" Rule. A "housekeeping" Rule shall be effective on the date indicated by ~~CNQ~~CNSX Markets in the filing.

6. The Commission shall publish a Notice of Commission Approval of both "public interest" and "housekeeping" Rules in its bulletin or on its website. All such notices relating to "public interest" Rules shall also include ~~CNQ's~~CNSX Markets' summary of comments and responses thereto. All such notices relating to "housekeeping" Rules shall be accompanied by the notice filed by ~~CNQ~~CNSX Markets and the Rule itself.

7. If ~~CNQ~~CNSX Markets is of the view that there is an urgent need to implement a Rule, ~~CNQ~~CNSX Markets may make a Rule effective immediately upon approval by ~~CNQ's~~CNSX Markets' board of directors provided that ~~CNQ~~CNSX Markets:

   (a) provides the Commission with written notice of the urgent need to implement the Rule prior to the submission of the Rule to ~~CNQ's~~CNSX Markets' board of directors; and

   (b) includes in the notice referenced in 2(b)~~(ii)~~ an analysis in support of the need for immediate implementation of the Rule.

8. If the Commission does not agree that immediate implementation is necessary, ~~the~~ Commission staff will advise ~~CNQ~~CNSX Markets that the Commission~~is~~ disagrees and provide the reasons for its disagreement. If no notice is received by ~~CNQ~~CNSX Markets within 5 business days of the Commission receiving ~~CNQ's~~CNSX Markets' notification, ~~CNQ~~CNSX Markets shall assume that the Commission agrees with its assessment.

9. A Rule that is implemented immediately shall be published, reviewed and approved in accordance with the procedure set out above. Where the Commission subsequently disapproves a Rule that was implemented immediately, ~~CNQ~~CNSX Markets shall repeal the Rule and publish a notice informing its marketplace participants.

10. The terms, conditions and procedures set out in this section may be varied or waived by ~~the~~ Commission staff. A waiver or variation may be specific or general and may be made for a time or for all time. The waiver or variation must be in writing by Commission staff.

Appendix C

Eligible Issuers

~~1. Only an issuer that is a reporting issuer or the equivalent in a jurisdiction in Canada and that is not in default of any requirements of securities legislation in any jurisdiction in Canada is eligible for listing.~~

1. Subject to section 2 below, only an issuer that:

   (a) is a reporting issuer or the equivalent in a jurisdiction in Canada; or

   (b) is proposing to list debt securities issued or guaranteed by a government in Canada that are exempt from the prospectus requirements under clause 73(1)(a) of the Act; or

   (c) is proposing to list debt securities issued or guaranteed by a financial institution that are exempt from the prospectus requirements under clause 73(1)(b) of the Act; and

   (d) is not in default of any requirements of securities legislation in any jurisdiction in Canada,

   is eligible for listing. However, if an issuer is eligible for listing under paragraph (b) or (c) above, CNSX may only list debt securities of the issuer that are contemplated by those paragraphs unless the issuer files and obtains a receipt for a preliminary prospectus and a prospectus in a jurisdiction in Canada.

2. An issuer that is a reporting issuer in a jurisdiction in Canada but is not considered eligible under the Rules due to the process by which it became a reporting issuer, is ineligible for listing unless it:

   (a) files and obtains a receipt for a preliminary prospectus and a prospectus in a jurisdiction in Canada; and

   (b) is not in default of any requirements of securities legislation in any jurisdiction in Canada.

CNSX Draft Order – s. 144 of the Act - Clean

IN THE MATTER OF
THE SECURITIES ACT, R.S.O. 1990,
CHAPTER S.5, As Amended (the "Act")

AND

IN THE MATTER OF
CNSX MARKETS INC.

VARIATION TO RECOGNITION ORDER
(Section 144 of the Act)

WHEREAS the Commission issued an order dated February 28, 2003, recognizing the Canadian Trading and Quotation System Inc. (CNQ) as a quotation and trade reporting system (QTRS) pursuant to section 21 of the Act (CNQ QTRS Recognition Order);

AND WHEREAS the Commission issued an order dated May 7, 2004, as varied on September 9, 2005, June 13, 2006, and May 16, 2008, granting recognition to CNQ as a stock exchange pursuant to section 21 of the Act and revoking the CNQ QTRS Recognition Order pursuant to section 144 of the Act (CNQ Exchange Recognition Order);

AND WHEREAS CNQ changed its name to CNSX Markets Inc. (CNSX Markets) on November 4, 2008;

AND WHEREAS the Commission has determined that it is not prejudicial to the public interest to issue this order that varies and restates the CNQ Exchange Recognition Order to reflect the name change, update the financial viability and systems-related terms and conditions, add an outsourcing term and condition, update Schedule A, Appendix C relating to eligible issuers, and make certain additional amendments;

IT IS ORDERED, pursuant to section 144 of the Act that the CNQ Exchange Recognition Order be varied and restated as follows:

IN THE MATTER OF
THE SECURITIES ACT, R.S.O. 1990,
CHAPTER S.5, As Amended (the "Act")

AND

IN THE MATTER OF
CNSX MARKETS INC.

RECOGNITION ORDER
(Section 21 of the Act)

WHEREAS the Commission issued an order dated February 28, 2003, recognizing the Canadian Trading and Quotation System Inc. (CNQ) as a quotation and trade reporting system (QTRS) pursuant to section 21 of the Act (CNQ QTRS Recognition Order);

AND WHEREAS the Commission issued an order dated May 7, 2004, as varied on September 9, 2005, June 13, 2006, and May 16, 2008, granting recognition to CNQ as a stock exchange pursuant to section 21 of the Act and revoking the CNQ QTRS Recognition Order pursuant to section 144 of the Act (CNQ Exchange Recognition Order);

AND WHEREAS CNQ changed its name to CNSX Markets Inc. (CNSX Markets) on November 4, 2008;

AND WHEREAS CNSX Markets operates the Canadian National Stock Exchange (CNSX) and the Alternative Market facility, Pure Trading (PURE):

AND WHEREAS CNSX Markets has made an application (Application) to continue its recognition under a varied and restated recognition order to reflect the name change, update the financial viability and systems-related terms and conditions, add an outsourcing term and condition; update Schedule A, Appendix C relating to eligible issuers and make certain additional amendments (collectively, the Amendments);

AND WHEREAS the Commission has received certain representations and undertakings from CNSX Markets in connection with the Application;

AND WHEREAS CNSX Markets will continue to comply with National Instrument 21-101 *Marketplace Operation* and National Instrument 23-101 *Trading Rules*;

AND WHEREAS the Commission considers it appropriate to set out in this order the terms and conditions of CNSX Markets' continued recognition as a stock exchange, which terms and conditions are set out in Schedule A;

AND WHEREAS CNSX Markets has agreed to the terms and conditions set out in Schedule A;

AND WHEREAS the Commission is of the opinion that the continued recognition of CNSX Markets as a stock exchange, subject to the terms and conditions set out in Schedule A would not be prejudicial to the public interest;

THE COMMISSION HEREBY continues to recognize CNSX Markets as a stock exchange pursuant to section 21 of the Act, subject to the terms and conditions set out in Schedule A.

DATED , 2010

SCHEDULE A

TERMS AND CONDITIONS

1. CORPORATE GOVERNANCE

1.1 CNSX Markets' arrangements with respect to the appointment, removal from office and functions of the persons ultimately responsible for making or enforcing the rules, policies and other similar instruments (Rules) of CNSX Markets, namely, the board of directors (Board), are such as to ensure a proper balance between the interests of the different entities desiring access to the facilities of CNSX Markets (CNSX Dealers) and companies seeking to be listed on CNSX (CNSX Issuers), and a reasonable number and proportion of directors are "independent" in order to ensure diversity of representation on the Board. An independent director is a director that is not:

(a) an associate, director, officer or employee of a CNSX Dealer;

(b) an officer or employee of CNSX Markets or its affiliates;

(c) an associate, director, officer or employee of any person or company who owns or controls, directly or indirectly, over 10% of CNSX Markets; or

(d) a person who owns or controls, directly or indirectly, over 10% of CNSX Markets.

In particular, CNSX Markets will ensure that at least fifty per cent (50%) of its directors are independent. In the event that at any time CNSX Markets fails to meet such requirement, it will promptly remedy such situation.

1.2 Without limiting the generality of the foregoing, CNSX Markets' governance structure provides for:

(a) fair and meaningful representation on its board of directors, in the context of the nature and structure of CNSX Markets, and any governance committee thereto and in the approval of Rules;

(b) appropriate representation of independent directors on any CNSX Markets Board committees; and

(c) appropriate qualifications, remuneration, conflict of interest provisions and limitation of liability and indemnification protections for directors and officers and employees of CNSX Markets generally.

2. FITNESS

2.1 In order to ensure that CNSX Markets operates with integrity and in the public interest, CNSX Markets will take reasonable steps to ensure that each person or company that owns or controls, directly or indirectly, more than 10% of CNSX Markets and each officer or director of CNSX Markets is a fit and proper person and the past conduct of each person or company that owns or controls, directly or indirectly, more than 10% of CNSX Markets and each officer or director of CNSX Markets affords reasonable grounds for belief that the business of CNSX Markets will be conducted with integrity.

3. FAIR AND APPROPRIATE FEES

3.1 Any and all fees imposed by CNSX Markets will be equitably allocated. Fees will not have the effect of creating barriers to access and must be balanced with the criterion that CNSX Markets will have sufficient revenues to satisfy its responsibilities.

3.2 CNSX Markets' process for setting fees will be fair, appropriate and transparent.

4. ACCESS

4.1 CNSX Markets' requirements will permit all properly registered dealers that are members of a recognized SRO and satisfy access requirements established by CNSX Markets to access the facilities of CNSX Markets.

4.2 Without limiting the generality of the foregoing, CNSX Markets will:

(a) establish written standards for granting access to CNSX Dealers trading on its facilities;

(b) not unreasonably prohibit or limit access by a person or company to services offered by it; and

(c) keep records of:

(i) each grant of access including, for each CNSX Dealer, the reasons for granting such access, and

(ii) each denial or limitation of access, including the reasons for denying or limiting access to any applicant.

5. FINANCIAL VIABILITY

5.1 CNSX Markets will maintain sufficient financial resources for the proper performance of its functions.

5.2 CNSX Markets will deliver to Commission staff its annual financial budget, together with the underlying assumptions, that has been approved by its board of directors, within 30 days after the commencement of each fiscal year. Such financial budget should include monthly projected revenues, expenses and cash flows.

5.3 CNSX Markets shall calculate monthly the following financial ratios:

(a) a current ratio, being the ratio of current assets to current liabilities;

(b) a debt to cash flow ratio, being the ratio of total debt (including any line of credit draw downs, and the current and long-term portions of any loans, but excluding accounts payable, accrued expenses and other liabilities) to EBITDA (or earnings before interest, taxes, stock based compensation, depreciation and amortization) for the most recent 12 months; and

(c) a financial leverage ratio, being the ratio of total assets to shareholders' equity,

in each case following the same accounting principles as those used for the audited financial statements of CNSX Markets.

5.4 CNSX Markets will report quarterly (along with the financial statements required to be delivered pursuant to section 10.1) to Commission staff the monthly calculations for the previous quarter of the financial ratios as required to be calculated under section 5.3.

5.5 Depending on the results of the calculations under section 5.3, CNSX Markets may be required to provide additional reporting as set out below.

(a) If CNSX Markets determines that it does not have, or anticipates that, in the next twelve months, it will not have:

(i) a current ratio of greater than or equal to 1.1/1,

(ii) a debt to cash flow ratio of less than or equal to 4.0/1, or

(iii) a financial leverage ratio of less than or equal to 4.0/1,

it will immediately notify Commission staff of the above ratio(s) that it is not maintaining, the reasons, along with an estimate of the length of time before the ratio(s) will be maintained.

(b) Upon receipt of a notification made by CNSX Markets pursuant to paragraph (a), the Commission or its staff may, as determined appropriate, impose terms or conditions on CNSX Markets, which may include any of the terms and conditions set out in paragraphs 5.6(b) and (c).

5.6 If CNSX Markets' current ratio, debt to cash flow ratio or financial leverage ratio falls below the levels outlined in subparagraphs 5.5(a)(i), (ii) and (iii) above for a period of more than three months, CNSX Markets will:

(a) immediately deliver a letter advising Commission staff of the reasons for the continued ratio deficiencies and the steps being taken to rectify the situation;

(b) deliver to Commission staff, on a monthly basis, within 30 days of the end of each month:

(i) unaudited monthly financial statements and a status update on any pending capital raising transaction(s) including the amount, terms and name(s) of individuals/entities that have committed to providing funding and their commitment,

(ii) a comparison of the monthly revenues and expenses incurred by CNSX Markets against the projected monthly revenues and expenses included in CNSX Markets' most recently updated budget for that fiscal year,

(iii) for each revenue item whose actual was significantly lower than its projected amount, and for each expense item whose actual was significantly higher than its projected amount, the reasons for the variance, and

(iv) a calculation of the current ratio, debt to cash flow ratio and financial leverage ratio for the month;

(c) prior to making any type of payment to any director, officer, related company or shareholder that is in excess of the amount included in the most recent annual financial budget delivered to Commission staff, demonstrate to the satisfaction of Commission staff that it will have sufficient financial resources to continue its operations after the payment; and

(d) adhere to any additional terms or conditions imposed by the Commission or its staff, as determined appropriate, on CNSX Markets,

until such time as CNSX Markets has maintained each of its current ratio, debt to cash flow ratio and financial leverage ratio at the levels outlined in subparagraphs 5.5(a)(i), (ii) and (iii) for a period of at least 6 consecutive months.

6. REGULATION

6.1 CNSX Markets will maintain its ability to perform its regulation functions including setting requirements governing the conduct of CNSX Dealers and CNSX Issuers and disciplining CNSX Dealers and CNSX Issuers, whether directly or indirectly through a regulation services provider.

6.2 CNSX Markets will continue to retain the Investment Industry Regulatory Organization of Canada (IIROC, the successor to Market Regulation Services Inc.) as a regulation services provider to provide certain regulation services which have been approved by the Commission. CNSX Markets will provide to the Commission, on an annual basis, a list outlining the regulation services performed by IIROC and the regulation services performed by CNSX Markets. All amendments to those listed services are subject to the prior approval of the Commission.

6.3 CNSX Markets will provide the Commission with an annual report with such information regarding its affairs as may be requested from time to time. The annual report will be in such form as may be specified by the Commission from time to time.

6.4 CNSX Markets will perform all other regulation functions not performed by its regulation services provider.

6.5 Management of CNSX Markets (including the President) will at least annually assess the performance by its regulation services provider of its regulation functions and report to the Board, together with any recommendations for improvements. CNSX Markets will provide the Commission with copies of such reports and will advise the Commission of any proposed actions arising there from.

6.6 CNSX Markets will provide the Commission with the information set out in Appendix A, as amended from time to time.

7. CAPACITY AND INTEGRITY OF SYSTEMS

7.1 CNSX Markets will maintain, in accordance with prudent business practice, reasonable controls to ensure capacity, integrity requirements and security of its technology systems.

8. PURPOSE OF RULES

8.1 CNSX Markets will establish Rules that are necessary or appropriate to govern and regulate all aspects of its business and affairs.

8.2 More specifically, CNSX Markets will ensure that:

(a) the Rules are designed to:

(i) ensure compliance with securities legislation,

(ii) prevent fraudulent and manipulative acts and practices,

(iii) promote just and equitable principles of trade,

(iv) foster cooperation and coordination with persons or companies engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in, securities, and

(v) provide for appropriate discipline;

(b) the Rules do not:

(i) permit unreasonable discrimination among CNSX Issuers and CNSX Dealers, or

(ii) impose any burden on competition that is not necessary or appropriate in furtherance of securities legislation; and

(c) the Rules are designed to ensure that its business is conducted in a manner so as to afford protection to investors.

9. RULES AND RULE-MAKING

9.1 CNSX Markets will comply with the rule review process set out in Appendix B, as amended from time to time, concerning Commission approval of changes to its Rules.

10. FINANCIAL STATEMENTS

10.1 CNSX Markets will file unaudited quarterly financial statements within 60 days of each quarter end and audited annual financial statements within 90 days of each year end.

11. DISCIPLINARY POWERS

11.1 CNSX Markets will have general disciplinary and enforcement provisions in its Rules that will apply to any person or company subject to its regulation.

11.2 CNSX Markets will ensure, through IIROC and otherwise, that any person or company subject to its regulation is appropriately sanctioned for violations of the Rules. In addition, CNSX Markets will provide notice to the Commission of any violations of securities legislation of which it becomes aware in the ordinary course of its business.

12. DUE PROCESS

12.1 CNSX Markets will ensure that its requirements relating to access to its facilities, the imposition of limitations or conditions on access and denial of access are fair and reasonable, including in respect of giving notice, giving parties an opportunity to be heard or make representations, keeping records, giving reasons and providing for appeals of its decisions.

13. INFORMATION SHARING

13.1 CNSX Markets will share information and otherwise co-operate with the Commission and its staff, the Canadian Investor Protection Fund, other Canadian exchanges and recognized self-regulatory organizations and regulatory authorities responsible for the supervision or regulation of securities firms and financial institutions, subject to the applicable privacy or other laws about the sharing of information and the protection of personal information.

14. ISSUER REGULATION

14.1 CNSX Markets will ensure that only the issuers set out in Appendix C, as amended from time to time, are eligible for listing on CNSX.

14.2 CNSX Markets may, in accordance with the requirements for qualification for trading on PURE set out in its Rules, designate certain listed securities as eligible for trading on PURE without approving such securities for an additional listing.

14.3 CNSX Markets has and will continue to ensure that it has sufficient authority over its CNSX listed issuers.

14.4 CNSX Markets will carry out appropriate review procedures to monitor and enforce listed issuer compliance with the Rules.

14.5 CNSX Markets will amend its Policies and Forms, from time to time, at the request of the Director, Corporate Finance, to reflect changes to the disclosure requirements of Ontario securities law.

15. CLEARING AND SETTLEMENT

15.1 The Rules impose a requirement on CNSX Dealers to have appropriate arrangements in place for clearing and settlement through a clearing agency recognized by the Commission under the Act.

16. MARKETPLACE REGULATORY REQUIREMENTS

16.1 CNSX Markets will comply with the requirements set out in National Instrument 21-101 *Marketplace Operation* and in National Instrument 23-101 *Trading Rules*.

17. OUTSOURCING

17.1 In any material outsourcing of any of its business functions to a third party, CNSX Markets will proceed in accordance with industry best practices. Without limiting the generality of the foregoing, CNSX Markets will:

(a) establish and maintain policies and procedures that are approved by its board of directors for the evaluation and approval of such material outsourcing arrangements;

(b) in entering into any such material outsourcing arrangement:

(i) assess the risk of such arrangement, the quality of the service to be provided and the degree of control to be maintained by CNSX Markets, and

(ii) execute a contract with the service provider addressing all significant elements of such arrangement, including service levels and performance standards;

(c) ensure that any contract implementing such material outsourcing arrangement that is likely to impact on CNSX Markets' regulation functions provide for CNSX Markets, its agents and the Commission to be permitted to have access to and to inspect all data and information maintained by the service provider that CNSX Markets is required to share under section 13.1 or that is required for the assessment by the Commission of the performance of CNSX Markets of its regulation functions and the compliance of CNSX Markets with the terms and conditions in this Schedule A; and

(d) monitor the performance of the service provided under such material outsourcing arrangement.

18. ADDITIONAL INFORMATION

18.1 CNSX Markets will provide the Commission with any additional information the Commission may require from time to time.

Appendix A

Reporting Obligations

1. Quarterly Reporting on Exemptions or Waivers Granted

On a quarterly basis, CNSX Markets will submit to the Commission a report summarizing all exemptions or waivers granted pursuant to the rules, policies or other similar instruments (Rules) to any CNSX Dealer or CNSX Issuer during the period. This summary should include the following information:

(a) The name of the CNSX Dealer or CNSX Issuer;

(b) The type of exemption or waiver granted during the period;

(c) The date of the exemption or waiver; and

(d) A description of CNSX Markets staff's reason for the decision to grant the exemption or waiver.

2. Quarterly Reporting on Listing Applications

On a quarterly basis, CNSX Markets will submit to the Commission a report containing the following information:

(a) The number of listing applications filed;

(b) The number of listing applications that were accepted;

(c) The number of listing applications that were rejected and the reasons for rejection, by category;

(d) The number of listing applications that were withdrawn or abandoned and, if known, the reasons why the application was withdrawn or abandoned, by category;

(e) The number of listing applications filed by CNSX Issuers as a result of a Fundamental Change;

(f) The number of listing applications filed by CNSX Issuers as a result of a Fundamental Change that were accepted;

(g) The number of listing applications filed by CNSX Issuers as a result of a Fundamental Change that were rejected and the reasons for rejection, by category;

(h) The number of listing applications filed by CNSX Issuers as a result of a Fundamental Change that were withdrawn or abandoned and, if known, the reasons why the application was withdrawn or abandoned, by category.

In each of the foregoing cases, the numbers shall be broken down by industry category and in any other manner that a Director of the Commission requests.

3. Notification of Suspensions and Disqualifications

If a CNSX Issuer has been suspended or disqualified from qualification for listing, CNSX Markets will immediately issue a notice setting out the reasons for the suspension and file this information with the Commission.

4. General

CNSX Markets will continue to comply with the reporting obligations under the Automation Review Program.

Appendix B

Rule Review Process

1. CNSX Markets will file with the Commission each new or amended rule, policy and other similar instrument (Rules) adopted by its Board.

2. More specifically, CNSX Markets will file the following information:

   (a) the Rule;

   (b) a notice of publication including:

      (i) a description of the Rule and its impact;

      (ii) a concise statement, together with supporting analysis, of the nature, purpose and intended effect of the Rule;

      (iii) the possible effects of the Rule on marketplace participants, competition and the costs of compliance;

      (iv) a description of the rule-making process, including a description of the context in which the Rule was developed, the process followed, the issues considered, the consultation process undertaken, the alternative approaches considered and the reasons for rejecting the alternatives;

      (v) where the Rule requires technological changes to be made by CNSX Markets, CNSX Dealers or CNSX Issuers, CNSX Markets will provide a description of the implications of the Rule and, where possible, an implementation plan, including a description of how the Rule will be implemented and the timing of the implementation;

      (vi) a reference to other jurisdictions including an indication as to whether another regulator in Canada, the United States or another jurisdiction has a comparable rule or has made or is contemplating making a comparable rule and, if applicable, a comparison of the Rule to the rule of the other jurisdiction; and

      (vii) whether the Rule is classified as “public interest” or “housekeeping”; and

      (viii) where the Rule is classified as “housekeeping”, the effective date of the Rule.

3. For the purposes of the Rule Review Process, a Rule may be classified as “housekeeping” if it does not affect the meaning, intent or substance of an existing rule and involves only:

   (a) the correction of spelling, punctuation, typographical or grammatical mistakes or inaccurate cross-referencing;

   (b) stylistic formatting, including changes to headings or paragraph numbers;

   (c) amendments required to ensure consistency with an existing approved rule; or

   (d) changes in routine procedures and administrative practices of CNSX Markets provided that such changes do not impose any significant burden or any barrier to competition that is not appropriate.

   Any rule falling outside of this definition would be categorized as a “public interest” Rule. Prior to proposing a Rule that is of a “public interest” nature, as defined above, the board of directors of CNSX Markets shall have determined that the entry into force of such “public interest” Rule would be in the best interests of the capital markets in Ontario. The material filed with the Commission in relation to “public interest” Rules shall be accompanied by a statement to that effect.

4. Where a Rule has been classified as “public interest”, the Commission will publish for a 30 day comment period in its bulletin or on its website the notice filed by CNSX Markets and the Rule. If amendments to the Rule are necessary as a result of comments received, Commission staff shall have discretion to determine whether the Rule should be re-published for comment. If the Rule is re-published, the request for comment shall include CNSX Markets’ summary of comments and responses thereto together with an explanation of the revisions to the Rule and the supporting rationale for the amendments.

5. A "public interest" Rule will be effective as of the date of Commission approval or on a date determined by CNSX Markets, whichever is later. A "housekeeping" Rule shall be deemed to have been approved upon being filed with the Commission, unless staff of the Commission communicate to CNSX Markets, within five business days of receipt of the Rule, their disagreement with CNSX Markets' classification of the Rule as "housekeeping" and the reasons for their disagreement. Where staff of the Commission disagree with CNSX Markets' classification, CNSX Markets shall re-file the Rule as a "public interest" Rule. A "housekeeping" Rule shall be effective on the date indicated by CNSX Markets in the filing.

6. The Commission shall publish a Notice of Commission Approval of both "public interest" and "housekeeping" Rules in its bulletin or on its website. All such notices relating to "public interest" Rules shall also include CNSX Markets' summary of comments and responses thereto. All such notices relating to "housekeeping" Rules shall be accompanied by the notice filed by CNSX Markets and the Rule itself.

7. If CNSX Markets is of the view that there is an urgent need to implement a Rule, CNSX Markets may make a Rule effective immediately upon approval by CNSX Markets' board of directors provided that CNSX Markets:

   (a) provides the Commission with written notice of the urgent need to implement the Rule prior to the submission of the Rule to CNSX Markets' board of directors; and

   (b) includes in the notice referenced in 2(b) an analysis in support of the need for immediate implementation of the Rule.

8. If the Commission does not agree that immediate implementation is necessary, Commission staff will advise CNSX Markets that the Commission disagrees and provide the reasons for its disagreement. If no notice is received by CNSX Markets within 5 business days of the Commission receiving CNSX Markets' notification, CNSX Markets shall assume that the Commission agrees with its assessment.

9. A Rule that is implemented immediately shall be published, reviewed and approved in accordance with the procedure set out above. Where the Commission subsequently disapproves a Rule that was implemented immediately, CNSX Markets shall repeal the Rule and publish a notice informing its marketplace participants.

10. The terms, conditions and procedures set out in this section may be varied or waived by Commission staff. A waiver or variation may be specific or general and may be made for a time or for all time. The waiver or variation must be in writing by Commission staff.

Appendix C

Eligible Issuers

1. Subject to section 2 below, only an issuer that:

   (a) is a reporting issuer or the equivalent in a jurisdiction in Canada; or

   (b) is proposing to list debt securities issued or guaranteed by a government in Canada that are exempt from the prospectus requirements under clause 73(1)(a) of the Act; or

   (c) is proposing to list debt securities issued or guaranteed by a financial institution that are exempt from the prospectus requirements under clause 73(1)(b) of the Act; and

   (d) is not in default of any requirements of securities legislation in any jurisdiction in Canada,

   is eligible for listing. However, if an issuer is eligible for listing under paragraph (b) or (c) above, CNSX may only list debt securities of the issuer that are contemplated by those paragraphs unless the issuer files and obtains a receipt for a preliminary prospectus and a prospectus in a jurisdiction in Canada.

2. An issuer that is a reporting issuer in a jurisdiction in Canada but is not considered eligible under the Rules due to the process by which it became a reporting issuer, is ineligible for listing unless it:

   (a) files and obtains a receipt for a preliminary prospectus and a prospectus in a jurisdiction in Canada; and

   (b) is not in default of any requirements of securities legislation in any jurisdiction in Canada.

13.2.2 CNSX Notice 2010-01 – Notice and Request for Comments of Proposed Rule Change – Rule 1-101 Definitions and Rule 11-102 Qualifications for Alternative Market

NOTICE 2010-01

PROPOSED RULE CHANGE – RULE 1-101 DEFINITIONS AND RULE 11-102 QUALIFICATION FOR ALTERNATIVE MARKET

NOTICE AND REQUEST FOR COMMENTS

May 14, 2010

The Board of Directors of CNSX Markets Inc. (the "Board") has passed a resolution to amend Rule 1-101 – Definitions and Rule 11-102 – Qualification for Alternative Market subject to Ontario Securities Commission approval, following public notice and comment.

The proposed amendments to the definition of "Alternative Market Security" in Rule 1-101 – Definitions remove specifics relating to qualification and instead refer to Rule 11-102. They also provide consistency among the definition, the qualification requirements in the Rules and the related provisions in CNSX Markets Inc.'s recognition order. The related proposed changes to Rule 11-102 – Qualification for Alternative Market, which sets out the securities that qualify for trading in the Alternative Market (Pure Trading), are to broaden the qualification to any stock exchange recognized in a jurisdiction in Canada and thereby include a CNSX-listed security, and to clarify the circumstances for disqualification.

Black-lined and clean versions of the text of the proposed amendments are included at the end of this notice.

Alternative Market rule amendments were previously published for comment in CNSX Notice 2009-001 dated October 23, 2009, and the changes proposed in those amendments have been incorporated here.

The Board has determined that the proposed amendments are in the public interest and have authorized that they be published for public notice and comment. Comments should be made no later than 30 days from the date of publication of this notice and should be addressed to:

CNSX Markets Inc.
220 Bay Street, 9th Floor
Toronto, ON
M5J 2W4
Attention: Mark Faulkner, Director, Listings and Regulation
Fax: 416.572.4160
Email: Mark.Faulkner@cnsx.ca

A copy should be provided to the Ontario Securities Commission (OSC) at the following address:

Market Regulation Branch
Ontario Securities Commission
20 Queen Street West
Suite 1903, Box 55
Toronto, ON
M5H 3S8
Attention: Manager, Market Regulation
Fax: 416.595.8940

Impact of the Proposed Changes

The proposed changes will not require any technological changes or development by CNSX Dealers or issuers currently listed on CNSX. There will be no direct costs associated with compliance.

The substantive changes to the rules relating to Alternative Market securities expand the range of securities that may be traded in the Alternative Market by adding those of another recognized exchange – CNSX. There are no additional obligations or costs imposed on CNSX Dealers or Issuers, but the change could provide additional competition in the listings area, which could provide benefits to both groups. There will be minor costs to service providers in adding new securities to those eligible for trading on the Alternative Market, but these are the same as for any new securities added at present.

The rest of the changes were for clarification purposes, and should ensure that the qualification criteria for Pure Trading are easily understood.

Consultation

Some consultation was carried out with a small group of specialty issuers (on a confidential basis) to understand their needs in the current environment. Flexibility was a key factor, and this led, in part to the proposed changes to the definition of "Alternative Market Security".

Alternatives

The proposed changes to the Rules are minor, technical changes necessary to broaden the provisions to accommodate future business strategies, clarify qualification and disqualification provisions and ensure consistency in drafting among the rules and the recognition order. No alternatives were considered.

Comparable Rules

The proposed changes to Alternative Market Security do not have comparable provisions in the rules of other stock exchanges because of the unique structure of CNSX Markets' facilities – i.e., that the Alternative Market is a facility of the exchange. Unlisted trading privileges are allowed in US markets pursuant to the Securities Exchange Act of 1934, subparagraph 12f-1(A), which states generally that: "… any national securities exchange, in accordance with the requirements of this subsection and the rules hereunder, may extend unlisted trading privileges to (i) any security that is listed and registered on a national securities exchange …"

Proposed Amendments

Proposed changes to the definition of "Alternative Market security" were first published with proposed amendments to Policy 2 and related changes in CNSX Notice 2009-001. As the Rules changes are related to changes to the Alternative Market qualification provisions in the recognition order, the amendments are now being re-published contemporaneously with a varied and restated recognition order. Black-lined and clean versions of the Rule 1 definition and the text of Rule 11-102 are provided below.

Black-lined proposed changes to "Alternative Market security" definition in Rule 1 and proposed changes to Rule 11-102:

1. Rule 1 Definitions

…

"**Alternative Market security**" means a security ~~other than a CNSX listed security~~ that is ~~listed on another Canadian stock exchange and approved~~designated for trading on ~~CNSX~~ the Alternative Market in accordance with Rule 11-102 *Qualification for Alternative Market*;

…

2. Rule 11-102 Qualification for Alternative Market

(1) CNSX Markets may designate securities listed on a~~nother~~ stock exchange recognized in a jurisdiction in Canada as eligible for trading in the Alternative Market provided such securities are not suspended or subject to a regulatory halt.

(2) CNSX Markets may disqualify an Alternative Market security from~~for~~ trading at any time without prior notice.

(3) Notwithstanding the foregoing, an Alternative Market security shall immediately be disqualified from~~for~~ trading if

(a) the security is ~~suspension or~~ delisted~~ing~~ by a~~another~~ stock exchange~~if such suspension or delisting would result in CNSX being the only stock exchange on which the security would trade in Canada~~ and is not listed on any stock exchange recognized in a jurisdiction in Canada;

(b) the security is suspended by a stock exchange and the Alternative Market is the only venue on which the security would trade in Canada;

(c~~b~~) ~~if~~ the security is subject to a regulatory halt; or

(dc) ~~if~~ CNSX Markets, acting reasonably, determines that disqualification is necessary to protect the public interest or the maintenance of a fair and orderly market.

Clean versions proposed "Alternative Market security" definition in Rule 1 and proposed Rule 11-102:

1. Rule 1 Definitions

"**Alternative Market security**" means a security that is designated for trading on the Alternative Market in accordance with Rule 11-102 *Qualification for Alternative Market*;

2. Rule 11-102 Qualification for Alternative Market

(1) CNSX Markets may designate securities listed on a stock exchange recognized in a jurisdiction in Canada as eligible for trading in the Alternative Market provided such securities are not suspended or subject to a regulatory halt.

(2) CNSX Markets may disqualify an Alternative Market security from trading at any time without prior notice.

(3) Notwithstanding the foregoing, an Alternative Market security shall immediately be disqualified from trading if

(a) the security is delisted by a stock exchange and is not listed on any stock exchange recognized in a jurisdiction in Canada;

(b) the security is suspended by a stock exchange and the Alternative Market is the only venue on which the security would trade in Canada;

(c) the security is subject to a regulatory halt; or

(d) CNSX Markets, acting reasonably, determines that disqualification is necessary to protect the public interest or the maintenance of a fair and orderly market.

13.3 Clearing Agencies

13.3.1 Material Amendments to CDS Procedures – Soft Cap for the New York Link Service – Notice and Request for Comment

CDS CLEARING AND DEPOSITORY SERVICES INC. (CDS®)

MATERIAL AMENDMENTS TO CDS PROCEDURES

SOFT CAP FOR THE NEW YORK LINK SERVICE

NOTICE AND REQUEST FOR COMMENTS

A. DESCRIPTION OF THE PROPOSED CDS PROCEDURE AMENDMENTS

NSCC settlements for NYL participants are not subject to the net debit cap used for DTC settlements. As a result, there is no limit to the size of a payment obligation of a defaulting NYL participant resulting from their NSCC settlements. Furthermore, there is no comparison of the value of securities in a participant's account from their NSCC settlements versus the payment obligation.

The credit risk resulting from the default of a NYL participant's NSCC settlements are not contained, and only partially mitigated by the value of the defaulter's security positions. The magnitude of the liquidity risk associated with a defaulting NYL participant's NSCC payment obligation is the amount of the payment obligation. This risk is currently mitigated, in part, by the collateral provided by NYL participants to the newly established CDS Participant Fund for New York Link (NSCU). This collateral can be converted to USD cash through CDS's collateralized line of credit. The current amount of the line of credit is the USD equivalent of CAD 90 million, out of which CAD 60 million must be fully collateralized. Given the unlimited nature of potential NSCC payment obligations, it is not possible to establish a pre-arranged liquidity facility that could address all default scenarios.

Replacement cost risk is addressed by NSCC as central counterparty through its daily mark-to-market of guaranteed trades and collateralization of potential closeout costs through daily risk based margining (RBM) of collateral, which is pledged by the NYL participants in the form of USD cash. These controls are intended to cover 99% of potential defaults, the residual risk being borne by surviving NSCC members. In the circumstance of the default of another NSCC participant resulting in an uncollateralized loss, the portion of the residual loss allocated to CDS would in turn be re-allocated to the surviving NYL participants according to the CDS loss allocation rules for the service.

CDS is arranging to increase its standby line of credit facility from CAD 90 million to CAD 200 million. As part of the plan to address liquidity risk in the NYL service CDS has decided to implement a soft cap for NYL payment obligations.

Since NSCC payment obligations are not capped, there remains a possibility that an individual NYL participant's net payment obligations (NSCC and DTC combined) could exceed the lines of credit available to mitigate the payment risk. Since the new CDS participant fund for New York Link (NSCU) is designed to cover the default of an NYL participant with the largest net payment obligation in most cases, CDS plans to enhance the monitoring of NYL participants whose net payment obligations exceed a pre-defined threshold or soft cap.

The rule amendments approved by the CDS Board on April 21, 2010, and currently in the regulatory review process will introduce a soft cap and related monitoring mechanism for the net payment obligations of the New York Link service ("NYL" or "NYL service") sponsored CDS participants to the Depository Trust Company ("DTC") and to the National Securities Clearing Corporation ("NSCC"). Upon implementation, all NYL participants will be required to manage their daily payment obligations to NSCC and DTC in such a manner that their individual net payment obligations to NSCC and DTC combined do not exceed the 'soft cap.' This may require participants to pre-fund their NSCC and/or DTC settlements.
Those NYL participants exceeding the 'soft cap' would be assessed penalty fees by CDS.

The soft cap is designed to reduce the size of the end of day payment obligations for individual NYL participants and will be the same for each NYL participant. CDS will monitor each NYL participant's net NSCC and DTC settlement obligations against the soft cap and access penalty fees for non-compliance.

The soft cap will be calculated on a quarterly basis using the following methodology:

- Total CDS Liquidity Facility Available
- Less: Liquidity Facility Required for CAD Receivers Collateral Pool ("RCP")
- Less: Liquidity Facility Required for USD RCP
- Less: Liquidity Facility Required for DTC Direct ("DDL") service
- Equal: Soft Cap for NYL service (in USD equivalent)

B. NATURE AND PURPOSE OF THE PROPOSED CDS PROCEDURE AMENDMENTS

The procedure amendments proposed pursuant to this Notice are considered material as they introduce a new important measure to mitigate the liquidity risk associated with defaulting NYL participants' NSCC payment obligations and apply penalties to NYL participants for non-compliance.

The implementation of the soft cap and related monitoring mechanism is designed to enhance the management of liquidity and payment risks in the NYL service. As NSCC payment obligations are not capped, there remains a possibility that an individual NYL participant's net payment obligations to DTC and NSCC could exceed the lines of credit available to mitigate the payment risk. Since the new NYL Fund is designed to cover the default of an NYL participant with the largest net payment obligation to DTC and NSCC in most cases, CDS is introducing the proposed soft cap.

CDS will conduct daily monitoring of each NYL participant's net payment obligation and calculate penalty fees for non-compliance. These penalty fees, if applicable, will be included as part of the monthly billing invoice.

C. IMPACT OF THE PROPOSED CDS PROCEDURE AMENDMENTS

CDS's Risk Management division will monitor each NYL participants' payment obligations and soft cap compliance on:

a) Day before settlement:
NYL participants are to access the New York Link – Monitoring Service web application to identify if their next day projected value of the NSCC settlement for a NYL participant exceeds the existing soft cap. NYL participants may also subscribe to receive an e-mail notification through CDS's Electronic Alert Service (EAS) if the next day projected value of their NSCC settlement exceeds the existing soft cap.

b) Day of settlement:
NYL participants are to access the New York Link – Monitoring Service web application to identify if the projected value of the current day's NSCC settlement exceeds the existing soft cap. NYL participants may also subscribe to receive an e-mail notification through CDS's Electronic Alert Service (EAS) if the current day's projected value of their NSCC settlement exceeds the existing soft cap.

c) Day after settlement.
CDS will review each NYL participants' DTC and NSCC settlement activity on a post-settlement basis to determine if any NYL participant had a combined DTC and NSCC actual net settlement obligation the previous day in excess of the soft cap. If yes, CDS will generate a record in the New York Link – Monitoring Service database. NYL participants are to access the New York Link – Monitoring Service web application to identify if their net NYL settlement for the previous day exceeded the NYL soft cap. NYL participants subscribing to CDS's EAS service will receive an e-mail in the event that their net NYL settlement for the previous day exceeded the NYL soft cap. CDS will also advise the NYL participant's primary regulator directly via e-mail, of the soft cap non-compliance.

Other NYL participants, in addition to the non-compliant participant's regulator, will be advised once there are five or more actual instances of soft cap breach over a twelve-month rolling period. All NYL participants that exceed the soft cap will be assessed non-compliance fees by CDS. A variable fee will also be imposed by CDS on NYL participants that breach the soft cap, and will be based on the amount by which the NYL participant has breached the soft cap and CDS's standby borrowing cost.

Historical data outlining actual soft cap breach over a rolling twelve-month period will also be available on a daily basis for reconciliation and billing purposes to both NYL participants and internal CDS departments via the New York Link – Monitoring Service. NYL participants will also have a billable option to retrieve data in the New York Link – Monitoring Service that is greater than one year in the past once data has been collected in the service for a period in excess of one year.

All NYL participants that breached the soft cap will be assessed one of two fixed non-compliance fees by CDS. The non-compliance fee for breaching the soft cap up to four times in a rolling twelve-month period will be USD $1,000 per each actual breach. If a participant breaches the soft cap more than four times in a rolling twelve-month period then the non-compliance fee for breaching the soft cap for the fifth time forward will be USD $10,000 per each actual soft cap breach.

A variable fee will also be imposed by CDS on NYL participants that breach the soft cap. The variable fee will be based on the amount by which the NYL participant has breached the soft cap to which the rate of CDS's standby borrowing cost would be applied. To determine this fee, CDS will first identify the amount by which the NYL participant has exceeded the soft cap. CDSX will then multiply this amount by the standby borrowing cost and divide the result by 365 to determine the daily variable non-compliance fee to be applied based on calendar days (e.g. breaches over the weekend will be counted as two calendar days).

C.1 Competition

These rule amendments are not expected to have any impact on competition to CDS Clearing, CDS participants, and/or other market participants. NYL participant compliance with the new soft cap requirements will reduce the market settlement risk for CDS and for its NYL participants. CDS participants who currently do not subscribe to the NYL service will not be impacted by these proposed rule amendments.

C.2 Risks and Compliance Costs

The risk of not implementing this initiative is that the DTC and NSCC settlement obligations of NYL participants would likely exceed CDS's liquidity arrangements on a more frequent basis. This could expose CDS to settlement obligations that could be in excess of its available liquidity facilities to a foreign entity in the event that a CDS participant who subscribes to the NYL service defaults.

Costs to develop the soft cap monitoring tools will be incurred by CDS, but are acceptable considering the ability it will provide to mitigate DTC and NSCC settlement risk. Ongoing Risk Management resources will also need to be allocated to monitor soft cap compliance by NYL participants.

C.3 Comparison to International Standards – (a) Committee on Payment and Settlement Systems of the Bank for International Settlements, (b) Technical Committee of the International Organization of Securities Commissions, and (c) the Group of Thirty

In the NYL service, CDS sponsors its participants in NSCC and DTC to settle trades eligible for NSCC's central counterparty service ("CNS") as well as DTC. As NSCC payment obligations are not capped, there is a possibility that an individual NYL participant's net payment obligations to DTC and NSCC will exceed CDS's line of credit available to satisfy the payment risk. Recommendation 5 of CPSS/IOSCO Recommendations for Central Counterparties states: "*A CCP should maintain sufficient financial resources to withstand, at a minimum, a default by the participant to which it has the largest exposure in extreme but plausible market conditions.*" Moreover, Recommendation 11 of the same states: "*CCPs that establish links either cross-border or domestically to clear trades should evaluate the potential sources of risks that can arise, and ensure that the risks are managed prudently on an ongoing basis. There should be a framework for cooperation and coordination between the relevant regulators and overseers*."

Although CDS's existing liquidity facility covers the vast majority of payment obligations arising out of DTC and NSCC, CDS's decision to increase its liquidity facility and implement the soft cap for the NYL service will enhance its financial resources as well as will enable CDS to proactively manage settlement risks resulting from its NYL service.

D. DESCRIPTION OF THE PROCEDURE DRAFTING PROCESS

D.1 Development Context

The implementation of the soft cap and related monitoring mechanism is designed to manage liquidity and payment risks in the NYL service. Since NSCC payment obligations are not capped, there remains, as stated above, a possibility that an individual NYL participant's net payment obligations to DTC could exceed the lines of credit available to mitigate the payment risk. Since the new NYL Fund is designed to cover the default of an NYL participant with the largest net payment obligation to DTC in most cases, CDS will therefore introduce the proposed soft cap and monitor NYL participants whose net payment obligations to DTC and NSCC exceed such soft cap. Development will also include mechanisms to advise participants and their regulators of non-compliance and apply non-compliance fees where incurred.

CDS internal procedures related to the New York Link Service were reviewed by CDS staff and will be amended where necessary to reflect the changes that have been proposed to CDS's participant procedures that are detailed within this notice.

D.2 Procedure Drafting Process

CDS procedure amendments are reviewed and approved by CDS's Strategic Development Review Committee ("SDRC"). The SDRC determines or reviews, prioritizes and oversees CDS-related systems development and other changes proposed by participants and CDS. The SDRC's membership includes representatives from CDS's participant community. The SDRC meets on a monthly basis.

These amendments were reviewed and approved by the SDRC on April 29, 2010.

D.3 Issues Considered

CDS's primary concern has been to enhance the reliability of its risk management processes by further mitigating the liquidity and payment risks associated with defaulting NYL participants' DTC and NSCC payment obligations. The effort required to implement this soft cap initiative and the nature of its monitoring processes have also been duly considered.

D.4 Consultation

Implementation of the soft cap and related monitoring mechanism is being pursued by CDS after extensive internal consultation and discussion with CDS's Risk Advisory Committee ("RAC"), a general SDRC Debt/Equity Sub-committee meeting, and a special meeting of SDRC Debt/Equity Sub-committee members on March 22, 2010 to discuss the NYL soft cap, procedures and penalties. All issues and questions raised at this meeting were satisfactorily addressed by CDS.

A CDS bulletin describing the implementation of a soft cap for the NYL service will be released in early May, 2010 advising particulars and indicating that implementation is subject to receipt of regulatory approval. CDS plans to issue an additional bulletin to participants once regulatory approval has been obtained.

D.5 Alternatives Considered

On June 23, 2009, CDS management recommended to the Board of Directors that the NYL and DDL services be terminated effective November 1, 2009 and that participants using these services either become direct participants of DTC and NSCC or make other alternate arrangements. This recommendation was based on the assumption that these services would not be economically viable given the expected cost of mitigating the risk of a participant default and the expected migration of larger participants to direct DTC/NSCC participation. The Board directed management to provide affected participants with additional time to consider the impact of direct DTC/NSCC participation and to determine if a sufficient number of participants would be willing to commit to continue to use the services, even with additional collateral cost and potential fee increases. The response of affected participants was overwhelmingly in support of CDS continuing to provide the NYL and DDL services, while recognizing the need for CDS to introduce measures such as the soft cap, to mitigate the liquidity risk associated with defaulting NYL participants' DTC and NSCC payment obligations.

D.6 Implementation Plan

CDS is recognized as a clearing agency by the Ontario Securities Commission pursuant to section 21.2 of the Ontario *Securities Act*. The Autorité des marchés financiers has authorized CDS to carry on clearing activities in Québec pursuant to sections 169 and 170 of the Québec *Securities Act*. In addition, CDS is deemed the clearinghouse for CDSX®, a clearing and settlement system designated by the Bank of Canada pursuant to section 4 of the *Payment Clearing and Settlement Act.* The Ontario Securities Commission, the Autorité des marchés financiers and the Bank of Canada will hereafter be collectively referred to as the "Recognizing Regulators".

The amendments to participant procedures may become effective upon approval of the amendments by the Recognizing Regulators following public notice and comment. Implementation of these changes is planned for July 26, 2010.

E. TECHNOLOGICAL SYSTEMS CHANGES

E.1 CDS

CDS will add several new features to its internal processes which will provide for the development of soft cap monitoring tools. Changes include a new input screen accessible from the CDSX Risk Management Menu titled "NYL Soft Cap Parameters". The screen will provide a manual dual entry capability to Risk Management and have the following fields: NYL Soft Cap: up to 15 numeric characters; Variable non–compliance standby borrowing fee: a maximum of three numeric characters followed by a decimal with a maximum of two numeric characters. This field is an expression of percent (e.g. 3 ¼% would be expressed as 3.25).

CDS will also introduce a web application that will identify projected non-compliance and, on the day after settlement, determine if a NYL participant's net (DTC and NSCC) settlement exceeded the value of the existing soft cap. To do so, CDS will determine if each participant's DTC and NSCC net settlement was a credit or a debit value. CDS will compare each participant's net DTC and NSCC settlement amount to the soft cap value. Settlement values in excess of the soft cap will be identified and reflected externally and internally in the New York Link – Monitoring Service web application. CDS will also generate an e-mail message via the EAS service to those NYL participants that subscribe to the service.

Billing codes will also be assigned and the existing billing protocol will be updated to include the new billing codes. CDS's billing front end will report activity relating to these billing codes as billable items along with the related fees.

Technological system changes are required by CDS in order to provide the required monitoring and compliance facility. The required technological system changes will follow CDS's system development life cycle (SDLC) protocol.

E.2 CDS Participants

CDS NYL participants will be required to develop internal processes to monitor their DTC and NSCC settlements to ensure that their net payment obligation does not exceed the NYL soft cap. If they determine that their net NYL payment obligation will exceed the soft cap they may need to pre-fund either their NSCC or DTC account for the amount that would bring their combined payment obligation below the soft cap.

CDS has no preference as to which account is pre-funded as both payment obligations are netted to create the final payment obligation. If a participant pre-funded their NSCC account, they would see their payment obligation reduced immediately as the prefunding would immediately offset existing obligations. Alternatively, if a participant pre-funded their DTC account they would see their DTC payment obligation reduced by the amount of the prefunding, with no change in their NSCC payment obligation. The reduction on the net payment obligation would only be recognized when netting of payment obligations takes place. This is done just prior to the net payment obligation being determined. Due to the existing DTC hard cap ($20MM USD) participants already have a process in place to prefund their DTC payment obligations.

E.3 Other Market Participants

There are no external development impacts to other participants in the Canadian financial markets.

F. COMPARISON TO OTHER CLEARING AGENCIES

CDS is not aware of any other clearing agencies that have soft cap mechanisms in place.

G. PUBLIC INTEREST ASSESSMENT

CDS has determined that the proposed amendments are not contrary to the public interest.

H. COMMENTS

Comments on the proposed amendments should be in writing and submitted within 30 calendar days following the date of publication of this notice in the Ontario Securities Commission Bulletin to:

Alvin Ropchan
Senior Product Manager, Product Development
CDS Clearing and Depository Services Inc.
85 Richmond Street West
Toronto, Ontario M5H 2C9

Phone: 416-365-8378
Fax: 416-365-0842
Email: aropchan@cds.ca

Copies should also be provided to the Autorité des marchés financiers and the Ontario Securities Commission by forwarding a copy to each of the following individuals:

M[e] Anne-Marie Beaudoin
Secrétaire del'Autorité
Autorité des marchés financiers
800, square Victoria, 22[e] étage
C.P. 246, tour de la Bourse
Montréal, Québec, H4Z 1G3

Télécopieur: (514) 864-6381
Courrier électronique: consultation-en-cours@lautorite.qc.ca

Manager, Market Regulation
Capital Markets Branch
Ontario Securities Commission
Suite 1903, Box 55,
20 Queen Street West
Toronto, Ontario, M5H 3S8

Fax: 416-595-8940
e-mail: marketregulation@osc.gov.on.ca

CDS will make available to the public, upon request, all comments received during the comment period.

I. PROPOSED CDS PROCEDURE AMENDMENTS

Access the proposed amendments to the CDS Procedures on the User documentation revisions web page (http://www.cds.ca/cdsclearinghome.nsf/Pages/-EN-blacklined?Open) and to the CDS Forms (if applicable) on Forms online (Click View by Form Category and in the Select a Form Category list, click External review) on the CDS Services web page (www.cdsservices.ca).

Appendix "A" contains text of CDS Participant Procedures marked to reflect proposed amendments as well as text of these procedures reflecting the adoption of the proposed amendments.

Appendix "A"

Proposed CDS Procedure Amendments

CHAPTER 3

New York Link soft cap

The New York Link soft cap establishes a threshold that serves to reduce the size of daily end-of-day net payment obligations at NSCC and DTC for New York Link service participants. The soft cap is the same for all participants and it is applied to individual participants' net payment obligations at NSCC and DTC.

The soft cap is determined quarterly by CDS using the following method.

Total available CDS Liquidity	−	Liquidity facility required for Canadian dollar receivers' collateral pool	−	Liquidity facility required for U.S. dollar receivers' collateral pool	−	Liquidity facility required for DTC Direct Link	=	Soft cap (USD equivalent)

For more information, see Soft cap compliance on page 19.

3.1 Soft cap compliance

New York Link participants are required to manage their daily payment obligations to NSCC and DTC so that their individual net payment obligations to NSCC and DTC combined do not breach the soft cap. This may require that participants pre-fund their NSCC and/or DTC accounts.

CDS monitors soft cap compliance from settlement date -1 through to settlement date +1. Participants who breach the soft cap are subject to non-compliance measures. For more information see, Soft cap non-compliance on page 19.

Participants may subscribe to access daily compliance records and receive electronic alerts that indicate if their projected settlement obligations to NSCC, as well as their actual net payment obligations to NSCC and DTC breach the soft cap. For more information, refer to *Participating in CDS Services*.

3.1.1 Soft cap non-compliance

The following non-compliance measures are imposed on New York Link participants who breach the soft cap:

- CDS imposes a fixed and a variable non-compliance fee in each instance that a participant breaches the soft cap. For more information on fees, refer to the Price Schedule on the CDS website (www.cds.ca).

Non-compliance fee	Description
Fixed	Standard non-compliance – Applied to the first four instances that a participant breaches the soft cap over a rolling 12 month period
	Non-standard non-compliance – Applied to every instance that a participant breaches the soft cap, over and above four instances over a rolling 12 month period
Variable	In addition to the standard or non-standard compliance fee, this fee is applied to every instance that a participant exceeds the soft cap. This fee is calculated as follows: The non-compliance amount (the amount that a participant has exceeded the soft cap by) multiplied by the overnight cost of borrowing and divided by 365. The daily variable non-compliance fee to be applied is calculated based on the number of calendar days (e.g., breaches occurring over a normal weekend would be counted as two calendar days) of non-compliance

- CDS reports all soft cap breaches to the participant's primary regulator. Participants who subscribe to receive the soft cap compliance alert are also advised of their breach.

- CDS reports soft cap breaches to other New York Link service participants once a participant breaches the soft cap more than four times over a rolling 12 month period.

3.9 New York Link Monitoring service

The New York Link Monitoring service provides participants with the ability to do the following:

- View New York Link Monitoring service compliance records through a web-based application
- Subscribe to receive email and/or web alerts when certain activities have occurred or processing/settlement dates have been reached.

Compliance records are maintained in the New York Link Monitoring service for seven years. If required, each record can be printed to PDF.

To request access to this service, use the IBM Tivoli Identity Manager self-care interface (www.cdsservices.ca/itim/self).

Users can request the following roles per CUID within the New York Link Monitoring service.

Role	Description
Supervisor	Maintain user and group subscription profiles View compliance records
Viewer	Maintain personal subscription profiles View compliance records

New York Link Monitoring service compliance record alerts

The following compliance record web/email alerts are available through the New York Link Monitoring service.

Alert	Description
Pre-settlement compliance	An alert is issued on settlement date -1 and/or settlement date in the event that a participant's projected settlement obligations to NSCC exceed the soft cap
Settlement compliance	
Post-settlement compliance	An alert is issued on settlement date +1 in the event that a participant's end-of-day net NSCC and DTC payment obligation exceeded the soft cap on settlement date

CHAPTER 3

New York Link soft cap

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The soft cap is determined quarterly by CDS using the following method.

Total available CDS Liquidity	–	Liquidity facility required for Canadian dollar receivers' collateral pool	–	Liquidity facility required for U.S. dollar receivers' collateral pool	–	Liquidity facility required for DTC Direct Link	=	Soft cap (USD equivalent)

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New York Link Monitoring service compliance record alerts

The following compliance record web/email alerts are available through the New York Link Monitoring service.

Alert	Description
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Settlement compliance	
Post-settlement compliance	An alert is issued on settlement date +1 in the event that a participant's end-of-day net NSCC and DTC payment obligation exceeded the soft cap on settlement date

13.3.2 CDS Notice and Request for Comments – Material Amendments to CDS Rules – Termination of Euroclear UK Direct Service

CDS CLEARING AND DEPOSITORY SERVICES INC. ("CDS®")

MATERIAL AMENDMENTS TO CDS RULES

TERMINATION OF EUROCLEAR UK DIRECT SERVICE

REQUEST FOR COMMENTS

A. DESCRIPTION OF THE PROPOSED CDS RULE AMENDMENTS

CDS Clearing and Depository Services Inc. is proposing amendments to its Rules to redact all references to the Euroclear UK Direct Service (the "Euroclear Service"). The Board of Directors[1] of The Canadian Depository for Securities Limited approved the termination of the Euroclear Service at its meeting in January 20, 2010, pending regulatory approval of consequential changes to CDS's Participant Rules.

The Euroclear Service was set up as a means to facilitate the settlement of transactions in CREST between CDS participants and CREST members. CREST is the settlement service operated by Euroclear UK and Ireland Limited. Since the launch of the service there has been limited interest in the Euroclear Service by participants. The credit crisis reduced interest in the market; the lack of a facility for the two-way transfer of securities positions between the Canadian and UK markets limited the utility of the link. At the present time, no participants use the Euroclear Service. CDS incurs cost to maintain the link, even when not used by participants, related to maintaining a SWIFT connection and payment of the annual CREST fees. In September 2009, CDS was advised that changes in legislation would remove its previous exemption from compliance with anti-money laundering legislation in the United Kingdom. As a result, if CDS continued to offer the Euroclear Service, CDS would be required to create an anti-money laundering compliance program that would expose CDS to costs and to increased reputational risk. In light of the lack of utilization of the Euroclear Service and the increased costs and risks associated with an anti-money laundering compliance program, the Board approved the termination of the Euroclear Service.

B. NATURE AND PURPOSE OF THE PROPOSED CDS RULE AMENDMENTS

The proposed amendments remove references to the Euroclear Service from the CDS Participant Rules. The deleted sections include the definitions of terms used in describing the Euroclear Service, and all of Rule 14, which governs the Euroclear Service.

C. IMPACT OF THE PROPOSED CDS RULE AMENDMENTS

CDS does not foresee any impact or effect, resulting from the proposed amendments, on CDS Participants, other market participants, or the securities markets in general. There are currently no CDS Participants subscribed to, or using, the Euroclear Service. Termination of the Euroclear Service will allow CDS to reduce current operating costs and avoid the projected costs of an anti-money laundering compliance program.

C.1 Competition

The Rule amendments are expected to have no impact on competition.

C.2 Risks and Compliance Costs

The termination of the Euroclear Service eliminates the significant risk and compliance costs which would have been incurred by continuing to offer the service.

C.3 Comparison to International Standards – (a) Committee on Payment and Settlement Systems of the Bank for International Settlements, (b) Technical Committee of the International Organization of Securities Commissions, and (c) the Group of Thirty

International standards for clearing agencies are not relevant to the termination of the Euroclear Service.

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[1] Pursuant to a unanimous shareholder agreement between The Canadian Depository for Securities Limited ("CDS Ltd.") and CDS, effective as of November 01, 2006, CDS Ltd., which acts under the supervision of its Board of Directors, assumed all rights, powers, and duties of the CDS Board of Directors.

D. DESCRIPTION OF THE RULE DRAFTING PROCESS

D.1 Development Context

In September 2009, CDS was advised of the changes in anti-money laundering legislation in the United Kingdom, and of new CREST Rules which would have imposed impose new anti-money laundering requirements on CDS. This lead to a review of the need for the Euroclear Service.

D.2 Rule Drafting Process

Each amendment to the CDS Participant Rules is reviewed by CDS's Legal Drafting Group ("LDG"). The LDG is a committee that includes members of Participants' legal and business groups. The LDG's mandate is to advise CDS management and its Board of Directors on rule amendments and other legal matters relating to centralized securities depository and clearing services in order to ensure that they meet the needs of CDS, its Participants and the securities industry. The proposed amendments were reviewed by the LDG on March 18, 2010; the LDG had no comments on the proposal to terminate the Euroclear Service.

These amendments were reviewed and approved by the Board of Directors of CDS Ltd. on April 21, 2010.

D.3 Issues Considered

CDS weighed the benefits of the Euroclear Service against the current and potential costs of maintaining an under-used service, and determined that it was in the best interest of CDS, and of its participants and stakeholders, to terminate the Service.

D.4 Consultation

No participants have been, or are currently, actively using the Euroclear UK Direct Service.

D.5 Alternatives Considered

CDS considered the two available options. As UK law had been amended, the *status quo* (wherein CDS would act as sponsor to its Participants if they chose to use the Service, but would not be required to perform AML checks on those Participants, as would other 'Sponsoring Members' of EUI, by virtue of CDS's status as a CSD) was not an available alternative.

CDS considered the current costs, and the potential future costs of implementing an AML compliance program solely for purposes of the Service, and weighed those costs as against the costs of Termination.

D.6 Implementation Plan

CDS is recognized as a clearing agency by the Ontario Securities Commission pursuant to section 21.2 of the Ontario *Securities Act*. The Autorité des marchés financiers has authorized CDS to carry on clearing activities in Québec pursuant to sections 169 and 170 of the Québec *Securities Act*. In addition CDS is deemed to be the clearing house for CDSX®, a clearing and settlement system designated by the Bank of Canada pursuant to section 4 of the *Payment Clearing and Settlement Act*. The Ontario Securities Commission, the Autorité des marchés financiers and the Bank of Canada will hereafter be collectively referred to as the "Recognizing Regulators".

The amendments to Participant Rules may become effective upon approval/disapproval of the amendments by the Recognizing Regulators, following public notice and comment. The target date for implementation is July 26, 2010.

E. TECHNOLOGICAL SYSTEMS CHANGES

E.1 CDS

The required technological changes within CDS include the termination of the link with the SWIFT Euroclear UK server and the removal of the CREST GUI from CDS user workstations.

E.2 CDS Participants

No technological systems changes will be required, as no CDS participants currently subscribe to the Service.

E.3 Other Market Participants

CDS foresees no technological systems changes required of other market participants.

F. COMPARISON TO OTHER CLEARING AGENCIES

There is no direct comparison with clearing agencies in other jurisdictions.

G. PUBLIC INTEREST ASSESSMENT

CDS has determined that the proposed amendments are not contrary to the public interest.

H. COMMENTS

Comments on the proposed amendments should be in writing and submitted within 30 calendar days following the date of publication of this notice in the Ontario Securities Commission Bulletin to:

Legal Department
CDS Clearing and Depository Services Inc.
85 Richmond Street West
Toronto, Ontario M5H 2C9

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

Copies should also be provided to the Autorité des marchés financiers and the Ontario Securities Commission by forwarding a copy to each of the following individuals:

Me Anne-Marie Beaudoin
Secrétaire del'Autorité
Autorité des marchés financiers
800, square Victoria, 22e étage
C.P. 246, tour de la Bourse
Montréal (Québec) H4Z 1G3

Télécopieur: (514) 864-6381
Courrier électronique: consultation-en-cours@lautorite.qc.ca

Manager, Market Regulation
Market Regulation Branch
Ontario Securities Commission
Suite 1903, Box 55,
20 Queen Street West
Toronto, Ontario, M5H 3S8

Fax: 416-595-8940
e-mail: marketregulation@osc.gov.on.ca

CDS will make available to the public, upon request, all comments received during the comment period.

I. PROPOSED CDS RULE AMENDMENTS

Appendix "A" contains text of current CDS Participant Rules marked to reflect proposed amendments as well as text of these rules reflecting the adoption of the proposed amendments.

APPENDIX "A"
PROPOSED CDS RULE AMENDMENTS

Text of amended CDS Participant Rules marked to reflect proposed revision	Text of amended CDS Participant Rules reflecting the adoption of proposed revisions
additions are <u>underlined</u> deletions are ~~struck-out~~	
1.1.1 Application The Rules adopted by CDS by which each Participant has agreed to be bound pursuant to the Participant Agreement are: Rule 1 - Documentation Rule 2 - Participation Rule 3 - Operations Rule 4 - Liability and Indemnity Rule 5 - Risk Management Rule 6 - Depository Service Rule 7 - Settlement Service Rule 8 - Payment Exchange for CDSX Rule 9 - Default Rule 10 - Cross-Border Services Rule 11 – TA Participants Rule 12 – ATON Rule 13 – Delivery Services ~~Rule 14 – Euroclear UK Direct Service~~	**1.1.1 Application** The Rules adopted by CDS by which each Participant has agreed to be bound pursuant to the Participant Agreement are: Rule 1 - Documentation Rule 2 - Participation Rule 3 - Operations Rule 4 - Liability and Indemnity Rule 5 - Risk Management Rule 6 - Depository Service Rule 7 - Settlement Service Rule 8 - Payment Exchange for CDSX Rule 9 - Default Rule 10 - Cross-Border Services Rule 11 – TA Participants Rule 12 – ATON Rule 13 – Delivery Services
1.2.1 Definitions For the purposes of the Legal Documents, unless otherwise specified: ... "Credit Ring" means either a Category Credit Ring or a Fund Credit Ring. ~~"CREST" means the system operated by Euroclear UK & Ireland for the settlement of trades in securities~~ ~~"Euroclear UK Direct Charges" has the meaning set out in Rule 14.1.10.~~ ~~"Euroclear UK Direct Participant" means a Participant who uses the Euroclear UK Direct Service".~~ ~~"Euroclear UK Direct Service" means the Euroclear UK Direct Service made available pursuant to Rule 14.~~ ~~"CREST Software" has the meaning set out in Rule 14.1.6.~~ "Cross-Border Accounts" means the CDS DTC Account, the CDS NSCC Clearing Account and the Link Accounts. ...	**1.2.1 Definitions** For the purposes of the Legal Documents, unless otherwise specified: ... "Credit Ring" means either a Category Credit Ring or a Fund Credit Ring. "Cross-Border Accounts" means the CDS DTC Account, the CDS NSCC Clearing Account and the Link Accounts. ...
"Entitlements Processor" means a Participant who performs the activities of an Entitlements Processor set out in Rule 2.5.5. ~~"Euroclear UK & Ireland" means Euroclear UK & Ireland Limited, the central securities depository for the UK market and Irish equities and a part of the Euroclear group, or any Person who succeeds to the rights and obligations of Euroclear UK & Ireland with respect to CREST.~~ "Exchange" means the Montreal Exchange, the Toronto Stock Exchange, the TSX Venture Exchange or any other regulated securities exchange. ...	"Entitlements Processor" means a Participant who performs the activities of an Entitlements Processor set out in Rule 2.5.5. "Exchange" means the Montreal Exchange, the Toronto Stock Exchange, the TSX Venture Exchange or any other regulated securities exchange. ...
Rule 14 – Euroclear UK Direct Service is deleted in its entirety.	

13.3.3 CDS Notice and Request for Comments – Material Amendments to CDS Rules – Participant Application to Use Functionality for Roles re Securities

CDS CLEARING AND DEPOSITORY SERVICES INC. ("CDS®")

MATERIAL AMENDMENTS TO CDS RULES

PARTICIPANT APPLICATION TO USE FUNCTIONALITY FOR ROLES RE SECURITIES

NOTICE AND REQUEST FOR COMMENTS

A. DESCRIPTION OF THE PROPOSED CDS RULE AMENDMENTS

Rule 2.5.1(d) requires a participant to submit an application to CDS in order to act as ISIN activator, security validator or custodian of CDSX® eligible securities. The application process requires the participant to demonstrate that it meets the qualifications for those roles. Two issues were discovered in the course of drafting the application form, which are corrected by the Rule amendments set out in this Notice.

The first issue is that the Rule requires all custodians to file an application. The Rules distinguish between Foreign Custodians, who may hold securities in safekeeping only outside Canada, and Domestic Custodians, who must be participants and who may hold securities in safekeeping both inside and outside Canada. A Foreign Custodian, who need not be a participant, is appointed by CDS under the terms of an agreement negotiated with that Foreign Custodian. A Foreign Custodian would not use a participant application Therefore the requirement for a custodian to submit an application to CDS should be limited to Domestic Custodians, who are participants.

The second issue concerns the approval process for applications. The current Rule requires Board approval of applications. On consideration, it was determined that this approval was unnecessary and contrary to current practice. The Board of Directors approves each application to become a participant. Once an applicant has been accepted as a participant, CDS management determines the participant's access to functionality in CDSX, depending on the participant's classification and qualifications. The use of functionality by a fully qualified participant is not a matter of discretion requiring consideration by the Board of Directors. The appointment of custodians, for example, has always been a matter for CDS management. In addition, as meetings of the Board of Directors are held relatively infrequently, the need for Board approval could delay a qualified participant who wishes to begin offering services to its customers using this functionality, and could be seen as an impediment to competition in the financial market. Accordingly, it is proposed that a minor revision be made to remove the requirement for Board approval of such applications.

B. NATURE AND PURPOSE OF THE PROPOSED CDS RULE AMENDMENTS

The amendments proposed pursuant to this Notice are considered material amendments as they change the process for applying to use certain functionality in CDSX.

C. IMPACT OF THE PROPOSED CDS RULE AMENDMENTS

There should be no impact on other market participants or the securities and financial markets in general.

C.1 Competition

There is expected to be no impact on competition, except that a potential impediment to competition is removed.

C.2 Risks and Compliance Costs

There are expected to be no risk or compliance costs.

C.3 Comparison to International Standards

International standards are not relevant to internal processing of applications to use CDSX functionality.

D. DESCRIPTION OF THE RULE DRAFTING PROCESS

D.1 Development Context

The drafting of the application form, and of the internal procedures to be followed in processing the application, lead to the realization that the approval process in Rule 2.5.1(d) was not in accordance with usual CDS practice for such matters.

D.2 Rule Drafting Process

Each amendment to the CDS Participant Rules is reviewed by CDS's Legal Drafting Group ("LDG"). The LDG is a committee that includes members of Participants' legal and business groups. The LDG's mandate is to advise CDS management and its Board of Directors on Rule amendments and other legal matters relating to centralized securities depository and clearing services in order to ensure that they meet the needs of CDS, its Participants and the securities industry. The LDG reviewed the proposed amendments on March 18, 2010.

These amendments were reviewed and approved by the Board of Directors[1] of The Canadian Depository for Securities Limited on April 21, 2010.

D.3 Issues Considered

CDS considered how best to integrate the new application to use this functionality with existing CDS practices.

D.4 Consultation

CDS consulted with participant representatives on the LDG, who agreed that the use of functionality by a fully qualified participant is not a matter of discretion requiring consideration by the Board of Directors.

D.5 Alternatives Considered

CDS considered the alternative of Board approval of applications and determined that the proposed amendments better reflect the CDS process for making functionality available to existing participants.

D.6 Implementation Plan

CDS is recognized as a clearing agency by the Ontario Securities Commission pursuant to section 21.2 of the Ontario *Securities Act*. The Autorité des marchés financiers has authorized CDS to carry on clearing activities in Québec pursuant to sections 169 and 170 of the Québec *Securities Act*. In addition CDS is deemed to be the clearing house for CDSX, a clearing and settlement system designated by the Bank of Canada pursuant to section 4 of the *Payment Clearing and Settlement Act*. The Ontario Securities Commission, the Autorité des marchés financiers and the Bank of Canada will hereafter be collectively referred to as the "Recognizing Regulators".

The amendments to Participant Rules may become effective upon approval of the amendments by the Recognizing Regulators following public notice and comment. The target date for implementation is July 26, 2010.

E. TECHNOLOGICAL SYSTEMS CHANGES

E.1 CDS

There are no development impacts on the CDSX system.

E.2 CDS Participants

There are no external development impacts to CDS Participants.

E.3 Other Market Participants

There are no external development impacts to other market participants within the Canadian environment.

F. COMPARISON TO OTHER CLEARING AGENCIES

The practices of other clearing agencies are not relevant to internal processing of applications to use CDSX functionality.

G. PUBLIC INTEREST ASSESSMENT

CDS has determined that the proposed amendments are not contrary to the public interest.

---

[1] Pursuant to a unanimous shareholder agreement between The Canadian Depository for Securities Limited ("CDS Ltd.") and CDS, effective as of November 01, 2006, CDS Ltd., which acts under the supervision of its Board of Directors, assumed all rights, powers, and duties of the CDS Board of Directors.

H. COMMENTS

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CDS will make available to the public, upon request, all comments received during the comment period.

I. PROPOSED CDS RULE AMENDMENTS

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APPENDIX "A"
PROPOSED RULE AMENDMENTS

Text of amended CDS Participant Rules marked to reflect proposed revision	Text of amended CDS Participant Rules reflecting the adoption of proposed revisions
2.5 PARTICIPANT ROLES WITH RESPECT TO SECURITIES **2.5.1 General Provisions** (d) Application A Participant who wishes to act as ISIN Activator, Security Validator or <u>Domestic</u> Custodian shall submit an application to CDS pursuant to Rule 2.2.2. A Participant is authorized to use the functionality for such roles when <u>CDS</u> ~~the Board of Directors~~ has accepted its application.	**2.5 PARTICIPANT ROLES WITH RESPECT TO SECURITIES** **2.5.1 General Provisions** (d) Application A Participant who wishes to act as ISIN Activator, Security Validator or Domestic Custodian shall submit an application to CDS pursuant to Rule 2.2.2. A Participant is authorized to use the functionality for such roles when CDS has accepted its application.

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