The Ontario Securities Commission

OSC Bulletin

June 4, 2010

Volume 33, Issue 22

(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)

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

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

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

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

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

THOMSON REUTERS

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

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

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

U.S.	$175
Outside North America	$400

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

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

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

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

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

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

ISSN 0226-9325

THOMSON REUTERS

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

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

Table of Contents

Chapter 1

Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

June 4, 2010

CURRENT PROCEEDINGS

BEFORE

ONTARIO SECURITIES COMMISSION

- -

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

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

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

CDS **TDX 76**

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

- -

THE COMMISSIONERS

W. David Wilson, Chair	—	WDW
James E. A. Turner, Vice Chair	—	JEAT
Lawrence E. Ritchie, Vice Chair	—	LER
Sinan Akdeniz	—	SA
James D. Carnwath	—	JDC
Mary G. Condon	—	MGC
Margot C. Howard	—	MCH
Kevin J. Kelly	—	KJK
Paulette L. Kennedy	—	PLK
David L. Knight, FCA	—	DLK
Patrick J. LeSage	—	PJL
Carol S. Perry	—	CSP
Charles Wesley Moore (Wes) Scott	—	CWMS

SCHEDULED OSC HEARINGS

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 7, 2010 10:00 a.m.	**Paul Donald** s. 127 C. Price in attendance for Staff Panel: JEAT
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: MGC
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: MGC

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 14-15; June 28, 2010 10:00 a.m.	**Coventree Inc., Geoffrey Cornish and Dean Tai** s. 127
June 29, 2010 1:00 p.m.	J. Waechter in attendance for Staff Panel: JEAT/MGC/PLK
June 15, 2010 2:00 p.m.	**Paladin Capital Markets Inc., John David Culp and Claudio Fernando Maya** s. 127 C. Price in attendance for Staff Panel: TBA
June 16, 2010 2:00 p.m.	**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: JEAT
June 16, 2010 2:00 p.m.	**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: JEAT
June 16, 2010 2:00 p.m.	**Albert Leslie James, Ezra Douse and Dominion Investments Club Inc.** s. 127 and 127.1 H. Daley in attendance for Staff Panel: JEAT
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 9:30 a.m.	**Abel Da Silva** s. 127 M. Boswell in attendance for Staff Panel: MGC
June 30, 2010 2:00 p.m.	**Sunil Tulsiani, Tulsiani Investments Inc., Private Investment Club Inc., and Gulfland Holdings LLC** s. 127 J. Feasby in attendance for Staff Panel: MGC

July 8-9, 2010 10:00 a.m.	**Shane Suman and Monie Rahman** s. 127 and 127(1) C. Price in attendance for Staff Panel: JEAT/PLK
July 9, 2010 10:00 a.m.	**Hillcorp International Services, Hillcorp Wealth Management, Suncorp Holdings, 1621852 Ontario Limited, Steven John Hill, Daryl Renneberg and Danny De Melo** s. 127 A. Clark in attendance for Staff Panel: CSP
July 9, 2010 11:30 a.m.	**Global Energy Group, Ltd. And New Gold Limited Partnerships** s. 127 H. Craig in attendance for Staff Panel: CSP
August 10-13, 2010 10:00 a.m.	**Robert Joseph Vanier (a.k.a. Carl Joseph Gagnon)** s. 127 S. Horgan in attendance for Staff Panel: JEAT/PLK
August 13, 2010 10:00 a.m.	**Axcess Automation LLC, Axcess Fund Management, LLC, Axcess Fund, L.P., Gordon Alan Driver and David Rutledge, Steven M. Taylor and International Communication Strategies** s. 127 Y. Chisholm in attendance for Staff Panel: CSP
September 7-10, 2010 10:00 a.m.	**Maple Leaf Investment Fund Corp., Joe Henry Chau (aka: Henry Joe Chau, Shung Kai Chow and Henry Shung Kai Chow), Tulsiani Investments Inc., Sunil Tulsiani and Ravinder Tulsiani** s. 127 M. Vaillancourt/T. Center in attendance for Staff Panel: TBA
September 13, 2010 9:00 a.m.	**Irwin Boock, Stanton Defreitas, Jason Wong, Saudia Allie, Alena Dubinsky, Alex Khodjiaints Select American Transfer Co., Leasesmart, Inc., Advanced Growing Systems, Inc., International Energy Ltd., Nutrione Corporation, Pocketop Corporation, Asia Telecom Ltd., Pharm Control Ltd., Cambridge Resources Corporation, Compushare Transfer Corporation, Federated Purchaser, Inc., TCC Industries, Inc., First National Entertainment Corporation, WGI Holdings, Inc. and Enerbrite Technologies Group** s. 127 and 127.1 H. Craig in attendance for Staff Panel: JEAT
September 13-24, 2010 10:00 a.m.	**New Life Capital Corp., New Life Capital Investments Inc., New Life Capital Advantage Inc., New Life Capital Strategies Inc., 1660690 Ontario Ltd., L. Jeffrey Pogachar, Paola Lombardi and Alan S. Price** s. 127 S. Kushneryk in attendance for Staff Panel: TBA
September 13-24, 2010 and October 4-19, 2010 10:00 a.m.	**Sulja Bros. Building Supplies, Ltd., Petar Vucicevich, Kore International Management Inc., Andrew Devries, Steven Sulja, Pranab Shah, Tracey Banumas and Sam Sulja** s. 127 and 127.1 J. Feasby in attendance for Staff Panel: TBA

September 27 – October 1, 2010 10:00 a.m.	**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
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: MGC
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

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 **Lyndz Pharmaceuticals Inc., James Marketing Ltd., Michael Eatch and Rickey McKenzie**

s. 127(1) and (5)

J. Feasby in attendance for Staff

Panel: TBA

TBA **M P Global Financial Ltd., and Joe Feng Deng**

s. 127(1)

M. Britton in attendance for Staff

Panel: TBA

TBA **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: TBA

TBA **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: 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

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 IIROC – Variation and Restatement of Recognition Order – Notice of Commission Approval

INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA (IIROC)

VARIATION AND RESTATEMENT OF RECOGNITION ORDER

NOTICE OF COMMISSION APPROVAL

On May 28, 2010, the Commission issued an order (Variation Order) pursuant to section 144 of the *Securities Act* (Ontario) and subsection 78(1) of the *Commodity Futures Act* (Ontario) varying and restating an order dated May 16, 2008 and effective June 1, 2008, recognizing IIROC as a self-regulatory organization. A copy of the Variation Order is published in Chapter 2 of this Bulletin.

The Variation Order revises section 4 of the terms and conditions of the recognition order to extend the time for IIROC to: (i) develop an integrated fee model for an additional year to June 1, 2011 and (ii) provide written, quarterly reports on the status of the development of the fee model for an additional year.

1.2 Notices of Hearing

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

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

AND

IN THE MATTER OF
SEXTANT CAPITAL MANAGEMENT INC.,
SEXTANT CAPITAL GP INC., OTTO SPORK,
KONSTANTINOS EKONOMIDIS, ROBERT LEVACK
AND NATALIE SPORK

NOTICE OF HEARING
(Section 127)

TAKE NOTICE that the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to Section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") at its offices at 20 Queen Street West, 17th Floor, Toronto, Ontario, commencing on June 1, 2010 at 1:00 p.m. or as soon thereafter as the hearing can be held;

AND TAKE NOTICE that the purpose of the hearing is for the Commission to consider whether it is in the public interest to approve the Settlement Agreement dated May 27, 2010 between Staff of the Commission and the Respondent, Robert Levack;

BY REASON OF the allegations set out in the Amended Statement of Allegations of Staff dated April 1, 2010;

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

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

DATED at Toronto this 28th day of May, 2010.

"Josée Turcotte"
Per: John Stevenson
Secretary to the Commission

1.2.2 Sunil Tulsiani et al. – ss. 127, 127.1

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

AND

IN THE MATTER OF
SUNIL TULSIANI, TULSIANI INVESTMENTS INC.,
PRIVATE INVESTMENT CLUB INC., AND
GULFLAND HOLDINGS LLC

NOTICE OF HEARING
(Section 127 and 127.1)

TAKE NOTICE THAT the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c.S.5, as amended (the "Act") at the offices of the Commission, 20 Queen Street West, 17th Floor, commencing on June 30, 2010 at 2:00 p.m. or as soon thereafter as the hearing can be held,

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

1. to make an order pursuant to section 127(1) clause 2 of the Act that trading in securities by the Respondents cease permanently or for such period as specified by the Commission;

2. to make an order pursuant to section 127(1) clause 2.1 of the Act that acquisition of any securities by the Respondents be prohibited permanently or for such period as is specified by the Commission;

3. to make an order pursuant to subsection 127(1) clause 3 of the Act that any exemptions in Ontario securities law do not apply to the Respondents permanently or for such period as specified by the Commission;

4. to make an order pursuant to section 127(1) clause 6 of the Act that the Respondents be reprimanded;

5. to make an order pursuant to section 127(1) clause 7 of the Act that the individual Respondents resign any position that the Respondents hold as a director or officer of an issuer;

6. to make an order pursuant to section 127(1) clause 8 of the Act that the individual Respondents be prohibited from becoming or acting as an officer or director of any issuer permanently or for such period as specified by the Commission;

7. to make an order pursuant to section 127(1) clause 8.5 of the Act that the Respondents are prohibited from becoming or acting as a registrant, an investment fund manager or a promoter;

8. to make an order pursuant to section 127(1) clause 9 of the Act that the Respondents each pay an administrative penalty of not more than $1 million for each failure by that Respondent to comply with Ontario securities law;

9. to make an order pursuant to section 127(1) clause 10 of the Act that the Respondents disgorge to the Commission any amounts obtained as a result of a non-compliance with Ontario securities law;

10. to make an order pursuant to section 127(1) clause 6 of the Act that the individual Respondents be reprimanded;

11. to make an order pursuant to section 127.1 of the Act that the Respondents, or any of them, pay the costs of Staff's investigation and the costs of, or related to, this proceeding, incurred by or on behalf of the Commission; and

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

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

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

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

DATED at Toronto this 27th day of May, 2010.

"Josée Turcotte"
Per: 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
SUNIL TULSIANI, TULSIANI INVESTMENTS INC.,
PRIVATE INVESTMENT CLUB INC., AND
GULFLAND HOLDINGS LLC**

**STATEMENT OF ALLEGATIONS OF
STAFF OF THE ONTARIO SECURITIES COMMISSION**

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

I. THE RESPONDENTS

1. Sunil Tulsiani ("Tulsiani") is a resident of Brampton, Ontario and has never been registered to trade in securities under the *Securities Act* (the "Act").

2. Tulsiani Investments Inc. ("Tulsiani Investments") is a company incorporated pursuant to the laws of Ontario, with its head office in Brampton, Ontario. Tulsiani is the president and a director of Tulsiani Investments.

3. Tulsiani Investments is not registered to trade in securities under the Act and has never filed a prospectus with the Ontario Securities Commission (the "Commission").

4. Private Investment Club Inc. ("PIC") is a company incorporated pursuant to the laws of Ontario, with its head office in Brampton, Ontario. Tulsiani is the president and a director of PIC.

5. PIC is not registered to trade in securities under the Act and has never filed a prospectus with the Commission.

6. Gulfland Holdings LLC, also known as Golfland Holdings LLC, ("Gulfland") is a company incorporated pursuant to the laws of the State of Florida, USA.

7. Gulfland is not registered to trade in securities under the Act and has never filed a prospectus with the Commission.

II. OVERVIEW

8. It is alleged that the Respondents distributed securities in Ontario without having filed a prospectus, while none of the Respondents were registered to trade in securities and while Tulsiani and Tulsiani Investments were prohibited from trading by an order of the Commission. Accordingly, it is alleged that the Respondents acted in breach of Ontario securities law and contrary to the public interest.

III. ALLEGATIONS

9. On June 26, 2009, in the matter of Tulsiani Investments Inc. and Sunil Tulsiani, the Commission ordered:

(a) pursuant to clause 2 of subsection 127(1) of the Act that all trading by the Respondents shall cease.

(b) pursuant to clause 2 of subsection 127(1) of the Act that all trading in securities of the Respondent, Tulsiani Investments Inc., shall cease.

(c) pursuant to clause 3 of subsection 127(1) of the Act that the exemptions contained in Ontario securities law do not apply to the Respondents.

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

10. The foregoing order (the "Cease Trade Order") was subsequently extended, including the same prohibitions, and remains in effect as of the date of these allegations.

11. In August and September, 2009, through Tulsiani Investments and PIC, Tulsiani solicited Kelly Homewood ("Homewood") to enter into an investment contract to purchase a 50% interest in a residential real estate investment in the State of Ohio (the "Ohio Deal").

12. Tulsiani's solicitation of Homewood to participate in the Ohio Deal included meeting with her prior to September 22, 2009, assisting her in completing a document entitled "Investor Agreement", and giving her detailed instructions on how to wire $12,500 (USD) to a lawyer in the State of Florida to purchase an interest in the Ohio Deal.

13. Pursuant to the Investor Agreement, Gulfland was to select, purchase, rehabilitate and manage a residential real estate property in which Homewood would own a 50% interest. Under the Investor Agreement, Homewood was to be entitled to share in the profits generated by the sale of the property, as well as profits generated by rental income prior to sale and any mortgage taken back on the sale.

14. In a period spanning August through December, 2009, Tulsiani, through Tulsiani Investments and PIC, solicited Peter Ticknovich ("Ticknovich") to enter into an investment contract to purchase a 50% interest in a residential real estate property in the Ohio Deal. Tulsiani and representatives of Tulsiani Investments and Private Investment Club contacted Ticknovich by telephone and email to solicit him to invest in the Ohio Deal. Tulsiani met with Ticknovich and assisted him in completing the Investor Agreement. Ticknovich's investment in the Ohio Deal was

to be on the same terms as Homewood's and Tulsiani provided Ticknovich with the same payment instructions.

15. The Ohio Deal security has never been qualified by a prospectus filed with the Commission.

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

16. The Respondents have engaged in acts in furtherance of the trading and distribution of securities in Ontario, contrary to sections 25 and 53 of the Act.

17. Tulsiani and Tulsiani Investments have acted contrary to the Cease Trade Order.

18. Tulsiani, as an officer and director of both Tulsiani Investments and PIC, authorized, permitted or acquiesced in the conduct of those companies, contrary to Ontario securities law and contrary to the public interest.

19. The conduct of the Respondents contravened Ontario securities law and is contrary to the public interest.

20. Staff seek enforcement orders under section 127 of the Act and costs under s. 127.1 of the Act.

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

DATED at Toronto this 27th day of May, 2010.

1.4 Notices from the Office of the Secretary

1.4.1 Sextant Capital Management Inc. et al.

FOR IMMEDIATE RELEASE
May 28, 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., OTTO SPORK,
KONSTANTINOS EKONOMIDIS, ROBERT LEVACK
AND NATALIE SPORK

TORONTO – The Office of the Secretary issued a Notice of Hearing for a hearing to consider whether it is in the public interest to approve a settlement agreement entered into by Staff of the Commission and the Respondent, Robert Levack. The hearing will be held on June 1, 2010 at 1:00 p.m. in Hearing Room C on the 17th floor of the Commission's offices located at 20 Queen Street West, Toronto.

A copy of the Notice of Hearing dated May 28, 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 Sunil Tulsiani et al.

FOR IMMEDIATE RELEASE
June 1, 2010

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

AND

IN THE MATTER OF
SUNIL TULSIANI, TULSIANI INVESTMENTS INC.,
PRIVATE INVESTMENT CLUB INC., AND
GULFLAND HOLDINGS LLC

TORONTO – The Office of the Secretary issued a Notice of Hearing on May 27, 2010 setting the matter down to be heard on June 30, 2010, at 2:00 p.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 27, 2010 and Statement of Allegations of Staff of the Ontario Securities Commission dated May 27, 2010 are available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

For media inquiries:

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

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)

1.4.3 Sextant Capital Management Inc. et al.

FOR IMMEDIATE RELEASE
June 1, 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., OTTO SPORK,
KONSTANTINOS EKONOMIDIS, ROBERT LEVACK
AND NATALIE SPORK

TORONTO – Following a hearing held today, the Commission issued an Order approving the Settlement Agreement reached between Staff of the Commission and Robert Levack.

A copy of the Order dated June 1, 2010 and Settlement Agreement dated May 27, 2010 are available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

For media inquiries:

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

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)

Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Metallic Ventures Gold 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 – requested relief granted.

Applicable Legislative Provisions

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

May 27, 2010

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO, ALBERTA, SASKATCHEWAN,
MANITOBA, QUEBEC, NEW BRUNSWICK,
NOVA SCOTIA, PRINCE EDWARD ISLAND
AND NEWFOUNDLAND AND LABRADOR
(the Jurisdictions)

AND

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

AND

IN THE MATTER OF
METALLIC VENTURES GOLD INC. (the Filer)

DECISION

Background

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

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

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

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

Interpretation

Terms defined in National Instrument 14-101 *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 *Business Corporations Act* (Ontario).

2. The Filer's head office is located at 7950 E. Acoma Drive, Suite 211, Scottsdale, Arizona 85260 and the Filer's registered office is located at First Canadian Place, 100 King Street West, Suite 3900, Toronto, Ontario M5X 1B2.

3. The Filer is a reporting issuer in each of the Jurisdictions.

4. On February 26, 2010, International Minerals Corporation (**IMC**) completed the transaction to acquire all of the issued and outstanding shares of the Filer by way of a statutory plan of arrangement pursuant to Section 182 of the *Business Corporations Act* (Ontario) (the **Transaction**). Pursuant to the terms of the Transaction, all of the outstanding common shares of the Filer have been exchanged for common shares of IMC on the basis of a cash payment of US$0.4615 and 0.1635 of a common share of IMC for each common share of the Filer held.

5. 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.

6. The common shares of the Filer were delisted from the Toronto Stock Exchange at the close of business on March 2, 2010.

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

8. The Filer is applying for a decision that it is not a reporting issuer in all of the jurisdictions in Canada in which it is currently a reporting issuer.

9. The Filer voluntarily surrendered its status as a reporting issuer in British Columbia pursuant to BC Instrument 11-102 *Voluntary Surrender of*

Reporting Issuer Status effective as of March 26, 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 and deliver on or before March 31, 2010 annual financial statements and management's discussion and analysis for the year ended December 31, 2009 as required under National Instrument 51-102 *Continuous Disclosure Obligations* and the related certificates as required under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*.

11. 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 Exemptive Relief Sought because it is in default of certain filing obligations under the Legislation as described in paragraph 10 above.

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

13. Upon the grant of the Exemptive Relief Sought, the Filer will no longer 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 Exemptive Relief Sought is granted.

"C. Wesley M. Scott"
Ontario Securities Commission

"James D. Carnwath
Ontario Securities Commission

2.1.2 Natcan Investment Management Inc. and National Bank Trust Inc.

Headnote

NP 11-203 – Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief granted from s. 13.5(2)(b) of NI 31-103 to permit inter-fund trades between public mutual funds, pooled funds and managed accounts – inter-fund trades will comply with conditions in s. 6.1(2) of NI 81-107 including IRC approval or client consent – trades involving exchange-traded securities are permitted to occur at last sale price as defined in the Universal Market Integrity Rules – relief also subject to pricing and transparency conditions.

Applicable Legislative Provisions

National Instrument 31-103 Registration Requirements and Exemptions, ss. 13.5, 15.1.
National Instrument 81-107 Independent Review Committee for Investment Funds, ss. 6.1(2), 6.1(4).

May 19, 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
NATCAN INVESTMENT MANAGEMENT INC.
(Natcan)
AND
NATIONAL BANK TRUST INC. (NBT)
(collectively, the Filers and individually, a Filer)

DECISION

Background

The securities regulatory authority or regulator of each of the Jurisdictions (the **Decision Makers**) has received an application from the Filers for a decision under the securities legislation of the Jurisdictions (the **Legislation**) providing an exemption from the requirement in section 13.5(2)(b) of National Instrument 31-103 – *Registration Requirements and Exemptions* that prohibits a registered adviser from knowingly causing an investment portfolio managed by it, including an investment fund for which it acts as an adviser, to purchase or sell a security from or to the investment portfolio of an associate of a responsible person or an investment fund for which a responsible person acts as an adviser, to permit the following purchases and sales (each purchase and sale, an **Inter-Fund Trade**):

(i) existing and future mutual funds of which a Filer, or an affiliate of a Filer, is the registered adviser and to which National Instrument 81-102 – *Mutual Funds* (**NI 81-102**) applies (each, an **NI 81-102 Fund** and, collectively, the **NI 81-102 Funds**) to engage in Inter-Fund Trades of securities with any existing or future investment funds of which a Filer, or an affiliate of a Filer, is the registered adviser and to which NI 81-102 does not apply (each, a **Pooled Fund** and, collectively, the **Pooled Funds**) or to a fully managed account managed by a Filer, or an affiliate of a Filer, for a client that is not a responsible person (each, a **Managed Account** and, collectively, the **Managed Accounts)**;

(ii) an NI 81-102 Fund to engage in Inter-Fund Trades of exchange-traded securities (which term shall include Canadian and foreign exchange-traded securities) with another NI 81-102 Fund at the last sale price, as defined in the Market Integrity Rules of the Investment Industry Regulatory Organization of Canada, prior to the execution of the trade (the **Last Sale Price**) in lieu of the closing sale price (the **Closing Sale Price**) contemplated by the definition of current market price referred to in paragraph (e) of section 6.1(2) of National Instrument 81-107 – *Independent Review Committee for Investment Funds* (**NI 81-107**);

(iii) a Pooled Fund to engage in Inter-Fund Trades of securities with another Pooled Fund, an NI 81-102 Fund or a Managed Account; and

(iv) a Managed Account to engage in Inter-Fund Trades of securities with a Pooled Fund or an NI 81-102 Fund,

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

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

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

(b) the 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, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador and Northwest Territories, 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 the Legislation, National Instrument 14-101 *Definitions*, NI 81-102 or NI 81-107 have the same meanings if used in this decision. Certain other defined terms have the meanings given to them above or below.

Representations

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

1. Natcan is a corporation governed under the laws of Quebec and is registered as a portfolio manager in each of the jurisdictions of Canada excluding the Yukon and Nunavut, as a derivatives portfolio manager in Quebec, as an exempt market dealer in Ontario and Newfoundland and Labrador, and as a commodity trading manager in Ontario.

2. NBT is a corporation governed under the laws of Quebec and is registered as a portfolio manager in each of Quebec, Ontario, Alberta, British Columbia, New Brunswick, Prince Edward Island and Saskatchewan.

3. The head office of each of the Filers is located in Montreal, Quebec.

4. Each of the NI 81-102 Funds and Pooled Funds (each, a **Fund** and collectively, the **Funds**) is or will be an investment fund established as a trust or corporation under the laws of Canada or a jurisdiction of Canada.

5. Each of the NI 81-102 Funds, other than National Bank Protected Canadian Bond Fund, National Bank Protected Retirement Balanced Fund, National Bank Protected Growth Balanced Fund, National Bank Protected Canadian Equity Fund and National Bank Protected Global Fund (collectively, the **Protected Funds**) is, or will be, a reporting issuer whose securities are qualified for distribution in one or more of the provinces and territories of Canada pursuant to a simplified prospectus and annual information form prepared and filed in accordance with the Legislation. The Protected Funds are reporting issuers that are required to file an annual information form pursuant to Section 9.2 of National Instrument 81-106 *Investment Fund Continuous Disclosure* but whose securities are not currently qualified for distribution.

6. Each of the Pooled Funds will not be a reporting issuer. Securities of each of the Pooled Funds are, or will be, qualified for distribution pursuant to exemptions from the prospectus requirement.

7. The Filers and each of the Funds are not in default of securities legislation in any jurisdiction of Canada.

8. A Filer or an affiliate of a Filer is, or will be, the portfolio manager of each Fund and of each Managed Account.

9. Natcan Trust Company (**NTC**) or NBT or another affiliate of the Filers is, or may be, the trustee of the Funds that are created as trusts and therefore the Funds may be associates of a responsible person.

10. Each of NTC and NBT is an indirect wholly-owned subsidiary of National Bank of Canada (**NBC**), a Canadian public company whose shares are listed on the Toronto Stock Exchange and Natcan is an indirect majority-owned subsidiary of NBC.

11. The Filers wish to be able to enter into Inter-Fund Trades of securities between: (a) a NI 81-102 Fund and another NI 81-102 Fund, a Pooled Fund or a Managed Account; (b) a Pooled Fund and another Pooled Fund, an NI 81-102 Fund or a Managed Account; and (c) a Managed Account and a Pooled Fund or an NI 81-102 Fund.

12. The manager of each NI 81-102 Fund has established, or will establish, an independent review committee (**IRC**) in respect of each NI 81-102 Fund in accordance with the requirements of NI 81-107.

13. The manager of each Pooled Fund will establish an IRC in respect of each Pooled Fund. The mandate of the IRC of a Pooled Fund will be to approve Inter-Fund Trades between a Pooled Fund and another Fund or a Managed Account.

14. The IRC of the Pooled Funds will be composed by the manager of the Pooled Funds in accordance with section 3.7 of NI 81-107 and will be required to comply with the standard of care set out in section 3.9 of NI 81-107. The IRC of the Pooled Funds will not approve an Inter-Fund Trade involving a Pooled Fund unless it has made the determination set out in section 5.2(2) of NI 81-107.

15. Inter-Fund Trades involving an NI 81-102 Fund will be referred to the relevant IRC of the NI 81-102 Fund under section 5.2(1) of NI 81-107. The manager and the IRC of the NI 81-102 Fund will comply with section 5.4 of NI 81-107 in respect of any standing instructions the IRC provides in connection with the Inter-Fund Trade.

16. At the time of an Inter-Fund Trade, each Filer will have in place policies and procedures to enable the Funds to engage in Inter-Fund Trades with other Funds or Managed Accounts.

17. Each Inter-Fund Trade will be consistent with the investment objective of the relevant Fund or Managed Account.

18. Prior to engaging in Inter-Fund Trades on behalf of a Managed Account, the discretionary management agreement or other documentation in respect of the Managed Account will contain the authorization of the client for the portfolio manager of the Managed Account to engage in Inter-Fund Trades.

19. Because of the various investment objectives and investment strategies utilized by the Funds and Managed Accounts, it may be appropriate for different investment portfolios to acquire or dispose of the same securities through the same trading system. While NI 81-107 has authorized Inter-Fund Trades between two NI 81-102 Funds managed by the same manager, the Filers have determined that there are significant benefits to be achieved by expanding the potential counterparties to an Inter-Fund Trade to include Pooled Funds and Managed Accounts. These benefits include lower trading costs, reduced market disruption and quicker execution as well as simpler and more reliable compliance procedures. In the absence of the Exemption Sought, the Funds and Managed Accounts are not able to obtain these trading benefits.

20. A Filer, or an affiliate of a Filer, cannot rely on the exemption from the Legislation under Section 6.1(4) of NI 81-107 to engage in an Inter-Fund Trade, unless the parties are both NI 81-102 Funds and the Inter-Fund Trade occurs at the current market price which, in the case of exchange-traded securities, includes the Closing Sale Price but not the Last Sale Price.

21. When a Filer, or an affiliate of a Filer, engages in an Inter-Fund Trade of securities involving a Fund or Managed Account it will follow the following procedures:

    (a) the portfolio manager of the Filer or affiliate of the Filer will deliver the trade instructions in respect of a purchase or a sale of a security by a Fund or Managed Account to a trader on a trading desk of the Filer or affiliate of the Filer;

    (b) the portfolio manager of the Filer or affiliate of the Filer will deliver the trade instructions in respect of a sale or a purchase of a security by the other Fund or Managed Account to a trader on a trading desk of the Filer or an affiliate of the Filer;

    (c) the trader on a trading desk will request the approval of the compliance officer (the **CO**) of the Filer or affiliate of the Filer to execute the trade as an Inter-Fund Trade;

    (d) once the approval of the CO is received, the trader on the trading desk will have the discretion to execute the trade as an Inter-Fund Trade in accordance with the requirements of paragraphs (c) to (g) of subsection 6.1(2) of NI 81-107 provided that, for exchange-traded securities, the Inter-Fund Trade may be executed at the Last Sale Price of the security, determined at the time of the receipt of the approval of the CO prior to the execution of the trade, or at the Closing Sale Price;

(e) the policies applicable to the trading desk of the Filer or affiliate of the Filer will require that all orders are to be executed on a timely basis and will remain open only for 30 days unless the portfolio manager cancels the order sooner; and

(f) the trader on a trading desk will advise the Filer or an affiliate of the Filer of the price at which the Inter-Fund Trade occurred.

22. Each of the Filers has determined that it would be in the interests of the Funds and Managed Accounts to receive the Exemption Sought for the following reasons:

(a) It will result in cost and timing efficiencies in respect of the execution of transactions for the Funds and Managed Accounts; and

(b) It will result in less complicated and more reliable compliance procedures, as well as simplified and more efficient monitoring thereof, for a Filer, or an affiliate of a Filer, in connection with the execution of transactions on behalf of Funds and Managed Accounts.

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 provided that:

(a) the Inter-Fund Trade is consistent with the investment objective of the Fund or the Managed Account;

(b) a Filer, or an affiliate of a Filer, refers the Inter-Fund Trade involving a Fund to the IRC of that Fund in the manner contemplated by section 5.1 of NI 81-107 and the manager and the IRC of the Fund comply with section 5.4 of NI 81-107 in respect of any standing instructions an IRC provides in connection with the Inter-Fund Trade;

(c) in the case of an Inter-Fund Trade between two NI 81-102 Funds:

(i) for exchange-traded securities, the Inter-Fund Trade is executed at the Last Sale Price or the Closing Sale Price of the security and the Inter-Fund Trade complies with paragraphs (a), (b), (c), (d), (f) and (g) of subsection 6.1(2) of NI 81-107; and

(ii) for all other securities, the Inter-Fund Trade complies with paragraphs (a) to (g) of subsection 6.1(2) of NI 81-107;

(d) in the case of an Inter-Fund Trade between an NI 81-102 Fund and a Pooled Fund or Managed Account:

(i) the IRC of the NI 81-102 Fund has approved the Inter-Fund Trade in respect of the NI 81-102 Fund in accordance with the terms of section 5.2(2) of NI 81-107;

(ii) if the counterparty is a Pooled Fund, the IRC of the Pooled Fund has approved the Inter-Fund Trade in respect of the Pooled Fund in accordance with the terms of section 5.2(2) of NI 81-107;

(iii) if the counterparty is a Managed Account, the discretionary management agreement or other documentation in respect of the Managed Account authorizes the Inter-Fund Trade;

(iv) for exchange-traded securities, the Inter-Fund Trade is executed at the Last Sale Price or the Closing Sale Price of the security and the Inter-Fund Trade complies with paragraphs (c), (d), (f) and (g) of subsection 6.1(2) of NI 81-107; and

(v) for all other securities, the Inter-Fund Trade complies with paragraphs (c) to (g) of subsection 6.1(2) of NI 81-107;

(e) in the case of an Inter-Fund Trade between a Pooled Fund and an NI 81-102 Fund, a Managed Account or another Pooled Fund:

(i) the IRC of the Pooled Fund has approved the Inter-Fund Trade in respect of the Pooled Fund in accordance with the terms of Section 5.2(2) of NI 81-107;

(ii) if the counterparty is an NI 81-102 Fund or another Pooled Fund, the IRC of the Fund has approved the Inter-Fund Trade in respect of the Fund in accordance with the terms of Section 5.2(2) of NI 81-107;

(iii) if the counterparty is a Managed Account, the discretionary management agreement or other documentation in respect of the Managed Account authorizes the Inter-Fund Trade;

(iv) for exchange-traded securities, the Inter-Fund Trade is executed at the Last Sale Price or the Closing Sale Price of the security and the Inter-Fund Trade complies with paragraphs (c), (d), (f) and (g) of subsection 6.1(2) of NI 81-107; and

(v) for all other securities, the Inter-Fund Trade complies with paragraphs (c) to (g) of subsection 6.1(2) of NI 81-107;

(f) in the case of an Inter-Fund Trade between a Managed Account and a Fund:

(i) the discretionary management agreement or other documentation in respect of the Managed Account authorizes the Inter-Fund Trade;

(ii) the IRC of the NI 81-102 Fund or the Pooled Fund, as the case may be, has approved the Inter-Fund Trade in respect of the Fund in accordance with the terms of Section 5.2(2) of NI 81-107;

(iii) for exchange-traded securities, the Inter-Fund Trade is executed at the Last Sale Price or the Closing Sale Price of the security and the Inter-Fund Trade complies with paragraphs (c), (d), (f) and (g) of subsection 6.1(2) of NI 81-107; and

(iv) for all other securities, the Inter-Fund Trade complies with paragraphs (c) to (g) of subsection 6.1(2) of NI 81-107.

“Mario Albert”
Superintendent, Client Services, Compensation and Distribution,

2.1.3 Stratos Global Corporation – s. 1(10)

Headnote

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

Ontario Statutes

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

May 28, 2010

Stratos Global Corporation
Paramount Building, 4th Floor
34 Harvey Road
St. John's, NL A1C 2G1

Dear Sirs/Mesdames:

Re: Stratos Global Corporation (the Applicant) – application for a decision under the securities legislation of Ontario, Alberta, Saskatchewan, Manitoba, Québec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador (the Jurisdictions) that the Applicant is not a reporting issuer

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

As the Applicant has represented to the Decision Makers that:

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

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

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

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

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

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

2.1.4 Philex Gold Inc. – s. 1(10)

Headnote

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

Ontario Statutes

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

May 28, 2010

Philex Gold Inc.
95 Wellington Street West, Suite 1200
Toronto, Ontario
M5J 2Z9

Re: Philex Gold Inc. (the "Applicant") – Application for a Decision under the Securities Legislation of Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador (the "Jurisdictions") that the Applicant is not a Reporting Issuer

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

As the Applicant has represented to the Decision Makers that:

- the outstanding securities of the Applicant, including debt securities, are beneficially owned, directly and indirectly, by fewer than 15 security holders in each of the jurisdictions in Canada and less than 51 security holders in total in Canada;
- no securities of the Applicant are traded on a marketplace as defined in National Instrument 21-101 *Marketplace Operation*;
- the Applicant is applying for relief to cease to be a reporting issuer in all of the jurisdictions of Canada in which it is currently a reporting issuer; and
- the Applicant is not in default of any of its obligations under the Legislation as a reporting issuer,

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

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

2.1.5 Karmin Exploration Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – decision exempting the Filer from the requirement in s. 7.1(1) of NI 52-107 to prepare *pro forma* financial statements in accordance with Canadian GAAP and requirement in s. 3.1 to prepare financial statements in accordance with Canadian GAAP – Filer proposes to complete reverse take-over transaction with foreign issuer that prepares its financial statements in accordance with IFRS-IASB – Filer's information circular pertaining to the reverse take-over transaction will include financial statements of foreign issuer prepared in accordance with IFRS-IASB – Following completion of reverse take-over transaction Filer will prepare its financial statements in accordance with IFRS-IASB – Relief granted subject to conditions.

Applicable Legislative Provisions

National Instrument 52-107, s. 9.1.

May 13, 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
KARMIN EXPLORATION INC. (the Filer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) exempting the Filer from: (i) the requirement in section 3.1 of National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency* (**NI 52-107**) that it prepare its financial statements in accordance with Canadian GAAP, in order that the Filer may prepare its financial statements for financial periods ending on or after the Acquisition Closing Date (as defined below) in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (**IFRS-IASB**) (the **IFRS Adoption Relief**); and (ii) the requirement in section 7.1(1) of NI 52-107 that it prepare the *pro forma* financial statements in the Information Circular (as defined below) in accordance with

Canadian GAAP (the **Pro Forma Relief** and, together with the IFRS Adoption Relief, 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 the Provinces of Alberta, British Columbia and Nova Scotia.

Interpretation

Terms used in this decision and defined in National Instrument 14-101 *Definitions*, MI 11-102 and NI 52-107 have the meanings given to them in such instruments, unless otherwise defined in this decision.

Representations

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

1. The Filer is a corporation incorporated under the *Business Corporations Act* (Alberta). The head office of the Filer is located at 133 Kendall Street, Point Edward, Ontario, N7V 4G6.

2. The Filer is a "reporting issuer" in the Jurisdiction and in the Provinces of Alberta, British Columbia and Nova Scotia. The Filer is not, to its knowledge, in default of its reporting issuer obligations under the legislation in those jurisdictions.

3. The Filer's securities are listed on the TSX Venture Exchange (the **TSX-V**) under the symbol "KAR" and the Filer is a "venture issuer" for the purposes of National Instrument 51-102 *Continuous Disclosure Obligations*.

4. The Filer is a base and precious metal exploration company.

5. The Filer currently prepares its financial statements in accordance with Canadian GAAP. The financial year end of the Filer is April 30.

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 by domestic issuers, foreign issuers, registrants and other market participants. Under NI 52-107, a domestic issuer must use Canadian GAAP and 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.

9. The Filer has entered into an agreement to acquire all of the outstanding ordinary shares of Ignite Energy Resources Pty Ltd. (**Ignite**), an Australian company in exchange for the issuance by the Filer of its common shares (the **Acquisition**). The Acquisition will result in a reverse take-over of the Filer for the purposes of the policies of the TSX-V.

10. Ignite prepares its financial statements in accordance with IFRS-IASB. The financial year end of Ignite is December 31.

11. Completion of the Acquisition is expected to take place on a date prior to August 31, 2010 (the **Acquisition Closing Date**), and is subject to, among other things, the approval of the Acquisition and related matters by the shareholders of the Filer at a special meeting.

12. In accordance with the policies of the TSX-V and applicable laws, the Filer intends to mail a management information circular (the **Information Circular**) to its shareholders as soon as is practicable in connection with its special meeting.

13. As required by the policies of the TSX-V and applicable laws, the Filer will include financial statements of the Filer and Ignite in the Information Circular. In particular, the Information Circular will include the audited consolidated financial statements of Ignite as at December 31, 2009 and December 31, 2008 and for the years ended December 31, 2009, December 31, 2008 and December 31, 2007, together with the notes thereto and the auditors' report(s) thereon. Ignite is a foreign issuer and the financial statements of Ignite included in the Information Circular will be prepared in accordance with IFRS-IASB.

14. The Information Circular will also include unaudited *pro forma* financial statements of the Filer as at January 31, 2010 together with the notes thereon. Section 7.1(1) of NI 52-107 provides that *pro forma* financial statements must be prepared in accordance with the issuer's GAAP.

15. Following the Acquisition Closing Date, the Filer intends to adopt the financial year end of Ignite (December 31).

16. The Filer has carefully assessed the readiness of its staff, board of directors, audit committee, auditors, investors and other market participants for its adoption of IFRS-IASB for financial periods beginning on or after the Acquisition Closing Date and has concluded that they will be adequately prepared for the Filer's adoption of IFRS-IASB.

17. The Filer has considered the implications of continuing Ignite's accounting under IFRS-IASB for financial periods beginning on or after the Acquisition Closing Date including implications affecting certification of financial statements, business acquisition reports, offering documents and previously released material forward looking information, and has concluded that upon continuing Ignite's accounting under IFRS-IASB it will continue to be able to fulfill these obligations.

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:

(i) the Pro Forma Relief is granted, and

(ii) the IFRS Adoption Relief is granted provided that:

a. the Acquisition is completed;

b. the Filer prepares its annual financial statements for years ending on or after the Acquisition Closing Date in accordance with IFRS-IASB; and

c. the Filer prepares its interim financial statements for the interim periods beginning on or after the Acquisition Closing Date in accordance with IFRS-IASB.

"Michael Brown"
Assistant Manager
Ontario Securities Commission

2.1.6 West Face Capital Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Registered adviser exempted from paragraph 13.5(2)(a) of National Instrument 31-103 Registration Requirements and Exemptions on terms which permit the adviser to cause the investment portfolio of funds managed by the adviser to purchase securities of another fund in which a responsible person of the adviser is a director or officer – Registered adviser also exempted from paragraph 13.5(2)(b) of NI 31-103 on terms which permit the registered adviser to cause the purchase and sale of portfolio securities between investment funds for which the registered adviser acts as adviser.

Applicable Legislative Provisions

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

June 1, 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)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer on its behalf and on behalf of West Face Long Term Opportunities Limited Partnership (the **CAD LP**), WFC Opportunities Trust (the **CAD Trust**), West Face Long Term Opportunities (USA) Limited Partnership (the **US LP**), West Face Long Term Opportunities Master Fund L.P. (the **Cayman LP**, together with CAD LP, CAD Trust and US LP (the **Initial Feeder Funds**) and West Face Long Term Opportunities Global Master L.P. (the **Master Fund**, together with the Initial Feeder Funds, the **Existing Funds**) and investments funds that may be established and managed by the Filer from time to time (the **Future Funds**, together with the Existing Funds, the **Funds**) for a decision under the securities legislation of the principal regulator (the **Legislation**) pursuant to section 15.1 of National Instrument 31-103 *Registration Requirements and Exemptions* (**NI 31-103**), exempting the Filer from:

(a) the prohibition contained in section 13.5(2)(a) of NI 31-103 that prohibits a registered adviser from knowingly causing an investment portfolio managed by it, including an investment fund for which it acts as an adviser, 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, to permit:

  (i) an Initial Feeder Fund to invest in the Master Fund; and

  (ii) any other Fund to invest in another Fund

(the above section (a) is collectively, the **Related Issuer Relief**).

(b) the prohibition contained in section 13.5(2)(b) of NI 31-103 that prohibits a registered adviser from knowingly causing an investment portfolio managed by it, including an investment fund for which it acts as an adviser, to purchase or sell a security from or to the investment portfolio of (a) a responsible person, (b) an associate of a responsible person or (c)

an investment fund for which a responsible person acts as an adviser, to permit the purchase and sale of portfolio securities between:

(i) each Initial Feeder Fund and the Master Fund; and

(ii) any other Funds managed by the Filer

(each an **In-Specie Transaction**, and the above section (b) is collectively, the **In-Species Relief**);

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) in respect of the Related Issuer Relief and the In-Species Relief, 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

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

Representations

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 under the Legislation as an adviser in the category of portfolio manager and as a dealer in the category of exempt market dealer and under the securities legislation of Manitoba as an adviser in the category of portfolio manager.

3. The Filer is the manager and portfolio adviser of the Existing Funds and will be the manager and portfolio adviser of the Future Funds.

4. In Canada, securities issued by the Funds have been, and will be, distributed to investors solely pursuant to exemptions from the prospectus requirement.

5. None of the Funds is, or will become, a reporting issuer in Canada. Each Fund is not in default of securities legislation in any province or territory of Canada.

6. The Filer is not a reporting issuer in any jurisdiction of Canada and is not in default of securities legislation in any province or territory of Canada.

Fund-on-Fund Structure

7. The Filer wishes to cause the Initial Feeder Funds to invest in units of the Master Fund. The Filer may from time to time, also wish to cause other Funds to invest in securities of one or more of the Funds. A Fund that invests in another Fund is referred to as the **Top Fund** and the Fund that a Top Fund invests in is referred to as the **Underlying Fund** (each investment by a Top Fund in an Underlying Fund is a **Fund-of-Fund Structure**).

8. The investment objective of each of the Existing Funds is to provide unitholders with capital appreciation over the long term.

9. In the absence of the Related Issuer Relief, each Top Fund would be precluded from investing in an Underlying Fund since one or more officers and/or directors of the Filer (considered a “responsible person” within the meaning of the Legislation) will also be an officer and/or director of the Underlying Fund, including, for greater certainty, an officer and/or director of the general partner of the Underlying Fund where the Underlying Fund is a limited partnership.

10. Each investment by a Top Fund in an Underlying Fund will, at the time of the investment, represent the business judgment of responsible persons uninfluenced by considerations other than the best interests of the Top Fund and the Underlying Fund.

In-Specie Transactions:

11. The Filer wishes to engage in In-Specie Transactions pursuant to which a Fund will purchase securities of another Fund and as payment for the securities make good delivery of portfolio securities that meet the investment criteria of that Fund.

12. The investment objective of the Existing Funds are set out in paragraph 8 above.

13. The Filer considers an investment by each Initial Feeder Fund in units of the Master Fund by way of In-Specie Transaction, to be a more cost effective and efficient way for each Initial Feeder Fund to achieve exposure to the portfolio securities than a direct investment in those securities.

14. In the circumstances, instead of each Initial Feeder Fund disposing of portfolio securities and the Master Fund respectively purchasing the same securities and incurring unnecessary brokerage costs, the portfolio securities would, pursuant to each In-Specie Transaction, be acquired by the Master Fund.

15. The Filer generally also considers an investment by one or more Funds in securities of other Funds by way of In-Specie Transaction, to be a more cost effective and efficient way for the Funds to acquire and dispose of portfolio securities with other Funds.

16. Similarly, following a redemption of securities of a Fund by another Fund, the Filer wishes to engage in In-Species Transactions pursuant to which payment, in whole or in part, of the redemption proceeds will be satisfied by making good delivery of portfolio securities held in the investment portfolio of the Fund whose securities are being redeemed provided those portfolio securities meet the investment criteria of the other Fund.

17. The portfolio securities to be acquired pursuant to each In-Species Transaction will be consistent with the investment objective of the Fund acquiring the portfolio securities.

18. It is anticipated that each In-Specie Transaction will be executed by the Filer.

19. As the Filer is a portfolio adviser of each Existing Fund, and will be portfolio adviser of the Future Funds, the Filer would be considered to be a “responsible person” within the meaning of the applicable provisions of NI 31-103. Accordingly, without the In-Species Relief, the Filer would be prohibited from engaging the Funds in each In-Specie Transaction.

20. Each In-Specie Transaction will represent the business judgment of the Filer uninfluenced by considerations other than the best interests of the Funds concerned.

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 is that the Related Issuer Relief and the In-Species Relief is granted on the following conditions:

1. in respect of the **Related Issuer Relief**, that in connection with each investment by a Top Fund in an Underlying Fund:

   (a) securities issued by the Top Fund are distributed in Canada solely pursuant to exemptions from the prospectus requirement;

   (b) the investment by the Top Fund in the Underlying Fund is compatible with the fundamental investment objectives of the Top Fund;

   (c) no management fees or incentive fees are payable by the Top Fund that, to a reasonable person, would duplicate a fee payable by the Underlying Fund for the same service;

   (d) no sales or redemption fees are payable by the Top Fund in relation to its purchases or redemptions of securities of the Underlying Fund;

   (e) the Top Fund will not vote the securities of the Underlying Fund held by the Top Fund at any meeting of holders of such securities except that the Top Fund may, if the manager of the Top Fund so chooses, arrange for all of the securities it holds of the Underlying Fund to be voted by the beneficial holders of securities of the

Top Fund to the extent the matter being voted on would have required approval of such beneficial holders had it occurred at the Top Fund level;

(f) if available, the offering memorandum (or other similar document) of the Top Fund will disclose:

(i) that the Top Fund may purchase securities of the Underlying Fund;

(ii) the fact that the Filer is the investment adviser to both the Top Fund and the Underlying Fund; and

(iii) the approximate or maximum percentage of net assets of the Top Fund that it is intended be invested in securities of the Underlying Fund; and

2. in respect of the **In-Species Relief**, that in connection with each In-Specie Transaction between an Initial Feeder Fund and the Master Fund, and between any other Funds managed by the Filer:

(a) where a Fund (**Fund A**) purchases securities of another Fund (**Fund B**) and Fund B receives portfolio securities from Fund A as payment:

(i) Fund B would, at the time of payment, be permitted to purchase the portfolio securities;

(ii) the portfolio securities are acceptable to the Filer, as portfolio adviser to Fund B, and are consistent with the investment objective of Fund B; and

(iii) the value of the portfolio securities is equal to the issue price of the securities of Fund B for which they are payment, valued as if the securities were portfolio assets of Fund B;

(b) where a Fund (**Fund C**) redeems securities of another Fund (Fund D) and Fund C receives portfolio securities from Fund D as payment:

(i) the portfolio securities are acceptable to the Filer, as portfolio adviser to Fund C, and are consistent with the investment objective of Fund C; and

(ii) the value of the portfolio securities is equal to the amount at which those securities were valued by Fund D in calculating the net asset value per security of Fund D used to establish the redemption price of the securities of Fund D redeemed by Fund C;

(c) each Fund will keep written records of each In-Specie Transaction in a financial year of such Fund, reflecting the details of portfolio securities delivered to, or delivered by, such Fund and the value assigned to such portfolio securities, for a period of five years after the end of the fiscal year, the most recent two years in a reasonably accessible place; and

(d) the Filer does not receive any compensation in respect of the In-Species Transaction and, in respect of the delivery of portfolio securities under the In-Species Transaction, the only charge paid by the Fund may be a commission charged by the dealer executing the trade and/or any administrative charges levied by the custodian.

“Erez Blumberger”
Deputy Director
Compliance and Registrant Regulation

2.1.7 Prime Restaurants Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Issuer granted relief from requirements under National Instrument 41-101 General Prospectus Requirements and National Instrument 51-102 Continuous Disclosure Obligations to refer to restricted securities using prescribed restricted security term – relief subject to condition that specified alternate term is used – exemption granted from requirements of section 12.3 of NI 41-101 in respect of future distributions of certain restricted shares – relief subject to conditions.

OSC Rule 56-501 Restricted Shares – Exemption granted from requirements to refer to restricted securities using prescribed restricted security term – relief subject to condition that specified alternate term is used – exemption granted from requirements of section 3.2 of OSC Rule 56-501 in respect of future exempt distributions of certain restricted shares – relief subject to conditions.

Applicable Legislative Provisions

National Instrument 41-101 General Prospectus Requirements, ss. 12.2, 12.3.
National Instrument 51-102 Continuous Disclosure Obligations, s. 10.1.
OSC Rule 56-501 Restricted Shares, ss. 2.3, 3.2.

June 1, 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
PRIME RESTAURANTS INC.
(the Filer)

DECISION

Background

The principal regulator in the Jurisdiction (the **Decision Maker**) has received an application from Prime Restaurants Royalty Income Fund (the **Fund**) and the Filer, as the successor reporting issuer to the Fund, for a decision under the securities legislation of the Jurisdiction of the Decision Maker (the **Legislation**) that:

(a) the requirement under section 12.2(4) of National Instrument 41-101 *General Prospectus Requirements* (**NI 41-101**) that restricted securities be referred to in a prospectus using a term or a defined term that includes the appropriate "restricted security term" (as defined under NI 41-101) shall not apply to any future distributions of class A limited voting shares or class B limited voting shares by the Filer (the **41-101 Disclosure Exemption**);

(b) the requirement under section 10.1 of National Instrument 51-102 *Continuous Disclosure Obligations* (**NI 51-102**) that restricted securities be referred to in prescribed continuous disclosure documents using a term that includes the appropriate "restricted security term" (as defined under NI 51-102) shall not apply to any future references to class A limited voting shares or class B limited voting shares in the prescribed continuous disclosure documents of the Filer (the **51-102 Disclosure Exemption**);

(c) the requirements under section 12.3 of NI 41-101 for a prospectus distribution of restricted securities shall not apply to the Filer in connection with any future distributions of class A limited voting shares, class B limited voting shares and class C non-voting shares (the **41-101 Offering Exemption** and, together with the 41-101 Disclosure Exemption and the 51-102 Disclosure Exemption, the **Passport Exemption Sought**);

(d) the requirement under section 2.3 of Ontario Securities Commission Rule 56-501 *Restricted Shares* (**OSC Rule 56-501**) that restricted shares be referred to in offering documents using a term or defined term that includes the appropriate "restricted share term" (as defined in OSC Rule 56-501) shall not apply to any future distributions of class A limited voting shares or class B limited voting shares by the Filer (the 56-501 Disclosure Exemption); and

(e) the requirements under section 3.2 of OSC Rule 56-501 for a prospectus exemption to be available for a stock distribution of securities shall not apply to the Filer in connection with any future stock distributions of class A limited voting shares, class B limited voting shares and class C non-voting shares (the **56-501 Private Placement Exemption** and, together with the 56-501 Disclosure Exemption, the **Ontario Exemption Sought**).

In respect of the Passport 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 British Columbia, Alberta, Saskatchewan, Manitoba,

Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador.

Interpretation

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

Representations

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

1. The Filer was created under the *Business Corporations Act* (Ontario) (the **OBCA**) pursuant to articles of arrangement dated April 5, 2010. The Filer's head office is located in Mississauga, Ontario. The Filer has been a reporting issuer in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland since April 5, 2010.

2. The Fund was a limited purpose trust established pursuant to a declaration of trust dated July 22, 2002 and was governed by the laws of the province of Ontario. On April 5, 2010, the Fund was effectively converted into the Filer pursuant to a plan of arrangement under the OBCA (the **Conversion Transaction**). The Conversion Transaction was approved at a meeting of unitholders and limited voting unitholders of the Fund (**Voting Unitholders**) in accordance with the Fund's declaration of trust and by a majority of the "disinterested" Voting Unitholders pursuant to Multilateral Instrument 61-101 *Protection of Security Holders in Special Transactions*. In connection with the meeting, the Fund prepared and delivered an information circular to its Voting Unitholders that contained the disclosure regarding the Conversion Transaction required by applicable securities laws (the **Information Circular**). Following the approval of the Conversion Transaction by Voting Unitholders, the Conversion Transaction was approved by the Superior Court of Justice of Ontario. As part of the Conversion Transaction, the Fund was dissolved pursuant to a Trust Distribution and Dissolution Agreement dated April 5, 2010.

3. Pursuant to the Conversion Transaction, the Voting Unitholders of the Fund exchanged their respective units and limited voting units for class A limited voting shares of the Filer (the **Class A Limited Voting Shares**) on a one-for-one basis. Upon completion of the Conversion Transaction, the Filer became the successor reporting issuer to the Fund, and the Class A Limited Voting Shares were listed on the Toronto Stock Exchange under the symbol "EAT".

4. Additionally, as part of the Conversion Transaction, the Filer issued 1,571,143 class B limited voting shares (the **Class B Limited Voting Shares**) and 611,000 class C non-voting shares (the **Class C Non-Voting Shares**, and together with the Class B Limited Voting Shares, the **Convertible Shares**) to Prime Restaurant Holdings Inc. (**PRH**), a company owned by certain members of management of the Filer. As further explained below, the Convertible Shares are convertible into Class A Limited Voting Shares upon the Filer meeting certain financial targets.

5. The Class A Limited Voting Shares are held by PRH and the former public unitholders of the Fund. The holders of the Class A Limited Voting Shares are entitled to vote on all matters submitted to shareholders, other than the election of one or two directors to be elected by the holders of Class B Limited Voting Shares for a limited period of time (as described below). The Class A Limited Voting Shares will be entitled to dividends if, when and as declared by the board of directors of the Filer.

6. The Class B Limited Voting Shares are held solely by PRH. The holders of Class B Limited Voting Shares vote together with the holders of Class A Limited Voting Shares on all matters, provided that for a limited period of time (not to exceed the end of the 2013 financial year) the holders of Class B Limited Voting Shares have the right to elect one or two directors of the Filer. During such time, the holders of Class B Limited Voting Shares agree to vote all of their Class A Limited Voting Shares in favour of the slate of directors proposed by management. There is no limit on the number of directors the Class A shareholders are able to elect (so the Class B director right is not proportional to shareholdings). The holders of Class B Limited Voting Shares are not entitled to dividends (other than certain extraordinary dividends). The Class B Limited Voting Shares can be converted into Class A Limited Voting Shares upon the Filer achieving certain financial targets over the next five years, essentially operating similar to an "earn-out" in a conventional purchase transaction.

7. The Class C Non-Voting Shares are also held solely by PRH. For a period of approximately 2 ½ years after the closing of the Conversion Transaction, the holders of the Class C Non-Voting Shares will have a consent right over change of control transactions entered into by the Filer (other than non-consensual transactions not sponsored by the Filer's board). This consent right is designed to ensure that PRH has the time to earn its right to convert Class C Non-Voting Shares into Class A Limited Voting Shares during the test period. This consent right can be overridden by the board of directors of the Filer by converting the Class C Non-Voting Shares into

Class A Limited Voting Shares in order to pursue any change of control transaction. As with the Class B Limited Voting Shares, the Class C Non-Voting Shares can be converted into Class A Limited Voting Shares upon the Filer achieving certain financial targets over the next five years.

8. The Filer (as successor reporting issuer to the Fund) is seeking the 41-101 Disclosure Exemption, the 51-102 Disclosure Exemption and the 56-501 Disclosure Exemption in connection with the description of the Class A Limited Voting Shares and the Class B Limited Voting Shares to be issued in the future by the Filer. The designation "limited voting" is not one of the listed "restricted security terms" or "restricted share terms" under NI 41-101, NI 51-102 or OSC Rule 56-501. However, it is substantially similar to certain of the listed "restricted security terms" and "restricted share terms" as set out in NI 41-101, NI 51-102 and OSC Rule 56-501. The Filer desires to refer to such shares as "Class A Limited Voting Shares" and "Class B Limited Voting Shares" in any future offering documents, in any future prospectuses and in all future continuous disclosure documents of the Filer.

9. The Filer (as successor reporting issuer to the Fund) is seeking the 41-101 Offering Exemption and 56-501 Private Placement Exemption in connection with any future distributions of Class A Limited Voting Shares, Class B Limited Voting Shares and Class C Non-Voting Shares. The Fund was a reporting issuer at the time of the Conversion Transaction and it prepared and delivered the Information Circular to the Voting Unitholders in connection with the Conversion Transaction. The Conversion Transaction, being the restricted security reorganization pursuant to which the Class A Limited Voting Shares, Class B Limited Voting Shares and Class C Non-Voting Shares were created, received minority approval (as that term is defined in OSC Rule 56-501) by "disinterested" Voting Unitholders of the Fund.

10. The Filer was not technically a reporting issuer at the time that it issued the Class A Limited Voting Shares, Class B Limited Voting Shares and Class C Non-Voting Shares as part of the Conversion Transaction. Upon completion of the Conversion Transaction, the Filer became the successor reporting issuer to the Fund and the Voting Unitholders (who had approved the Conversion Transaction) became holders of Class A Limited Voting Shares and, in certain cases, Convertible Shares.

Decision

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

The decision of the Decision Maker under the Legislation is that the Passport Exemption Sought and the Ontario Exemption Sought are granted provided that:

(a) in respect of the 41-101 Disclosure Exemption, the 51-102 Disclosure Exemption and the 56-501 Disclosure Exemption, the Class A Limited Voting Shares and Class B Limited Voting Shares are referred to as the "Class A Limited Voting Shares" and "Class B Limited Voting Shares", respectively;

(b) in respect of the 41-101 Offering Exemption, any subsequent restricted security reorganization, if any, carried out by the Filer related to the Class A Limited Voting Shares, Class B Limited Voting Shares or Class C Non-Voting Shares complies with the provisions of section 12.3 of NI 41-101; and

(c) in respect of the 56-501 Private Placement Exemption, any subsequent reorganization, if any, carried out by the Filer related to the Class A Limited Voting Shares, Class B Limited Voting Shares or Class C Non-Voting Shares complies with the provisions of section 3.2 of OSC Rule 56-501.

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

2.2. Orders

2.2.1 IIROC – Variation and Restatement of Recognition Order – s. 144 of the Securities Act and s. 78(1) of the CFA

Headnote

Variation and re-statement of recognition order of a self-regulatory organization to: (i) extend the time to develop an integrated fee model and submit it for approval with the Commission and (ii) extend the time to provide written quarterly reports on the status of the development of the fee model.

Statutes Cited

Commodity Futures Act, R.S.O. 1990, c. C.20, as am., s. 78(1).
Securities Act, R.S.O. 1990, c. S.5, as am., s. 144.

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

AND

IN THE MATTER OF
THE COMMODITY FUTURES ACT, R.S.O. 1990, CHAPTER C.20,
AS AMENDED (the "CFA")

AND

IN THE MATTER OF
INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA
("IIROC")

VARIATION AND RESTATEMENT
OF RECOGNITION ORDER
(Section 144 of the Act and Subsection 78(1) of the CFA)

WHEREAS the Commission issued an order effective June 1, 2008, recognizing IIROC as a self-regulatory organization pursuant to section 21.1 of the Act and subsection 16(1) of the CFA ("Previous Order");

AND WHEREAS IIROC has applied to the Commission to vary and restate the Previous Order to amend Section 4 of Appendix A of the Previous Order to: (i) extend the time for IIROC to develop an integrated fee model and submit it for approval with the Commission; and (ii) extend the time IIROC must provide written quarterly reports on the status of the development of the fee model;

AND WHEREAS the Commission has determined that it is not prejudicial to the public interest to issue an order that varies and restates the Previous Order to amend Section 4 of Appendix A of the Previous Order;

IT IS ORDERED pursuant to section 144 of the Act and subsection 78(1) of the CFA that the Previous 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
THE COMMODITY FUTURES ACT, R.S.O. 1990, CHAPTER C.20,
AS AMENDED (the "CFA")

AND

IN THE MATTER OF
INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA (IIROC)

RECOGNITION ORDER
(Subsection 21.1(1) of the Act and Subsection 16(1) of the CFA)

The Investment Dealers Association of Canada (the IDA) has been recognized by the Alberta Securities Commission, British Columbia Securities Commission, Manitoba Securities Commission, Nova Scotia Securities Commission, Ontario Securities Commission, Saskatchewan Financial Services Commission, the Financial Services Regulation Division, Department of Government Services, Consumer & Commercial Affairs Branch (Newfoundland and Labrador) and the Autorité des marchés financiers (Québec), and has applied to the New Brunswick Securities Commission for recognition (together with the Securities Office, Consumer, Corporate and Insurance Services Division, Office of the Attorney General (Prince Edward Island), the Recognizing Regulators) as a self-regulatory organization or self-regulatory body pursuant to applicable legislation.

Market Regulation Services Inc. (RS) has been recognized by the Autorité des marchés financiers (Québec) and the Alberta Securities Commission, British Columbia Securities Commission, Manitoba Securities Commission and Ontario Securities Commission as a self-regulatory organization or self-regulatory body pursuant to applicable securities legislation.

The IDA and RS agreed to combine their operations into IIROC.

IIROC will, among other things:

a. regulate investment dealers, including alternative trading systems (ATSs) and futures commission merchants (Dealer Members);

b. if retained by an ATS pursuant to National Instrument 23-101 *Trading Rules,* regulate the ATS as a Marketplace Member (defined below) and the subscribers of the ATS;

c. establish, administer and monitor its rules, policies and other similar instruments (Rules);

d. enforce compliance with its Rules by Dealer Members and others subject to its jurisdiction;

e. provide services to exchanges and quotation and trade reporting systems (QTRSs) (together with ATSs, Marketplace Members) that choose to retain it as a regulation services provider, as that term is defined under National Instrument 21-101 *Marketplace Operation*;

f. if retained by an exchange or QTRS, administer, monitor and/or enforce rules pursuant to a regulation services agreement between IIROC and that exchange or QTRS (RSA);

g. conduct certain functions delegated to it by Recognizing Regulators, including registration functions; and

h. perform investigation and enforcement functions on behalf of the IDA and RS for as long as each of the IDA and RS continues to be recognized by the Commission as a self-regulatory organization or a self-regulatory body.

On April 30, 2008, the Board of IIROC adopted the rules and policies of RS and the regulatory By-laws, Regulations, Forms and Policies of the IDA that were in force and effect at that time, subject to incidental conforming changes made to ensure consistency, and the Hearing Committees and Hearing Panels Rule as the Rules.

On April 30, 2008, the Board of IIROC adopted the market integrity notices issued by RS and all regulatory notices, bulletins, directives and guidance provided by the IDA that were in effect at that time.

IIROC applied to the Ontario Securities Commission (Commission) and the other Recognizing Regulators for recognition as a self-regulatory organization pursuant to subsection 21.1(1) of the Act and subsection 16(1) of the CFA.

The Commission issued an order dated May 16, 2008 and effective on June 1, 2008 recognizing IIROC as a self-regulatory organization pursuant to subsection 21.1(1) of the Act and subsection 16(1) of the CFA (Previous Order).

IIROC applied on May 14, 2010 to amend Appendix A of the Previous Order to: (i) extend the time for IIROC to develop an integrated fee model and submit it for approval with the Commission and (ii) extend the time IIROC must provide written quarterly reports on the status of the development of the fee model.

The Commission is satisfied that continuing to recognize IIROC as a self-regulatory organization, subject to the terms and conditions set out in Appendix A, is not prejudicial to the public interest.

The Commission hereby continues to recognize IIROC as a self-regulatory organization pursuant to section 21.1 of the Act and subsection 16(1) of the CFA on the terms and conditions set out in Appendix A and the applicable provisions of the Memorandum of Understanding between the Recognizing Regulators, as amended from time to time (MOU).

DATED this 16th day of May, 2008, effective June 1, 2008, as varied and restated on May 28, 2010.

“Paulette Kennedy”
Commissioner
Ontario Securities Commission

“Margot Howard”
Commissioner
Ontario Securities Commission

APPENDIX A

TERMS AND CONDITIONS

1. Recognition Criteria

IIROC must continue to meet the criteria attached at Schedule 1.

2. Notice and/or Approval of Changes

a. IIROC must promptly file in writing with Commission staff any material change to the information set out in the application letter dated December 21, 2007.

b. Prior Commission approval is required for any changes to the following:

(i) the corporate governance structure of IIROC, as reflected in IIROC's By-law No. 1 (By-law No. 1);

(ii) letters patent of IIROC, and any supplementary letters patent; and

(iii) the assignment, transfer, delegation or sub-contracting of the performance of all or a substantial part of its regulatory functions or responsibilities as a self-regulatory organization.

c. Prior Commission approval is required for material changes to the following:

(i) the fee model;

(ii) the functions IIROC performs;

(iii) IIROC's organizational structure;

(iv) the activities, responsibilities, and authority of the District Councils; and

(v) the Regulation Services Agreement between IIROC and any Marketplace Member.

d. IIROC must not, without providing the Commission at least twelve months prior written notice and complying with any terms and conditions the Commission may impose in the public interest, complete any transaction that would result in IIROC:

(i) ceasing to perform its services;

(ii) discontinuing, suspending or winding-up all or a significant portion of its operations; or

(iii) disposing of all or substantially all of its assets.

e. IIROC will:

(i) provide the Commission with three months prior written notice of any intended material change to its agreement with an information technology service provider regarding its critical technology systems; and

(ii) not terminate its agreement with an information technology service provider providing critical technology systems without providing the Commission prior written notice and complying with any terms and conditions the Commission may impose in the public interest.

f. IIROC will comply with the process for filing and obtaining Commission approval for by-laws, Rules and any amendments to by-laws or Rules as outlined in Appendix A of the MOU, as amended from time to time.

g. IIROC must advise the Commission in writing immediately upon being notified by any of the Recognizing Regulators that IIROC is not in compliance with one or more of the terms and conditions of recognition of IIROC in any jurisdiction or with the reporting requirements set out in the MOU.

3. Governance

a. IIROC must:

(i) ensure that at least 50% of its board of directors (Board), other than the President of IIROC, are independent directors as defined in By-law No. 1;

(ii) ensure that one of the directors represents an exchange or ATS that is not affiliated with a marketplace

(A) that retains IIROC, and

(B) has at least a 40% Market Share as defined in By-law No. 1 (Market Share); and

(iii) review the corporate governance structure, including the composition of the Board,

(A) within two years after the date of recognition and periodically thereafter, or

(B) at the request of the Commission,

to ensure that there is a proper balance between, and effective representation of, the public interest and the interests of marketplaces, dealers and other entities desiring access to the services provided by IIROC.

b. IIROC must report to Commission staff in writing the results of the corporate governance review referred to in subparagraph (a)(iii) upon completion.

c. The Code of Business Ethics and Conduct and the written policy about managing potential conflicts of interests of members of IIROC's Board must be filed with the Recognizing Regulators within one year after the date of this Recognition Order.

4. Fees

a. IIROC must develop an integrated fee model and submit it for approval with the Commission by June 1, 2011.

b. IIROC must report in writing on a quarterly basis for the first three years of operations on the status of the development of the fee model.

5. Due Process

Subject to applicable law and the Rules and by-laws of IIROC, before rendering a decision that affects the rights of a person or company in relation to membership, registration or enforcement matters, IIROC must provide that person or company an opportunity to be heard.

6. Financial Viability

a. IIROC must operate on a not-for-profit basis.

b. IIROC will immediately report to Commission staff if it cannot meet its expected expenses for the next quarter. In addition, IIROC must provide Commission staff with an action plan detailing the steps to be taken to remedy its financial condition.

7. Integration of Functions

a. IIROC must report in writing within six months of the date of the recognition order its plan and timelines for the integration of functions relating to policy, surveillance, compliance, investigations, enforcement and membership.

b. IIROC must report in writing on a quarterly basis for the first two years of operations on the status of the integration of its functions.

8. Performance of Regulatory Functions

a. IIROC must set Rules governing its members and others subject to its jurisdiction.

b. IIROC must administer and monitor compliance with the Rules and securities laws by members and others subject to its jurisdiction and enforce compliance with the Rules by Dealer Members, including ATSs, and others subject to its jurisdiction. In addition, IIROC will provide notice to the Commission of any violations of securities legislation of which it becomes aware.

c. If retained by an exchange or QTRS, IIROC must administer, monitor and/or enforce rules pursuant to an RSA.

d. IIROC must, subject to applicable legislation, collect, use and disclose personal information only to the extent reasonably necessary to carry out its regulatory activities and mandate.

e. IIROC must ensure that it is accessible for contact by the public for purposes relating to the performance of its functions as a self-regulatory organization/body.

f. IIROC must publish concurrently in English and French each document issued to the public at large or generally to any class of members and must provide the document to Commission staff immediately upon publication.

g. IIROC must adopt policies and procedures designed to ensure that confidential information about its operations or those of any Dealer Member, Marketplace Member or marketplace participant is maintained in confidence and not shared inappropriately with other persons, and must use all reasonable efforts to comply with these policies and procedures.

9. Use of Fines and Settlements

All fines collected by IIROC and all payments made under settlement agreements entered into with IIROC may be used only as follows:

a. as approved by the Corporate Governance Committee,

(i) for the development of systems or other non-recurring capital expenditures that are necessary to address emerging regulatory issues resulting from changing market conditions and are directly related to protecting investors and the integrity of the capital markets;

(ii) for the education of securities market participants and members of the public about or research into investing, financial matters or the operation or regulation of securities markets;

(iii) to contribute to a non-profit, tax-exempt organization, the purposes of which include protection of investors, or those described in paragraph (a)(ii); or

b. for reasonable costs associated with the administration of IIROC's hearing panels.

10. Disciplinary Matters

a. Subject to paragraph (b), IIROC must

(i) promptly notify the Commission, the public and the news media of:

(A) the specifics relating to each disciplinary or settlement hearing once the hearing date is set, and

(B) the terms of each settlement and the disposition of each disciplinary action once the terms or disposition is determined; and

(ii) ensure that disciplinary and settlement hearings are open to the public and news media.

b. Despite paragraph (a), IIROC may, on its own initiative or on request, order a closed-door hearing or prohibit the publication or release of information or documents if it determines that it is required for the protection of confidential matters. IIROC must establish written criteria for making a determination of confidentiality.

11. Capacity and Integrity of Systems

a. IIROC must

(i) ensure that each of IIROC's critical systems, including its technology systems, has

(A) appropriate internal controls to ensure integrity and security of information; and

(B) has reasonable and sufficient capacity, and backup to enable IIROC to properly carry on its business; and

(ii) have controls to manage the risks associated with its operations, including an annual review of its contingency and business continuity plans.

b. IIROC must promptly report to the Commission:

(i) any material failures in the controls described in paragraphs (a)(i) and (ii) above; and

(ii) any outage in IIROC's critical technology systems or backup systems,

and provide a description of the actions taken or to be taken to rectify the situation.

c. IIROC will on a reasonably frequent basis, and in any event, at least annually:

(i) make reasonable current and future capacity estimates for its critical systems;

(ii) conduct capacity stress tests to determine the ability of its critical systems to perform its regulation functions in an accurate, timely and efficient manner;

(iii) review and keep current the development and testing methodology of those systems; and

(iv) review the vulnerability of those systems to internal and external threats including physical hazards and natural disasters.

d. IIROC must cause to be performed an independent review, in accordance with established audit procedures and standards, of its controls for ensuring that it is in compliance with paragraph (c) above, and conduct a review by its Board of the report containing the recommendations and conclusions of the independent review. This term and condition will not apply if:

(i) the information technology provider retained by IIROC is required, either by law or otherwise, to conduct an annual independent review; and

(ii) IIROC's Board obtains and reviews annually a copy of the independent review report of its information technology provider to ensure that it has controls in place to address the matters outlined in paragraph (c) above.

e. Upon completion of the Board review, IIROC must provide the Commission with a copy of the report prepared under paragraph (d).

f. IIROC shall periodically benchmark surveillance systems and services provided by its information technology providers against comparable systems and services available from other third party technology providers and provide the Commissions with a report summarizing the process undertaken and the conclusions reached.

12. Ongoing Reporting Requirements

a. IIROC must provide the Commission with all information required in Schedule 2 of this Recognition Order.

b. IIROC must provide Commission staff within 30 days of the commencement of each fiscal year with a copy of its financial budget for that year, together with the underlying assumptions, that has been approved by its Board.

c. IIROC must file annual audited financial statements with Commission staff, accompanied by the report of an independent auditor, within 90 days after the end of each fiscal year.

d. IIROC must file with Commission staff quarterly financial statements for each of the first three financial quarters within 60 days after the end of each financial quarter.

e. IIROC must file its annual report with Commission staff upon completion.

f. IIROC must annually self-assess IIROC's performance of its regulatory responsibilities and report thereon to the Board and the Commission staff, together with any recommendations for improvements. The annual self-assessment must contain information as specified by Commission staff from time to time and include the following information:

(i) an assessment of how IIROC is meeting its regulatory mandate, including an assessment against the recognition criteria and the terms and conditions of the Recognition Order;

(ii) an assessment against its strategic plan;

(iii) a description of trends seen as a result of compliance reviews conducted and complaints received and IIROC's plan to deal with any issues;

(iv) whether IIROC is meeting its benchmarks and if not, why not; and

(v) a description and update on significant projects undertaken by IIROC.

IIROC must file the self-assessment with the Commission within 90 days of its fiscal year-end.

g. IIROC must give the Commission staff notice as soon as practicable of new directors.

h. IIROC must provide to the Commission, in addition to the information specifically required in this Recognition Order and the MOU, any information the Commission may reasonably require from time to time.

SCHEDULE 1

CRITERIA FOR RECOGNITION

1. Governance

a. The governance structure and arrangements must ensure:

(i) effective oversight of the entity;

(ii) fair, meaningful and diverse representation on the governing body (Board) and any committees of the Board, including a reasonable proportion of independent directors;

(iii) a proper balance among the interests of the different persons or companies subject to regulation by IIROC; and

(iv) each director or officer is a fit and proper person.

2. Public Interest

IIROC must regulate to serve the public interest in protecting investors and market integrity. It must articulate and ensure it meets a clear public interest mandate for its regulatory functions.

3. Conflicts of interest

IIROC must effectively identify and manage conflicts of interest.

4. Fees

a. All fees imposed by IIROC must be equitably allocated. Fees must not have the effect of creating unreasonable barriers to access.

b. The process for setting fees must be fair and transparent.

c. IIROC must operate on a cost-recovery basis.

5. Access

a. IIROC must have reasonable written criteria that permit all persons or companies that satisfy the criteria to access IIROC's regulatory services.

b. The access criteria and the process for obtaining access should be fair and transparent.

6. Financial Viability

IIROC must have sufficient financial resources for the proper performance of its functions and to meet its responsibilities.

7. Capacity to Perform Regulatory Functions

a. IIROC must maintain its capacity to effectively and efficiently perform its regulatory functions, which include governing the conduct of persons or companies subject to its regulation and monitoring and enforcing applicable requirements.

b. IIROC must maintain in each jurisdiction where it has an office

(i) sufficient financial, technological, human and other resources; and

(ii) appropriate organizational structures and adequate technological systems

to efficiently, effectively and in a timely manner perform its regulatory functions and responsibilities.

8. Capacity and Integrity of Systems

IIROC must maintain controls to ensure capacity, integrity requirements and security of its technology systems.

9. Rules

a. IIROC must establish and maintain Rules that:

(i) are necessary or appropriate to govern and regulate all aspects of its functions and responsibilities as a self-regulatory entity;

(ii) are designed to:

(A) ensure compliance with securities laws,

(B) prevent fraudulent and manipulative acts and practices,

(C) promote just and equitable principles of trade and the duty to act fairly, honestly and in good faith,

(D) foster cooperation and coordination with entities engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in, securities,

(E) foster fair, equitable and ethical business standards and practices,

(F) promote the protection of investors, and

(G) provide for appropriate discipline of those whose conduct it regulates;

(iii) do not impose any burden or constraint on competition or innovation that is not necessary or appropriate in furtherance of IIROC's regulatory objectives;

(iv) do not impose costs or restrictions on the activities of market participants that are disproportionate to the goals of the regulatory objectives sought to be realized; and

(v) are not contrary to the public interest.

10. Disciplinary Matters

The process for discipline must be fair and transparent.

11. Information Sharing and Regulatory Cooperation

To assist other regulatory authorities in regulatory matters, IIROC must share information and cooperate with:

(a) the Commission and any other securities regulatory authority, whether domestic or foreign;

(b) exchanges;

(c) self-regulatory organizations;

(d) clearing agencies;

(e) financial intelligence or law enforcement agencies or authorities; and

(f) investor protection or compensation funds, whether domestic or foreign.

This assistance includes the collection and sharing of information and other forms of assistance for the purpose of market surveillance, investigations, enforcement litigation, investor protection and compensation and for any other regulatory purpose and is subject to applicable laws related to information sharing and protection of personal information.

12. Other Criteria – Québec

Constituting documents, by-laws and operating rules of IIROC should allow that the power to make decisions relating to the supervision of its activities in Québec will be exercised mainly by persons residing in Québec.

SCHEDULE 2

REPORTING REQUIREMENTS

IIROC will provide the information and reports outlined in this Schedule to the Recognizing Regulators of all jurisdictions in which a Member that is the subject of a report or notification is registered, unless otherwise specified.

1. General

a. Prompt notice of any material violations of securities legislation of which IIROC becomes aware in the ordinary course operation of its business.

b. Prompt notice of actual or apparent misconduct or non-compliance by Members and their Approved Persons or Participants and others where investors, clients, creditors, Members, the Canadian Investor Protection Fund (CIPF) or IIROC may reasonably be expected to suffer serious damage as a consequence thereof, including but not limited to:

(i) where the solvency of a Member is at risk,

(ii) where fraud is present, or

(iii) where serious deficiencies in supervision or internal controls exist.

IIROC will include the party's name, the misconduct or deficiency, and its proposed response to ensure that the situations are resolved.

2. Financial Compliance

a. Prompt notification of situations that would reasonably be expected to raise concerns about a Member's continued viability, including but not limited to, capital deficiency and any condition which, in the opinion of IIROC, could give rise to payments being made out of CIPF, including any condition which, alone or together with other conditions, could, if appropriate corrective action is not taken, reasonably be expected to:

(i) inhibit the Member from promptly completing securities transactions, promptly segregating clients' securities as required or promptly discharging its responsibilities to clients, other Members or creditors,

(ii) result in material financial loss to the Member and its clients, or

(iii) result in material misstatement of the Member's financial statements.

IIROC will include the Member's name, the circumstances that gave rise to the situation, and its proposed response to ensure the identified situations are resolved.

b. Prompt notice following the taking of any action with respect to a Member in financial difficulty, including a description of the circumstances of the failure or the cause of the financial difficulty, and a summary of the actions taken.

c. At the beginning of each calendar year, an examination plan summarizing the scheduled financial compliance examinations for the upcoming year, set out on a quarterly basis and by IIROC office. The examination plan should explain the selection method used in determining the Members that are subject to an examination.

d. On a quarterly basis, notification of any material changes to Financial Compliance's processes or scope of its work, including material changes to its risk assessment model. Such notification may be provided verbally at the quarterly conference calls of staff of IIROC and the Recognizing Regulators.

3. Business Conduct Compliance

a. At the beginning of each calendar year, an examination plan summarizing the scheduled business conduct compliance examinations for the upcoming year, set out on a quarterly basis. The examination plan should explain the selection method used in determining the Member's office(s) that are subject to an examination and the resources that will be dedicated to reviews of branch offices. The examination plan should also

include for head office examinations the name of the Dealer Member and the address, and for branch office examinations that IIROC reasonably expects to complete the name of the Dealer Member and the address.

b. On a quarterly basis, a comparison of IIROC's Dealer Member business conduct compliance examination results to the examination plan by IIROC office. This comparison will include an explanation of any variances of actual results compared to the examination plan, and an action plan to ensure that the variances are resolved.

c. On a quarterly basis, a progress report on all examinations that were in progress as of or started since the last report by each IIROC office. This report will include:

(i) the name of the Dealer Member,

(ii) whether the examination involved a head office or branch,

(iii) the start and expected completion dates of the field work,

(iv) the status of the examination,

(v) whether a report has been issued and, if so, the issue date,

(vi) a summary of the material deficiencies noted during the examination,

(vii) identification of any repeated deficiencies, and

(viii) the follow up actions planned by IIROC to ensure that the identified problems will be resolved.

d. On a quarterly basis, notification of any material changes to Business Conduct Compliance's processes or scope of its work, including material changes to its risk assessment model. Such notification may be provided verbally at the quarterly conference calls of staff of IIROC and the Recognizing Regulators.

4. Trade Desk Review

a. At the beginning of each calendar year, a plan summarizing the scheduled trade desk reviews for the upcoming year, set out on a quarterly basis, including the name of the Dealer Member. The plan should explain the selection method used in determining the Members that are subject to a trade desk review.

b. On a quarterly basis, a comparison of IIROC's trade desk review results to the plan by IIROC office. This comparison will include an explanation of any variances of actual results compared to the plan, and an action plan to ensure that the variances are resolved.

c. On a quarterly basis, a progress report on all trade desk reviews that were in progress as of or started since the last report by each IIROC office. This report will include:

(i) the name of the Dealer Member,

(ii) the start and expected completion dates of the field work,

(iii) the status of the review,

(iv) whether a report has been issued and, if so, the issue date,

(v) a summary of the material deficiencies noted during the review,

(vi) identification of any repeated deficiencies, and

(viii) the follow up actions planned by IIROC to ensure that the identified problems will be resolved.

d. On a quarterly basis, notification of any material changes to trade desk review processes or scope. Such notification may be provided orally at the quarterly conference calls of staff of IIROC and the Recognizing Regulators.

5. Membership

a. Immediate notice of the admission of a new Member. In each case, IIROC will include the Member's name and any terms and conditions that are imposed on the Member.

b. Immediate notice of Members whose membership will be suspended or terminated. In each case, IIROC will include:

(i) The Member's name, and

(ii) The reasons for the proposed suspension or termination.

c. Immediate notice of receipt from a Member its intention to resign.

d. The notice required by this section may be provided by IIROC issuing a public notice containing the information, provided that such public notice will be issued immediately after the decision is made for admission, suspension and termination of membership and immediately after receipt of a notice of intention to resign, as the case maybe.

6. Registration

a. A quarterly report summarizing any terms and conditions imposed on Approved Persons, containing:

(i) the name of the Dealer Member and Approved Person on whom the terms and conditions were imposed,

(ii) the date terms and conditions were imposed,

(iii) the terms and conditions, and

(iv) a description of the reasons for the decision to impose terms and conditions.

b. A quarterly report summarizing all exemptions granted to individuals for proficiency requirements and full-time employment requirements under IIROC Rules and applicable securities legislation, and the reasons for granting the exemptions. This report should not include non-discretionary exemptions set out in IIROC Rules that were previously approved by the Recognizing Regulators.

7. Marketplace Regulation Exemptions

A quarterly report summarizing all exemptions granted during the period to marketplace participants pursuant to IIROC's Marketplace Regulation Rules, containing the information set out below:

a. the name of the marketplace participant,

b. type of exemption,

c. date of the exemption, and

d. a description of IIROC staff's reason for the decision to approve the exemption.

8. Investigations and Enforcement

a. Ad Hoc Reporting

(i) Information concerning all investigations which led to disciplinary or settlement proceedings, to be sent promptly after the disposition of the disciplinary or settlement proceedings and containing the following information:

(A) any discipline imposed,

(B) the terms of any settlement proposal accepted, and

(C) any written decisions and reasons;

b. *Monthly Reporting*

(i) A summary of all new investigations by IIROC offices, which will:

(A) indicate the date an investigation started,

(B) indicate whether the investigation concerns primarily Member Regulation matters, Marketplace Regulation matters or has significant elements of both,

(C) include name of the complainant for complaints that resulted in investigations,

(D) indicate whether the file was referred by another department of IIROC and the name of the department,

(E) identify:

a. for Member Regulation cases, the Dealer Member and relevant Approved Person(s), or

b. for Marketplace Regulation cases, the marketplace participant,

(F) summarize the misconduct alleged, and highlight any securities act violations of which IIROC becomes aware in the course of the investigation, and

(G) identify the name(s) of IIROC staff assigned to the investigation.

(ii) A summary of all closed investigations which did not lead to disciplinary or settlement proceedings by IIROC offices, which will:

(A) indicate the dates an investigation was started and closed,

(B) include detailed information concerning the investigation,

(C) identify:

a. for Member Regulation cases, the Dealer Member and relevant Approved Person(s), or

b. for Marketplace Regulation cases, the marketplace participant, and

(D) include a copy of the final investigation report and recommendations.

c. *Quarterly Reporting*

(i) A quarterly report summarizing client complaints based upon ComSet data, including:

(A) a graphical report setting out the number of open client complaints and the relative age of the client complaints as of each quarter and on an annual basis, and

(B) the relative age of closed client complaints, closed in the quarter and on an annualized basis.

(ii) Summary statistics by IIROC offices regarding the current caseload for each of complaints, investigations and prosecutions, separated between Member and Marketplace Regulation cases and within Marketplace Regulation cases, separately for each exchange, quotation and trade reporting system and alternative trading system, including:

(A) the number of files outstanding at the beginning and at the end of the period, by operating department,

(B) the number of new files opened during the period, by operating department,

(C) the number of files transferred between sections during the period, by operating department, and

(D) the number of files referred and closed during the period.

(iii) An ageing report by IIROC offices as at quarter end for files that remain open at the end of the quarter, which identifies the length of time a file has been open in each operating department.

d. Annual Reporting

(i) A summary of all complaints and the disposition thereof, together with an analysis of any emerging problems or trends;

(ii) A summary of all investigations and the disposition thereof, together with an analysis of any emerging problems or trends;

(iii) A summary of all prosecutions and the disposition thereof, together with an analysis of any emerging problems or trends;

(iv) an analysis of market surveillance files that includes a discussion of any emerging problems or trends;

(v) enforcement-related policy changes;

(vi) enforcement-related functional and administrative changes; and

(vii) ongoing initiatives which are enforcement-related, but not case specific.

2.2.2 IGM Financial Inc. – s. 104(2)(c)

Headnote

Clause 104(2)(c) – Issuer bid – relief from issuer bid requirements in sections 94 to 94.8 and 97 to 98.7 of the Act – Issuer proposes to purchase, at a discounted purchase price, up to 1 million of its common shares from one of its shareholders and/or such shareholder's affiliates – due to discounted purchase price, proposed purchases cannot be made through TSX trading system – but for the fact that the proposed purchases cannot be made through the TSX trading system, the Issuer could otherwise acquire the subject shares in reliance upon the issuer bid exemption available under section 101.2 of the Act and in accordance with the TSX rules governing normal course issuer bid purchases – no adverse economic impact on or prejudice to issuer or public shareholders – proposed purchases exempt from issuer bid requirements in sections 94 to 94.8 and 97 to 98.7 of the Act, subject to conditions.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 94 to 94.8, 97 to 98.7, 104(2)(c).

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

AND

IN THE MATTER OF
IGM FINANCIAL INC.

ORDER
(Clause 104(2)(c))

UPON the application (the "**Application**") of IGM Financial Inc. (the "**Issuer**") to the Ontario Securities Commission (the "Commission") for an order pursuant to Section 104(2)(c) of the *Securities Act* (Ontario) (the "**Act**") exempting the Issuer from the requirements of Sections 94 to 94.8 and 97 to 98.7 of the Act (the "**Issuer Bid Requirements**") in connection with the proposed purchase or purchases (the "**Proposed Purchases**") of up to an aggregate of 1 million (the "**Subject Shares**") of the Issuer's common shares (the "**Shares**") from The Toronto-Dominion Bank and/or its affiliates (collectively, the "**Selling Shareholders**");

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

AND UPON the Issuer having represented to the Commission that:

1. The Issuer is a corporation governed by the *Canada Business Corporations Act*.

2. The head office of the Issuer is located at 447 Portage Avenue, Winnipeg, Manitoba, R3C 3B6.

3. The Issuer is a reporting issuer in each of the provinces and territories of Canada and the Shares are listed for trading on the Toronto Stock Exchange (the "**TSX**"). The Issuer is not in default of any requirement of the securities legislation in the jurisdictions in which it is a reporting issuer.

4. As at April 30, 2010, the authorized common share capital of the Issuer consisted of an unlimited number of Shares, of which 262,434,599 were issued and outstanding.

5. Pursuant to a "Notice of Intention to Make a Normal Course Issuer Bid" filed with the TSX and dated April 7, 2010 (the "**Notice**"), the Issuer is permitted to make normal course issuer bid (the "**Bid**") purchases (each a "**Bid Purchase**") to a maximum of 13,121,380 Shares from April 12, 2010 until April 11, 2011. To date, no Shares have been purchased under the Bid.

6. In addition to making Bid Purchases by means of open market transactions, the Notice contemplates that the Issuer may purchase Shares by way of an issuer bid exemption order issued by a securities regulatory authority.

7. The Issuer and the Selling Shareholders intend to enter into one or more agreements of purchase and sale (the "**Agreement**") pursuant to which the Issuer will agree to acquire, by one or more trades occurring prior to the end of day on July 2, 2010, the Subject Shares from the Selling Shareholders for a purchase price or prices (the "**Purchase Price**") that will be negotiated at arm's length between the Issuer and the Selling Shareholders. The Purchase Price will be at a discount to the prevailing market price and below the prevailing bid-ask price for the Shares. The discount is expected to be approximately 7% less than the lower of the closing price and the volume weighted average price.

8. The purchase of the Subject Shares by the Issuer pursuant to the Agreement will constitute an "issuer bid" for purposes of the Act, to which the Issuer Bid Requirements would otherwise apply.

9. Because the Purchase Price will be at a discount to the prevailing market price and below the bid-ask price for the Shares at the time of each trade, the Proposed Purchases cannot be made through the TSX trading system and, therefore, will not occur "through the facilities" of the TSX. As a result, the Issuer will be unable to acquire the Subject Shares from the Selling Shareholders in reliance upon the exemption from the Issuer Bid Requirements that is available pursuant to Section 101.2(1) of the Act.

10. But for the fact that the Purchase Price will be at a discount to the prevailing market price and below the bid-ask price for the Shares at the time of the

trade, the Issuer could otherwise acquire the Subject Shares as a "block purchase" (a "**Block Purchase**") in accordance with Section 629(l)7 of Part VI of the TSX Company Manual (the "**TSX Rules**") and the exemption from the Issuer Bid Requirements available pursuant to Section 101.2(1) of the Act.

11. Each of the Selling Shareholders is at arm's length to the Issuer and is not an "insider" of the Issuer, an "associate" of an "insider" of the Issuer or an "associate" or "affiliate" of the Issuer, as such terms are defined in the Act. In addition, each Selling Shareholder is an "accredited investor" within the meaning of National Instrument 45-106 *Prospectus and Registration Exemptions* ("**NI 45-106**").

12. The Issuer will be able to acquire the Subject Shares from the Selling Shareholders in reliance upon the exemption from the dealer registration requirements of the Act that is available as a result of the combined effect of Section 2.16 of NI 45-106 and Section 4.1(a) of Commission Rule 45-501 *Ontario Prospectus and Registration Exemptions*.

13. The Issuer is of the view that it will be able to purchase the Subject Shares at a lower price than the price at which the Issuer would be able to purchase the Shares under the Bid through the facilities of the TSX and the Issuer is of the view that this is an appropriate use of the Issuer's funds.

14. The purchase of Subject Shares will not adversely affect the Issuer, the rights of any of the Issuer's securityholders or affect control of the Issuer.

15. The Proposed Purchases will be carried out with a minimum of cost to the Issuer.

16. The market for the Shares is a "liquid market" within the meaning of Section 1.2 of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions*. The purchase of Subject Shares would not have any effect on the ability of other shareholders of the Issuer to sell their Shares in the market.

17. Other than the Purchase Price, no additional fee or other consideration will be paid in connection with the Proposed Purchases.

18. The Selling Shareholder has advised the Issuer that they do not directly or indirectly own more than 5% of the issued and outstanding Shares;

19. To the knowledge of the Issuer after reasonable inquiry, the Selling Shareholder is the beneficial owner of the Subject Shares and the Subject Shares were not acquired in anticipation of resale pursuant to the Proposed Purchases.

20. To the best of the Issuer's knowledge, as of April 30, 2010, the public float for the Shares represented approximately 39.85% of all the issued and outstanding Shares for purposes of the TSX Rules.

21. At the time that the Agreement is entered into by the Issuer and the Selling Shareholders and at the time of each Proposed Purchase, neither the Issuer nor the Selling Shareholders will be aware of any "material change" or "material fact" (each as defined in the Act) in respect of the Issuer that has not been generally disclosed.

AND UPON the Commission being satisfied that it would not be prejudicial to the public interest for the Commission to grant the requested exemption;

IT IS ORDERED pursuant to Section 104(2)(c) of the Act that the Issuer be exempt from the Issuer Bid Requirements in connection with the Proposed Purchases, provided that:

(a) the Proposed Purchases will be taken into account by the Issuer when calculating the maximum annual aggregate limit for the Bid Purchases in accordance with the TSX Rules;

(b) the Issuer will refrain from conducting a Block Purchase in accordance with the TSX Rules during the calendar week it completes each Proposed Purchase and may not make any further Bid Purchases for the remainder of that calendar day;

(c) the Purchase Price is not higher than the last "independent trade" (as that term is used in paragraph 629(l)1 of the TSX Rules) of a board lot of Shares immediately prior to the execution of each Proposed Purchase;

(d) the Issuer will otherwise acquire any additional Shares pursuant to the Bid and in accordance with the TSX Rules;

(e) immediately following each Proposed Purchase of the Subject Shares from the Selling Shareholders, the Issuer will report the purchase of the Subject Shares to the TSX.;

(f) at the time that the Agreement is entered into by the Issuer and the Selling Shareholders and at the time of each Proposed Purchase, neither the Issuer nor the Selling Shareholders will be aware of any "material change" or "material fact" (each as defined in the Act) in respect of the Issuer that has not been generally disclosed; and

(g) the Issuer will issue a press release in connection with the Proposed Purchases.

DATED at Toronto this 28th day of May, 2010

"Paulette Kennedy"
Commissioner
Ontario Securities Commission

"Margot C. Howard"
Commissioner
Ontario Securities Commission

2.2.3 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., OTTO SPORK,
KONSTANTINOS EKONOMIDIS, ROBERT LEVACK
AND NATALIE SPORK**

ORDER

WHEREAS on May 12, 2010, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") in relation to Robert Levack ("Levack");

AND WHEREAS Levack entered into a settlement agreement with Staff of the Commission ("Staff") dated May 27, 2010 (the "Settlement Agreement"), a copy of which is attached as Schedule "A" to this Order, in which he agreed to a settlement of the proceeding commenced by the Notice of Hearing dated May 28, 2010, subject to the approval of the Commission;

AND UPON reviewing the Settlement Agreement, and upon hearing submissions from counsel for Staff and Levack;

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

IT IS ORDERED THAT:

(a) The settlement agreement is approved.

(b) The registration granted to the Respondent under Ontario securities law be terminated.

(c) The Respondent resign one or more positions that the Respondent holds as a director or officer of a registrant, issuer, or investment fund manager.

(d) The Respondent is prohibited from becoming or acting as a director or officer of any issuer, registrant, or investment fund manager for a period of 10 years.

(e) The Respondent is prohibited from becoming or acting as a registrant, as an investment fund manager or as a promoter for a period of 10 years.

(f) The Respondent pay an administrative penalty of $15,000, to be allocated under

s. 3.4(2)(b) of the Act to or for the benefit of third parties.

(g) The Respondent will cooperate fully with any ongoing proceedings relating to his employment at SCMI, including testifying.

DATED at Toronto this 1st day of June, 2010.

"David L. Knight"

"Margot C. Howard"

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., OTTO SPORK, KONSTANTINOS EKONOMIDIS, ROBERT LEVACK AND NATALIE SPORK

SETTLEMENT AGREEMENT
BETWEEN STAFF OF THE COMMISSION AND ROBERT LEVACK

PART I – INTRODUCTION

1. The Ontario Securities Commission (the "Commission") will issue a Notice of Hearing to announce that it will hold a hearing to consider whether, pursuant to section 127(1) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), it is in the public interest for the Commission to make certain orders in respect of Robert Levack (the "Respondent").

PART II – JOINT SETTLEMENT RECOMMENDATION

2. Staff of the Commission ("Staff") agree to recommend settlement of the proceeding commenced by Notice of Hearing dated December 8, 2008, (the "Proceeding") against the Respondent according to the terms and conditions set out in Part VI of this Settlement Agreement. The Respondent agrees to the making of an order in the form attached as Schedule "A", based on the facts set out below.

PART III – AGREED FACTS

3. For the purpose of this Settlement Agreement, the Respondent agrees with the facts set out in Part III.

The Respondent

4. The Respondent resides in the Province of Ontario. The Respondent held the Chartered Financial Analyst designation at all material times. From February 2006 to July 17, 2009, the Respondent was employed by Sextant Capital Management Inc. ("SCMI") as Chief Compliance Officer.

5. The Respondent was registered under the Act as an Officer (Advising, Non-Trading) and Chief Compliance Officer in the categories of limited market dealer and investment counsel and portfolio manager with SCMI from February 1, 2006, until June 5, 2008. On June 5, 2008, the Respondent's registration was modified to Officer

(Advising and Trading), Chief Compliance Officer and Designated Compliance Officer.

SCMI and Sextant Canadian Fund

6. SCMI was incorporated in Ontario in 2005. Until its registration was suspended by the Commission, SCMI was registered under the Act as an investment counsel, portfolio manager and limited market dealer. Otto Spork ("Spork") was SCMI's sole director until May 28, 2008, when Natalie Spork, Spork's daughter, replaced him in that role. SCMI was at all material times the investment adviser and the primary investor contact for the Sextant Strategic Opportunities Hedge Fund L.P. (the "Sextant Canadian Fund").

7. The Sextant Canadian Fund was created in early 2006 as a limited partnership formed in accordance with the *Limited Partnerships Act*, R.S.O. 1990, c. L.16. Units in the Sextant Canadian Fund were sold by way of successive offering memoranda by its investment adviser, SCMI, and by Investment Industry Regulatory Organization of Canada member firms pursuant to prospectus exemptions in the *Securities Act*, R.S.O. 1990, c. S.5 (the "Act") and National Instrument 45-106 – *Prospectus and Registration Exemptions*. Nearly 250 investors in Ontario and elsewhere in Canada invested $29.8 million in the Sextant Canadian Fund.

The Respondent's Statutory Role

8. SCMI was an investment fund manager for the Sextant Canadian Fund. As the Chief Compliance Officer, the Respondent, in turn, was a person who directed some of the affairs of the Sextant Canadian Fund. As such, the Respondent was an investment fund manager, as defined in section 1(1) of the Act, for the Sextant Canadian Fund and had the duties as set out in section 116 of the Act and the OSC Rule 31-505 – *Conditions of Registration* ("Rule 31-505").

9. As an investment fund manager, the Respondent had duties pursuant to section 116 of the Act to: (a) exercise the powers and discharge the duties of his office honestly, in good faith and in the best interests of the Sextant Canadian Fund, and (b) exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances.

10. As a representative of SCMI, a registered adviser and dealer, the Respondent had a duty to deal fairly, honestly and in good faith with its clients pursuant to section 2.1 of Rule 31-505. As the Chief Compliance Officer of SCMI, the Respondent also had duties to supervise the registered adviser's adherence to the policies and procedures for the discharge of the obligations of the registered adviser under Ontario securities law and to supervise trades made for and advice provided to a client, pursuant to section 1.3 of Rule 31-505 as it was in force at all relevant times.

The Respondent Breached His Duties

11. The Respondent breached his duties pursuant to section 116 of the Act and Rule 31-505 as described below:

(a) Working capital deficiency

12. As portfolio manager, SCMI was required to maintain a minimum free capital in the amount of $25,000. At least on two occasions, at the end of 2006 and at the beginning of 2008, the Respondent was aware that SCMI was deficient in meeting the minimum capital requirement. The Respondent failed to report the working capital deficiency to the OSC and failed to take necessary steps to ensure that the non-compliance was remedied.

(b) Over-concentration

13. Between July 31, 2007, and November 30, 2008, SCMI purchased on behalf of the Sextant Canadian Fund shares of Iceland Glacier Products S.A ("IGP"), a private company in Luxemburg, which made up over 90% of the fund's portfolio by November 30, 2008. This investment concentration was prohibited by the Act and inconsistent with the investment strategy and restrictions set out in the Sextant Canadian Fund's Offering Memorandum ("OM").

14. In July 2008, the Respondent was aware that the Sextant Canadian Fund's portfolio composition did not comply with both the OM and securities legislation. The Respondent breached his duties by failing to ensure conformity of Sextant Canadian Fund's portfolio to its OM and Ontario securities law and by failing to take necessary steps to ensure that the non-compliance was remedied.

(c) Prohibited Investment

15. At all material times when SCMI invested in IGP on behalf of the Sextant Canadian Fund, Spork was a substantial security holder of SCMI and also SCMI's officer and director (until May 28, 2008). At the same time, Spork held a significant interest in IGP through his wholly owned holding company, Riambel Holding S.A. ("Riambel"). SCMI's investment on behalf of the Sextant Canadian Fund in IGP, while Spork was a directing mind of SCMI and had significant interest in both SCMI and IGP, was a prohibited investment by the operation of the Act.

16. The Respondent knew of Spork's ownership of IGP through Riambel and was aware of the

prohibited investment in July 2008. However, the Respondent took no steps to ensure that the non-compliance was remedied.

(d) Failure to Supervise

17. Additionally, the Respondent breached his duties as the Chief Compliance Officer of SCMI. The Respondent breached his duties to supervise the trades made and advice provided by SCMI for and to the Sextant Canadian Fund and the duty to ensure SCMI's adherence to policies and procedures under Ontario securities law, by allowing, and failing to remedy, the non-compliance identified in paragraphs 12 to 16 above.

PART IV – CONDUCT CONTRARY TO ONTARIO SECURITIES LAW AND THE PUBLIC INTEREST

18. By engaging in the conduct described above, the Respondent has breached Ontario securities law by contravening section 116 of the Act and Rule 31-505 and has acted contrary to the public interest.

PART V – TERMS OF SETTLEMENT

19. The Respondent agrees to the terms of settlement listed below.

20. The Commission will make an order pursuant to section 127(1) of the Act that:

(a) The settlement agreement is approved.

(b) The registration granted to the Respondent under Ontario securities law be terminated.

(c) The Respondent resign one or more positions that the Respondent holds as a director or officer of a registrant, issuer, or investment fund manager.

(d) The Respondent is prohibited from becoming or acting as a director or officer of any issuer, registrant, or investment fund manager for a period of 10 years.

(e) The Respondent is prohibited from becoming or acting as a registrant, as an investment fund manager or as a promoter for a period of 10 years.

(f) The Respondent pay an administrative penalty of $15,000, to be allocated under s. 3.4(2)(b) of the Act to or for the benefit of third parties.

(g) The Respondent will cooperate fully with any ongoing proceedings relating to his employment at SCMI, including testifying.

21. The Respondent agrees to personally make any payments ordered above by certified cheque when the Commission approves this Settlement Agreement. The Respondent will not be reimbursed for, or receive a contribution toward, this payment from any other person or company.

22. The Respondent undertakes to consent to a regulatory Order made by any provincial or territorial securities regulatory authority in Canada containing any or all of the prohibitions set out in sub-paragraphs (d) and (e) above. These prohibitions may be modified to reflect the provisions of the relevant provincial or territorial securities law.

PART VI – STAFF COMMITMENT

23. If the Commission approves this Settlement Agreement, Staff will not commence any proceeding under Ontario securities law in relation to the facts set out in Part III of this Settlement Agreement, subject to the provisions of paragraph 26 below.

24. If the Commission approves this Settlement Agreement and the Respondent fails to comply with any of the terms of the Settlement Agreement, Staff may bring proceedings under Ontario securities law against the Respondent. These proceedings may be based on, but are not limited to, the facts set out in Part III of this Settlement Agreement as well as the breach of the Settlement Agreement.

PART VII – PROCEDURE FOR APPROVAL OF SETTLEMENT

25. The parties will seek approval of this Settlement Agreement at a public hearing before the Commission scheduled for June 1, 2010, or on another date agreed to by Staff and the Respondent, according to the procedures set out in this Settlement Agreement and the Commission's Rules of Practice.

26. Staff and the Respondent agree that this Settlement Agreement will form all of the agreed facts that will be submitted at the settlement hearing on the Respondent's conduct, unless the parties agree that additional facts should be submitted at the settlement hearing.

27. If the Commission approves this Settlement Agreement, the Respondent agrees to waive all rights to a full hearing, judicial review or appeal of this matter under the Act.

28. If the Commission approves this Settlement Agreement, neither party will make any public statement that is inconsistent with this Settlement Agreement or with any additional agreed facts submitted at the settlement hearing.

29. Whether or not the Commission approves this Settlement Agreement, the Respondent will not use, in any proceeding, this Settlement Agreement or the negotiation or process of approval of this agreement as the basis for any attack on the Commission's jurisdiction, alleged bias, alleged unfairness, or any other remedies or challenges that may otherwise be available.

PART VIII – DISCLOSURE OF SETTLEMENT AGREEMENT

30. If the Commission does not approve this Settlement Agreement or does not make the order attached as Schedule "A" to this Settlement Agreement:

i. this Settlement Agreement and all discussions and negotiations between Staff and the Respondent before the settlement hearing takes place will be without prejudice to Staff and the Respondent; and

ii. Staff and the Respondent will each be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing of the allegations contained in the Statement of Allegations. Any proceedings, remedies and challenges will not be affected by this Settlement Agreement, or by any discussions or negotiations relating to this agreement.

31. Both parties will keep the terms of the Settlement Agreement confidential until the Commission approves the Settlement Agreement. At that time, the parties will no longer have to maintain confidentiality. If the Commission does not approve the Settlement Agreement, both parties must continue to keep the terms of the Settlement Agreement confidential, unless they agree in writing not to do so or if required by law.

PART IX – EXECUTION OF SETTLEMENT AGREEMENT

32. The parties may sign separate copies of this agreement. Together, these signed copies will form a binding agreement.

33. A fax copy of any signature will be treated as an original signature.

Dated this 27th day of May, 2010.

"Robert Levack"
Respondent

"Kyla Baldwin"
Witness

"Tom Atkinson"
Director, Enforcement Branch

2.2.4 Alpha ATS LP – s. 15.1 of NI 21-101 Marketplace Operation and s. 6.1 of OSC Rule 13-502 Fees

Headnote

Section 15.1 of National Instrument 21-10 Marketplace Operation (21-101) – exemption granted from the requirement in subsection 6.4(2) of 21-101 to file an amendment to Form 21-10F2 45 days prior to the implementation of changes made to Form 21-101F2 regarding Exhibit G (fees).

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

AND

IN THE MATTER OF
ALPHA ATS LP

ORDER
(Section 15.1 of National Instrument 21-101 *Marketplace Operation*
("NI 21-101") and section 6.1 of Rule 13-502 *Fees*)

UPON the application (the "Application") of Alpha ATS LP (the "Applicant") to the Director for an order pursuant to section 15.1 of NI 21-101 exempting the Applicant from the requirement in subsection 6.4(2) of NI 21-101 to file an amendment to the information previously provided in Form 21-101F2 (the "Form") regarding Exhibit G (fees) 45 days before implementation of the fee changes (the "45 day filing requirement");

AND UPON the Applicant filing an updated Form F2 on May 19, 2010, describing a fee change to be implemented June 1, 2010 (the "Fee Change");

AND UPON the application by the Applicant (the "Fee Exemption Application") to the Director for an order pursuant to section 6.1 of Rule 13-502 exempting the Applicant from the requirement to pay an activity fee of (a) $3,250 in connection with the Application in accordance with section 4.1 and item E(1) of Appendix C of Rule13-502, and (b) $1,500 in connection with the Fee Exemption Application (Appendix C, item E(2)(a));

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

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

1. Alpha ATS LP is carrying on business as an alternative trading system and is registered as a dealer with the Ontario Securities Commission. It has received an exemption from registration in Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland, Nova Scotia, Prince Edward Island, Quebec, and Saskatchewan.

2. The Filer would like to implement changes to its fee schedule on June 1, 2010.

3. These changes are being implemented after consultation and notice required in the Subscriber Agreement.

4. The current multi-market trading environment requires frequent changes to the fees and fee model to remain competitive and it has become unduly burdensome to delay 45 days before responding to participants' needs and/or competitors' initiatives.

5. The policy rationale behind the 45 day filing requirement, which the Applicant understands is to provide Commission staff with an opportunity to analyze the changes and determine if any objections should be raised prior to implementation, can be met in a shorter period.

6. Given that the notice period was created prior to multi-marketplaces becoming a reality, and in light of the current competitive environment and the limited and highly technical nature of the exemption being sought, it would be unduly onerous to pay fees in these circumstances;

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

IT IS ORDERED by the Director:

(a) pursuant to section 15.1 of NI 21-101 that the Applicant is exempted from the 45 day filing period for the Fee Change, and

(b) pursuant to section 6.1 of Rule 13-502 that the Applicant is exempted from:

(i) paying an activity fee of $3,250 in connection with the Application, and

(ii) paying an activity fee of $1,500 in connection with the Fee Exemption Application.

DATED this 31st day of May, 2010

"Susan Greenglass"
Director, Market Regulation
Ontario Securities Commission

This page intentionally left blank

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
Disenco Energy PLC	20 May 10	01 June 10	01 June 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
Phonetime Inc.	15 Apr 10	27 Apr 10	27 Apr 10	27 May 10	
Ecosse Energy Corp.	13 May 10	25 May 10	25 May 10	03 June 10	
MedX Health Corp.	17 May 10	28 May 10	28 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		
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	27 May 10	
Freeport Capital Inc.	05 May 10	17 May 10	17 May 10		
SonnenEnergy Corp.	06 May 10	18 May 10	18 May 10		
Newlook Industries Corp.	06 May 10	18 May 10	18 May 10		
TriNorth Capital Inc.	07 May 10	19 May 10	19 May 10		
Win-Eldrich Mines Limited	07 May 10	19 May 10	19 May 10		
Ecosse Energy Corp.	13 May 10	25 May 10	25 May 10	03 June 10	
Diamond International Exploration Inc.	14 May 10	26 May 10	26 May 10		
MedX Health Corp.	17 May 10	28 May 10	28 May 10		

This page intentionally left blank

Chapter 7

Insider Reporting

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

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

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

Chapter 8

Notice of Exempt Financings

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

Transaction Date	# of Purchasers	Issuer/Security	Total Purchase Price ($)	# of Securities Distributed
04/28/2010	45	2236967 Ontario Inc. - Common Shares	3,000,000.00	60,000,000.00
05/13/2010	48	Acot Resources Ltd. - Flow-Through Shares	7,500,001.16	N/A
05/07/2010	12	Adriana Resources Inc. - Common Shares	4,000,000.00	N/A
05/11/2010	4	AK Steel Corporation - Notes	9,180,000.00	1.00
05/29/2009 to 12/31/2009	16	AlphaNorth Partners Fund Inc. - Common Shares	1,851,620.00	194,243.66
03/04/2010	16	Alturas Minerals Corp. - Units	498,197.43	N/A
05/17/2010	1	American Petroleum Tankers Parent LLC/AP Tankers Co. - Notes	1,010,911.20	1.00
05/11/2010 to 05/17/2010	132	Angelo Canadian Oil Corp - Units	7,500,000.00	N/A
05/07/2010	85	Antler Creek Energy Corp. - Common Shares	12,048,341.13	N/A
05/18/2010	6	Apex Royalty Corporation - Common Shares	70,000.00	10,500,000.00
05/12/2010	5	Arcestra Inc. - Common Shares	1,191,400.00	2,382,800.00
03/08/2010	4	Argosy Energy Inc. - Units	2,700,007.20	1,500,004.00
05/13/2010	4	ASMIC II Corp. - Preferred Shares	105,800.00	105,800.00
02/22/2010	40	Aura Silver Resources Inc. - Units	1,324,300.00	7,790,000.00
02/26/2010	1	Auspice Capital Advisors Ltd. - Trust Units	1,400.00	146.97
05/06/2010	1	Avangardco Investments Public Limited - Common Shares	10,437,005.22	666,667.00
05/20/2010	2	Aviva Investors - Global High Yield Bond Fund - Common Shares	15,500,000.00	155,000.00
04/30/2010	185	Bayfield Ventures Corp. - Units	4,002,500.00	13,150,000.00
05/11/2010	1	BDCM Offshore Opportunity Fund III, Ltd. - Common Shares	20,436,000.00	1,000,000.00
03/08/2010	23	Beacon Acquisition Partners Inc. - Common Shares	807,000.00	3,228,000.00
04/29/2010	26	Black Panther Mining Corp. - Units	514,720.00	3,217,000.00
04/09/2010	14	Bolivar Energy Inc. - Common Shares	758,904.90	5,059,366.00
03/26/2010	92	Bolivar Energy Inc. - Common Shares	22,129,379.55	35,529,197.00

Transaction Date	# of Purchasers	Issuer/Security	Total Purchase Price ($)	# of Securities Distributed
to 03/30/2010				
05/17/2010	120	Bridge Resources Corp. - Units	8,662,000.00	N/A
05/17/2010	1	Brookdale Senior Living Inc. - Common Shares	1,935,330.00	100,000.00
05/25/2010	7	BTI Systems Inc. - Warrants	2,032,183.44	N/A
02/24/2010	52	Caerus Resource Corporation - Units	1,000,000.00	5,000,000.00
03/05/2010	18	Canada Fluorspar Inc. - Common Shares	1,199,999.92	2,592,917.00
05/20/2010	1	Cantronic Systems Inc. - Debentures	500,000.00	1.00
05/10/2010	20	CareVest Blended Mortgage Investment Corporation - Preferred Shares	687,220.00	687,220.00
05/10/2010	29	CareVest Capital Blended Mortgage Investment Corp. - Preferred Shares	1,440,877.00	1,440,877.00
05/10/2010	12	CareVest Capital First Mortgage Investment Corp. - Preferred Shares	353,164.00	353,164.00
05/21/2010	38	CBI Property Income Corp. - Notes	765,100.00	751,100.00
01/15/2010 to 04/07/2010	1	Centria Capital Development Fund L.P. - Units	13,050,000.00	1,285,247.59
05/17/2010	1	Centria Capital Development Fund, L.P. - Units	1,200,000.00	117,935.18
04/30/2010	22	Centurion Apartment Real Estate Investment Trust - Units	714,270.00	71,427.00
05/05/2010	196	China Keli Electric Company Ltd. - Common Shares	23,852,603.00	17,508,673.00
02/25/2010	2	CJL Capital Inc. - Common Shares	50,000.00	1,000,000.00
05/06/2010	2	Comerica incorporated - Warrants	3,289,742.40	197,000.00
05/14/2010	104	Compass Acquisition Corp. - Receipts	10,641,929.85	7,882,911.00
05/06/2010 to 05/10/2010	111	Contact Exploration Inc. - Units	3,500,000.00	43,750,000.00
05/28/2010	2	CSMART VFN Trust - Notes	100,000,000.00	2.00
05/14/2010	38	DEEP Earth Energy Production Corp. - Common Shares	962,500.00	9,625,000.00
05/03/2010	57	Diamcor Mining Inc. - Units	1,651,546.50	5,505,155.00
04/20/2010	17	Dollar General Corporation - Common Shares	269,600.00	10,000.00
04/30/2010	46	Eagle Landing Capital Inc. - Common Shares	942,165.00	N/A
05/10/2010	11	Eaglecrest Exploration Ltd. - Units	2,319,000.00	4,638,000.00
04/06/2010	15	Eagleridge Minerals Ltd. - Units	116,547.03	685,572.00
05/13/2010	1	Edgeworth Mortgage Investment Corporation -	370,140.00	N/A

Transaction Date	# of Purchasers	Issuer/Security	Total Purchase Price ($)	# of Securities Distributed
		Preferred Shares		
05/11/2010	30	Edleun Inc. - Receipts	6,830,000.00	14,260,000.00
05/04/2010	5	EMED Mining Public Limited - Common Shares	5,408,839.17	33,352,382.00
05/14/2010	3	Empire Fovere Inc. - Units	13,050,000.00	13,050,000.00
04/30/2010	3	Explor Resources Inc. - Common Shares	25,500.00	50,000.00
05/11/2010	56	Fire River Gold Corp. - Units	3,625,500.00	N/A
05/14/2010	5	First Leaside Fund - Units	265,370.00	265,370.00
05/13/2010	2	First Leaside Expansion Limited Partnership - Units	60,000.00	60,000.00
05/18/2010	1	First Leaside Visions II Limited Partnership - Units	100,000.00	100,000.00
05/07/2010	9	First Mexican Resources Inc. - Common Shares	125,000.00	500,000.00
10/01/2009	6	Flatiron Trust - Units	5,790,000.00	3,044.97
02/05/2009 to 08/18/2009	3	Floyd Growth Fund - Units	5,025.00	980.84
02/17/2010	29	Forest Gate Energy Inc. - Units	307,445.00	2,364,960.00
05/07/2010	4	Gemin X Pharmaceuticals Inc. - Preferred Shares	670,585.00	N/A
02/24/2010 to 03/05/2010	4	Genco Resources Ltd. - Common Shares	2,005,815.60	5,571,710.00
05/05/2010	14	Glass Earth Gold Limited - Units	1,733,500.00	8,667,500.00
03/05/2010	1	Gold World Resources Inc. - Units	40,000.00	N/A
01/01/2008 to 12/31/2008	582	GS+A Enhanced Credit Arbitrage Fund - Trust Units	129,707,306.49	13,535,149.67
01/01/2008 to 12/31/2008	293	GS+A Equity Long/Short Fund - Units	43,503,269.40	368,394.07
01/01/2008 to 12/31/2008	86	GS+A Equity Long/Short Trust - Trust Units	12,588,191.00	125,622.63
01/01/2008 to 12/31/2008	1591	GS+A Fixed Income Fund - Trust Units	428,637,464.56	4,393,650.21
01/01/2008 to 12/31/2008	791	GS+A High Yield Long/Short Fund - Trust Units	112,328,363.18	1,043,812.63
01/01/2008 to 12/31/2008	389	GS+A High Yield Long/Short Trust - Trust Units	21,235,475.41	211,120.95

Transaction Date	# of Purchasers	Issuer/Security	Total Purchase Price ($)	# of Securities Distributed
01/01/2008 to 12/31/2008	403	GS+A Income Long/Short Fund - Trust Units	60,706,193.46	373,752.01
01/01/2008 to 12/31/2008	140	GS+A US$ Fixed Income Fund - Trust Units	38,562,353.50	403,375.00
05/14/2010	81	GWR Resources Inc. - Units	1,536,999.84	12,008,332.00
03/03/2010	1	Halo Resources Ltd. - Common Shares	37,500.00	461,255.00
05/20/2010	63	Hana Mining Ltd. - Common Shares	24,150,000.00	1,150,000.00
05/18/2010	1	Hillman Group, Inc. (The) - Notes	258,250.00	1.00
05/05/2010	12	Indicator Minerals Inc. - Flow-Through Shares	274,800.00	1,715,000.00
05/11/2010	1	Inglewood Investment Limited Partnership - Loans	375,000.00	15.00
05/12/2010	1	Investco Private Equity Fund III, L.P. - Limited Partnership Units	49,180.23	49.00
05/11/2010	4	Joslyn Energy Development Incorporated - Common Shares	42,750.00	57,000.00
05/14/2010	1	Kalahari Resources Inc. - Common Shares	27,500.00	500,000.00
05/05/2010	42	Kaskattama Inc. - Common Shares	1,193,000.00	3,197,500.00
05/10/2010	1	Knight Resources Ltd. - Flow-Through Units	198,000.00	1,800,000.00
05/07/2010	4	L'Occitane International S.A. - Common Shares	1,850,825.00	916,250.00
05/13/2010 to 05/18/2010	37	Lago Dourado Minerals Ltd. - Common Shares	2,192,000.00	10,960,000.00
05/10/2010	3	Lateegra Gold Corp. - Common Shares	7,500.00	30,000.00
05/04/2010	6	Limited Brands Inc. - Notes	6,640,400.00	N/A
05/14/2010	4	MDC Partners Inc. - Notes	1,922,195.06	1,780,000.00
04/01/2010	3	Midland Power Utility Corporation - Debentures	2,657,519.19	N/A
05/14/2010	31	Minaurum Gold Inc. - Common Shares	3,722,997.00	6,204,995.00
05/05/2010 to 05/10/2010	5	Miracle Mile Limited Partnership - Units	87,000.00	87,000.00
05/14/2010	3	Miracle Mile Limited Partnership - Units	95,000.00	95,000.00
05/07/2010	4	Mobidia Technology Inc. - Preferred Shares	1,074,799.00	977,090.00
05/07/2010	53	Moimstone Corporation - Common Shares	3,275,000.00	6,550,000.00
03/26/2010	107	Multiplied Media Corporation - Common Shares	5,000,000.00	20,000,000.00
02/17/2010	0	Multiplied Media Corporation - Warrants	0.00	500,000.00

Transaction Date	# of Purchasers	Issuer/Security	Total Purchase Price ($)	# of Securities Distributed
05/19/2010	16	Naturally Advanced Technologies Inc. - Units	1,442,739.00	1,424,739.00
12/03/2009	1	Neilas (Shepherd Road) Limited Partnership - Limited Partnership Units	25,000.00	N/A
05/01/2010	1	New Haven Mortgage Income Fund (1) inc. - Special Shares	100,000.00	N/A
05/19/2010	4	Noranda Aluminum Holding Corporation - Common Shares	10,725,300.00	10,000,000.00
05/21/2010	8	Nordic Oil and Gas Ltd. - Royalties	600,000.00	24.00
05/12/2010	118	Noront Resources Ltd. - Flow-Through Shares	13,904,706.00	7,598,200.00
05/10/2010	11	Northern Star Mining Corp. - Units	513,150.00	1,555,000.00
05/07/2010	1	Owens-Brockway Glass Container Inc. - Notes	1,043,100.00	N/A
09/04/2009	19	Pacific Ridge Exploration Ltd. - Common Shares	320,000.00	N/A
04/19/2010 to 04/29/2010	26	PAKIT Inc. - Common Shares	311,550.00	311,550.00
04/30/2010 to 05/09/2010	17	PAKIT Inc. - Common Shares	388,500.00	388,500.00
05/18/2010	35	Paramax Resources Ltd. - Units	8,250,000.00	N/A
04/30/2010	26	Pembrook Mining Corp. - Common Shares	15,720,000.00	7,860,000.00
05/07/2010	1	Pennsylvania Real Estate Investment Trust - Common Shares	847,518.75	9,000,000.00
01/01/2009 to 12/31/2009	2	Performance Growth Fund - Units	550,000.00	N/A
01/01/2009 to 12/31/2009	9	Performance Market Hedge Fund - Units	5,395,771.00	N/A
02/24/2010	96	Philippine Metals Corp. - Receipts	5,183,625.15	11,519,167.00
05/18/2010	1	Phoenix Equity Partners 2010 L.P. - Capital Commitment	52,195,500.00	1.00
11/12/2009	36	Premier Gold Mines Limited - Flow-Through Shares	5,475,000.00	1,500,000.00
02/25/2010	48	Pure Industrial Real Estate Trust - Units	21,600,000.00	7,200,000.00
03/26/2010	23	Realm Energy International Corporation - Units	638,500.00	2,554,000.00
05/07/2010	6	Red Leaf Resources, Inc. - Preferred Shares	48,307,885.00	15,203.00
04/30/2010	31	Redhawk Resources Inc. - Units	4,012,000.00	11,462,860.00
03/10/2010	16	Rhyolite Resources Ltd. - Units	1,000,000.00	4,000,000.00
03/04/2010	1	Richmond Minerals Inc. - Notes	100,000.00	N/A

Transaction Date	# of Purchasers	Issuer/Security	Total Purchase Price ($)	# of Securities Distributed
03/01/2010	1	Rockcliff Resources Inc. - Warrants	0.00	N/A
05/07/2010	1	ROI Private Capital Trust Series R - Units	3,500,000.00	33,841.99
02/25/2010	16	Rolling Rock Resources Corporation - Units	1,200,000.00	6,000,000.00
05/03/2010 to 05/14/2010	29	Ross River Minerals Inc. - Common Shares	312,000.00	400,000.00
02/26/2010	20	Route1 Inc. - Units	1,900,000.00	38,000,000.00
05/14/2010	1	Royal Bank of Canada - Notes	2,498,076.00	2,415.00
05/19/2010 to 05/20/2010	16	Royal Bank of Canada - Notes	478,935.50	400.00
05/14/2010	1	Rubicon Minerals Corporation - Common Shares	197,574.00	41,606.00
10/13/2009	1	Schroder Emerging Markets Fund (Canada) - Units	51,945,500.00	N/A
05/04/2010 to 05/11/2010	46	Silverback Energy Ltd. - Receipts	18,500,000.00	7,400,000.00
04/29/2010	10	SiteBrand Inc. - Units	161,350.00	2,151,333.00
05/06/2010	14	Skyline Gold Corporation - Units	599,200.00	4,993,334.00
03/02/2010	71	Spectral Diagnostics Inc. - Units	19,500,000.00	48,750,000.00
03/01/2010	2	Stacey Muirhead Limited Partnership - Limited Partnership Units	113,500.00	2,968.85
03/01/2010	10	Stacey Muirhead RSP Fund - Trust Units	117,210.00	11,531.54
05/10/2010	298	Storm Ventures International Inc. - Common Shares	0.00	N/A
05/19/2010	2	Strategic Hotels & Resorts, Inc. - Common Shares	1,402,701.00	66,000,000.00
04/22/2010 to 04/29/2010	13	St. Eugene Mining Corporation Limited - Units	380,960.00	4,481,882.00
04/29/2010	70	Sunward Resources Ltd. - Special Warrants	25,000,000.00	20,833,333.00
05/06/2010	96	Takara Resources Inc. - Common Shares	2,270,999.00	16,221,422.00
02/24/2010	4	Taranis Resources Inc. - Common Shares	183,077.00	915,385.00
03/01/2010	47	Tethys Petroleum Limited - Common Shares	46,455,744.43	30,000,000.00
04/26/2010	11	The Continuum Network Inc. - Debentures	214,668.10	N/A
02/04/2010	13	The Futura Loyalty Group Inc. - Units	675,000.00	13,500,000.00
05/17/2010	8	The Royal Bank of Scotland plc - Notes	165,698,000.00	2.00
03/29/2010	23	TransReserve Inc. - Units	100,000.00	250,000.00

Transaction Date	# of Purchasers	Issuer/Security	Total Purchase Price ($)	# of Securities Distributed
01/11/2010	22	TransReserve Inc. - Units	90,600.00	362,400.00
12/31/2009	3	Tricor Co. Ltd. - Common Shares	426,300.00	3.00
04/13/2010	1	Trident V Parallel Fund LP - Limited Partnership Interest	225,630,000.00	N/A
02/25/2010	6	Tyhee Development Corp. - Units	869,400.00	5,830,000.00
05/06/2010	1	UBS AG, London Branch - Units	117,965.64	19.00
05/06/2010	1	UBS AG, London Branch - Units	121,670.16	120.00
01/29/2010	9	UniCredit SpA - Common Shares	18,946,085.20	2,516,889,453.00
05/14/2010	3	Uxbridge Industrial Ltd. - Units	5,500,000.00	5,500,000.00
03/10/2010	5	Valdez Gold Inc. - Flow-Through Shares	900,000.00	7,500,000.00
02/28/2010	4	Van Arbor Canadian Advantage Fund - Units	1,245,174.66	N/A
02/28/2010	3	Van Arbor World Advantage Fund - Units	1,459,716.88	N/A
05/07/2010	20	Vangold Resources Ltd. - Common Shares	2,224,000.00	11,120,000.00
05/19/2010	1	Vendome Resources Corp. - Common Shares	32,000.00	400,000.00
03/04/2010	17	Virgin Metals Inc. - Common Shares	439,000.00	N/A
05/14/2010	75	Walton Southern U.S. Land Investment Corporation - Common Shares	1,599,610.00	159,961.00
05/14/2010	14	Walton Southern U.S. Land LP - Units	2,952,993.84	290,649.00
05/05/2010 to 05/13/2010	8	Wellington Portland Limited Partnership - Limited Partnership Units	850,000.00	850.00
05/20/2010	1	Wells Fargo & Company - Warrants	8,885,363.72	1,082,600.00
05/17/2010	6	Wescorp Energy Inc. - Warrants	0.00	1,000,000.00
04/29/2010	31	White Tiger Mining Corp. - Units	774,000.00	3,096,000.00
05/21/2010	6	Wildcat Silver Corporation - Units	1,000,000.00	2,000,000.00
05/18/2010	1	Wimberly Apartments Limited Partnership - Units	99,088.56	137,033.00
05/13/2010	1	Wimberly Fund - Trust Units	265,142.63	261,250.00
05/18/2010	2	Wimberly Fund - Trust Units	50,000.00	50,000.00
09/29/2009	1	Windstream Corporation - Notes	2,174,200.00	N/A
12/31/2009 to 05/10/2010	15	Windtronics LLC - Units	5,698,308.74	18,666.00
03/01/2010	6	xRM Global Inc. - Units	335,000.25	515,385.00
03/01/2010	12	Xtierra Inc. - Units	3,955,000.00	19,775,000.00
09/30/2009	4	Yaletown Ventures II Limited Partnership -	26,667,000.00	26,667.00

Transaction Date	# of Purchasers	Issuer/Security	Total Purchase Price ($)	# of Securities Distributed
		Limited Partnership Units		
05/13/2010	14	Zaio Corporation - Units	449,529.99	3,457,923.00
05/07/2010 to 05/14/2010	6	Zelos Therapeutics Inc. - Notes	1,029,716.95	N/A
05/07/2010 to 05/14/2010	3	Zelos Therapeutics Inc. - Notes	729,133.66	N/A

Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
Amaya Gaming Group Inc.
Principal Regulator - Quebec
Type and Date:
Preliminary Long Form Prospectus dated May 28, 2010
NP 11-202 Receipt dated May 31, 2010
Offering Price and Description:
Minimum Offering: $5,000,000.00 or 5,000,000 Units (the "Minimum Offering"); Maximum Offering: $7,500,000.00 or 7,500,000 Units (the "Maximum Offering") Price: $1.00
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
Desjardins Securities Inc.
Promoter(s):
-
Project #1589319

Issuer Name:
BonaVista Canadian Equity Value Fund
BonaVista Global Balanced Fund
Phillips, Hager & North $U.S. Money Market Fund
Phillips, Hager & North Balanced Fund
Phillips, Hager & North Bond Fund
Phillips, Hager & North Canadian Equity Fund
Phillips, Hager & North Canadian Equity Value Fund
Phillips, Hager & North Canadian Growth Fund
Phillips, Hager & North Canadian Income Fund
Phillips, Hager & North Canadian Money Market Fund
Phillips, Hager & North Community Values Balanced Fund
Phillips, Hager & North Community Values Bond Fund
Phillips, Hager & North Community Values Canadian Equity Fund
Phillips, Hager & North Community Values Global Equity Fund
Phillips, Hager & North Currency-Hedged Overseas Equity Fund
Phillips, Hager & North Currency-Hedged U.S. Equity Fund
Phillips, Hager & North Dividend Income Fund
Phillips, Hager & North Global Equity Fund
Phillips, Hager & North High Yield Bond Fund
Phillips, Hager & North Inflation-Linked Bond Fund
Phillips, Hager & North Monthly Income Fund
Phillips, Hager & North Overseas Equity Fund
Phillips, Hager & North Short Term Bond & Mortgage Fund
Phillips, Hager & North Total Return Bond Fund
Phillips, Hager & North U.S. Dividend Income Fund
Phillips, Hager & North U.S. Equity Fund
Phillips, Hager & North U.S. Growth Fund
Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund
Phillips, Hager & North Vintage Fund
Principal Regulator - British Columbia
Type and Date:
Preliminary Simplified Prospectuses dated May 26, 2010
NP 11-202 Receipt dated May 26, 2010
Offering Price and Description:
Advisor Series Units, Series D, C, F and O Units
Underwriter(s) or Distributor(s):
Phillips, Hager & North Investment Funds Ltd.
Promoter(s):
Phillips, Hager & North Investment Management Ltd.
Project #1586680

Issuer Name:
Canadian First Financial Holdings Limited
Principal Regulator - Ontario
Type and Date:
Amended and Restated dated May 28, 2010 to Preliminary Long Form Prospectus dated January 27, 2010
NP 11-202 Receipt dated May 28, 2010
Offering Price and Description:
Minimum $200,000.00 (133,333 Common Shares)
Maximum $1,000,000.00 (666,667 Common Shares)
Price: $1.50 per Common Share
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1527554

Issuer Name:
Crocodile Gold Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated June 1, 2010
NP 11-202 Receipt dated June 1, 2010
Offering Price and Description:
$20,020,000.00 - 15,400,000 Common Shares Price: $1.30 per Offered Share
Underwriter(s) or Distributor(s):
Macquarie Capital Markets Canada Ltd.
Cormark Securities Inc.
GMP Securities L.P.
Raymond James Ltd.
Fraser Mackenzie Limited
Promoter(s):
-
Project #1592291

Issuer Name:
Dejour Enterprises Ltd.
Principal Regulator - British Columbia
Type and Date:
Amended and Restated Preliminary Base Shelf Prospectus dated May 26, 2010
NP 11-202 Receipt dated May 27, 2010
Offering Price and Description:
US$25,000,000.00:
Common Shares
Preferred Shares
Debt Securities
Warrants
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1544775

Issuer Name:
Distinction Balanced Portfolio
Distinction Bold Portfolio
Distinction Conservative Portfolio
Distinction Growth Portfolio
Distinction Monthly Income Portfolio
Distinction Prudent Portfolio
IA Clarington American Fund
IA Clarington Bond Fund
IA Clarington Canadian Balanced Fund
IA Clarington Canadian Conservative Equity Fund
IA Clarington Canadian Leaders Fund
IA Clarington Canadian Small Cap Fund
IA Clarington Dividend Growth Fund
IA Clarington Dividend Income Fund
IA Clarington Energy Class
IA Clarington Global Dividend Fund
IA Clarington Global Equity Fund
IA Clarington Global Small Cap Fund
IA Clarington Global Tactical Income Class
IA Clarington Global Tactical Income Fund
IA Clarington Global Value Fund
IA Clarington Inhance Balanced SRI Portfolio
IA Clarington Money Market Fund
IA Clarington Monthly Income Balanced Fund
IA Clarington Real Return Bond Fund
IA Clarington Sarbit U.S. Equity Fund
IA Clarington Short Term Bond Fund
IA Clarington Short-Term Income Class
IA Clarington Tactical Bond Class
IA Clarington Tactical Bond Fund
IA Clarington Tactical Income Class
IA Clarington Tactical Income Fund
Principal Regulator - Quebec
Type and Date:
Preliminary Simplified Prospectuses dated May 26, 2010
NP 11-202 Receipt dated June 1, 2010
Offering Price and Description:
Series A, F, F6, F8, I and T5, T6, T8 Shares, Series F and O Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
IA Clarington Investments Inc.
Project #1589192

Issuer Name:
Fibrek Inc.
Principal Regulator - Quebec
Type and Date:
Preliminary Short Form Prospectus dated May 27, 2010
NP 11-202 Receipt dated May 28, 2010
Offering Price and Description:
$40,000,000.00 - OFFERING OF * RIGHTS TO SUBSCRIBE FOR UP TO * COMMON SHARES. AT A PRICE OF $ * PER COMMON SHARE
Underwriter(s) or Distributor(s):
TD Securities Inc.
Promoter(s):
-
Project #1587806

Issuer Name:
Homeland Energy Group Ltd.
Principal Regulator - Ontario
Type and Date:
Amended and Restate Preliminary Short Form Prospectus dated May 28, 2010
NP 11-202 Receipt dated May 28, 2010
Offering Price and Description:
$8,750,000.00 - OFFERING OF 302,115,756 RIGHTS TO SUBSCRIBE FOR * COMMON SHARES AT A SUBSCRIPTION PRICE OF $* PER COMMON SHARE
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1533068

Issuer Name:
Ratel Gold Limited
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated June 1, 2010
NP 11-202 Receipt dated June 1, 2010
Offering Price and Description:
UP TO $14,000,000.00 - UP TO 70,000,000 COMMON SHARES Price: Cdn.$0.20 per Share
Underwriter(s) or Distributor(s):
Haywood Securities Inc.
Promoter(s):
CGA Mining Limited
Project #1592069

Issuer Name:
RBC Emerging Markets Bond Fund
RBC Select Very Conservative Portfolio
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated May 26, 2010
NP 11-202 Receipt dated May 27, 2010
Offering Price and Description:
(Series A, Advisor Series, Series D, Series F and Series O Units)
Underwriter(s) or Distributor(s):
Royal Mutual Funds Inc.
RBC Direct Investing Inc.
Royal Mutual Funds Inc.
RBC Asset Management Inc.
RBC Dominion Securities Inc..
Royal Mutual Funds Inc./RBD Direct Investing Inc.
Promoter(s):
RBC Asset Management Inc.
Project #1586517

Issuer Name:
Richmont Mines Inc.
Principal Regulator - Quebec
Type and Date:
Preliminary Short Form Prospectus dated June 1, 2010
NP 11-202 Receipt dated June 1, 2010
Offering Price and Description:
$* - * Common Shares Price: $ * per Offered Share
Underwriter(s) or Distributor(s):
Desjardins Securities Inc.
CIBC World Markets Inc.
Dundee Securities Corporation
National Bank Financial Inc.
Promoter(s):
-
Project #1592271

Issuer Name:
The Churchill Corporation
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated June 1, 2010
NP 11-202 Receipt dated June 1, 2010
Offering Price and Description:
$100,500,000.00 - 6,000,000 Subscription Receipts, each representing the right to receive one Common Share - and -$75,000,000.00 - 6.00% Convertible Extendible Unsecured Subordinated Debentures Due June 30, 2015
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
Raymond James Ltd.
National Bank Financial Inc.
CIBC World Markets Inc.
TD Securities Inc.
Canaccord Genuity Corp.
GMP Securities L.P.
Macquarie Capital Markets Canada Ltd.
HSBC Securities (Canada) Inc.
Paradigm Capital Inc.
Stonecap Securities Inc.
Promoter(s):
-
Project #1592444

Issuer Name:
TMX Group Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Base Shelf Prospectus dated May 25, 2010
NP 11-202 Receipt dated May 26, 2010
Offering Price and Description:
$1,000,000,000.00:
Common Shares
Preference Shares
Debt Securities
Subscription Receipts
Warrants
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1585726

Issuer Name:
Whiterock Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated June 1, 2010
NP 11-202 Receipt dated June 1, 2010
Offering Price and Description:
$34,020,000.00 - 2,430,000 Units Price: $14.00 per Unit
Underwriter(s) or Distributor(s):
TD Securities Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
Canaccord Genuity Corp.
National Bank Financial Inc.
Dundee Securities Corporation
Promoter(s):
-
Project #1592339

Issuer Name:
American Express Canada Credit Corporation
Principal Regulator - Ontario
Type and Date:
Final Base Shelf Prospectus dated May 27, 2010
NP 11-202 Receipt dated May 27, 2010
Offering Price and Description:
Cdn $3,500,000,000.00 - Medium Term Notes (unsecured) Unconditionally guaranteed as to principal, premium (if any), interest and certain other amounts by AMERICAN EXPRESS CREDIT CORPORATION, a Delaware corporation
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
Merrill Lynch Canada Inc.
RBC Dominion Securities Inc.
TD Securities Inc.
Promoter(s):
-
Project #1581923

Issuer Name:
BMO Canadian Government Bond Index ETF
Principal Regulator - Ontario
Type and Date:
Amendment #2 dated May 18, 2010 to the Long Form Prospectus dated January 15, 2010
NP 11-202 Receipt dated June 1, 2010
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
Jones Heward Investment Counsel Inc.
Project #1517049

Issuer Name:
Canoro Resources Ltd.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated May 21, 2010
NP 11-202 Receipt dated May 26, 2010
Offering Price and Description:
Up to $13,877,116.00 - Offering of Rights to Subscribe for up to 138,771,162 Common Shares at a Price of $0.10 per Common Share
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1578438

Issuer Name:
CHIP Mortgage Trust
Principal Regulator - Ontario
Type and Date:
Final Base Shelf Prospectus dated June 1, 2010
NP 11-202 Receipt dated June 1, 2010
Offering Price and Description:
$750,000,000.00 - Medium Term Notes (secured) Fully and Unconditionally guaranteed as to payment of principal, premium (if any) and interest by HOMEQ CORPORATION
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
Scotia Capital Inc.
Promoter(s):
-
Project #1584478

Issuer Name:
CJL Capital Inc.
Principal Regulator - Quebec
Type and Date:
Final CPC Prospectus dated May 28, 2010
NP 11-202 Receipt dated May 31, 2010
Offering Price and Description:
MINIMUM OFFERING: $250,000.00 or 2,500,000 Common Shares; MAXIMUM OFFERING: $300,000.00 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:
Contrans Group Inc.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated May 26, 2010
NP 11-202 Receipt dated May 26, 2010
Offering Price and Description:
$50,000,006.00 -5,208,334 Class A Subordinate Voting Shares PRICE: $9.60 PER SUBORDINATE VOTING SHARE
Underwriter(s) or Distributor(s):
Cormark Securities Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
TD Securities Inc.
Promoter(s):
-
Project #1583559

Issuer Name:
Credit Suisse AG
Principal Regulator - Ontario
Type and Date:
Final Base Shelf Prospectus dated May 26, 2010
NP 11-202 Receipt dated May 26, 2010
Offering Price and Description:
Cdn. $4,000,000,000.00 - Medium Term Notes (Unsecured)
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1574979

Issuer Name:
Crescent Point Energy Corp.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated May 26, 2010
NP 11-202 Receipt dated May 26, 2010
Offering Price and Description:
$375,150,000.00 - 9,150,000 Common Shares at $41.00 per Common Share
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
RBC Dominion Securities Inc.
FirstEnergy Capital Corp.
TD Securities Inc.
National Bank Financial Inc.
GMP Securities L.P.
Macquarie Capital Markets Canada Ltd.
Peters & Co. Limited
Promoter(s):
-
Project #1583654

Issuer Name:
CU Inc.
Principal Regulator - Alberta
Type and Date:
Final Shelf Prospectus dated May 28, 2010
NP 11-202 Receipt dated May 28, 2010
Offering Price and Description:
$1,700,000,000.00 Debentures (Unsecured)
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
RBC Dominion Securities Inc.
TD Securities Inc.
Promoter(s):
-
Project #1583538

Issuer Name:
DELPHI ENERGY CORP.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated May 27, 2010
NP 11-202 Receipt dated May 27, 2010
Offering Price and Description:
$27,500,000.00 - 10,000,000 Common Shares $2.75 per Common Share
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
Canaccord Genuity Corp.
GMP Securities L.P.
Macquarie Capital Markets Canada Ltd.
Peters & Co. Limited
Thomas Weisel Partners Canada Inc.
Promoter(s):
-
Project #1584136

Issuer Name:
Dynamic Focus+ Wealth Management Fund
(Series A, F, I, O and T securities)
Dynamic Power Balanced Fund
(Series A, F, I, IP, O, OP and T securities)
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated May 26, 2010 the Simplified Prospectuses and Annual Information Form dated December 23, 2009
NP 11-202 Receipt dated May 28, 2010
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Goodman & Company Investment Counsel Ltd.
Promoter(s):
Goodman & Company Investment Counsel Ltd.
Project #1501539

Issuer Name:
Doca Capital Corp.
Principal Regulator - British Columbia
Type and Date:
Amended and Restated CPC Prospectus dated May 19, 2010 to Final CPC Prospectus dated April 1, 2010
NP 11-202 Receipt dated May 31, 2010
Offering Price and Description:
$200,000.00 - 2,000,000 Common shares PRICE: $0.10 PER COMMON SHARE
Underwriter(s) or Distributor(s):
Raymond James Ltd.
Promoter(s):
Dave Doherty
Project #1536137

Issuer Name:
Dundee Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated May 26, 2010
NP 11-202 Receipt dated May 26, 2010
Offering Price and Description:
$100,040,000.00 - 4,100,000 REIT Units, Series A PRICE: $24.40 per Unit
Underwriter(s) or Distributor(s):
TD Securities Inc.
Scotia Capital Inc.
Dundee Securities Corporation
BMO Nesbitt Burns Inc.
RBC Dominion Securities Inc.
Brookfield Financial Corp.
Canaccord Genuity Corp.
Desjardins Securities Inc.
HSBC Securities (Canada) Inc.
National Bank Financial Inc.
Raymond James Ltd.
Promoter(s):
-
Project #1583372

Issuer Name:
HOMEQ Corporation
Principal Regulator - Ontario
Type and Date:
Final Base Shelf Prospectus dated June 1, 2010
NP 11-202 Receipt dated June 1, 2010
Offering Price and Description:
$750,000,000.00 - Medium Term Notes (secured) Fully and Unconditionally guaranteed as to payment of principal, premium (if any) and interest by
HOMEQ CORPORATION
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1584479

Issuer Name:
A and F Class Units of:
imaxx Money Market Fund
imaxx Canadian Bond Fund
imaxx Canadian Fixed Pay Fund
imaxx Canadian Equity Growth Fund
imaxx Canadian Equity Value Fund
imaxx Canadian Balanced Fund
imaxx US Equity Growth Fund
imaxx US Equity Value Fund
imaxx Global Equity Value Fund
imaxx Global Equity Growth Fund
imaxx Canadian Dividend Fund
imaxx Canadian Small Cap Fund
A Class Units of:
imaxx TOP Conservative Portfolio
imaxx TOP Income Portfolio
imaxx TOP Balanced Portfolio
imaxx TOP Growth Portfolio
imaxx TOP Aggressive Growth Portfolio
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated May 28, 2010
NP 11-202 Receipt dated May 31, 2010
Offering Price and Description:
A and F Class Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
AEGON Fund Management Inc.
Project #1567798

Issuer Name:
Manulife Simplicity Conservative Portfolio (Advisor Series, Series F, Series I and Series O securities)
Manulife Simplicity Moderate Portfolio (Advisor Series, Series F, Series I and Series O securities)
Manulife Simplicity Income Portfolio (Advisor Series, Series F, Series I, Series IT, Series O and Series T securities)
Manulife Simplicity Balanced Portfolio (Advisor Series, Series F, Series I, Series IT, Series O and Series T securities)
Manulife Simplicity Global Balanced Portfolio (Advisor Series, Series F, Series I, Series IT, Series O and Series T securities)
Manulife Simplicity Growth Portfolio (Advisor Series, Series F, Series I, Series IT, Series O and Series T securities)
Manulife Simplicity Aggressive Portfolio (Advisor Series, Series F, Series I and Series O securities)
Manulife Mawer Canadian Bond Fund (Advisor Series, Series F, Series I and Series O securities)
Manulife Mawer Diversified Investment Fund (Advisor Series, Series F, Series I, Series IT, Series O and Series T securities)
Manulife Mawer Global Small Cap Fund (Advisor Series, Series F, Series I and Series O securities)
Manulife Mawer Tax-Managed Growth Fund (Advisor Series, Series F, Series I and Series O securities)
Manulife Mawer U.S. Equity Fund (Advisor Series, Series F, Series I and Series O securities)
Manulife Mawer Canadian Equity Class (Advisor Series, Series F, Series I and Series O securities)
Manulife Mawer Global Equity Class (Advisor Series, Series F, Series I and Series O securities)
Manulife Mawer World Investment Class (Advisor Series, Series F, Series I and Series O securities)
Manulife Canadian Core Fund (Advisor Series, Series F, Series I, Series IT, Series O and Series T securities)
Manulife Canadian Equity Fund (Advisor Series, Series F, Series I, Series IT, Series O and Series T securities)
Manulife Canadian Value Fund (Advisor Series, Series F, Series I, Series IT, Series O and Series T securities)
Manulife Dividend Fund (Advisor Series, Series F, Series I, Series IT, Series O and Series T securities)
Manulife Growth Opportunities Fund (Advisor Series, Series F, Series I and Series O securities)
Manulife Sector Rotation Fund (Advisor Series and Series F securities)
Manulife Canadian Core Class (Advisor Series, Series F, Series I and Series O securities)
Manulife Canadian Equity Class (Advisor Series, Series F, Series I and Series O securities)
Manulife Canadian Large Cap Value Class (Advisor Series, Series F, Series I and Series O securities)

Manulife Canadian Value Class (Advisor Series, Series F, Series I and Series O securities)
Manulife Growth Opportunities Class (Advisor Series, Series F, Series I and Series O securities)
Manulife U.S. Mid-Cap Fund (Advisor Series, Series F, Series I and Series O securities)
Manulife U.S. Value Fund (Advisor Series, Series F, Series I and Series O securities)
Manulife U.S. Large Cap Value Class (Advisor Series, Series F, Series I and Series O securities)
Manulife U.S. Mid-Cap Value Class (Advisor Series, Series F, Series I and Series O securities)
Manulife Emerging Markets Fund (Advisor Series, Series F, Series I and Series O securities)
Manulife European Opportunities Fund (Advisor Series, Series F, Series I and Series O securities)
Manulife Global Dividend Fund (Advisor Series, Series F, Series I, Series IT, Series O and Series T securities)
Manulife China Opportunities Class (Advisor Series, Series F, Series I and Series O securities)
Manulife Global Core Class (Advisor Series, Series F, Series I and Series O securities)
Manulife Global Leaders Class (Advisor Series, Series F, Series I and Series O securities)
Manulife Global Opportunities Class (Advisor Series, Series F, Series I and Series O securities)
Manulife Global Value Class (Advisor Series, Series F, Series I and Series O securities)
Manulife International Value Class (Advisor Series, Series F, Series I and Series O securities)
Manulife Japan Opportunities Class (Advisor Series, Series F, Series I and Series O securities)
Manulife SEAMARK Total Global Equity Class (Advisor Series, Series F, Series I and Series O securities)
Manulife Canadian Balanced Growth Fund (Advisor Series, Series F, Series I, Series IT, Series O and Series T securities)
Manulife Core Balanced Fund (Advisor Series, Series F, Series I, Series IT, Series O and Series T securities)
Manulife Global Monthly Income Fund (Advisor Series, Series F, Series I, Series IT, Series O and Series T securities)
Manulife Global Opportunities Balanced Fund (Advisor Series, Series F, Series I and Series O securities)
Manulife Growth & Income Fund (Advisor Series, Series F, Series I and Series O securities)
Manulife Monthly High Income Fund (Advisor Series, Series B, Series F, Series I, Series IT, Series O and Series T securities)
Manulife Canadian Bond Plus Fund (Advisor Series, Series F, Series I and Series O securities)
Manulife Canadian Universe Bond Fund (Series F, Series I and Series O securities)
Manulife Corporate Bond Fund (Advisor Series, Series F, Series I and Series O securities)
Manulife Dollar-Cost Averaging Fund (Advisor Series securities)
Manulife Investment Savings Fund (Advisor Series and Series F securities)
Manulife Money Fund (Advisor Series, Series D, Series I and Series O securities)
Manulife Strategic Income Fund (Advisor Series, Series F, Series I and Series O securities)
Manulife Short Term Yield Class (Advisor Series, Series F, Series I and Series O securities)
Manulife Structured Bond Class (Advisor Series and Series F securities)
Manulife Global Natural Resources Fund (Advisor Series, Series F, Series I and Series O securities)
Principal Regulator - Ontario

Type and Date:
Amendment #3 dated May 19, 2010 to the Simplified Prospectuses and Annual Information Form dated August 19, 2009
NP 11-202 Receipt dated May 31, 2010

Offering Price and Description:
-

Underwriter(s) or Distributor(s):
Elliott & Page Limited
MFC Global Investment Management, a division of Elliott & Page Limited

Promoter(s):
Elliott & Page Limited

Project #1447932

Issuer Name:
Manulife Yield Opportunities Class
Manulife Yield Opportunities Fund
Principal Regulator - Ontario

Type and Date:
Amendment #1 dated May 19, 2010 to the Simplified Prospectuses dated December 23, 2009
NP 11-202 Receipt dated May 31, 2010

Offering Price and Description:
-

Underwriter(s) or Distributor(s):

Elliott & Page Limited

Promoter(s):
Elliott & Page Limited

Project #1508856

Issuer Name:
Class A, F, I and O Units of:
Mavrix Asia Pacific Fund
Mavrix Balanced Monthly Pay Fund
Mavrix Canadian Growth Fund (formerly Mavrix Growth Fund)
Mavrix Dividend & Income Fund
Mavrix Explorer Fund
Mavrix Global Fund
Mavrix North American Growth Fund (formerly Mavrix Global Enterprise Fund)
Mavrix Sierra Equity Fund
Mavrix Small Companies Fund
Mavrix Strategic Bond Fund
Class A and F Units of:
Mavrix Tax Deferred Income Fund
Class A and H Units of:
Mavrix Money Market Fund
Series A Mutual Fund Shares of:
Mavrix Multi Series Fund Ltd. - Canadian Equity Series
Mavrix Multi Series Fund Ltd. - Canadian Growth Series -
Mavrix Multi Series Fund Ltd. - Explorer Series
Mavrix Multi Series Fund Ltd. - Income Series (also Series T Mutual Fund Shares)
Mavrix Multi Series Fund Ltd. - North American Growth Series
Mavrix Multi Series Fund Ltd. - Short Term Income Series
Principal Regulator - Ontario
Type and Date:
Amendment #2 dated May 17, 2010 to the Simplified Prospectuses and Annual Information Form dated July 15, 2009
NP 11-202 Receipt dated May 28, 2010
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
Mavrix Fund Management Inc.
Project #1434449

Issuer Name:
Mavrix Tax Deferred Income Trust Pool
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated May 17, 2010 to the Simplified Prospectus and Annual Information Form dated August 26, 2009
NP 11-202 Receipt dated May 28, 2010
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
Mavrix Fund Management Inc.
Project #1450453

Issuer Name:
Meritas Balanced Growth Portfolio Fund
Meritas Balanced Portfolio Fund
Meritas Canadian Bond Fund
Meritas International Equity Fund
Meritas Jantzi Social Index Fund
Meritas Money Market Fund
Meritas Monthly Dividend and Income Fund
Meritas U.S. Equity Fund
Principal Regulator - British Columbia
Type and Date:
Amendment #1 dated May 10, 2010 to the Simplified Prospectuses dated April 8, 2010
NP 11-202 Receipt dated May 27, 2010
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Meritas Financial Inc.
Promoter(s):
-
Project #1578606

Issuer Name:
Units of the following Series
(Regular, Regular F, High Net Worth, High Net Worth F, Ultra High Net Worth,
Wrap and Institutional Front End Load, Deferred Load and Low Load) of
NexGen Canadian Cash Registered Fund
NexGen Canadian Bond Registered Fund
NexGen Canadian Diversified Income Registered Fund
(formerly NexGen North American Dividend and Income Registered Fund)
NexGen Canadian Growth and Income Registered Fund
NexGen Canadian Balanced Growth Registered Fund
NexGen Canadian Dividend and Income Registered Fund
NexGen Canadian Large Cap Registered Fund
NexGen Canadian Growth Registered Fund
NexGen North American Large Cap Registered Fund
NexGen North American Value Registered Fund
NexGen American Growth Registered Fund
NexGen North American Small / Mid Cap Registered Fund
NexGen North American Growth Registered Fund
NexGen Global Value Registered Fund
NexGen Global Resource Registered Fund
NexGen Global Dividend Registered Fund
NexGen Turtle Canadian Balanced Registered Fund
NexGen Turtle Canadian Equity Registered Fund
Shares of the Series of
NexGen Canadian Cash Tax Managed Fund
Shares of the Series of
(Capital Gains Class, Return of Capital 40 Class,
Dividend Tax Credit 40 Class and Compound Growth Class) of
NexGen Turtle Canadian Balanced Tax Managed Fund
NexGen Turtle Canadian Equity Tax Managed Fund
Shares of the Series of
(Capital Gains Class, Return of Capital Class, Dividend Tax Credit Class
and Compound Growth Class) of
NexGen Canadian Bond Tax Managed Fund
(also Shares of the Series of Return of Capital 40 Class
and Dividend Tax Credit 40 Class)
NexGen Canadian Diversified Income Tax Managed Fund
(formerly NexGen North American Dividend and Income Tax Managed Fund)
NexGen Canadian Growth and Income Tax Managed Fund
NexGen Canadian Balanced Growth Tax Managed Fund
NexGen Canadian Dividend and Income Tax Managed Fund
NexGen Canadian Large Cap Tax Managed Fund
NexGen Canadian Growth Tax Managed Fund
NexGen North American Large Cap Tax Managed Fund
NexGen North American Value Tax Managed Fund
NexGen American Growth Tax Managed Fund
NexGen North American Small / Mid Cap Tax Managed Fund
NexGen North American Growth Tax Managed Fund
NexGen Global Value Tax Managed Fund
NexGen Global Resource Tax Managed Fund
NexGen Global Dividend Tax Managed Fund
Of :
NexGen Investment Corporation
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated May 25, 2010
NP 11-202 Receipt dated May 26, 2010
Offering Price and Description:
Units of the following series:
Regular, Regular F, High Net Worth, High Net Worth F, Ultra High Net Worth, Wrap and Institutional Front End Load, Deferred Load and Low Load Shares of the Series of :
Capital Gains Class, Return of Capital Class, Dividend Tax Credit Class and Compound Growth Class
Underwriter(s) or Distributor(s):
NexGen Financial Limited Partnership
Promoter(s):
-
Project #1564266

Issuer Name:
O'Leary Advantaged Tactical Global Corporate Bond Fund
Principal Regulator - Quebec
Type and Date:
Final Long Form Prospectus dated May 28, 2010
NP 11-202 Receipt dated May 31, 2010
Offering Price and Description:
$200,000,004.00 - (16,666,667) Maximum $12.00 per Unit
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
Canaccord Financial Ltd.
National Bank Financial Inc.
HSBC Securities (Canada) Inc.
Macquarie Capital Markets Canada Ltd.
Raymond James Ltd.
Wellington West Capital Markets Inc.
Dundee Securities Corporation
GMP Securities L.P.
Desjardins Securities Inc.
Manulife Securities Incorporated
MGI Securities Inc.
Mackie Research Capital Corporation
Promoter(s):
O'Leary Funds Management LP
Project #1568442

Issuer Name:
O'Leary Bond Portfolio Trust
Principal Regulator - Quebec
Type and Date:
Final Long Form Prospectus dated May 28, 2010
NP 11-202 Receipt dated May 31, 2010
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
O'Leary Funds Management L.P.
Project #1569990

Issuer Name:
Petrowest Energy Services Trust
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated May 26, 2010
NP 11-202 Receipt dated May 26, 2010
Offering Price and Description:
Maximum: $7,773,703.00; Minimum: $7,500,000.00 - Offering of Rights to Subscribe for 53,571,429 Trust Units at a Price of $0.14 per Trust Unit and 1,955,021 Subordinated Units at a Price of $0.14 per Subordinated Unit
Underwriter(s) or Distributor(s):
Mackie Research Capital Corporation
Promoter(s):
-
Project #1573554

Issuer Name:
QFM Fixed Income Fund
QFM Global Equity Fund
QFM Global Sector Target Fund
QFM Money Market Fund
QFM Structured Yield Fund
QFM World Balanced Fund
Principal Regulator - British Columbia
Type and Date:
Amendment #1 dated May 10, 2010 to the Simplified Prospectuses dated August 29, 2009
NP 11-202 Receipt dated May 26, 2010
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
Qtrade Fund Management Inc.
Project #1450597

Issuer Name:
Qwest Energy 2010 Flow-Through Limited Partnership
Principal Regulator - British Columbia
Type and Date:
Amendment dated May 25, 2010 to the Long Form Prospectus dated March 15, 2010
NP 11-202 Receipt dated June 1, 2010
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Dundee Securities Corporation
BMO Nesbitt Burns Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
HSBC Securities (Canada) Inc.
Canaccord Financial Ltd.
GMP Securities L.P.
Manulife Securities Inc.
Raymond James Ltd.
Wellington West Capital Management Inc.
Promoter(s):
Qwest Investment Management Corp.
Project #1530016

Issuer Name:
Richmont Mines Inc.
Principal Regulator - Quebec
Type and Date:
Final Base Shelf Prospectus dated May 28, 2010
NP 11-202 Receipt dated May 28, 2010
Offering Price and Description:
$25,000,000.00:
Common Shares
Warrants
Subscription Receipts
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1579518

Issuer Name:
Santa Barbara Resources Limited
Principal Regulator - British Columbia
Type and Date:
Final Long Form Prospectus dated May 28, 2010
NP 11-202 Receipt dated May 31, 2010
Offering Price and Description:
Minimum of $2,500,000.00; Maximum of $5,000,000.00 - Minimum $2,500,000 Offering of Units (3,333,334 Units at a price of $0.75 per Unit) - and - Maximum $5,000,000 Offering of Units (6,666,667 Units at a price of $0.75 per Unit)
Underwriter(s) or Distributor(s):
Dundee Securities Corporation
PI Financial Corp.
Promoter(s):
Christoph Lassl
Project #1558798

Issuer Name:
Series A, Series F and Series I Securities (unless otherwise indicated) of:
Sentry Canadian Income Class*
(formerly Sentry Select Canadian Income Class)
Sentry Canadian Income Fund
(formerly Sentry Select Canadian Income Fund)
Sentry Canadian Resource Class*
(formerly Sentry Select Canadian Resource Class)
Sentry China Fund (Series A and Series F only)
(formerly Sentry Select China Fund)
Sentry Conservative Income Fund
(formerly Sentry Select Conservative Income Fund)
Sentry Diversified Income Fund
(formerly Sentry Select Diversified Income Fund)
Sentry Diversified Total Return Fund
(formerly Sentry Select Diversified Total Return Fund)
Sentry Energy Growth and Income Fund
(formerly Sentry Select Energy Income Fund)
Sentry Growth and Income Fund
(formerly Sentry Select Growth & Income Fund)
Sentry Infrastructure Fund
(formerly Sentry Select Lazard Global Infrastructure Fund)
Sentry Mining Opportunities Class*
(formerly Sentry Select Mining Opportunities Class)
Sentry Money Market Class*
(formerly Sentry Select Money Market Class)
Sentry Money Market Fund
(formerly Sentry Select Money Market Fund)
Sentry Precious Metals Growth Class*
(formerly Sentry Select Precious Metals Growth Class)
Sentry Precious Metals Growth Fund
(formerly Sentry Select Precious Metals Growth Fund)
Sentry REIT Fund
(formerly Sentry Select REIT Fund)
Sentry Small Cap Income Fund
(formerly Sentry Select Small Cap Income Fund)
Sentry Tactical Bond Capital Yield Class*
(formerly Sentry Select Tactical Bond Capital Yield Class)
Sentry Tactical Bond Fund
(formerly Sentry Select Tactical Bond Fund)
*a class of shares of Sentry Select Corporate Class Ltd.
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated May 28, 2010
NP 11-202 Receipt dated May 28, 2010
Offering Price and Description:
Series A, Series F and Series I Securities @ Net Asset Value
Underwriter(s) or Distributor(s):
Sentry Select Capital Inc.
Promoter(s):
Sentry Select Capital Inc.
Project #1573012

Issuer Name:
Skyberry Capital Corp.
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated May 25, 2010
NP 11-202 Receipt dated May 31, 2010
Offering Price and Description:
$200,000.00 - 2,000,000 Common Shares Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
Macquarie Private Wealth Inc.
Promoter(s):
Sandra Cowan
Steven Mintz
Keith Stein
Project #1561567

Issuer Name:
The Consumers' Waterheater Income Fund
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated June 1, 2010
NP 11-202 Receipt dated June 1, 2010
Offering Price and Description:
$25,008,000.00 - 5,210,000 Units- and - $25,000,000.00 - 6.25% Convertible Unsecured Subordinated Debentures Price: $4.80 per Unit and $1,000 per Debenture
Underwriter(s) or Distributor(s):
TD Securities Inc.
Scotia Capital Inc.
Canaccord Genuity Corp.
RBC Dominion Securities Inc.
National Bank Financial Inc.
Desjardins Securities Inc.
HSBC Securities (Canada) Inc.
Promoter(s):
-
Project #1585692

Issuer Name:
WCSB Oil & Gas Royalty Income 2010-II Limited Partnership
Principal Regulator - British Columbia
Type and Date:
Final Long Form Prospectus dated May 31, 2010
NP 11-202 Receipt dated May 31, 2010
Offering Price and Description:
Maximum Offering: $20,000,000.00 (200,000 Units); Minimum Offering: $2,500,000.00 (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:
Chesswood Income Fund
Type and Date:
Rights Offering Circular dated May 13, 2010
Accepted on May 14, 2010
Offering Price and Description:
Offer of Rights to Subscribe for up to 1,320,799 Units
Subscription Price: $4 per Unit
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1567367

This page intentionally left blank

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Change in Registration Category	Catapult Financial Management Inc.	From: Portfolio Manager To: Portfolio Manager and Investment Fund Manager	May 27, 2010
Consent to Suspension	Arena Advisors Canada Inc.	Exempt Market Dealer	May 27, 2010
Change in Registration Category	Nexgen Financial Limited Partnership	From: Mutual Fund Dealer, Portfolio Manager and Commodity Trading Manager To: Mutual Fund Dealer, Portfolio Manager, Investment Fund Manager Commodity Trading Manager	May 27, 2010
Change in Registration Category	Candor Financial Group Inc.	From: Mutual Fund Dealer and Exempt Market Dealer To: Mutual Fund Dealer	May 31, 2010
Change in Registration Category	Foyston, Gordon & Payne Inc.	From: Exempt Market Dealer and Portfolio Manager To: Exempt Market Dealer, Portfolio Manager and Investment Fund Manager	May 31, 2010
Change in Registration Category	Stanwich Advisors, LLC	From: International Dealer To: Exempt Market Dealer	June 1, 2010

Type	Company	Category of Registration	Effective Date
Consent to Suspension	Windsong Partners Inc.	Exempt Market Dealer	June 1, 2010
New Business	CNC Asset Management Ltd.	Portfolio Manager	June 1, 2010
Consent to Suspension	Breton Asset Management Limited	Portfolio Manager	June 1, 2010

Chapter 13

SROs, Marketplaces and Clearing Agencies

13.1 SROs

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

RULES NOTICE
REQUEST FOR COMMENTS

Proposed over-the-counter securities fair pricing rule
and confirmation disclosure requirements

Summary of nature and purpose of proposed Rule

On April 30, 2010, the Board of Directors (the Board) of the Investment Industry Regulatory Organization of Canada (IIROC) approved the re-publication for comment of proposed amendments to the Dealer Member Rules (the Rules) addressing the fair pricing of over-the-counter (OTC) traded securities, with an exception for primary market transactions and OTC derivatives, and amending existing trade confirmation requirements to mandate yield disclosure for fixed income securities and remuneration disclosure on confirmations sent to retail clients for OTC transactions.

Specifically, the proposed amendments will:

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

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

Relevant proposal history

The proposed rules were previously published for comment with IIROC Rules Notice 09-0109 on April 17, 2009 for a 90 day comment period. IIROC staff has considered all of the comments received and thanks all of the commenters. In response to CSA and public comments received, IIROC staff has revised the OTC securities fair pricing rule to clarify the scope of the proposed rule by excluding primary market transactions and OTC derivatives. A copy of IIROC's draft response to public comments is attached as "Attachment D".

Reasons for republication

IIROC is republishing for comment the proposed amendments at this time in light of the following:

1. the intervening passage of time since the publication for comment of the last proposal;
2. the proposed scope refinements to the OTC securities fair pricing rule to exclude primary market transactions and OTC derivatives; and
3. the desire to inform Dealer Members of IIROC's planned implementation periods of 6 months for the confirmation disclosure requirements and 30 days for the OTC securities fair pricing rule.

The primary focus of the revised rule is to address the fair pricing of OTC products traded in the secondary market. As a result, the scope of the fair pricing rule has been clarified to exclude primary market transactions and OTC derivatives. Further details regarding these exclusions from the fair pricing rule are discussed below under the heading entitled "Proposed rules". As the revision of the fair pricing rule constitutes a substantive change to the previously proposed rule, the proposed amendments are being republished for a further comment period of 30 days.

The Draft Guidance Note has also been revised in light of the changes to the OTC securities fair pricing rule and additional comments received. No revisions have been made to the requirements relating to fixed income yield disclosure or the remuneration disclosure statement to retail clients, and the corollary amendments to IIROC Dealer Member Rule 29 remain the same.

Finally, IIROC staff believes it is important that Dealer Members be made aware of the fact that based on consultations, IIROC has determined six months to be a reasonable implementation period for the confirmation disclosure requirements. The implementation period for the OTC securities fair pricing rule will be 30 days.

Issues and specific proposed amendments

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

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

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

Market regulators' surveillance of fixed income market activity will provide the tools to monitor for patterns and trends in prices and will allow regulators to more effectively identify price outliers. IIROC plans to implement a system to monitor our Dealer Members' OTC securities trading which would allow IIROC to identify circumstances where trade prices do not correspond with the prevailing market at that time.

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

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

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

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

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

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

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

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

Current rules

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

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

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

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

Proposed rules

The proposed rules encompass the following interrelated proposals:

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

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

As the primary focus of this rule is to ensure the fair pricing of OTC products traded in the secondary market, the scope of the fair pricing rule has been clarified to exclude primary market transactions and OTC derivatives. OTC derivatives have been excluded in recognition of the fact that these transactions are primarily entered into by institutional clients on a bilateral basis with Dealer Members or their affiliates. Furthermore, while the proposed rule applies to dealings with both retail and institutional clients involving OTC fixed income and OTC equity transactions, there are unique considerations in relation to the pricing of OTC derivatives that were not factored into the previously proposed version of this rule. In light of these unique considerations, the first section of the proposed rule excludes application of the rule to OTC derivatives which are non-standardized derivative contracts tailored to the needs of a particular client and for which there is no active secondary market. The rule specifies that the OTC derivatives excluded must relate to non-standardized contracts because IIROC staff feels that to the extent that any such contracts may be standardized, such standardization is conducive to an active secondary market, in which case we believe that the fair pricing rule should apply as it does to other OTC securities for which there is a secondary market.

The first section of the rule also excludes primary market transactions from the fair pricing rule. This exclusion recognizes the fact that there is already in existence a well established process which imposes a pricing discipline upon primary market transactions. More specifically, and in contrast to the pricing of secondary market OTC transactions, which are priced solely by Dealer Members, primary market transactions are priced by negotiation between the issuer and one or more Dealer Members. Furthermore, the pricing factors included in the proposed rule and discussed in the Draft Guidance Note were drafted solely in contemplation of secondary market transactions in OTC securities and not in contemplation of OTC derivatives or primary market transactions.

Aside from the noted exclusions for primary market transactions and OTC derivatives, any transaction in securities that is not executed through an exchange will be covered by the proposed rule. References within the fair pricing rule and Draft Guidance Note to "over-the-counter securities", "OTC securities", "OTC-traded securities", and any other similar derivations of such terms, are intended to refer to securities where the purchase or sale of such securities is not executed through an exchange.

Section 2 of the proposed rule establishes a general duty to use "reasonable efforts" to obtain a price that is fair and reasonable in relation to prevailing market conditions. As an example, this provision will be particularly relevant in the context of an illiquid market for a specific OTC security where a Dealer Member may be required to canvass various parties to source the availability and the price of the specific security.

Mark-ups and mark-downs in the case of principal transactions, and commissions or service charges in the case of agency transactions, are an important factor in arriving at an aggregate fair price for a client. Section 3 of the proposed rule addresses these issues. The fair pricing requirement will apply to all types of transactions in which a Member firm undertakes a purchase or sale of a relevant security for a client, whether the Member is engaging in the transaction as an agent or as a principal to the trade.

IIROC is also republishing for public comment the Draft Guidance Note that is intended to assist Dealer Members in determining fair and reasonable prices, and which transactions may require pricing documentation. A copy of the Draft Guidance Note is enclosed as "Attachment C". The Draft Guidance Note has been revised to clarify the scope of the proposed rule, and discuss what constitutes a mark-up or mark-down and/or the basis on which such a mark-up or mark-down may be calculated.

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

2. Fixed income security yield disclosure to clients

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

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

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

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

3. Remuneration disclosure statement to retail clients

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

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

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

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

4. Corollary amendments to IIROC Dealer Member Rule 29

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

Alternatives considered

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

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

Dealer Members expressed concerns about such a requirement, including:

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

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

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

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

Comparison with similar provisions in other jurisdictions

1. Fair pricing provisions

U.S. - Municipal Securities Rulemaking Board

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

The MSRB has a second pricing rule, Rule G-30, which has two components: one regulates pricing in principal transactions and the other regulates pricing in agency transactions. Rule G-30(a) regulates pricing in principal transactions and can be

considered a "mark-up" rule. It requires that the aggregate price to a customer, including any mark-up or mark-down, is fair and reasonable, taking into account all relevant factors. These factors include:

- the best judgment of the dealer as to the fair market value of the securities at the time of the transaction,
- the expense involved in effecting the transaction,
- the fact that the broker/dealer is entitled to a profit, and
- the total dollar amount of the transaction.

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

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

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

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

U.S. – FINRA (NASD) Rules

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

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

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

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

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

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

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

U.S. – FINRA Rules

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

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

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

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

Proposed Rule classification

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

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

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

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

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

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

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

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

Technological implications and implementation plan

The proposed amendments will require Dealer Members to update their systems in order to include the required information on trade confirmations. IIROC understands that the main service bureaus have reviewed the proposed trade confirmation disclosure requirements and indicated that it was not regarded as a significant project.

The proposed amendments relating to confirmation disclosure requirements will be made effective six months after IIROC staff issues a Notice indicating that approval has been received from IIROC's recognizing regulators. The OTC securities fair pricing rule will take effect 30 days after the issuance of such a Notice.

Request for public comment

Comments are sought on the proposed amendments. Comments should be made in writing. Two copies of each comment letter should be delivered by July 5, 2010 (30 days from the publication date of this Notice).

One copy should be addressed to the attention of:

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

The second copy should be addressed to the attention of:

Manager of Market Regulation
Ontario Securities Commission
19th Floor, Box 55
20 Queen Street West
Toronto, ON M5H 3S8
marketregulation@osc.gov.on.ca

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

Questions may be referred to:

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

Attachments

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

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

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

Attachment D – Summary of comments received and IIROC staff response to comments

Attachment A

Over-the-counter securities fair pricing rule and confirmation disclosure requirements

Proposed Amendments

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

"Rule XXXX

Fair Pricing of Over-the-Counter Securities

1. For purposes of this rule, "over-the-counter securities" does not include:

   (a) primary market transactions in securities; and

   (b) over-the-counter derivatives which are non-standardized contracts customized to the needs of a particular client and for which there is no secondary market.

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

3. A Dealer Member must not:

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

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

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

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

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

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

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

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

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

"(h) Copies of confirmations of all purchases and sales of securities and of all trades in commodity futures contracts and commodity futures contract options and copies of notices of all other debits and credits of

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

In the case of a trade in securities:

(1) The quantity and description of the security,

(2) The consideration,

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

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

In the case of trades in commodity futures contracts:

(5) The commodity and quantity bought or sold,

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

(7) The delivery month and year,

In the case of trades in commodity futures contract options:

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

(9) The premium,

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

(11) The declaration date,

(12) The striking price;

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

(13) The original principal amount of the trade,

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

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

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

(17) The accrued interest,

(18) The total settlement amount,

(19) The settlement date,

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(iv)

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

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

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

(b) where the Dealer Member manages the account:

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

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

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

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

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

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

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

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

Attachment B

Amendments to confirmation requirements for over-the-counter securities transactions

Black-line copy

Dealer Member Rule subsection 200.1(h)

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

In the case of a trade in securities:

(1) The quantity and description of the security,

(2) The consideration,

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

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

In the case of trades in commodity futures contracts:

(5) The commodity and quantity bought or sold,

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

(7) The delivery month and year,

In the case of trades in commodity futures contract options:

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

(9) The premium,

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

(11) The declaration date,

(12) The striking price;

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

(13) The original principal amount of the trade,

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

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

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

(17) The accrued interest,

(18) The total settlement amount,

(19) The settlement date,

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(iv)

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

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

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

(b) where the Dealer Member manages the account:

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

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

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

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

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

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

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

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

Attachment C

DRAFT Guidance Note XXXX

Fair Pricing of Over-the-Counter Securities

I. INTRODUCTION

Section 1 of Dealer Member Rule XXXX regarding the fair pricing of over-the-counter (OTC) traded securities (the Rule) delineates the scope of the Rule by setting out the exclusion of primary market transactions and OTC derivatives. Section 2 of the Rule establishes a general duty to use "reasonable efforts" to obtain a price that is fair and reasonable in relation to prevailing market conditions. Section 3 of the Rule addresses the fairness and reasonableness of mark-ups and mark-downs in the case of principal transactions, and commissions or service charges in the case of agency transactions, in arriving at an aggregate fair price for customers.

This Guidance Note discusses the scope of the Rule and the pricing considerations by Dealer Members in arriving at a fair price for both principal and agency transactions in OTC-traded securities, including IIROC's expectations regarding the "reasonable efforts" required of Dealer Members under section 2 of the Rule. The Guidance Note also outlines instances where supporting documentation may need to be maintained by Dealer Members for certain transactions.

II. SCOPE OF THE RULE

Section 1 of the Rule excludes the application of fair pricing requirements to primary market transactions and OTC derivatives which are non-standardized contracts tailored to the needs of a particular client and for which there is no secondary market.
Aside from the noted exclusions for primary market transactions and OTC derivatives, references within the Rule and this Guidance Note to "over-the-counter securities", "OTC securities", "OTC-traded securities", and any other similar derivations of such terms, are intended to refer to securities where the purchase or sale of such securities is not executed through an exchange. In particular, Dealer Members should take note of the application of the fair pricing rule to structured products commonly made available to retail clients, including Contracts for Difference (CFDs).

III. OTC SECURITIES FAIR PRICING CONSIDERATIONS

Principal transactions

In the case of principal transactions, section 3(a) of the Rule states that the aggregate transaction price to the customer, including any mark-up or mark-down, must be fair and reasonable taking into consideration all relevant factors. The Rule itself states that relevant factors for consideration include the following:

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

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

Mark-ups and mark-downs

A "mark-up" refers to the Dealer Member's remuneration on a transaction that has been added to the price in the case of a purchase, while a "mark-down" refers to the Dealer Member's remuneration on a transaction that has been deducted from the price in the case of a sale. The starting point for the calculation of mark-ups and mark-downs is always the fair market value of the securities at the time of the transaction, or in other words, the prevailing market price where there is a sufficiently liquid market to establish a prevailing market price. Where an illiquid market exists for the OTC securities transacted, fair market value for the OTC securities transacted may be determined by the pricing considerations discussed in this Guidance Note. It should be noted that a Dealer Member may not be able to establish prevailing market price with reference to its contemporaneous cost.

While in many instances a Dealer Member's contemporaneous cost may approximate the prevailing market price, there may be occasions where, through misjudgment, error, or other factors, the Dealer Member's contemporaneous cost on a particular transaction may exceed the prevailing market value.

Agency transactions

Dealer Member compensation in agency transactions is usually taken in the form of a commission charged by the Dealer Member. For agency transactions, section 3(b) of the Rule states that a Dealer Member's commissions or service charges must not be in excess of a fair and reasonable amount, taking into consideration all relevant factors. The Rule indicates factors for consideration in determining fair and reasonable commissions or service charges, including the following:

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

"Reasonable efforts" requirement

Aside from the compensation component of agency transactions, section 2 of the Rule establishes a duty for Dealer Members, when executing transactions in OTC securities for or on behalf of customers as agents, to use "reasonable efforts" to obtain a price for the customer that is fair and reasonable in relation to prevailing market conditions. In carrying out this duty, a Dealer Member will be held to the standard of exercising the same level of care and diligence that it would if undertaking an OTC transaction for its own account. When executing an OTC trade as agent for a customer, a Dealer Member will have to use diligence to ascertain a fair price. For example, in the context of an illiquid security this "reasonable efforts" requirement may require the Dealer Member to canvass various parties to source the availability and the price of the specific security. Passive acceptance of the first price quoted to a Dealer Member executing an agency transaction will not be sufficient.

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

Other pricing factors

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

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

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

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

Similar securities

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

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

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

Economic models

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

Reasonable compensation is not the same as fair pricing

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

IV. DOCUMENTATION REQUIREMENTS

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

documentation of such transactions may be the subject of IIROC trading reviews, and the failure to maintain documentation to support the fairness of pricing of hard-to-value transactions will be a consideration in any potential enforcement actions.

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

Hard-to-value securities

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

The specific degree of accuracy to which that market value can be determined will depend on the facts and circumstances of the particular issue and transaction, including such factors as the nature of the security, available information on the issue, etc. The specific actions that a Dealer Member may need to take to assess market value may also vary with the facts and circumstances. When a Dealer Member is unfamiliar with a security, the efforts necessary to establish its value may be greater than if the dealer is familiar with the security. The lack of a well-defined and active market for an issue does not negate the need for diligence in determining the market value as accurately as reasonably possible when fair pricing obligations apply. A Dealer Member may need to review recent transaction prices for the issue, and/or transaction prices for issues with similar credit quality and features as part of the duty to use diligence to determine the market value of the securities. If the features and credit quality of the issue are not known, it also may be necessary to obtain information on these factors directly or indirectly from “an established industry source.” For example, the current rating or other information on credit quality, the specific features and terms of the security, and any material information about the security such as issuer plans to call the issue, defaults, etc., all may affect the market value of securities.

Dealer Members should document their efforts in relation to hard-to-value securities.

The use of bid-wanted procedures

A widely disseminated and properly run bid-wanted procedure will offer important and valuable information on the market value of an issue. The effectiveness of this process in obtaining the true market value of a security, however, may vary depending on the nature of the security and how the procedure is conducted. A bid-wanted procedure is not always a conclusive determination of market value. Therefore, particularly when the market value of an issue is not known, a Dealer Member subject to the requirements of the fair pricing rule may need to check the results of the bid-wanted process against other objective data to fulfill its fair pricing obligations. Nonetheless, any reliance by Dealer Members on bid-wanted procedures to establish fair pricing should be documented.

Structured products

IIROC understands that the industry standard in regards to secondary trading in structured products is for a Dealer Member to obtain a bid from the institution that originated the product and pass on that price to its client. Structured products that have been sold to retail or institutional clients will be subject to the same standards as any other OTC transaction under the Rule and a Dealer Member may not simply pass on an unreasonable bid to a customer. This will require that the Dealer Member make a determination on whether or not the bid is reasonable given the circumstances (both client and market) and inform the client of their determination. As with hard-to-value securities, Dealer Members should document their considerations in determining fair pricing for structured products.

Introducing broker/carrying broker arrangements

Dealer Members have the responsibility of ensuring that the end prices it is offering to clients are reasonable even when the Dealer Member acts as an introducing broker and utilizes the systems, personnel or inventory of a carrying broker to execute OTC trades.

There may be situations where a carrying broker has added its mark-up and offered a security to an introducing broker at a reasonable price, however the addition of another commission at the introducer level may push the final client transaction to a

price level that no longer appears to be fair and reasonable. In order to avoid this type of situation, introducing brokers must be diligent and ensure that they are receiving as competitive a price as possible. A review of the carrying brokers' prices against other possible sources on a frequent basis (at least semi-annually) is one way in which this may be accomplished. Any such review should be documented by the introducing broker.

Carrying brokers, in turn, as discussed in the section above relating to the "reasonable efforts" requirement, are also subject to the fair pricing requirement when executing trades on behalf of an introducing broker, and must document transactions where warranted.

Attachment D

June 4, 2010

Re: IIROC response to comments on over-the-counter securities fair pricing rule and confirmation disclosure requirements

This summary responds to the four comment letters received on the proposed over-the-counter securities fair pricing rule and confirmation disclosure requirements that were published for comment on April 17, 2009. We have considered the comments received and we thank all the commenters for their submissions. The comments specific to the proposed Rule and draft Guidance Note have been summarized to correspond with the major components of the proposed amendments, followed by IIROC staff response to each specific comment.

Over-the-counter traded security fair pricing rule and draft Guidance Note

We have received the comments summarized below regarding the over-the-counter ("OTC") security fair pricing rule.

One comment letter provided the following series of comments regarding the proposed OTC security fair pricing rule and/or its related draft Guidance Note:

- It is unclear whether OTC derivatives are included in the term "OTC securities" and subject to the requirements of the proposed rule. Since OTC derivatives are, in most instances, highly tailored to the needs of the counterparties to the trade, have little or no secondary market and involve sophisticated investors, these instruments should fall outside the scope and intent of the proposed rule. The term "OTC security" should be more clearly defined in the proposed rule or draft Guidance Note, specifically with regard to OTC derivative securities.

  IIROC staff response

  The primary focus of the rule initiative is to address the fair pricing of OTC products traded in the secondary market. As a result, the scope of the fair pricing rule has been clarified to exclude OTC derivatives. OTC derivatives transactions have been excluded in recognition of the fact that these transactions are primarily entered into by institutional clients on a bilateral basis with Dealer Members or their affiliates. Furthermore, while the proposed rule applies to dealings with both retail and institutional clients involving OTC fixed income and OTC equity transactions, there are unique considerations in relation to the pricing of OTC derivatives that were not factored into the previously proposed version of this rule. In light of these unique considerations, the revised rule does not apply to OTC derivatives which are non-standardized derivative contracts tailored to the needs of a particular client and for which there is no active secondary market.

  In order to further clarify the scope of the fair pricing rule, we have also excluded primary market transactions from application of the rule. This exclusion recognizes the fact that there is already in existence a well established process while imposes a pricing discipline upon primary market transactions. More specifically, and in contrast to the pricing of secondary market OTC transactions, which are priced solely by Dealer Members, primary market transactions are priced by negotiation between the issuer and one or more Dealer Members. Furthermore, the pricing factors included in the original proposed rule and discussed in the draft Guidance Note were drafted solely in contemplation of secondary market transactions in OTC securities and not in contemplation of OTC derivatives or primary market transactions.

  We have also revised the draft Guidance Note in order to clarify the scope of the proposed rule.

- Language should be included in the proposed rule and draft Guidance Note that a presumption exists that an OTC transaction is fairly priced unless a specific complaint or other information has arisen that would reasonably rebut this presumption of fairness.

  IIROC staff response

  The proposed rule is intended as a principles-based rule establishing a positive obligation amongst Dealer Members to price OTC securities fairly and reasonably. While corresponding pricing obligations exist in respect of securities traded on listed markets, no specific pricing obligations exist in relation to OTC securities. To presume that OTC transactions are fairly priced unless a complaint or other information arises runs counter to the purpose of establishing an explicit fair pricing obligation. IIROC staff does not agree that the absence of a complaint means a price is fair. Investors may not have all the information necessary to assess the fairness of pricing. The proposed rule indicates various factors which will be determinative of whether a price is fair.

Imposing an explicit obligation for the fair pricing of OTC-traded securities on the Dealer Member ensures that Dealer Members have policies and procedures in place directed at the end price paid by the client being fair and reasonable. In light of the often opaque nature of OTC markets, the proposed rule will enhance the focus of supervisory and compliance efforts at Dealer Members towards the OTC markets, and provide the compliance function within Dealer Members with regulatory support for their compliance activities in respect of OTC business.

- Remove the suggested requirement from the draft Guidance Note for the member to "canvass various parties". Retain the language in the draft Guidance Note relating to the member's standard of exercising the same level of care and diligence that it would if undertaking an OTC transaction for its own account.

IIROC staff response

We are pleased that the commenter agrees with the standard IIROC has outlined for Dealer Members in respect of the "reasonable efforts" requirement, namely that a Dealer Member will be held to the standard of exercising the same level of care and diligence to that it would if undertaking an OTC transaction for its own account.

We do not believe it would be appropriate to remove from the Guidance Note the reference relating to the canvassing of other parties. The particular context of a transaction will dictate whether it would be appropriate for a reasonable effort to include the canvassing of other parties. Obviously, in the context of a proprietary product where one Dealer Member is the only source of such product, there cannot be an expectation that various parties will be canvassed. The requirement to provide a fair and reasonable price applies nonetheless. It should be noted that the canvassing of other parties was cited as an example in the guidance of how Dealer Members may comply with the "reasonable efforts" requirement. The specific context of the transaction may allow the Dealer Member to satisfy this requirement by other means. IIROC is more concerned about the passive acceptance by a Dealer Member of the first price it is quoted when executing an agency transaction without further analysis or "effort" on the part of the Dealer Member to determine whether the price quoted is fair and reasonable in relation to prevailing market conditions. Depending on the context, the canvassing of other parties may be one example of how a Dealer Member may undertake reasonable efforts to ascertain the fairness of a quoted price.

- Many of the pricing factors and considerations suggested in the draft Guidance Note must be identified as suggestions only, and cannot be enforced as strict requirements by IIROC. Both the Notice and the draft Guidance Note make many references to the "market" for OTC securities as a standard, when in fact such a "market" may not exist for a particular security. It may also be impractical and not feasible for members to develop pricing models comparing different securities where markets for a particular security do not exist. It is suggested that mandatory language be removed from the draft Guidance Note, and additional language be included recognizing that a member should provide transparency where prices can be published. A member should be required only to use its best judgment (including adherence to the member's standard of care outlined in the draft Guidance Note) where no market exists and comparisons to other securities are not feasible. IIROC should recognize that practices will vary from one member to another, and that enforcement of the proposed rule should take these differences into account.

IIROC staff response

We do not see where in the Guidance Note there is mandatory language that the commenter suggests be removed.

The proposed rule requires Dealer Members to provide clients with fair and reasonable pricing for OTC transactions. The commenter appears to be suggesting that a different standard should apply under different market conditions. We cannot contemplate any situation where it would be inappropriate for a Dealer Member to be required to provide a client with a fair and reasonable price. IIROC is firmly of the view that fair pricing is a fundamental principle that must apply under all market conditions, whether liquid or not.

The Guidance Note is intended to provide the proposed rule with complimentary guidance on how to comply with the rule. The methods discussed in the Guidance Note are not mandatory. For example, we indicate in the Guidance Note some of the considerations in arriving at a fair price. The context of a transaction will determine the manner in which a Dealer Member satisfies the fair pricing requirement, and the degree of effort required. Where pricing information relating to a particular security is unavailable, the Guidance Note suggests the possibility of using similar securities as a reference; and where neither pricing information nor similar securities are available, the Guidance Note indicates that the use of economic models to establish an appropriate price is permissible.

With respect to the use of such models where markets for a particular security do not exist, it is precisely in such circumstances where it is contemplated that the economic models referred to in the guidance may be used. IIROC staff understands that there are models that apply valuation methodologies without reference to market prices. In any event, the Guidance Note does not mandate the use of economic models, but merely points out that such models may be used by Dealer Members in situations where neither the pricing factors mentioned in the guidance nor similar securities can be used to establish a market price. Despite the possible use of economic models, some form of human judgment would always be regarded as appropriate.

The proposed fair pricing rule is a principles-based rule. There is flexibility for Dealer Members to comply with the intent and spirit of the rule in a variety of ways. Enforcement by IIROC will relate to compliance with the rule.

- The Notice states that "there is no specific requirement in the proposed rule for documenting the considerations that went into the pricing of a transaction", however, the Draft Guidance Note states that IIROC "expects Dealer Members to maintain adequate documentation to support the pricing of OTC securities transactions", and that "hard-to-value transactions are likely to require additional supporting documentation". These statements are vague and somewhat contradictory, and members expressed concern about how these requirements will be enforced by IIROC, especially given the lack of resources across all firms to document transactions. It is suggested that IIROC should acknowledge in the Notice and draft Guidance Note that it will take into account the general business models of each firm when reviewing documentation of considerations that went into the pricing of an OTC transaction.

IIROC staff response

Upon reflection, we agree with the comment and we have eliminated the reference that there is no specific documentation requirement from the Notice, but we have kept the guidance relating to documentation. The draft Guidance Note is intended to outline IIROC staff's expectations and views on how to comply with the proposed rule. Consistent with this purpose, the statements referred to from the draft Guidance Note outline IIROC's expectations that supporting documentation should be maintained by Dealer Members to the extent necessary to establish the basis on which a customer transaction has received a fair and reasonable price. It is therefore reasonable that the level of documentation associated with less liquid securities may be different given the lack of readily available pricing information.

Member Dealers are free to pursue whatever business models they desire, provided such models comply with IIROC Rules. As the OTC securities fair pricing rule is a principles-based rule, it is up to each Dealer Member to determine how they will comply with the rule.

- Amend the Draft Guidance Note to make it clear that introducing brokers may rely on the carrying brokers' adherence to the standard of care in completing its OTC transactions, and any associated documentation where securities are hard-to-value, or as otherwise appropriate.

IIROC staff response

The introducing broker/carrying broker relationship is not one of regulatory reliance, but rather a back office, operational relationship. Introducing brokers have the direct relationship with clients and a duty of care to their clients. As with all other Dealer Members, introducing brokers must conform to the IIROC Rules. The Guidance Note was intended to point out that introducing brokers have a responsibility to ensure that their clients are receiving a fair and reasonable price. While the Guidance Note does not suggest that introducing brokers must review pricing on a trade-by-trade basis, we do expect introducing brokers to undertake some form of periodic review (at least semi-annually) of the pricing being provided by carrying brokers in order to satisfy themselves that clients are receiving fair and reasonable prices. We have revised the Guidance Note to remind introducing brokers that they cannot rely on carrying brokers for their regulatory compliance.

One comment letter stated that requiring Dealer Members to fairly and reasonably price securities traded over-the-counter is an important step which should be universally acceptable.

IIROC staff response

IIROC agrees with this comment.

Fixed income security yield disclosure to clients

We have received the comments summarized below regarding the requirement to disclose on trade confirmations the yield to maturity for fixed income securities.

One comment letter provided the following series of comments regarding the yield disclosure requirements:

- Member firms ask that IIROC provide flexibility on the transition period to implement the disclosure elements of the proposed Rule. Members have recommended that IIROC allow for an initial period of time for firms to engage and decide upon common terminology, and for an additional period of time (of at least one year) for the technical implementation, including the language on the confirmations.

  IIROC staff response

  IIROC intends to allow for a reasonable rule implementation period after approval is received from IIROC's recognizing regulators. We thank the commenter for their suggestions regarding the length of such implementation period and we will take these comments into consideration in establishing the appropriate implementation period.

- IIROC should allow for more flexibility on the disclosure language to be included on trade confirmations, including the use of abbreviations or legends, where appropriate. IIROC should engage in a dialogue with firms and service providers to discuss technical capabilities and limitations.

  IIROC staff response

  We believe that to allow for variations from the proposed disclosure language could result in disclosure that is rendered meaningless. Standardization of the disclosure language will ensure that a minimum level of disclosure is provided to all clients.

  We acknowledge that the proposed requirements will require Dealer Members to update their systems in order to include the required information on trade confirmations. IIROC has consulted and continues to consult with the service bureaus to ensure the rules can come into effect according to a reasonable implementation plan. Similar proposals are being passed by FINRA in the United States that are far more complex than the IIROC proposed requirements in terms of the amount and possible variations of disclosure required, yet implementation issues do not appear to be an impediment to the viability of the FINRA proposals. IIROC believes its proposed requirements relating to disclosure achieve an effective and relatively streamlined form of disclosure.

- Further guidance must be provided on how members should calculate the "yield to maturity" to avoid confusion.

  IIROC staff response

  We understand that several Dealer Members currently disclose yield to maturity calculations on trade confirmations for fixed income securities without apparent difficulty. In addition, existing requirements relating to the calculation of yield for stripped coupons and residual debt instruments do not appear to have presented Dealer Members with any problems despite the absence of specific guidance regarding such calculations.

  IIROC believes there is an ample amount of literature available regarding yield calculations, and that Dealer Members are sufficiently knowledgeable of the relevant market conventions that guidance should not be necessary. Our consultations with Dealer Members during rule development indicated that specific guidance regarding the calculation of yield to maturity was not necessary. We have nonetheless consulted industry representatives further in response to comments received and the consensus again appears to be that requiring the calculation of yield to maturity in accordance with market conventions is appropriate and that Dealer Members do not require guidance regarding yield calculations.

One comment letter indicated its support for IIROC's proposal to require Dealer Members to disclose yield to maturity of fixed income instruments, indicating that it seems like a good first step to provide retail investors with sufficient information to determine if they are getting a fair price by allowing investors to compare yields available in the market through various information sources.

IIROC Staff Response

We thank the commenter for the support of this initiative and agree with the commenter that yield disclosure will provide investors with pertinent information that can be used for comparative purposes.

Remuneration disclosure statement to retail clients

We have received the comments summarized below regarding the remuneration disclosure requirement on trade confirmations sent to retail clients.

One comment letter provided the following series of comments regarding the remuneration disclosure requirement:

- IIROC should revisit the proposed remuneration disclosure requirement taking into consideration other industry regulatory initiatives, such as Registration Reform and IIROC's Client Relationship Model (CRM) proposal. Should IIROC proceed with the proposed remuneration disclosure requirement more guidance is required for members as to when disclosure statements are to be included on trade confirmations, especially in relation to fee-based accounts.

IIROC staff response

IIROC staff views the proposed remuneration disclosure requirement and regulatory initiatives such as Registration Reform and CRM as complimentary, and not inconsistent or mutually exclusive. Remuneration disclosure is proposed as a matter of transparency, not as initiative intended to address specific conflicts of interest. Furthermore, the fact that generic disclosure of fees may be provided does not mean that transactional disclosure should not be provided. The CRM proposal is about relationship disclosure, whereas the proposed remuneration disclosure requirements concern transactional disclosure. The remuneration disclosure statement is proposed as alternative to disclosure of the actual amount of remuneration made by a Dealer Member on an OTC securities transaction. The proposed amendment clearly indicates that where the actual amount of any "mark-up or mark-down, commissions and other service charges" applicable to an OTC securities transaction is not disclosed on the confirmation sent to a retail client, then the disclosure statement must appear on the confirmation.

We feel the proposed remuneration disclosure amendment is unambiguous in terms of when the remuneration disclosure statement must be included on trade confirmations. Essentially, the disclosure statement must appear any time the actual amount made in respect of an OTC securities transaction by a Dealer Member is not disclosed to a retail client on a confirmation. In terms of fee-based accounts, we recognize that Dealer Member compensation for these types of accounts is generally based on the assets in the account. In theory, there should be no charges applied by the Dealer Member based on the transactions which take place in the account. As a result, where a transaction in an OTC security takes place in a fee-based account, there is no requirement to include the disclosure statement on the trade confirmation provided that there is no actual mark-up or mark-down, commission, or other service charge associated with the transaction. However, if the transaction in the fee-based account includes a mark-up or mark-down embedded in the price received by the client (for example, a mark-up from the trade desk to the price received by the client on the purchase of a bond), then the confirmation for that transaction must include the remuneration disclosure statement.

- IIROC should provide more clarification on what constitutes a "mark-up" or "mark-down", to ensure consistency in the application of the proposed rule across all member firms.

IIROC staff response

We indicated in the draft guidance provided with the proposed amendments that Dealer Member compensation on a principal transaction is considered to be a mark-up or mark-down that is computed from the inter-dealer market price prevailing at the time of the customer transaction. We have revised our guidance to include a distinct discussion of what constitutes a mark-up or mark-down and/or the basis on which such a mark-up or mark-down may be calculated.

- Instead of strictly prescribing language as set out in the proposed rule, consider more flexible language to be included on all trade confirmations, including language stating that remuneration "may" have been added or deducted. This flexibility would allow for easier technical implementation and would avoid an incorrect statement appearing on a confirmation when uncertainty exists as to the existence of a mark-up or mark-down.

IIROC staff response

We considered similar comments during the course of our consultation with Dealer Members. It should be kept in mind that the proposed language of the remuneration disclosure statement is an alternative to disclosure on confirmations of the actual amount of the Dealer Member's remuneration. Permitting variations to the proposed language would diminish the value of the disclosure statement and render it an inappropriate alternative to disclosure of the actual dollar amount of remuneration.

In terms of technical implementation issues, we note that the proposed disclosure statement is similar to the text mandated on trade confirmations by FINRA in the United States in its current proposal awaiting SEC approval. We do not see why there should be any uncertainty as to the existence of a mark-up or mark-down, particularly since we have clarified in the Guidance Note what constitutes a mark-up or mark-down. Dealer Members should be able to tell a client that enquires whether or not a mark-up or mark-down has been applied to the transaction.

One comment letter indicated that the remuneration disclosure statement on trade confirmations to retail clients is a necessary start and should be considered a bare minimum requirement, and not an end goal. The commenter stated that investors have the right to know not only that a commission and any other remuneration is being charged, but also the absolute amount. The commenter believes that any obstacles to disclosing total remuneration can be overcome, and that in the interim, disclosure of the investment advisor portion of the commission would be a useful halfway measure. The commenter recognizes that such disclosure could cause some distortions between those Dealer Members with in-house fixed income desks and those who rely on liquidity providers and outside desks; however, the commenter suggests that the value of actual information about costs to retail customers outweighs any such distortions.

IIROC staff response

There are structural impediments to ascertaining the full and true amount of Dealer Member remuneration on a transaction. The commenter acknowledges these difficulties, and in our view distortions may lead to greater client confusion. As a result, IIROC staff have proposed a remuneration disclosure statement combined with yield disclosure because it is not subject to the same type of distortions. Implementing these requirements does not mean that IIROC will not revisit the issue at some point.

The remuneration disclosure statement is proposed as an alternative to disclosure of the actual amount of the Dealer Member's remuneration. Some Dealer Members may opt to provide clients with the actual dollar amount of the remuneration. At a minimum, retail clients will be provided with some form of remuneration disclosure that is not currently mandated. We discuss in the IIROC Rules Notice requesting comments on these proposals the alternatives considered in relation to remuneration disclosure.

One comment letter outlined the belief that retail clients are taken advantage of because there is insufficient transparency in OTC bond market transactions.

IIROC Staff Response

Both the remuneration disclosure requirements and the yield disclosure requirements are intended to provide greater transparency in relation to OTC transactions.

Other Issues

One comment letter stated that a problem faced by retail investors is the difficulty of purchasing initial offerings of Canadian bonds, noting that a percentage of equity offerings are generally allotted for retail distribution.

IIROC staff response

Improprieties relating to the allocation of bond offerings are something that IIROC will review in the course of its surveillance of bond trading and its business conduct reviews of Dealer Members.

One comment letter suggested that grey market trading should be limited to accredited investors and institutional clients that have sufficient expertise to make their own valuation determination. The letter also suggested that CUB be upgraded to provide

full last sale pricing disclosure, and that all provinces sign onto the reporting requirement so that pricing is based on full Canadian trade disclosure.

IIROC staff response

The Canadian Unlisted Board (CUB) is a reporting system for OTC trading in unlisted and unquoted equity securities in Ontario as required under the Ontario Securities Act. Dealer Members have suitability requirements that should determine for whom trading in securities reportable on CUB is appropriate. IIROC does not administer CUB, but the commenters suggestions will be conveyed to the Ontario Securities Commission.

One comment letter suggests that IIROC follow the FINRA example of making available a fixed income primer on their website and notes that FINRA's requirement to refer to such information on confirmation slips is a good idea.

IIROC staff response

Our website has a link to the Canadian Securities Administrators' brochure entitled "Investments at a glance", which contains a section on fixed income securities providing the type of investor education information the commenter suggests. This link is in the Investors section of IIROC's website, under the heading "Investing Basics". The online brochure is also available directly at the following link:
http://www.securities-administrators.ca/uploadedFiles/General/pdfs/Investments_at_a_glance-ENG.pdf
http://www.osc.gov.on.ca/documents/en/Investors/res_invest-glance_en.pdf.

We note that the website of the Investor Education Fund – GetSmarterAboutMoney.ca – also provides a primer on bonds. We have added a link to this primer in the Investors section of IIROC's website. The primer on bonds may also be accessed directly at the following link:
http://www.getsmarteraboutmoney.ca/managing-your-money/investing/bonds/Pages/default.aspx.

One comment letter noted the concern about regulatory arbitrage and that investors may end up with alternative investments that do not have to disclose commissions or compensation. The letter states that more disclosure across all products will benefit investors, and that all investments should be treated the same, regardless of their regulatory jurisdiction. The commenter calls on the federal and provincial regulators of the banks, life insurers, and other financial services companies to ensure that the same levels of disclosure apply to all fixed income products, including guaranteed investment certificates, structured products, and investment-oriented insurance products.

IIROC staff response

We agree with the commenter's concern about regulatory arbitrage and the benefits of enhanced disclosure for similar investments offered through various regulatory jurisdictions. IIROC would be supportive of an initiative requiring comparable regulation in relation to products sold by financial institutions that are equivalent or similar to the investments offered by IIROC Dealer Members. As IIROC does not regulate the financial institutions referenced by the commenter, we suggest that the commenter make their views known to the Financial Consumer Agency of Canada and the Department of Finance.

Chapter 25

Other Information

25.1 Approvals

25.1.1 K2 & Associates Investment Management Inc. – s. 213(3)(b) of the LTCA

Headnote

Clause 213(3)(b) of the Loan and Trust Corporations Act – application by manager, with no prior track record acting as trustee, for approval to act as trustee of pooled funds and future pooled funds to be managed by the applicant and offered pursuant to a prospectus exemption.

Statutes Cited:

Loan and Trust Corporations Act, R.S.O. 1990, c. L.25, as am., s. 213(3)(b).

May 21, 2010

Aird & Berlis LLP
Brookfield Place
181 Bay Street
Suite 1800, Box 754
Toronto, ON M5J 2T9

Attention: Richard M. Kimel / Anne Markle

Dear Sirs/Medames:

Re: K2 & Associates Investment Management Inc. (the "Applicant")

Application pursuant to clause 213(3)(b) of the *Loan and Trust Corporations Act* (Ontario) for approval to act as trustee

Application No. 2009/0570

Further to your application dated September 25, 2009 (the "Application") filed on behalf of the Applicant, and based on the facts set out in the Application and the representation by the Applicant that the assets of The K2 Principal Trust and any other future mutual fund trusts that the Applicant may establish and manage from time to time will be held in the custody of a trust company incorporated and licensed or registered under the laws of Canada or a jurisdiction, or a bank listed in Schedule I, II or III of the Bank Act (Canada), or an affiliate of such bank or trust company, the Ontario Securities Commission (the "Commission") makes the following order.

Pursuant to the authority conferred on the Commission in clause 213(3)(b) of the *Loan and Trust Corporations Act* (Ontario), the Commission approves the proposal that the Applicant act as trustee of The K2 Principal Trust and any other future mutual fund trusts which may be established and managed by the Applicant from time to time, the securities of which will be offered pursuant to prospectus exemptions.

Yours truly,

"James Turner"

"Paulette Kennedy"

25.2 Exemptions

25.2.1 Sprott Physical Gold Trust – NI 41-101 General Prospectus Requirements, Part 19

Headnote

NP 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Exemptive relief granted to closed end fund that invests in gold bullion – fund a foreign private issuer and not an investment company in the U.S. – offering primarily intended for U.S. investors – relief granted only to extent that fund's prospectus deviates from prescribed headings and order of headings in Form 41-101F2 – fund's prospectus will comply with substantive disclosure requirements of Form 41-101F2.

Applicable Legislative Provisions

National Instrument 41-101 General Prospectus Requirements, ss. 3.1(2), 19.1.

May 19, 2009

Heenan Blaikie
Bay Adelaide Centre
333 Bay Street, Suite 2900
P.O. Box 2900
Toronto, Ontario
M5H 2T4

Attention: Sonia Yung

Dear Sirs/Mesdames:

Re: Sprott Physical Gold Trust (the "Trust")
Exemptive Relief Application under Part 19 of National Instrument 41-101 General Prospectus Requirements ("NI 41-101")
Application No. 2010/0331, SEDAR Project No. 1581593

By letter dated May 14, 2010 (the "Application"), the Trust applied to the Director of the Ontario Securities Commission (the "Director") under section 19.1 of NI 41-101 for relief from sub-section 3.1(2) of NI 41-101. The relief is requested only to the extent that the Trust's prospectus does not comply with the headings prescribed by Form 41-101F2 and the headings appear in a different order than that mandated by Form 41-101F2 (the "Requested Relief").

This letter confirms that, based on the information and representations made in the Application and for the purposes described in the Application, the Director intends to grant the Requested Relief to be evidenced by the issuance of a receipt for the Trust's prospectus.

Yours very truly,

"Darren McKall"
Assistant Manager, Investment Funds Branch

Index