The Ontario Securities Commission

OSC Bulletin

June 25, 2010

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

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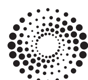

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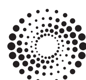
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Table of Contents

Chapter 1 Notices / News Releases **5753**
1.1 Notices **5753**
1.1.1 Current Proceedings before the Ontario Securities Commission 5753
1.1.2 CSA Staff Notice 23-309 – Frequently Asked Questions About the Order Protection Rule and Intentionally Locked or Crossed Markets – Part 6 of National Instrument 23-101 and Related Companion Policy 5761
1.1.3 Notice of Ministerial Approval of Exchange of Letters with the China Banking Regulatory Commission 5774
1.2 Notices of Hearing ...... **(nil)**
1.3 News Releases ...... **(nil)**
1.4 Notices from the Office of the Secretary **5774**
1.4.1 Paladin Capital Markets Inc. et al. 5774
1.4.2 Irwin Boock et al. 5775
1.4.3 Global Energy Group, Ltd. et al. 5775
1.4.4 Christina Harper et al. 5776
1.4.5 Magna International Inc. et al. 5776
1.4.6 Magna International Inc. et al. 5777
1.4.7 Magna International Inc. et al. 5777
1.4.8 Magna International Inc. et al. 5778
1.4.9 Sextant Capital Management Inc. et al. 5778
1.4.10 Magna International Inc. et al. 5779

Chapter 2 Decisions, Orders and Rulings **5781**
2.1 Decisions **5781**
2.1.1 Navina Asset Management Inc. et al. 5781
2.1.2 Textron Financial Canada Funding Corp. – s. 1(10) 5786
2.1.3 Petrobank Energy and Resources Ltd. and Petrominerales Ltd. 5787
2.1.4 Quicksilver Resources Inc. 5790
2.1.5 TayCon Capital Corporation 5796
2.1.6 Brazauro Resources Corporation 5797
2.1.7 Tahoe Resources Inc. 5800
2.1.8 Howson Tattersall Investment Counsel Limited and Mackenzie Financial Corporation 5802
2.1.9 Pollard Banknote Income Fund – s. 1(10) 5807
2.1.10 Northwest Healthcare Properties Real Estate Investment Trust 5808
2.1.11 Etrion Corporation 5810
2.2 Orders **5813**
2.2.1 Quicksilver Resources Inc. – s. 144 5813
2.2.2 Rainmaker Mining Corp. – s. 1(11)(b) 5818
2.2.3 Paladin Capital Markets Inc. et al. – ss. 127(1), 127(7), 127(8) 5820
2.2.4 Irwin Boock et al. 5822
2.2.5 Global Energy Group, Ltd. et al. – s. 127 5823
2.2.6 Christina Harper et al. – ss. 127(7), 127(8) 5824
2.2.7 Magna International Inc. et al. 5825
2.2.8 Magna International Inc. et al. 5826
2.2.9 Magna International Inc. et al. 5827
2.2.10 Magna International Inc. et al. 5828
2.2.11 Sextant Capital Management Inc. et al. 5829
2.2.12 Magna International Inc. et al. 5830
2.3 Rulings ...... **(nil)**

Chapter 3 Reasons: Decisions, Orders and Rulings ...... **(nil)**
3.1 OSC Decisions, Orders and Rulings ...... **(nil)**
3.2 Court Decisions, Order and Rulings ...... **(nil)**

Chapter 4 Cease Trading Orders **5831**
4.1.1 Temporary, Permanent & Rescinding Issuer Cease Trading Orders 5831
4.2.1 Temporary, Permanent & Rescinding Management Cease Trading Orders 5831
4.2.2 Outstanding Management & Insider Cease Trading Orders 5831

Chapter 5 Rules and Policies ...... **(nil)**

Chapter 6 Request for Comments **5833**
6.1.1 Notice of Proposed Amendments to NI 81-102 Mutual Funds and NI 81-106 Investment Fund Continuous Disclosure, and Related Consequential Amendments 5833

Chapter 7 Insider Reporting **5861**

Chapter 8 Notice of Exempt Financings **5949**
Reports of Trades Submitted on Forms 45-106F1 and 45-501F1 5949

Chapter 9 Legislation ...... **(nil)**

Chapter 11 IPOs, New Issues and Secondary Financings **5953**

Chapter 12 Registrations **5961**
12.1.1 Registrants 5961

Chapter 13 SROs, Marketplaces and Clearing Agencies **5963**
13.1 SROs **5963**
13.1.1 Proposed Amendments to MFDA Rule 3.3.2 (Segregation of Client Property – Cash) 5963
13.1.2 Proposed New MFDA Rule 2.4.4 (Transaction Fees or Charges) and Proposed Amendments to MFDA Rule 5.1 (Requirement for Records) 5969
13.2 Marketplaces ...... **(nil)**
13.3 Clearing Agencies ...... **(nil)**

Chapter 25 Other Information .... (nil)

Index 5975

Chapter 1

Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

June 25, 2010

CURRENT PROCEEDINGS

BEFORE

ONTARIO SECURITIES COMMISSION

- -

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

The Harry S. Bray Hearing Room
Ontario Securities Commission
Cadillac Fairview Tower
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Carol S. Perry	—	CSP
Charles Wesley Moore (Wes) Scott	—	CWMS

SCHEDULED OSC HEARINGS

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: PJL
June 28, 2010 10:00 a.m. June 29, 2010 1:00 p.m. September 15-17, 20-21 & 24, 2010 October 4, 6-8, 13-15, 18-19, 25 & 27-29, 2010	**Coventree Inc., Geoffrey Cornish and Dean Tai** s. 127 J. Waechter in attendance for Staff Panel: JEAT/MGC/PLK
June 29, 2010 9:30 a.m.	**Irwin Boock, Stanton Defreitas, Jason Wong, Saudia Allie, Alena Dubinsky, Alex Khodjiaints Select American Transfer Co., Leasesmart, Inc., Advanced Growing Systems, Inc., International Energy Ltd., Nutrione Corporation, Pocketop Corporation, Asia Telecom Ltd., Pharm Control Ltd., Cambridge Resources Corporation, Compushare Transfer Corporation, Federated Purchaser, Inc., TCC Industries, Inc., First National Entertainment Corporation, WGI Holdings, Inc. and Enerbrite Technologies Group** s. 127 & 127.1 H. Craig in attendance for Staff Panel: MGC

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: MGC
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 & 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
July 19, 2010 11:00 a.m.	**Paladin Capital Markets Inc., John David Culp and Claudio Fernando Maya** s. 127 C. Price in attendance for Staff Panel: JDC
July 21, 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
July 21, 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
August 4-6, 2010 October 4-8, 2010 October 13-15, 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
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 1, 2010 1:00 p.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: JDC
September 1, 2010 1:00 p.m.	**Global Energy Group, Ltd., New Gold Limited Partnerships, Christina Harper, Vadim Tsatskin, Michael Schaumer, Elliot Feder, Oded Pasternak, Alan Silverstein, Herbert Groberman, Allan Walker, Peter Robinson, Vyacheslav Brikman, Nikola Bajovski, Bruce Cohen and Andrew Shiff** s. 37, 127 and 127.1 H. Craig in attendance for Staff Panel: JDC
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 & 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; October 4-8; October 13-19, 2010 10:00 a.m.	**Sulja Bros. Building Supplies, Ltd., Petar Vucicevich, Kore International Management Inc., Andrew Devries, Steven Sulja, Pranab Shah, Tracey Banumas and Sam Sulja** s. 127 & 127.1 J. Feasby in attendance for Staff Panel: TBA
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: TBA
October 13, 2010 10:30 a.m.	**QuantFX Asset Management Inc., Vadim Tsatskin, Lucien Shtromvaser and Rostislav Zemlinsky** s. 127 H. Craig in attendance for Staff Panel: TBA
October 18 – November 5, 2010 10:00 a.m.	**Irwin Boock, Stanton Defreitas, Jason Wong, Saudia Allie, Alena Dubinsky, Alex Khodjiaints Select American Transfer Co., Leasesmart, Inc., Advanced Growing Systems, Inc., International Energy Ltd., Nutrione Corporation, Pocketop Corporation, Asia Telecom Ltd., Pharm Control Ltd., Cambridge Resources Corporation, Compushare Transfer Corporation, Federated Purchaser, Inc., TCC Industries, Inc., First National Entertainment Corporation, WGI Holdings, Inc. and Enerbrite Technologies Group** s. 127 & 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 15-18; November 24-December 2, 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
December 2, 2010 9:30 a.m.	**Richvale Resource Corp., Marvin Winick, Howard Blumenfeld, Pasquale Schiavone, and Shafi Khan** s. 127(7) and 127(8) H. Craig in attendance for Staff Panel: TBA
January 17-21, 2011 10:00 a.m.	**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
March 1-7; 9-11; 21; & 23-31, 2011 10:00 a.m.	**Paul Donald** s. 127 C. Price 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 **Gregory Galanis**

s. 127

P. Foy in attendance for Staff

Panel: TBA

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

s. 127(1) and 127.1

J. Superina, A. Clark in attendance for Staff

Panel: TBA

TBA **Global Partners Capital, Asia Pacific Energy Inc., 1666475 Ontario Inc. operating as "Asian Pacific Energy", Alex Pidgeon, Kit Ching Pan also known as Christine Pan, Hau Wai Cheung, also known as Peter Cheung, Tony Cheung, Mike Davidson, or Peter McDonald, Gurdip Singh Gahunia also known as Michael Gahunia or Shawn Miller, Basis Marcellinius Toussaint also known as Peter Beckford, and Rafique Jiwani also known as Ralph Jay**

s. 127

M. Boswell in attendance for Staff

Panel: TBA

TBA **FactorCorp Inc., FactorCorp Financial Inc. and Mark Twerdun**

s. 127

C. Price in attendance for Staff

Panel: TBA

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

s. 127 & 127(1)

D. Ferris in attendance for Staff

Panel: TBA

TBA **Imagin Diagnostic Centres Inc., Patrick J. Rooney, Cynthia Jordan, Allan McCaffrey, Michael Shumacher, Christopher Smith, Melvyn Harris and Michael Zelyony**

s. 127 and 127.1

J. Feasby in attendance for Staff

Panel: TBA

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

s. 127

H. Craig in attendance for Staff

Panel: TBA

TBA

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

s. 127(1) and 127(5)

M. Boswell in attendance for Staff

Panel: TBA

TBA

Lehman Cohort Global Group Inc., Anton Schnedl, Richard Unzer, Alexander Grundmann and Henry Hehlsinger

s. 127

H. Craig in attendance for Staff

Panel: TBA

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 & 127.1

A. Clark 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

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) & (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 **Peter Robinson and Platinum International Investments Inc.**

s. 127

M. Boswell in attendance for Staff

Panel: TBA

TBA **Paladin Capital Markets Inc., John David Culp and Claudio Fernando Maya**

s. 127

C. Price in attendance for Staff

Panel: TBA

TBA **Carlton Ivanhoe Lewis, Mark Anthony Scott, Sedwick Hill, Leverage Pro Inc., Prosporex Investment Club Inc., Prosporex Investments Inc., Prosporex Ltd., Prosporex Inc., Prosporex Forex SPV Trust, Networth Financial Group Inc., and Networth Marketing Solutions**

s. 127 and 127.1

H. Daley in attendance for Staff

Panel: TBA

TBA **Wilton J. Neale, Multiple Streams of Income (MSI) Inc., and 360 Degree Financial Services Inc.**

s. 127 and 127.1

H. Daley in attendance for Staff

Panel: TBA

TBA **Albert Leslie James, Ezra Douse and Dominion Investments Club Inc.**

s. 127 and 127.1

H. Daley in attendance for Staff

Panel: TBA

TBA **Rezwealth Financial Services Inc., Pamela Ramoutar, Chris Ramoutar, Justin Ramoutar, Tiffin Financial Corporation, Daniel Tiffin, 2150129 Ontario Inc. and Sylvan Blackett**

s. 127(1) & (5)

A. Heydon in attendance for Staff

Panel: TBA

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 CSA Staff Notice 23-309 – Frequently Asked Questions about the Order Protection Rule and Intentionally Locked or Crossed Markets – Part 6 of National Instrument 23-101 and Related Companion Policy

CANADIAN SECURITIES ADMINISTRATORS
STAFF NOTICE 23-309

FREQUENTLY ASKED QUESTIONS ABOUT THE ORDER PROTECTION RULE AND INTENTIONALLY LOCKED OR CROSSED MARKETS – PART 6 OF NATIONAL INSTRUMENT 23-101 AND RELATED COMPANION POLICY

The purpose of this notice is to answer some of the frequently asked questions (FAQs) regarding the Order Protection Rule (OPR) and the prohibition against intentionally locking or crossing markets.

The list of FAQs below is not exhaustive, but it includes key issues and questions discussed by the Trade-through Implementation Committee[1] or raised by other stakeholders. Staff of the Canadian Securities Administrators (CSA or we) may update these FAQs from time to time as necessary.

Some terms we use in this notice are defined in National Instrument 21-101 *Marketplace Operation* (NI 21-101) or in National Instrument 23-101 *Trading Rules* (NI 23-101).

Effective on February 1, 2011, the OPR will require marketplaces as well as marketplace participants that send directed-action orders (DAOs), to establish, maintain and ensure compliance with written policies and procedures that are reasonably designed to prevent trade-throughs. To assist marketplaces and marketplace participants in developing these policies and procedures and complying with the OPR, we have compiled some of the issues and questions related to the OPR in the form of FAQs, together with our responses to the questions.

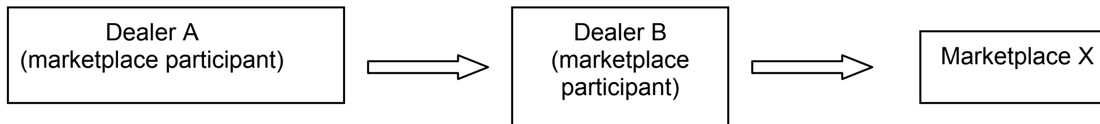
This notice also contains some FAQs regarding the provision that prohibits marketplace participants from intentionally locking or crossing markets. This provision is found in Part 6 of NI 23-101 but is separate from the OPR and is currently in force.

A. COMPLIANCE WITH OPR REQUIREMENTS

A-1 Q: When an entity is routing a DAO through a dealer that is a marketplace participant[2], who will be responsible for the proper use of the DAO marker?

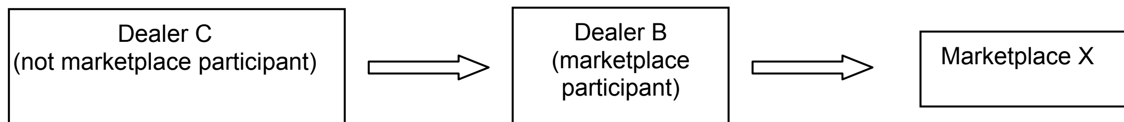
A: A DAO may be routed in a variety of ways. We describe a number of DAO routing scenarios below and identify where the responsibility for proper use of the DAO marker would lie in each instance.

A: **Scenario 1**



Dealer A is a marketplace participant but not a member or subscriber of Marketplace X. Dealer A's orders reach Marketplace X through Dealer B, which is a marketplace participant of Marketplace X. We consider this to be a jitney relationship between Dealer A and Dealer B. Under the OPR, regulatory responsibility for the proper use of a DAO marker rests with both Dealer A and Dealer B, since both are marketplace participants. However, they can agree about which of them will ensure proper use of the DAO marker. It is our view that reasonably designed written policies and procedures for Dealer A and Dealer B, respectively, include both clearly identifying which of them will ensure proper use of the DAO marker and requiring the other's acknowledgement.

Scenario 2

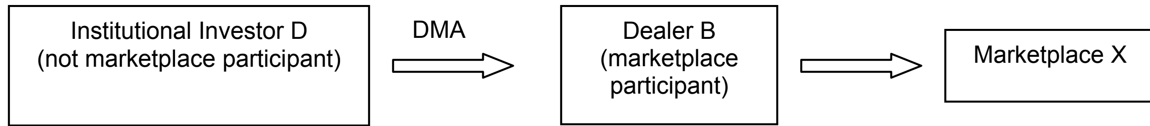


[1] The Trade-through Implementation Committee is an open membership committee comprised of representatives of dealers, marketplaces and vendors that has been meeting periodically since February 2009 to identify and resolve issues regarding the implementation of the OPR.

[2] NI 21-101 defines a marketplace participant to mean a member of an exchange, a user of a quotation and trade reporting system, or a subscriber of an ATS.

Dealer C is not a marketplace participant, therefore we consider this to be a client relationship between Dealer C and Dealer B. Dealer B is the only marketplace participant in this instance and therefore is responsible for proper usage of the DAO marker.

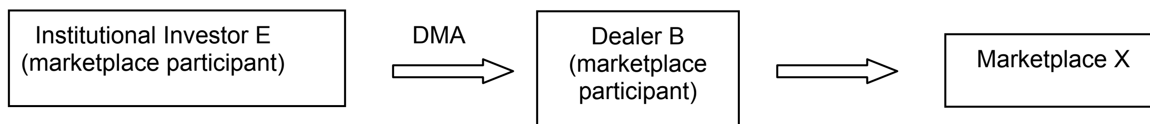
Scenario 3



In this scenario, because Institutional Investor D is not a marketplace participant, we would consider this to be a client relationship between Institutional Investor D and Dealer B. Dealer B is the only marketplace participant in this scenario and therefore is responsible for proper usage of the DAO marker.

We note that it is up to a dealer to determine whether it will allow its clients to send DAOs to a marketplace via direct market access. In our view, reasonably designed written policies and procedures for a dealer offering this arrangement would include documenting this decision and the client's obligations.

Scenario 4



This scenario also represents a client relationship; however it is between an institutional investor that is a marketplace participant and a dealer that is a marketplace participant of Marketplace X. Like Scenario 1, since both entities are marketplace participants, regulatory responsibility for the proper use of a DAO marker rests with both the institutional investor and the dealer. However, they can agree about which of them will ensure proper use of the DAO marker. It is our view that reasonably designed written policies and procedures for the institutional investor and dealer, respectively, include both clearly identifying which of them will ensure proper use of the DAO marker and requiring the other's acknowledgement.

Scenario 5

If an institutional investor is a subscriber to an ATS, then that institutional investor is responsible for ensuring the proper use of the DAO marker on DAOs it sends directly to that ATS.

A-2 Q: Who will enforce the OPR?

A: The OPR will be a CSA-level rule that will be enforced by the CSA. In addition, dealers will be subject to the Universal Market Integrity Rules (UMIR) of the Investment Industry Regulatory Organization of Canada (IIROC) related to the OPR and related policies, procedures and supervision. As all marketplaces have retained IIROC as a regulation services provider, IIROC will monitor compliance with UMIR and the OPR through its compliance reviews and surveillance of trading of its members (including ATSs) and access persons. [3] The CSA will also assess compliance of the OPR through their oversight reviews of exchanges.

A-3 Q: Sections 6.1(2) and 6.2(1) of Companion Policy 23-101CP (23-101 CP) will say that marketplaces or marketplace participants that use a DAO are expected to maintain relevant information so that the effectiveness of its policies and procedures can be adequately evaluated by regulatory authorities. What type of documentation needs to be kept in order to satisfy this expectation?

A: Each marketplace and marketplace participant that uses a DAO must regularly review its OPR policies and procedures. These reviews cover the effectiveness of the policies and procedures in place including the testing of any

[3] "Access person" is defined in UMIR as " a person other than a Participant who is: (a) a subscriber; or (b) a user".

system used to facilitate OPR compliance. We recommend retaining documentation related to the reviews, any deficiencies found and any actions taken to address the deficiencies.

We also recommend that a marketplace or marketplace participant that uses a DAO keep or have access to a snapshot of what the market looked like at the time of making the routing decision and sending the DAO.

A-4 Q: Will the OPR require marketplaces to cancel any portion of a DAO that cannot be executed immediately?

A: No, the definition of a DAO will allow a marketplace to either book or cancel any unexecuted remainder of a DAO. Therefore, as part of its policies and procedures, a marketplace needs to clearly describe how it will treat unexecuted portions of DAOs and marketplace participants that send DAOs should verify the treatment of the DAO marker on that marketplace. To ensure the immediate cancellation of any remainder of a DAO that is not initially executed, marketplaces and marketplace participants sending a DAO should use the immediate-or-cancel (IOC) or fill-or-kill (FOK) designation if appropriate.

A-5 Q: Would the following scenario be compliant with the OPR: A marketplace participant that facilitates a manual block trade for a customer at a price that does not trade through a protected order at the time of the match, but when the trade is printed on a marketplace, the price is inferior to a protected order on another marketplace?

A: Yes, subsections 6.2(d) and 6.4(a)(iii) of NI 23-101 will provide some relief due to moving or changing markets.

Subsection 6.3(c) of 23-101CP (which discusses the “changing markets” exception in detail) states that the “changing markets” exception would allow for the execution of an order on a marketplace, within the best bid or offer on that marketplace but outside the best bid or offer displayed across marketplaces in the above circumstance.

A-6 Q: When a new marketplace launches, what OPR requirements must be met by: (i) the new marketplace, (ii) marketplaces in operation at that time and (iii) marketplace participants sending DAOs?

A: A new marketplace will have to establish, and be able to maintain and ensure compliance with, written policies and procedures that are reasonably designed to prevent trade-throughs prior to its launch.

A new marketplace is required under subsection 12.3(1) of NI 21-101 to publicly make available, for at least three months immediately before its operations begin, technology requirements regarding interfacing with or access to the marketplace in their final form. After publishing its technology requirements, subsection 12.3(2) of NI 21-101 requires a new marketplace to make testing facilities for interfacing with and accessing the marketplace publicly available for at least two months immediately before its operations begin.

A marketplace in operation at that time or a marketplace participant that sends DAOs should ensure it has appropriate access to the new marketplace in order to comply with its own OPR obligations.

B. SYSTEMS ISSUES REQUIREMENTS

B-1 Q: Will OPR requirements continue to apply when data is interrupted due to technical problems experienced by the information processor, an information vendor or an independent software vendor?

A: Yes, because the OPR will require that a marketplace or marketplace participant that sends DAOs establish, maintain and ensure compliance with written policies and procedures that are reasonably designed to prevent trade-throughs. Reasonably designed policies and procedures would include steps to address data interruptions.

We note that if a trade-through occurs due to a failure, malfunction or material delay of the systems, equipment or ability to disseminate marketplace data of the destination marketplace, the systems issues exception may be invoked.

B-2 Q: Subsection 6.3(1) of NI 23-101 will require that when a marketplace is aware it is experiencing a failure, malfunction or material delay of its systems, equipment or ability to disseminate marketplace data, it will inform all other marketplaces, its marketplace participants, any information processor, and any regulation services providers of the issue. What elements should be included in the policies and procedures of a marketplace with respect to this notification requirement?

A: In addition to notifying other marketplaces, marketplace participants, the information processor and the regulation services provider as will be required under subsection 6.3(1), marketplace policies and procedures should also address the requirement to promptly notify its regulator or, in Québec, the securities regulatory authority and, if applicable, its regulation services provider, of any material systems failure, malfunction or delay under subsection 12.1(c) of NI 21-101.

In addition, marketplaces have jointly created the "Canadian Marketplace Communication Protocol for Unplanned Service Interruptions", found at Schedule A of this Notice. This document sets out the elements and parameters around the notification procedures and protocols for the listed marketplaces which we recommend be included or referenced in the policies and procedures of all marketplaces.

B-3 Q: Subsections 6.3(2) and 6.3(3) of NI 23-101 will require that when a marketplace or marketplace participant suspects that a destination marketplace is experiencing a failure, malfunction or material delay of its systems, equipment or ability to disseminate marketplace data that it may bypass this marketplace (systems issues exception) subject to certain notification requirements. What should a marketplace or marketplace participant that sends DAOs include in its policies and procedures about invoking the systems issues exception?

A: We recommend that the policies and procedures of a marketplace participant that sends DAOs and a marketplace describe the following:

1. Invoking and Ending the Use of the Systems Issues Exception

A marketplace's or marketplace participant's policies and procedures should include the circumstances in which it would invoke the systems issues exception. Such circumstances might include a destination marketplace repeatedly failing to provide an immediate response to orders received or material delays in the response time without notification by the destination marketplace that it may be experiencing systems issues.

The marketplaces, facilitated by the Investment Industry Association of Canada, created a "Marketplace Self-help Procedures" document, found at Appendix C to the Canadian Marketplace Communication Protocol for Unplanned Service Interruptions. This document lists the circumstances that will trigger individual marketplaces to rely on the systems issues exception. We recommend that marketplaces incorporate this element of the document into their OPR policies and procedures. We note that this document may be updated from time to time.

2. Notification Process

The OPR will require in subsections 6.3(2) and 6.3(3) of NI 23-101 that a marketplace, and a marketplace participant sending DAOs, communicate their reliance on the systems issues exception. This notification may use various forms of technology, such as e-mail. We recommend incorporating how and when this notification will occur into the policies and procedures of marketplaces and marketplace participants that send DAOs.

We also recommend that marketplaces use a means of contact that is continuously monitored so that systems issues can be addressed promptly.

In addition to identifying the circumstances that will trigger the systems issues exception, the Marketplace Self-help Procedures document also outlines the communications steps each marketplace will take when it uses the systems exception against another marketplace. We recommend that this element of the document also be included in marketplace OPR policies and procedures.

3. Systems Assessment

Subsection 6.3(a)(ii) of 23-101CP will explain that a marketplace, or marketplace participant sending DAOs, cannot invoke the systems issues exception against a marketplace unless it reasonably concludes that a particular marketplace is experiencing the problem. The systems issues exception is not available when the systems problem occurs at a vendor that provides services to a dealer.

Subsections 6.1(2) and 6.4(2) of NI 23-101 will require marketplaces and marketplace participants that use DAOs to regularly review and monitor the effectiveness of their OPR policies and procedures. As mentioned in question A-3 above, this includes the testing of any system used to facilitate OPR compliance. We view this as including the testing of:

- routing systems to ensure these systems are functioning properly; and
- the process to be conducted to ensure that the issue does not lie within the marketplace's, marketplace participant's or their vendor's own systems.

4. Documentation of Reliance on Systems Exception

Subsection 6.1(3) of 23-101CP will provide guidance regarding marketplaces maintaining appropriate documentation when handling delayed responses. When relying on the systems issues exception, we recommend that marketplaces, and marketplace participants that use DAOs, maintain evidence of the problem, the notification provided and the systems assessment that was conducted.

C. LOCKED OR CROSSED MARKETS[4]

C-1 Q: Is it permissible for a marketplace participant to join the bid or the offer if the market is already locked or crossed?

A: No, it is not permissible to simply join the bid or the offer when a market is locked or crossed.

Subsection 6.4(2)(c) of Companion Policy 23-101CP states that an example of a situation of where a locked or crossed market may occur unintentionally is when “the locking or crossing order was displayed at a time when a protected bid was higher than a protected offer”. This is intended to include an order that is entered to uncross the market but not an order that simply joins the bid or the offer.

C-2 Q: What are some instances where a locked or crossed market may occur unintentionally?

A: Subsection 6.4(2) of Companion Policy 23-101CP outlines some situations where a locked or crossed market may occur unintentionally. There may be other situations where a locked or crossed market may also occur unintentionally including when securities legislation requires that the order be entered on or executed on a particular marketplace. For example, this might occur when securities being sold are subject to resale on a “designated offshore securities market” under Rule 904 of Regulation S of the *U.S. Securities Act* of 1933. Some other situations where a locked or crossed market may occur unintentionally include: (1) the execution of opening orders or market-on-close orders on a particular marketplace when trading is on-going or continues on at least one other marketplace and (2) the restarting of trading of a security on a marketplace following a halt for either regulatory or business purposes given that marketplaces may use different mechanisms to resume trading.

If you have any questions about these FAQs or the OPR generally, please contact the following CSA staff:

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June 25, 2010

[4] The prohibition on intentionally locking or crossing markets is set out in section 6.5 of NI 23-101.

Schedule A

Canadian Marketplace Communication Protocol for Unplanned Service Interruptions

The objective of this Protocol document is to provide a clear framework detailing the minimum standards/benchmarks for communications when Canadian marketplaces experience an unplanned, material service interruption. The Protocol is a non-binding, best-practice guideline for industry-wide reference and adoption, intended to provide industry stakeholders with relevant information in a predictable and consistent manner when such interruptions occur. All Canadian markets as at the date of this document have agreed to use their best efforts to comply with the Protocol.

1. Scope

The Protocol covers any unplanned material interruption to, or degradation of, a marketplace's service where the problem would cause the loss of integrity to the data stream; the loss of messages; stoppage or delay of updates; corruption of message formats or errors in content during normal operations; connectivity problems; stoppage or delay of order entry, order routing or other trading services (Material Service Interruption).

The scope of the Protocol is limited to notification schedules and communication processes, and includes the following elements:

- initial notice of the problem including what is affected and an estimate for restoring service;
- periodic follow-up until the problem is resolved;
- notice when service has been restored;
- preliminary and final description of the problem and how/when it will be / was fixed; and
- the requirement for contact names, numbers, points for escalation, and an open conference line that direct recipients can dial into wherever possible during actual events.

2. Determination of Impact

It is in the discretion of each marketplace to determine if a problem is material in nature. In doing so, the following factors should be considered:

- number of participants unable to use the applicable marketplace service;
- degree of control the marketplace has over the service;
- impact on market liquidity and/or quality; and
- availability of other alternatives / workarounds.

Notification Guidelines	Preliminary Determination	Interim Updates	Service Restoration	Problem Resolution
Frequency	Upon becoming aware of a Material Service Interruption, the marketplace should notify all marketplace participants, service providers and/or stakeholders as appropriate (Recipients).	For longer outages, status updates should be provided whenever material information becomes known. Where no new information is available, marketplaces should communicate that fact to Recipients on at least an hourly basis.	The marketplace should provide notice that the service has been restored as soon as possible.	Within 24 hours after the problem has been resolved, the marketplace should provide a written (preliminary) assessment of the incident.. If any further information comes to light, marketplaces should provide a final, written description of the incident within 1 week after this information becomes known.
Content	The initial notice should include, to the extent that the information is available: • a description of the problem; • what content and/or which systems are affected (particularly if the marketplace provides multiple feeds or services); • notice (or a reasonable projection) of when service will be restored or, if this is not possible, the next projected status update time; and • customer statements to Recipients (who can in turn pass on to their customers). If the outage is the result of a telecommunications problem, the marketplace should, when such information is known, provide details of the entity responsible for fixing the problem (e.g. the communications vendor, marketplace IT department or Recipient) and describe whether a restart of downstream devices or restart of an IP session is required. Timeliness of notification should supersede completeness of information when marketplaces are faced with such a trade-off.	Interim updates should indicate progress toward resolution and an updated estimate of the resolution timeframe. The updates should also include any new information about the causes and impacts of the interruption.	The notice should: • provide times of when the incident began and when it was resolved • indicate whether restoration is partial or full • detail any elements of the service that may remain degraded	Marketplaces should provide a final, written description describing the problem, the permanent fix and any other steps, such as procedural, communications, hardware or software changes that have been or will be implemented to prevent a recurrence of the interruption. If the matter is still under investigation, this should be explained and further updates should be provided to fill in missing details. If the fix is a temporary work-around with a permanent fix to come, this should be explained and target dates should be provided for the final resolution.

3. Communication Channels

Notice should be disseminated via the appropriate electronic mechanisms, including telephone, e-mail, web site, pager, etc.
Notice via logically formatted messages in the marketplace's data feed is the recommended method if the service itself is still available.

Follow–up updates may be provided in the same manner as the initial communication, or may be disseminated on a website accessible to Recipients, if the initial communication or any follow-up updates provide for such a procedure.

Where appropriate, marketplaces should also establish an open conference line that Recipients can dial into during a Material Service Interruption.

4. Marketplace Resources and Contact Lists

Appendix A provides a list of contacts.

These contacts are responsible for initiating notices to recipients, and responding to any necessary inquiries from direct recipients; they should not also be responsible after recovery of the service, to ensure that there is no conflict with the requirement for customer notification and support. Attached is a list of the names and contact information. It is the obligation of each marketplace to inform the other marketplaces of any changes to this contact information.

5. Marketplace Restart Procedures Following a Material Service Interruption

If a marketplace has suffered a Material Service Interruption, it will follow the procedures set out in Appendix B upon the restart of services.

6. Marketplace Self-Help Procedures

If a marketplace declares self-help against another marketplace, it will follow the procedures set out in Appendix C.

Appendix A – Canadian Marketplace Contacts

Marketplace	Primary			Secondary			Open Conferenc e Line
	Contact	Phone	Email	Contact	Phone	Email	
Alpha	General Client Services/ Operation Representative	647-259-0450	clientservices@alphatrading systems.ca	Lloyd Clarke, Manager, Trading Operations and Services Randee Pavalow, Head of Business Operations & Regulatory Matters	647-259-0460 647-259 -0420	lloyd.clarke@alphatrading systems.ca Randee.pavalow@alpha tradingsystems.ca	
Chi-X	Chi-X Canada Operations	1-888-310-1560	operations@chi-xcanada.com	Peter Trudeau, Director Subscriber and Vendor Services Dan Kessous, Chief Operating Officer	416-304-6373 416-304-6372	peter.trudeau@chi-xcanada.com dan.kessous@chi-xcanada.com	
Liquidnet		646-674-2100	memberservices@ liquidnet.com				
Omega	Support	416- 646-2428	support@omegaats.com	Raymond Tung Greg King	W: 416-646-2429 M: 416-660-6073 W:416-646-2764 M:416-300-1585		
Pure Trading	CNSX Market Operations	416-306-0772	marketops@cnsx.ca	David Timpany	(b) 416-572-2000 ext 2290 (c) 416-917-1008	david.timpany@cnsx.ca	
TriAct – MATCH Now	Rob Durham – Trading Systems Administrator	416-861-1010 x0	support@triactcanada.com	Tom Doukas – Manager, Operations Heather Killian – Chief Operating Officer	416-861-1010 x0 416-861-1010 x0262	support@triactcanada.com hkillian@triactcanada.com	Distributed as required

Marketplace	Primary			Secondary			Open Conference Line
	Contact	Phone	Email	Contact	Phone	Email	
TSX	Trading Services	416- 947-4357 or TSX Vendor Services 416-947-4705	trading_services@tsx.com	Mark Jarrett – Director, Equity Operations	416-947-4693	mark.jarrett@tsx.com	Distributed as required
				John Washburn – Vice President, Business Operations	416-947-4497	john.washburn@tsx.com	

Appendix B

Canadian Marketplace Restart Procedures

Procedure	TSX/TSX-V	Alpha	Omega	Pure Trading	Chi-X	TriAct	Liquidnet
System outage however connection up	No net new order flow/order modifications	No new orders/ amends permitted until pre-open.	All orders are cancelled	All gateway connections are terminated	Status Orders	Cancel orders	Trading Halted. Negotiation cancelled
Notice to Members or Subscribers of Time of Restart	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Type of Communication	Clients contacted through usual communication channels	Notice to Subscribers sent out via email.	E-mail to dealers and vendors	E-mail to CNSX Market Operations list and an admin msg over feed	E-mail to distribution list	E-mail to distribution list	E-mail to Members
Pre-open rotation	Yes	Yes, during pre-open cancels and amends are allowed.	n/a	Yes		Yes	Not applicable
Typical time for Rotation	minimum of 30 minutes	Minimum of 30 minutes pre-open unless special circumstances. In each case notice of time period will be provided.	n/a	Depends		10 minutes+ 5 minutes /hour of outage	--
Post mortem e-mail		Yes, will be sent within 24 hours of service interruption	Sent to affected clients requesting a report		Within 24 hours		Incident report created to document the event with root cause
Trading to not resume after a certain time		No				3:45 pm	Incident-by-Incident

Appendix C

Marketplace Self-help Procedures

Market Participants, including marketplaces, can declare self-help against a marketplace when a marketplace is having operational issues (failure, malfunction or material delay of its systems or equipment) which would make the routing of orders to that marketplace inappropriate. Notwithstanding any declaration of self-help by other marketplace participants, if a marketplace is aware of its own operational problems it should communicate in accordance with the principles set out in the Protocol document. Also, a marketplace participant cannot declare self-help against a marketplace when it is experiencing its own issues or is having problems with its vendor.

MARKETPLACE	REASONS FOR DECLARING SELF-HELP	COMMUNICATIONS AND ACTIONS REGARDING MARKETPLACE EXPERIENCING PROBLEMS
Alpha ATS	• Slow, Corrupted, or no Data from marketplace • Connectivity to the marketplace is lost • Orders are not being received or processed	• Step 1 – Alpha contacts marketplace to report and inquire about issue. • Step 2 – Upon confirmation of the issue, self-help is declared with an email confirming the time and cause of the self-help declaration. A copy is sent to IIROC and OSC. • Step 3 – Notice to all marketplace participants of declaration of self help is issued. Receipt of data and routing to the marketplace is suspended. • Step 4 – Upon receipt from the marketplace of notification that the issue has been resolved, notice will be sent to marketplace, marketplace participants, and regulators that receipt of data and order routing will be resumed.
TriAct Canada Marketplace – MATCH Now	• Slow, Corrupted, or no Data from marketplace • Connectivity to the marketplace is lost	• Step 1 – TCM contacts marketplace to report and inquire about issue. • Step 2 – Upon confirmation of the issue, self-help is declared with an email confirming the time and cause of the self-help declaration. A copy is sent to IIROC. • Step 3 – Notice to all marketplace participants of declaration of self help is issued. Market data for the affected marketplace is removed from the NBBO calculation (used to determine MATCH Now pricing) • Step 4 – Upon receipt from the marketplace of notification that the issue has been resolved, TCM will confirm with market data vendor that feeds are stable and appear reliable. • Step 5 - Notice will be sent to marketplace, marketplace participants, and regulators revoking self-help and market data will be added back to the NBBO calculation
Chi-X	• Data issues or delays • Connectivity to the marketplace is lost • Orders are not being received or processed	• Step 1 – Chi-X contacts marketplace to report and inquire about issue. • Step 2 – Upon confirmation of the issue, self-help is declared with an email confirming the time and cause of the self-help declaration. A copy is sent to IIROC and OSC. • Step 3 – Self-help notice is sent to the trading community; Chi-X IOB and smart router remove target marketplace from consideration. • Step 4 – Upon written receipt from the marketplace that all outstanding issues have been resolved and stability can be confirmed, target marketplace will be reinstated for IOB and smart routing consideration.
Liquidnet ATS	• Self Help not applicable	Liquidnet ATS does not route

MARKETPLACE	REASONS FOR DECLARING SELF-HELP	COMMUNICATIONS AND ACTIONS REGARDING MARKETPLACE EXPERIENCING PROBLEMS
Omega ATS	• Self Help not applicable	Omega ATS does not route
TMX	• Material malfunction or interruption of order entry connectivity • Material malfunction or interruption of data connectivity/feeds • General system failure • Pattern of unreliable order execution	• Step 1 – TSX Equity Operations will notify affected ATS by telephone, followed by an email, to inform the ATS that it intends or has begun to stop routing orders to ATS. The notice should include the time that problem was observed, the cause/basis of the concern, action taken by TMX and anticipated resolution criteria. • Step 2 - TSX Equity Operations will send a "Self-Help" notification to a TSX SOR e-mail distribution list which will include, but is not limited to, all TMX SOR subscribers and , IIROC. Should self-help status continue into subsequent trading day(s), Self Help Notification e-mail will be re-sent by 9:30AM of each day until resolved. • Step 3 - If the issue is resolved by TMX, TSX Equity Operations shall notify affected ATS's that the issue has been resolved and request that the cessation of routing services be revoked. • Step 4 –TMX Equity Operations will also send a Self-Help removal notification to a TSX SOR e-mail distribution list which will include, but is not limited to, all TMX SOR subscribers and IIROC.

1.1.3 Notice of Ministerial Approval of Exchange of Letters with the China Banking Regulatory Commission

On June 17, 2010, the Minister of Finance approved, pursuant to section 143.10 of the *Securities Act* (Ontario), the Exchange of Letters between certain provincial securities regulators and the China Banking Regulatory Commission (Exchange of Letters). The Exchange of Letters is intended to facilitate regulatory cooperation in connection with the overseas wealth management business of Chinese commercial banks on behalf of their clients.

The Exchange of Letters came into effect in Ontario on June 17, 2010. The Exchange of Letters signed by certain members of the Canadian Securities Administrators was published in the Bulletin on April 23, 2010. (See (2010) 33 OSCB 3608.)

1.4 Notices from the Office of the Secretary

1.4.1 Paladin Capital Markets Inc. et al.

FOR IMMEDIATE RELEASE
June 18, 2010

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

AND

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

TORONTO – The Commission issued an Order in the above named matter which provides that (1) pursuant to subsections 127(7) and 127(8), the Temporary Order is extended until August 6, 2010; and (2) the hearing is adjourned to a confidential pre-hearing conference to be held on August 5, 2010 at 10:00 a.m.

A copy of the Order dated June 15, 2010 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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Theresa Ebden
Senior Communications Specialist
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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 Irwin Boock et al.

FOR IMMEDIATE RELEASE
June 18, 2010

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

AND

IN THE MATTER OF
IRWIN BOOCK, STANTON DEFREITAS,
JASON WONG, SAUDIA ALLIE,
ALENA DUBINSKY, ALEX KHODJIAINTS,
SELECT AMERICAN TRANSFER CO.,
LEASESMART, INC., ADVANCED GROWING
SYSTEMS, INC., INTERNATIONAL ENERGY LTD.,
NUTRIONE CORPORATION, POCKETOP
CORPORATION, ASIA TELECOM LTD.,
PHARM CONTROL LTD., CAMBRIDGE RESOURCES
CORPORATION, COMPUSHARE TRANSFER
CORPORATION, FEDERATED PURCHASER, INC.,
TCC INDUSTRIES, INC., FIRST NATIONAL
ENTERTAINMENT CORPORATION,
WGI HOLDINGS, INC. AND
ENERBRITE TECHNOLOGIES GROUP

TORONTO – The Commission issued an order in the above named matter which provides that the Status Hearing is adjourned until Tuesday, June 29, 2010 at 9:30 a.m.

A copy of the Order dated June 18, 2010 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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For investor inquiries:

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1.4.3 Global Energy Group, Ltd. et al.

FOR IMMEDIATE RELEASE
June 21, 2010

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

AND

IN THE MATTER OF
GLOBAL ENERGY GROUP, LTD.,
NEW GOLD LIMITED PARTNERSHIPS,
CHRISTINA HARPER, VADIM TSATSKIN,
MICHAEL SCHAUMER, ELLIOT FEDER,
ODED PASTERNAK, ALAN SILVERSTEIN,
HERBERT GROBERMAN, ALLAN WALKER,
PETER ROBINSON, VYACHESLAV BRIKMAN,
NIKOLA BAJOVSKI, BRUCE COHEN
AND ANDREW SHIFF

TORONTO – The Commission issued an Order in the above named matter which provides that the hearing is adjourned to September 1, 2010 at 1:00 p.m. or such other date as is agreed by the parties and determined by the Office of the Secretary.

A copy of the dated June 14, 2010 is available at **www.osc.gov.on.ca**.

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JOHN P. STEVENSON
SECRETARY

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Director, Communications & Public Affairs
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Theresa Ebden
Senior Communications Specialist
416-593-8307

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For investor inquiries:

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

1.4.4 Christina Harper et al.

FOR IMMEDIATE RELEASE
June 21, 2010

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

AND

IN THE MATTER OF
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 SHIFF

TORONTO – The Commission issued an Order in the above named matter which provides that (1) pursuant to subsections 127 (7) and (8) of the Act, the Temporary Order is extended to September 1, 2010; and (2) the hearing in this matter is adjourned to September 1, 2010, at 1:00 p.m.

A copy of the Order dated June 14, 2010 is available at **www.osc.gov.on.ca**.

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1.4.5 Magna International Inc. et al.

FOR IMMEDIATE RELEASE
June 18, 2010

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

AND

IN THE MATTER OF
MAGNA INTERNATIONAL INC.

AND

IN THE MATTER OF
THE STRONACH TRUST
AND 446 HOLDINGS INC.

TORONTO – The Commission issued a confidentiality order in the above named matter.

A copy of the confidentiality Order dated June 18, 2010 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
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1.4.6 Magna International Inc. et al.

FOR IMMEDIATE RELEASE
June 18, 2010

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

AND

IN THE MATTER OF
MAGNA INTERNATIONAL INC.

AND

IN THE MATTER OF
THE STRONACH TRUST
AND 446 HOLDINGS INC.

TORONTO – The Commission issued an order granting Goodman & Co. Investment Counsel Ltd. Torstar standing at the hearing on the merits in the above named matter.

A copy of the Order Granting Intervenor Status to Goodman & Co. Investment Counsel Ltd. dated June 18, 2010 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
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1.4.7 Magna International Inc. et al.

FOR IMMEDIATE RELEASE
June 18, 2010

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

AND

IN THE MATTER OF
MAGNA INTERNATIONAL INC.

AND

IN THE MATTER OF
THE STRONACH TRUST
AND 446 HOLDINGS INC.

TORONTO – The Commission issued an order granting The Special Committee of Magna International Inc. Torstar standing at the hearing on the merits in the above named matter.

A copy of the Order Granting Intervenor Status to The Special Committee of Magna International Inc. dated June 18, 2010 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
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1.4.8 Magna International Inc. et al.

FOR IMMEDIATE RELEASE
June 18, 2010

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

AND

IN THE MATTER OF
MAGNA INTERNATIONAL INC.

AND

IN THE MATTER OF
THE STRONACH TRUST
AND 446 HOLDINGS INC.

TORONTO – The Commission issued an order granting Ontario Teachers' Pension Plan Board, Canada Pension Plan Investment Board, OMERS Administration Corporation, Alberta Investment Management Corporation, Letko, Brosseau & Associates Inc., and British Columbia Investment Management Corporation (the "Proposed Intervenors") Torstar standing at the hearing on the merits in the above named matter.

A copy of the Order Granting Intervenor Status to the Proposed Intervenors dated June 18, 2010 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
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1.4.9 Sextant Capital Management Inc. et al.

FOR IMMEDIATE RELEASE
June 22, 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 Commission issued a Confidentiality Order in the above named matter.

A copy of the Order dated June 21, 2010 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
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1.4.10 Magna International Inc. et al.

FOR IMMEDIATE RELEASE
June 22, 2010

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

AND

IN THE MATTER OF
MAGNA INTERNATIONAL INC.

AND

IN THE MATTER OF
THE STRONACH TRUST
AND 446 HOLDINGS INC.

TORONTO – The Commission issued an order granting Mason Capital Management LLC Torstar standing at the hearing on the merits in the above named matter.

A copy of the Order Granting Intervenor Status to Mason Capital Management LLC dated June 21, 2010 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Navina Asset Management Inc. et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief granted to permit a non-redeemable investment fund converting into a mutual fund to show pre-conversion past performance in sales communications; relief also granted from certain new mutual fund requirements – the non-redeemable investment fund has always complied with the investment restrictions of NI 81-102 and the fund will have already met the minimum subscription for new mutual funds; relief also granted to allow converted mutual fund to short sell up to 20% of net assets subject to certain conditions.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 2.6(a) and (c), 3.1, 3.3, 6.1(1), 15.6(a), 15.6(d), 19.1.

June 15, 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
NAVINA ASSET MANAGEMENT INC.
(the "Filer")

AND

IN THE MATTER OF
NAVINA GLOBAL RESOURCE FUND
(formerly LONG RESERVE LIFE RESOURCE FUND)
(the "Fund")

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer and the Fund for a decision under the securities legislation of the Jurisdiction of the principal regulator (the "**Legislation**") granting exemptive relief to the Filer and the Fund from the following provisions of National Instrument 81-102 *Mutual Funds* ("**NI 81-102**") upon the conversion of the Fund from a closed-end investment trust to an open-end conventional mutual fund trust subject to NI 81-102 (the "**Conversion**", as further described below):

(a) the seed capital requirements in section 3.1 to permit the Fund, at the time it becomes a mutual fund, to rely on its existing net assets;

(b) the prohibitions contained in section 3.3 to permit the costs of the preparation and filing of a preliminary simplified prospectus and annual information form to be borne by the Fund; and

(c) the prohibitions in subsections 15.6(a) and (d) to permit the Fund to show its historic performance data in sales communications notwithstanding that it has not, as a mutual fund, distributed its securities under a simplified prospectus for 12 consecutive months and to permit sales communications relating to the Fund to contain performance data of the Fund for the period prior to the Fund, as a mutual fund, offering its securities under a simplified prospectus (paragraphs (a) (b) and (c) collectively, the "**Conversion Relief**"); and

(d) the requirement contained in subsection 2.6(a) prohibiting a mutual fund from providing a security interest over its assets;

(e) the requirement contained in subsection 2.6(c) prohibiting a mutual fund from selling securities short; and

(f) the requirement contained in subsection 6.1(1) prohibiting a mutual fund from depositing any part of its assets with an entity other than its custodian (paragraphs (d) (e) and (f), collectively, the "**Short Selling Relief**"),

(the Conversion Relief and the Short Selling Relief, collectively, the "**Requested 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) 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 each of the provinces of Canada other than the Jurisdiction.

Interpretation

Terms defined in NI 81-102, 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 and the Fund:

The Filer and the Fund

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

2. The Filer, as manager of the Fund, is responsible for the management of the Fund and the day-to-day operations of the Fund. The Filer is also the trustee and portfolio advisor of the Fund.

3. The Fund is currently a closed-end investment trust established under the laws of the Province of Ontario pursuant to a declaration of trust dated as of May 18, 2006, as amended and restated as of June 21, 2007, as amended and restated as of March 31, 2009 and as amended as of June 7, 2010 (the "**Declaration of Trust**").

4. The Fund is a reporting issuer under the securities legislation of each of the provinces of Canada.

5. Units of the Fund were distributed pursuant to an initial public offering under a long form prospectus dated May 18, 2006 and are listed and traded on the Toronto Stock Exchange (the "**TSX**").

6. As at April 30, 2010, there were 826,782 units of the Fund outstanding with a net asset value ("**NAV**") per unit of $7.38, for an aggregate NAV of the Fund of $6,097,796.18.

7. Since its inception in May 2006, the Fund has complied with the investment restrictions contained in NI 81-102, including not using leverage in the management of its portfolio.

8. Neither the Filer nor the Fund is in default of any of the requirements of applicable securities legislation in any of the provinces or territories of Canada.

The Conversion and changes on the Conversion

9. At a special meeting of unitholders of the Fund held June 11, 2007 and adjourned to June 21, 2007 (the "**2007 Unitholder Meeting**"), unitholders of the Fund approved an amendment to the Declaration of Trust granting the Filer the authority to convert the Fund to an open-end mutual fund if, for a period of 10 consecutive trading days, the daily weighted average trading price of the units of the Fund is greater than a 2% discount of the NAV per unit for that day (the "**Conversion Criteria**").

10. The Fund first triggered the Conversion Criteria as of November 26, 2008. The Filer, which assumed control of the Fund on June 30, 2009 after a change of the Manager of the Fund, believes that implementing the Conversion at this time is in the best interest of the Fund. The Filer now expects to delist existing units of the Fund from trading on the TSX after the close of business on June 25, 2010 and subsequently convert the Fund as of July 5, 2010.

11. The Filer believes that the Conversion will benefit unitholders by providing the ability to redeem units daily at NAV rather than trade them at a discount to NAV on the TSX. As at the close of business on May 27, 2010, units of the Fund traded at a discount of approximately 7.15% to their NAV per unit, which was $7.13 on that date. The Conversion will also provide unitholders with the flexibility to switch from one series of units to another series of units of the Fund (where unitholders meet the requirements to do so). The Conversion will also provide the potential benefit to unitholders of the Fund's ability to raise additional capital by virtue of being in continuous distribution, which creates an opportunity for a larger amount of assets in the Fund's portfolio.

12. The Filer filed a preliminary simplified prospectus and annual information form dated March 8, 2010 under SEDAR Project #1543790 to qualify new units of the Fund for sale in each of the provinces of Canada, except Québec, and filed a final prospectus and annual information form for the Fund dated June 7, 2010.

13. The Information Circular sent to unitholders of the Fund in connection with the 2007 Unitholder Meeting disclosed that, if a decision is made to convert, the Filer will issue a press release at least 20 business days prior to the proposed effective date disclosing the proposed conversion. The Filer filed a press release disclosing the Conversion on May 28, 2010.

14. At a special meeting of unitholders of the Fund held October 20, 2008 and adjourned to October 30, 2008 (the "**2008 Unitholder Meeting**"), unitholders of the Fund passed resolutions authorizing certain changes to be adopted on the Conversion, including:

    (a) Increasing the annual management fee from 1.1 % of the NAV of the Fund's existing units plus an amount equal to the service fee of 0.40% per unit to 2.5% of the NAV of the converted Fund's Series A units (from which service fees of 1.00% per annum are paid) and 1.5% of

the NAV of the converted Fund's Series F units;

(b) Adding a performance fee equal to 20% of the amount by which the Fund outperforms its benchmark;

(c) Amending the investment strategies, investment restrictions and permitted investments of the Fund to, amongst other things:

(i) Permit the Fund to invest in agribusiness sector resource issuers;

(ii) Permit sector allocations to be determined periodically by the Filer rather than on a semi-annual basis;

(iii) Eliminate the permitted ranges for each commodity sector;

(iv) Decrease the market capitalization requirement for resource issuers from $500 million to $150 million;

(v) Permit short-selling with limits and conditions consistent with the Short Selling Relief; and

(vi) Permit investments in debt securities, convertible securities and other equity-related securities of resource issuers.

15. As part of the Conversion, the Declaration of Trust will be amended to reflect the changes mentioned above.

16. The Information Circular sent to unitholders of the Fund in connection with the 2008 Unitholder Meeting (the "**2008 Circular**") disclosed that, as required by National Instrument 81-107 *Independent Review Committee for Investment Funds*, the Filer referred the proposal relating to the amendments to the Declaration of Trust in the event the Fund is converted to an open-end mutual fund to the independent review committee for the Fund (the Fund's "**IRC**") for its review. The 2008 Circular further disclosed that the IRC considered the conflict of interest matters presented and, after due consideration and reasonable inquiry, the IRC resolved that the proposed action achieves a fair and reasonable result for the Fund in respect of the conflicts and recommends the proposal.

17. On Conversion, the Fund's existing units will be converted to Series A units on a 1:1 basis by redesignating the Fund's existing units as Series A units. The number of units and NAV per unit will remain unchanged immediately following the Conversion.

18. On June 7, 2010 the Fund changed its name to Navina Global Resource Fund.

19. The Filer will continue to be the manager, trustee and portfolio advisor of the Fund following Conversion.

20. The Fund will continue to be a reporting issuer in all of the provinces of Canada.

21. Following Conversion, the investment practices of the Fund will continue to comply in all respects with the requirements of Part 2 of NI 81-102, except to the extent that the Fund has received permission, including in accordance with the Requested Relief, from the securities regulatory authorities to deviate therefrom.

22. The Filer expects the Fund's NAV to be above $500,000 on Conversion when units of the Fund become available for sale under the Fund's simplified prospectus.

23. The Filer believes that the Fund will be managed substantially similarly post-Conversion as it was pre-Conversion. Any significant differences between the Fund pre- and post-Conversion, including the difference in the management fee and addition of the performance fee, and of how those changes could have affected the performance had they been in effect throughout the pre-Conversion performance measurement period, will be disclosed in sales communications pertaining to the Fund.

The Conversion Relief

24. Without the Conversion Relief:

(a) either

(i) the Filer or other persons specified in section 3.1 of NI 81-102 would be required to invest not less than $150,000 in securities of the Fund; or

(ii) the simplified prospectus of the Fund would be required to state that the Fund will not issue securities other than those referred to in (i) above unless subscriptions aggregating not less than $500,000 have been received and accepted by the Fund from investors other than the persons referred to in (i) above, in which circumstances the Fund would be prohibited

from distributing any securities unless such subscriptions together with payment therefor had been received; and

(b) none of the costs of the preparation and filing of the simplified prospectus may be borne by the Fund; and

(c) sales communications pertaining to the Fund would not be permitted to include performance data until the Fund, as a mutual fund, had distributed securities under a simplified prospectus in a jurisdiction for 12 consecutive months and sales communications pertaining to the Fund would only be permitted to include performance information of the Fund for the period commencing after the date on which the Fund, as a mutual fund, had commenced distributing securities under a simplified prospectus.

The Short Selling Relief

25. The Filer proposes that the Fund be authorized, upon Conversion, to engage in a limited, prudent and disciplined amount of short selling. The Filer is of the view that the Fund could benefit from the implementation and execution of a controlled and limited short selling strategy. This strategy would operate as a complement to the Fund's primary discipline of buying securities with the expectation that they will appreciate in market value.

26. Any short sales made by the Fund will be made consistently with the investment objectives and investment strategies of the Fund.

27. In order to effect a short sale, the Fund will borrow securities from either its custodian or a dealer (in either case, the "**Borrowing Agent**"), which Borrowing Agent may be acting either as principal for its own account or as agent for other lenders of securities.

28. The Fund will implement the following requirements and controls when conducting a short sale:

(a) securities will be sold short for cash, with the Fund assuming the obligation to return to the Borrowing Agent the securities borrowed to effect the short sale;

(b) the short sale will be effected through market facilities through which the securities sold short are normally bought and sold;

(c) the Fund will receive cash for the securities sold short within normal trading settlement periods for the market in which the short sale is effected;

(d) the securities sold short will be liquid securities that satisfy either (i) or (ii) below:

(i) the securities are listed and posted for trading on a stock exchange; and

(A) the issuer of the securities has a market capitalization of not less than C$150 million, or the equivalent thereof, at the time the short sale is effected; or

(B) the Fund's portfolio advisor has pre-arranged to borrow the securities for the purposes of such short sale; or

(ii) the securities are fixed income securities, bonds, debentures or other evidences of indebtedness of, or guaranteed by, the Government of Canada or any province or territory of Canada or the Government of the United States of America;

(e) at the time securities of a particular issuer are sold short:

(i) the aggregate market value of all securities of that issuer sold short by the Fund will not exceed 5% of the net assets of the Fund; and

(ii) the Fund will place a "stop-loss" order with a dealer to immediately purchase for the Fund an equal number of the same securities if the trading price of the securities exceeds 120% (or such lesser percentage as the Filer may determine) of the price at which the securities were sold short;

(f) the Fund will deposit Fund assets with the Borrowing Agent as security in connection with the short sale transaction;

(g) the Fund will maintain appropriate internal controls regarding short selling prior to conducting any short sales, including written policies and

procedures and risk management controls;

(h) the Fund will keep proper books and records of all short sales and Fund assets deposited with Borrowing Agents as security; and

(i) the Fund will provide disclosure in its (final) simplified prospectus and (final) annual information form of the proposed use of short selling by the Fund, the specific risks related to short selling, and details of this exemptive relief prior to implementing the short selling strategy.

Decision

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

The decision of the principal regulator under the Legislation is that the Conversion Relief is granted.

The decision of the principal regulator under the Legislation is that the Short Selling Relief is granted provided that:

1. the aggregate market value of all securities sold short by the Fund does not exceed 20% of the net assets of the Fund on a daily marked-to-market basis;

2. any short sale made by the Fund is subject to compliance with the investment objectives of the Fund;

3. the Fund maintains appropriate internal controls regarding its short sales, including written policies and procedures, risk management controls and proper books and records;

4. the Fund holds "cash cover" (as defined in NI 81-102) in an amount, including Fund assets deposited with Borrowing Agents as security in connection with short sale transactions, that is at least 150% of the aggregate market value of all securities sold short by the Fund on a daily marked-to-market basis;

5. no proceeds from short sales by the Fund are used by the Fund to purchase long positions in securities other than cash cover;

6. for short sale transactions in Canada, every dealer that holds Fund assets as security in connection with short sale transactions by the Fund shall be a registered dealer in Canada and a member of a self-regulatory organization that is a participating member of the Canadian Investor Protection Fund;

7. for short sale transactions outside of Canada, every dealer that holds Fund assets as security in connection with short sale transactions by the Fund:

   (a) is a member of a stock exchange, and, as a result, subject to a regulatory audit; and

   (b) has a net worth in excess of the equivalent of CDN $50 million determined from its most recent audited financial statements that have been made public;

8. except where the Borrowing Agent is the Fund's custodian, when the Fund deposits Fund assets with a Borrowing Agent as security in connection with a short sale transaction, the amount of Fund assets deposited with the Borrowing Agent does not, when aggregated with the amount of Fund assets already held by the Borrowing Agent as security for outstanding short sale transactions of the Fund, exceed 10% of the net assets of the Fund, taken at market value as at the time of the deposit;

9. the security interest provided by the Fund over any of its assets that is required to enable the Fund to effect short sale transactions is made in accordance with industry practice for that type of transaction and relates only to obligations arising under such short sale transactions;

10. prior to conducting any short sales, the Fund discloses in its (final) simplified prospectus a description of: (i) short selling; (ii) how the Fund intends to engage in short selling; (iii) the risks associated with short selling; and (iv) in the Investment Strategy section of the simplified prospectus, the Fund's strategy and this exemptive relief;

11. prior to conducting any short sales, the Fund discloses in its (final) annual information form the following information:

    (a) that there are written policies and procedures in place that set out the objectives and goals for short selling and the risk management procedures applicable to short selling;

    (b) who is responsible for setting and reviewing the policies and procedures referred to in the preceding paragraph (a), how often the policies and procedures are reviewed, and the extent and nature of the involvement of the board of directors of the Filer in the risk management process;

(c) the trading limits or other controls on short selling in place and who is responsible for authorizing the trading and placing limits or other controls on the trading;

(d) whether there are individuals or groups that monitor the risks independent of those who trade;

(e) whether risk measurement procedures or simulations are used to test the portfolio under stress conditions; and

12. prior to conducting any short sales, the Fund has provided to its securityholders not less than 60 days' written notice that discloses the Fund's intent to begin short selling transactions and the disclosure required in the Fund's simplified prospectus and annual information form as outlined in paragraphs 10 and 11 above and the Fund's initial simplified prospectus and annual information form and each renewal thereof has included such disclosure.

The Short Selling Relief shall terminate upon the coming into force of any legislation or rule of the principal regulator dealing with matters referred to in subsections 2.6(a), 2.6(c) and 6.1(1) of NI 81-102.

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

2.1.2 Textron Financial Canada Funding Corp. – 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).

June 15, 2010

Textron Financial Canada Funding Corp.
1959 Upper Water Street, Suite 800,
Halifax, Nova Scotia,
B3J 2X2

Dear Sirs /Mesdames:

Re: Textron Financial Canada Funding Corp. (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:

1. 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;

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

3. 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

4. the Applicant is not in default of any of its obligations under the Legislation as a reporting issuer,

each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met and orders that the Applicant is deemed to have

ceased to be a reporting issuer and that the Applicant's status as a reporting issuer is revoked.

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

2.1.3 Petrobank Energy and Resources Ltd. and Petrominerales Ltd.

Headnote

Multilateral Instrument 11-102 Passport System and National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Control distribution – Exemption from the requirement to file Form 45-102F1 on SEDAR at least seven days before the first trade of securities that is part of a distribution in the context of a securities lending transaction where the control person is lending securities for the purposes of facilitating a convertible bond offering.

Applicable Legislative Provisions

National Instrument 45-102 Resale of Securities, s. 3.1.

Citation: Petrobank Energy and Resources Ltd., Re, 2010 ABASC 59

February 16, 2010

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

AND

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

AND

**IN THE MATTER OF
PETROBANK ENERGY AND RESOURCES LTD.
(the Filer)**

AND

**PETROMINERALES LTD.
(Petrominerales)**

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the **Decision Maker**) has received an application from the Filer and Petrominerales for a decision under the securities legislation of the Jurisdictions (the **Legislation**) that the Filer be exempted from the requirement to file Form 45-102F1 on SEDAR at least seven days before loans of common shares of Petrominerales (**Petrominerales Shares**) are made by the Filer, a control person of Petrominerales, to one or more banks or investment dealers (the **Banks**) for the purposes of facilitating the Bond Offering (as that term is defined below) (the **Exemption Sought**).

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

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

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

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

Interpretation

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

Representations

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

1. The Filer is a corporation incorporated under the laws of the Province of Alberta.

2. The Filer is a reporting issuer or has equivalent status in each of the provinces of Canada and is not in default of any of the requirements of securities legislation applicable to it.

3. The Filer's common shares are listed and posted for trading on the Toronto Stock Exchange (the **TSX**).

4. Petrominerales is a corporation incorporated under the laws of the Bahamas.

5. Petrominerales is a reporting issuer or has equivalent status in each of the provinces of Canada and is not in default of any of the requirements of securities legislation applicable to it.

6. Petrominerales shares have been listed and posted trading on the TSX since June 29, 2006.

7. The Filer currently holds 67% of the issued and outstanding shares of Petrominerales. As such, the Filer is a "control person" of Petrominerales, as that term is defined in the Legislation.

8. As a consequence of the Filer being a control person, its Petrominerales Shares are subject to resale restrictions. The Filer is currently able to rely on the prospectus exemption for a trade by a control person in subsection 2.8(1) of National Instrument 45-102 *Resale of Securities* (**NI 45-102**) because the Filer is able to satisfy the conditions of subsection 2.8(2) of NI 45-102.

9. Petrominerales intends to complete an offering of convertible bonds (**Convertible Bonds**) by private placement (the **Bond Offering**) expected to be sold to a limited group of large international sophisticated funds (the **Bond Purchasers**). The Convertible Bonds will be convertible into Petrominerales Shares.

10. By participating in the Bond Offering, the Bond Purchasers will establish a significant position in Petrominerales. In order to neutralise this position, it is expected that certain of the Bond Purchasers will borrow Petrominerales Shares in the market and sell those shares.

11. The Filer holds 67% of the issued and outstanding Petrominerales Shares. The remaining 33% are held broadly by members of the public. As such, the liquidity of Petrominerales Shares is low. Consequently, the number of Petrominerales Shares available for Bond Purchasers to borrow in accordance with their investment strategy is low.

12. Unless there are shares of Petrominerales available in the market for Bond Purchasers to borrow, Petrominerales will not be able to pursue the Bond Offering, as potential Bond Purchasers will be unwilling to acquire the Convertible Bonds unless they can also borrow Petrominerales Shares to establish a hedged position.

13. The Filer has been asked, and has agreed in principal, to lend to the Banks approximately 15% of its Petrominerales Shares, representing approximately 10% of the issued and outstanding Petrominerales Shares, in order to increase the liquidity of Petrominerales Shares and facilitate the Bond Offering. These loans will be in the form of standard securities lending agreements (**SLAs**).

14. The SLAs will contain a term that provides that the Filer will transfer the Petrominerales Shares that are the subject of the loans to the Banks for the duration of the loans and that the Banks will be entitled to deal with such securities. The SLAs will contain a term that the Banks must return equivalent Petrominerales Shares to the Filer after a period of time, not expected to exceed three years.

15. The SLAs will contain provisions to enable the Filer to exercise the voting rights attached to the loaned Petrominerales Shares. The Filer may exercise the right to require the Banks to return to the Filer equivalent loaned Petrominerales Shares in advance of the record date for voting them,

following which the Filer would vote them. Alternatively, the Filer may enter into an agreement with the Bank which would provide that the Bank will continue to hold the loaned Petrominerales Shares but the Bank would be required to vote the Petrominerales Shares in accordance with instructions received from the Filer.

16. The SLAs will provide a method to ensure that amounts equivalent to dividend amounts, if any, received by the Banks in connection with the loaned Petrominerales Shares are paid to the Filer. In addition, the SLAs will allow the Filer, in certain circumstances, to call back the Petrominerales Shares lent pursuant to the SLAs.

17. Petrominerales will publicly announce the Bond Offering and, at the same time, the Filer will disclose information regarding the SLAs.

18. Should the Filer be able to lend 15% of its Petrominerales Shares, the Filer expects to receive annual fees ranging from approximately 0.005% to 0.0125% of the value of the Petrominerales Shares lent, for the duration of the time the Petrominerales Shares remain loaned.

19. The filing by the Filer of Form 45-102F1 in advance of the lending of its Petrominerales Shares would publicly disclose the proposed Bond Offering, which would jeopardize Petrominerales' ability to complete the Bond Offering, the terms of which will not be finalized or negotiated at that time. Further, the purpose of Form 45-102F1 is to provide notice to the market when a control block holder is selling shares to prepare the market for the sale of such shares. In this case, as the Filer has no intention of selling its Petrominerales Shares, the Form 45-102F1 does not serve its purpose in the context of the Bond Offering.

20. The Petrominerales Shares are being loaned to a Bank who will then lend Petrominerales Shares to various other sophisticated entities, depending on demand. The parties borrowing Petrominerales Shares in the market are expected to be large sophisticated international funds and banks who, on a routine basis, undertake the hedging strategies described herein in connection with their investments.

21. The participation by the Filer in the SLAs will benefit Petrominerales and all of its shareholders since it will allow Petrominerales to complete the Bond Offering on more favourable terms than would otherwise be available.

22. If the Exemption Sought is granted, the existence and material terms of the Filer's involvement in the Bond Offering and the transfers of securities pursuant to the SLAs will be fully apparent to investors since:

(a) the Filer will, at least 24 hours prior to the transfer of Petrominerales Shares to the Banks, file a completed and signed Form 45-102F1 in relation to the transfer;

(b) Petrominerales will, in accordance with the requirements of the Legislation, file a news release in relation to the Bond Offering;

(c) the Filer will, in accordance with the requirements of the Legislation, file insider reports disclosing the transfers of Petrominerales Shares under the SLAs and the existence and material terms of the SLAs; and

(d) the Filer will, if required, file separate reports in relation to the transfers of Petrominerales Shares under the early warning requirements set out in subsections 5.2(1) and (2) of MI 62-104 *Take-Over Bids and Issuer Bids* and, in Ontario, subsections 102.1(1) and (2) of the *Securities Act* (Ontario).

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 to the Filer provided that:

(a) the Filer satisfies the conditions set forth in subsection 2.8(2) of NI 45-102; and

(b) the Filer and Petrominerales comply with the representations in paragraph 22 hereof.

Furthermore, the decision of the principal regulator and the securities regulatory authority or regulator in Ontario is that the application and this Decision be kept confidential and not be made public until the earliest of:

(a) the date on which Petrominerales publicly announces the Bond Offering;

(b) the date on which the Filer advises the principal regulator that there is no longer any need for the application and this Decision to remain confidential; and

(c) the date that is 120 days after the date of this Decision.

"William S. Rice, QC"
Alberta Securities Commission

"Stephen R. Murrison"
Alberta Securities Commission

2.1.4 Quicksilver Resources Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Securities Act, s. 1(10) – Cease to be a reporting issuer in Ontario – The issuer's securities are traded only on a market or exchange outside of Canada – Canadian residents own less than 2% of the issuer's securities and represent less than 2% of the issuer's total number of security holders; the issuer does not intend to do a public offering of its securities to Canadian residents, will not be a reporting issuer in any Canadian jurisdiction, is subject to the reporting requirements of foreign securities law, and all shareholders receive the same disclosure

Applicable Legislative Provisions

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

May 10, 2010

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

AND

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

AND

IN THE MATTER OF
QUICKSILVER RESOURCES INC.
(the Filer)

DECISION

Background

1 The securities regulatory authority or regulator in each of the Jurisdictions (the Decision Maker) has received an application (the Application) from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) that the Filer be deemed to have ceased to be a reporting issuer under the Legislation (the Exemptive Relief Sought).

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

(a) the British Columbia Securities Commission (the BCSC) is the principal regulator for this application, and

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

Interpretation

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

Representations

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

The Filer

1. the Filer is a Delaware corporation with its head office located at 777 West Rosedale Street, Fort Worth, Texas 76104; the Filer is a natural gas and crude oil producer engaged in the development and acquisition of long-life producing natural gas and crude oil properties;

2. the Filer became a public company in 1999 and its common stock is listed on the New York Stock Exchange under the symbol "KWK"; the Filer had 2009 revenues of approximately US$832 million and has a current market capitalization of approximately US$2.64 billion;

3. the Filer is not in default of any filing requirements of the New York Stock Exchange or applicable requirements of United States federal or state securities regulatory authorities;

4. the authorized share capital of the Filer consists of 400 million shares of common stock with a par value per share of one cent (the Shares) and 10 million shares of preferred stock with a par value per share of one cent; as of February 15, 2010, the Filer had issued and outstanding 170,222,678 Shares and no shares of preferred stock;

5. the Filer also had outstanding the following debt securities as of December 31, 2009: (a) $475 million of senior notes due 2015, which are unsecured, senior obligations of the Filer; (b) $600 million of senior notes due 2016, which are unsecured, senior obligations of the Filer; (c) $300 million of senior notes due 2019, which are unsecured, senior obligations of the Filer; (d) $350 million of senior subordinated notes due 2016, which are unsecured, senior subordinated obligations of the Filer; and (e) $150 million convertible debentures due November 1, 2024 which are contingently convertible into Shares (collectively, the Debt Securities);

The Discovery of Reporting Issuer Status and Historic CTOs in the Jurisdictions

6. on July 24, 2009, the Filer obtained an order (the ASC Order) from the Alberta Securities Commission (the ASC) that deemed it to cease to be a reporting issuer in the Province of Alberta on the basis that it had a *de minimis* number of shareholders resident in the Province of Alberta, holding a *de minimis* number of shares;

7. at the time the ASC issued the ASC Order, the Filer did not appear, and the Filer continues to not appear, on the lists of reporting issuers or reporting issuers in default of any securities commission in Canada;

8. in connection with the process of applying to cease to be a reporting issuer in the Province of Alberta, the Filer provided advance notice to Canadian resident security holders in a press release, dated July 6, 2009, that it had applied to the ASC for a decision that it is not a reporting issuer and, if that decision was made, the Filer would no longer be a reporting issuer in Canada;

9. also in connection with the Alberta cease to be a reporting issuer application, the Filer undertook to concurrently deliver to its Canadian security holders all disclosure it would be required under U.S. securities law or exchange requirements to deliver to U.S. resident security holders;

10. in the course of preparing the application to cease to be a reporting issuer in Alberta, the Filer became aware that MSR Exploration Ltd. (MSR Exploration), a predecessor of a predecessor entity of the Filer, is subject to a cease trade order (the Ontario CTO) dated July 16, 1991 that was issued by the Ontario Securities Commission (the OSC) in respect of MSR Exploration by reason of its delay in filing certain financial statements within the time periods prescribed under the Legislation; the Ontario CTO remains in existence; in addition, the Filer recently became aware that MSR Exploration is also subject to a cease trade order (the BC CTO) dated June 20, 1990 that was issued by the BCSC, which also remains in existence;

11. the representations in respect of MSR Exploration set out herein are made to the best of the Filer's information, knowledge and belief, following reasonable inquiry, including a review of the public files of the OSC and the BCSC, given the lengthy passage of time since the events described, the unavailability of complete corporate records and a lack of access to the individuals who were involved in the management of the companies that are the predecessors of the Filer;

12. MSR Exploration was formed in 1981 from the merger of two Canadian listed public corporations and was a reporting issuer at the time in the Provinces of Alberta and Ontario; MSR became a reporting issuer in the Province of British Columbia in 1988; MSR Exploration was headquartered at all relevant times in the United States;

13. in 1990, a new management group began managing MSR Exploration; MSR Exploration's previous management regained control of MSR Exploration via court proceedings in 1991; MSR Exploration filed for Chapter 11 bankruptcy protection in the United States in 1992 and emerged from Chapter 11 in early 1993;

14. it was during the period leading up to and when MSR Exploration was temporarily managed by a different management team, that MSR Exploration failed to make certain continuous disclosure filings with the BCSC, ASC and OSC;

15. in mid-1990, the securities of MSR Exploration were cease traded in British Columbia pursuant to the BC CTO for a failure by MSR Exploration to file its annual audited financial statements for the year ended December 31, 1989 and its first quarter interim unaudited financial statements for the period ended March 31, 1990;

16. by order of the OSC dated July 16, 1991, the securities of MSR Exploration were temporarily cease traded in Ontario for MSR Exploration's failure to file its annual audited financial statements for the year ended December 31, 1990 and its first quarter interim unaudited financial statements for the period ended March 31, 1991;

17. on July 29, 1991, the OSC issued a further cease trade order in respect of the securities of MSR Exploration pursuant to the Ontario CTO, which by its terms would remain in effect until such cease trade order was revoked by further order;

18. subsequent to the Ontario CTO, the securities of MSR Exploration were also cease traded in Alberta for failing to file the same financial statements;

19. later in 1991, MSR Exploration filed with the OSC its 1990 Annual Report; its 1990 Annual Report included its annual audited financial statements for the year ended December 31, 1990; following a review of the public file of the OSC, no evidence can be located which would indicate that the interim financial statements for the three month period ended March 31, 1991 were ever filed with the OSC; the Filer has no ability to independently confirm if the filing was made; according to the public file of the OSC, MSR Exploration did file its interim financial statements for the period ended June 30, 1991 which includes some comparative information to the three-month period ended March 31, 1991;

20. MSR Exploration made the outstanding filings in Alberta and the Alberta cease trade order was revoked by subsequent order on September 9, 1993;

21. no order revoking the Ontario CTO or the BC CTO has been found on the public record of the OSC or the BCSC, respectively;

22. in addition, a review of MSR Exploration's public file with the ASC and OSC indicates that MSR Exploration continued to file continuous disclosure documents subsequent to the three month period ending March 31, 1991 with both the ASC and OSC until its merger with Mercury Montana, Inc. (Mercury) in 1997; accordingly, the only missing financial statement filing in Ontario for MSR Exploration, until the date of its merger with Mercury in 1997, appears to be its interim financial statements for the three month period ending March 31, 1991;

23. the Filer has been advised that the BCSC has destroyed its historic files in respect of MSR Exploration; the Filer is therefore unable to determine whether MSR Exploration continued to make continuous disclosure filings in British Columbia subsequent to the three month period ending March 31, 1990;

24. the ASC was informed of the discovery of the Ontario CTO with respect to MSR Exploration prior to it issuing the ASC Order which deemed the Filer to have ceased to be a reporting issuer in Alberta;

25. as described below, MSR Exploration is the predecessor of a predecessor of the Filer; the directors and management of the Filer at the time of the 1999 Merger (as defined below) were not responsible for the missed filings by MSR Exploration in 1989 and 1990 in British Columbia and Ontario, respectively, that resulted in the BC CTO and Ontario CTO; in addition, none of these individuals had any knowledge that MSR Exploration was subject to historic cease trade orders in the Jurisdictions at the time of the 1999 Merger;

The 1997 and 1999 Mergers

26. in October 1997, MSR Exploration was continued and domesticated into Delaware to facilitate a merger with Mercury, a Delaware corporation (the 1997 Merger); upon completion of the 1997 Merger, Mercury remained as the surviving entity and changed its name to MSR Exploration, Ltd. (New MSR);

27. following the 1997 Merger, continuous disclosure filings were continued with the ASC but ceased with the OSC and, although it cannot be confirmed, likely ceased with the BCSC; the continuous disclosure filings made with the ASC were filed in paper and no SEDAR profile was ever established for MSR Exploration or New MSR;

28. on March 4, 1999 the Filer and New MSR merged under Delaware law with the Filer remaining as the surviving entity (the 1999 Merger);

29. following the 1999 Merger of the Filer and New MSR, continuous disclosure filings continued with the ASC; the continuous disclosure filings made with the ASC were filed in paper and no SEDAR profile was ever established for the Filer; as disclosed to the ASC prior to receipt of the ASC Order, the Filer did not make filings in respect of the disclosure required under National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* and certain other disclosure requirements;

30. at the time of the 1999 Merger, the Filer had no knowledge of the fact that MSR Exploration, a predecessor of New MSR, had been a reporting issuer in the Jurisdictions or of the BC CTO or Ontario CTO; the directors and management of the Filer at the time of the 1999 Merger had neither any connection to nor any involvement with MSR Exploration at the time the CTOs were issued;

31. the Ontario CTO only first became known as part of certain research completed to prepare an application on behalf of the Filer for the Filer to cease to be a reporting issuer in the Province of Alberta; the existence of the BC CTO did not become known until February 2010, several months after the ASC Order was granted, as a result of a typographical error in the spelling in the name of MSR Exploration used to index the BC CTO;

32. the Filer has exhausted its reasonable efforts to identify the legal reasoning that may have led to the conclusion in 1997 that New MSR did not become a reporting issuer in the Jurisdictions following the 1997 Merger;

33. based on the information now available to the Filer, New MSR became a reporting issuer in the Jurisdictions following the 1997 Merger and the Filer became a reporting issuer in the Jurisdictions following the 1999 Merger, in each case subject to the BC CTO and the Ontario CTO;

Ceasing to be a Reporting Issuer and Revocation of Cease Trade Orders

34. the only distributions of Shares in Canada have been to employees of the Filer and its affiliates under the employee prospectus exemption under section 2.24 of National Instrument 45-106 *Prospectus and Registration Exemptions* as part of the Filer's 2006 Equity Plan (the 2006 Plan) or its Amended and Restated 1999 Stock Option and Retention Stock Plan (the 1999 Plan);

35. the 2006 Plan authorizes the award of various incentives to the Filer's directors, executive officers and selected employees and consultants; Canadian employees have been awarded restricted stock units (consisting of the right to receive either cash or Shares from the Filer at the end of a specified deferral period) and stock options under the 2006 Plan; the Filer also historically made awards of restricted stock units and stock options to Canadian employees pursuant to the 1999 Plan, but no awards have been made under such plan since 2006;

36. as of April 20, 2010, the Filer had 103 active employees in Canada who were eligible for awards under the 2006 Plan; awards under the 2006 Plan are typically granted annually at the beginning of each fiscal year of the Filer; in the twelve months prior to the date of the Filer's application, Canadian employees were awarded 166,118 restricted stock units (all of which consisted of the right to receive cash, and not Shares, from the Filer) and 97,053 stock options, all of which were granted in January 2010; the next scheduled grant of awards to Canadian employees under the 2006 Plan is in January 2011, although it is possible that the Filer may make a small number of isolated grants to particular employees again in 2010; the Filer does not anticipate material changes in the composition or number of awards granted to Canadian employees in 2011 as compared to 2010; consequently, the impact of the 2006 Plan on the number of Shares held by Canadian employees is not expected to result in a more significant shareholder base in Canada;

37. based upon the enquiries of the Filer described below, residents in Canada:

    (a) do not directly or indirectly beneficially own more than 2% of each class or series of outstanding securities of the Filer worldwide, and

    (b) do not directly or indirectly comprise more than 2% of the total number of securityholders of the Filer worldwide;

38. the due diligence conducted by the Filer in support of the foregoing representation is summarized below:

    (a) the Filer caused its transfer agent, BNY Mellon Shareowner Services (BNY), to conduct an investigation to confirm the residency of the holders of its outstanding Shares; as of February 18, 2010:

(i) there are 38 registered holders of Shares who are resident in Canada, out of a total number of 844 registered holders of Shares worldwide; and

(ii) the number of Shares registered in the name of such registered shareholders who are resident in Canada is approximately 9,540, which represents less than 0.01% of the issued and outstanding Shares;

(b) the Filer caused Broadridge Financial Services, Inc. (Broadridge) to conduct an intermediary search, being a search for Shares which are beneficially owned other than by the registered holder, using a record date of March 8, 2010; Broadridge's search identified a total of 298 Canadian resident accounts, holding 2,510,953 Shares in the aggregate, out of a total of 24,666 accounts holding 58,772,617 Shares in the aggregate;

(c) aggregating the data set forth in paragraphs (a) and (b) above, and assuming that one intermediary account generally represents one beneficial shareholder, the Filer concluded that:

(i) Canadian resident holders of Shares number approximately 336, being approximately 1.32% of the total number of holders of Shares worldwide; and

(ii) the number of Shares held by Canadian securityholders is approximately 2,520,493, which figure represents approximately 1.48% of the issued and outstanding Shares;

(d) in respect of the Debt Securities, all of which are held by beneficial holders, the Filer caused Broadridge to conduct an intermediary search using a record date of March 19, 2010 in respect of the Debt Securities outstanding on such date; Broadridge's search identified 4 Canadian resident holders holding 2,210,000 Debt Securities in the aggregate, out of a total of 975 holders of Debt Securities worldwide holding 1,173,420,000 Debt Securities in the aggregate;

(e) aggregating all of the foregoing data in respect of the Shares and Debt Securities, and again assuming that one intermediary account generally represents one beneficial securityholder, the Filer concluded that:

(i) Canadian securityholders number approximately 340, being approximately 1.28% of the total number of securityholders of the Filer worldwide; and

(ii) the number of Shares held by Canadian securityholders is approximately 2,520,493, which figure represents approximately 1.48% of the issued and outstanding Shares, and the number of Debt Securities held by Canadian securityholders is approximately 2,210,000, which figure represents approximately 0.19% of the issued and outstanding Debt Securities;

39. the Filer files continuous disclosure reports under U.S. securities laws and is listed on a U.S. exchange; should the Exemptive Relief Sought be granted, all of the Filer's securityholders resident in the Jurisdictions will continue to have immediate access to the same continuous disclosure documents through EDGAR, the filings section of the SEC website (www.sec.gov);

40. the Filer's securities are not currently listed, traded or quoted for trading on any "marketplace" in Canada (as defined in National Instrument 21-101 – *Marketplace Operation*), and the Filer does not currently intend to have its securities listed, traded or quoted on such a marketplace in Canada;

41. other than equity issued under the 2006 Plan to employees, in the 12 months preceding this application, the Filer has not taken any steps that indicate there is a market for its securities in Canada; the Filer currently has no plans to raise financing by way of a public or private offering of its securities in Canada or otherwise distribute its securities in Canada except for distributions to employees under the 2006 Plan;

42. the Filer has previously undertaken to the ASC and continues to undertake to concurrently deliver to its Canadian securityholders all disclosure the issuer would be required under U.S. securities law or exchange requirements to deliver to U.S. resident securityholders; the Filer is in compliance with such undertaking and in all material respects with all applicable requirements of United States securities laws;

43. in connection with the ASC Order, and prior to gaining knowledge of the Filer's status as a reporting issuer in the Jurisdictions, the Filer provided advance notice to Canadian resident securityholders in a press release, dated July 6, 2009, that it had applied to securities regulatory authorities for a decision that it is not a reporting

issuer in Canada and, if that decision was made, that the issuer would no longer be a reporting issuer in any jurisdiction in Canada;

44. the Filer acknowledges that, because it was unaware that it was a reporting issuer in the Jurisdictions and of the existence of the BC CTO and the Ontario CTO, it has inadvertently failed to comply with its continuous disclosure obligations in the Jurisdictions and any other securities law requirements applicable to a reporting issuer in the Jurisdictions, as well as the terms of the BC CTO and the Ontario CTO; upon becoming aware that it was a reporting issuer in the Jurisdictions and of the existence of the BC CTO and the Ontario CTO, the Filer alerted the BCSC and OSC and has made this application in order to seek a practical remedy to the situation;

45. if the Exemptive Relief Sought is granted, the Filer will no longer be a reporting issuer in any jurisdiction in Canada;

46. after the Filer ceases to be a reporting issuer in the Jurisdictions, securityholders resident in Canada may continue to hold and trade securities of the Filer, and employees of the Filer resident in Canada may continue to hold and/or exercise stock options or be issued additional stock options of the Filer; although it is expected that residents of Canada will primarily trade securities of the Filer over the facilities of the New York Stock Exchange, any trades of such securities by residents of Canada may be considered to be in violation of the terms of the Ontario CTO and BC CTO if they are not revoked; and

47. the Filer has been advised by staff of the OSC that the Ontario CTO will be revoked concurrently upon the grant of the Exemptive Relief Sought, and the Filer has been advised by staff of the BCSC that the BC CTO will be revoked concurrently upon the grant of the Exemptive Relief Sought.

Decision

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

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

“Andrew S. Richardson”
Acting Director, Corporate Finance
British Columbia Securities Commission

2.1.5 TayCon Capital Corporation

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 for purposes of Ontario securities law – 100% of the common shares of the Applicant represented at the special meeting of shareholders voted to authorize the voluntary dissolution of the issuer – Issuer currently in the process of voluntary dissolution – Securities of the issuer have been delisted from the TSX-V – Outstanding securities are beneficially owned, directly or indirectly by more than 15 security holders in Ontario and more than 51 security holders Canada – Issuer does not intend to seek public financing by way of an offering of its securities in Canada or to list its securities on any stock exchange or market in Canada – Issuer is not in default of any of its obligations as a reporting issuer under the Legislation – Issuer will not be a reporting issuer or the equivalent in any jurisdiction in Canada immediately following the granting of the Requested Relief – Requested Relief granted.

Applicable Legislative Provisions

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

June 16, 2010

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

AND

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

AND

TAYCON CAPITAL CORPORATION
(the "Filer")

DECISION

Background

The securities regulatory authority in each of the Jurisdictions (the "Decision Maker") has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the Filer be deemed to have ceased to be a reporting issuer under the Legislation in each of the Jurisdictions (the "Requested Relief").

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 was incorporated on May 3, 2006 pursuant to the provisions of the *Business Corporations Act* (Ontario).

2. The Filer's head office address is located at 62 Marilyn Street, Caledon, Ontario L7C 1H5.

3. The Filer is not eligible to use the simplified procedure of CSA Staff Notice 12-307 *Applications for a Decision that an Issuer is not a Reporting Issuer* and B.C. Instrument 11-502 *Voluntary Surrender of Reporting Issuer Status* as it has more than 50 shareholders.

4. The Filer currently has 4,236,996 common shares issued and outstanding held by approximately 200 shareholders.

5. At a special meeting of shareholders of the Filer held on March 31, 2010 (the "Meeting"), holders of 100% of the common shares of the Filer represented at the Meeting voted in favour of a special resolution to voluntarily dissolve the Filer.

6. The Filer has no active business, has satisfied all of its liabilities and distributed all of its assets and proposes to dissolve in accordance with the Exchange Bulletin and as approved by the shareholders of the Filer.

7. The Filer's common shares were listed and posted for trading on the TSX Venture Exchange under the symbol "TYCP" on November 8, 2007. The Filer's common shares were delisted from trading on the TSX Venture Exchange effective as of the close of business on April 12, 2010.

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

9. The Filer has no current intention to seek public financing by way of private placement or a public offering of securities.

10. All issued and outstanding securities of the Filer will be cancelled upon the dissolution of the Filer.

11. The Filer is not in default of any of its obligations under the Legislation as a reporting issuer.

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

13. The Filer will not be a reporting issuer or the equivalent in any jurisdiction immediately following the granting of the Requested Relief.

Decision

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

The decision of the Decision Maker under the Legislation is that the Requested Relief is granted.

"Kevin J. Kelly"
Commissioner
Ontario Securities Commission

"James D Carnwath"
Commissioner
Ontario Securities Commission

2.1.6 Brazauro Resources Corporation

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions -National Instrument 43-101, s. 9.1 Standards of Disclosure for Mineral Projects – Arrangement agreement – Certain assets of the Issuer, including some non-material mineral properties, will be "spun off" from the filer to a new exploration company – Issuer wants to disclose information in a circular concerning the acquisition of non-material mineral properties without having to file a technical report – Issuer's shareholders currently hold an indirect interest in the mineral properties – Following completion of the arrangement, Issuer's shareholders will continue to hold an indirect interest in the properties – Issuer's shareholders do not need the information about the mineral properties to make their investment decision – Under section 4.1 of NI 43-101, Newco will be required to file a technical report for its material properties upon becoming a reporting issuer – Technical report will be filed on SEDAR before completion of the arrangement.

Applicable Legislative Provisions

National Instrument 43-101 Standards of Disclosure for Mineral Projects, ss. 4.2(1)(c), 9.1.

June 9, 2010

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

AND

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

AND

**IN THE MATTER OF
BRAZAURO RESOURCES CORPORATION
(the Filer)**

DECISION

Background

1 The securities regulatory authority or regulator in each of the Jurisdictions (the Decision Maker) has received an application from Brazauro Resources Corporation (the Filer) for a decision under the securities legislation of the Jurisdictions (the Legislation) that the Filer is exempt from the requirement in paragraph 4.2(1)(c) of National Instrument 43-101 *Standards of Disclosure for Mineral Projects* (NI 43-101) to file a technical report in connection with an information circular concerning a direct or indirect acquisition of a

mineral property where the issuer or resulting issuer issues securities as consideration (the Exemption Sought);

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

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

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

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

Representations

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

Brazauro Resources Corporation

1. the Filer was incorporated under the *Company Act* (British Columbia) on March 12, 1986 and its head office is in Houston, Texas;

2. the Filer is a reporting issuer in each of the Jurisdictions and in Alberta and is not in material default of any of the requirements of the securities laws of such jurisdictions;

3. the authorized share capital of the Filer consists of an unlimited number of common shares (Common Shares) of which, as at May 11, 2010, 93,197,320 Common Shares were issued and outstanding;

4. the Common Shares are listed and posted for trading on the TSX Venture Exchange;

5. the Filer and its subsidiaries hold interests in certain mineral properties located in Brazil (the Mineral Properties);

6. the Filer owns 100% of the shares of Brazauro Holdings (Brazil) Ltd. (Brazil Holdings);

7. the Filer and Brazil Holdings own 100% of the shares of Brazauro Recursos Minerais Ltda. which holds the interests in the Mineral Properties;

8. the Filer has filed a technical report for one of the Mineral Properties;

9. the remaining Mineral Properties have not been material to the Filer and are at very early (grassroots) stages of development and technical reports have not been produced for these properties;

The Transaction

10. on May 11, 2010, the Filer and Eldorado Gold Corporation (Eldorado) reached an agreement under which the Filer would enter into a transaction (the Transaction) whereby:

(a) Eldorado will acquire all of the issued and outstanding Common Shares of the Filer by exchanging 0.0675 of a common share of Eldorado (an Eldorado Share) for each Common Share that Eldorado does not already own; and

(b) in addition to receiving the Eldorado Shares, holders of Common Shares other than Eldorado will also ultimately receive common shares of a new exploration company (Newco) which will be incorporated to hold certain existing assets of the Filer (the Spin-Out Assets);

11. the Spin-Out Assets will include certain of the Mineral Properties that are not material to the Filer, that are at very early grassroots stages of development, and for which technical reports have not been produced (the Newco Properties);

12. Eldorado will provide C$10 million in funding to Newco for development of the Newco Properties as part of the Transaction;

13. Newco will apply to list the shares of Newco on the TSX-Venture Exchange following completion of the Transaction;

14. all unexercised options and warrants of the Filer will be exercisable for Eldorado Shares, adjusted in respect of exercise price and number, on the same

exchange ratio being offered for the Common Shares;

15. after considering a number of relevant factors, including tax consequences, Eldorado and the Filer agreed that the best structure for effecting the Transaction was by way of a plan of arrangement (the Arrangement) under the *Business Corporations Act* (British Columbia);

Eldorado

16. Eldorado is a corporation governed by the Canada Business Corporations Act;

17. Eldorado is a reporting issuer in each of the provinces of Canada;

The Arrangement

18. as soon as practicable, application will be made to the Superior Court of British Columbia (the Court) for an interim order (the Interim Order) relating to a special meeting (the Meeting) of holders of Common Shares (Brazauro Shareholders), holders of Brazauro warrants (Brazauro Warrantholders) and holders of Brazauro Options (Brazauro Optionholders, and together with the Brazauro Shareholders and Brazauro Warrantholders, the Brazauro Securityholders) for the purpose of obtaining approval of the Arrangement;

19. the Filer expects that the Interim Order will require the approval of: 66 2/3% of the votes cast at the Meeting in person or by proxy by the Brazauro Securityholders voting together as one class on the basis of one vote per Common Share, one vote per Brazauro option (vested and unvested) and one vote per Brazauro warrant; 66 2/3% of the votes cast at the Meeting in person or by proxy by the Brazauro Shareholders voting as one class; and a simple majority of the votes cast at the Meeting in person or by proxy by the Shareholders excluding the votes cast in respect of Common Shares beneficially owned or over which control or direction is exercised by Eldorado and any of its related parties (as defined in Multilateral Instrument 61-101 *Protection of Minority Securityholders in Special Transactions* (MI 61-101)) or joint actors (as defined in MI 61-101), and such other Brazauro Shareholders excluded by MI 61-101;

20. in connection with the Meeting, the Filer is preparing a management information circular (the Brazauro Circular) to be mailed to Brazauro Securityholders as soon as possible after the Interim Order is obtained. The Brazauro Circular will contain the information required by Form 51-102F5 including sufficient information to enable an informed decision to be made in respect of the Arrangement;

21. the Brazauro Circular will include a fairness opinion of BMO Nesbitt Burns Inc., or a summary thereof, in relation to the consideration to be received by the Brazauro Shareholders for their Common Shares;

22. paragraph 4.2(1)(c) of NI 43-101 requires an issuer to file a technical report to support scientific or technical information contained in "an information or proxy circular concerning a direct or indirect acquisition of a mineral property where the issuer or resulting issuer issues securities as consideration";

23. the Brazauro Securityholders will receive shares of Newco which will own the Newco Properties following the Transaction;

24. the Brazauro Securityholders currently hold an indirect interest in the Newco Properties through their ownership in securities of Brazauro; following completion of the Transaction, the Brazauro Securityholders will still own an indirect interest in the Newco Properties through their ownership of the shares of Newco; and

25. the Filer will, and will cause Newco to, file on SEDAR, before the closing of the Transaction, technical reports as required by section 4.1 of NI 43-101 for the property(ies) included in the Newco Properties that Newco considers to be material.

Decision

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

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

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

2.1.7 Tahoe Resources Inc.

Headnote

Multilateral Instrument 11-102 Passport System and National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – National Instrument 52-107 Acceptable Accounting Principles, Auditing Standards and Reporting Currency, s. 9.1 – An issuer wants relief from the requirement to prepare its financial statements in accordance with Canadian GAAP in order to use IFRS before the January 1, 2011 changeover date – The issuer only recently became a reporting issuer; the issuer has not previously prepared financial statements for the public; the issuer's prospectus contains financial statements from the date of incorporation prepared in accordance with IFRS; the issuer has assessed the readiness of its staff, board, audit committee, auditors and investors.

Applicable Legislative Provisions

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

June 16, 2010

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

AND

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

AND

**IN THE MATTER OF
TAHOE RESOURCES INC.
(the Filer)**

DECISION

Background

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

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

(a) the British Columbia Securities Commission is the principal regulator for this application,

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

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

Interpretation

2 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

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

1. the Filer was incorporated in British Columbia in November 2009; its registered office is at 1500 – 1055 West Georgia Street, Vancouver, British Columbia; the Filer's head office is in Reno, Nevada;

2. on June 8, 2010, the Filer has completed an initial public offering of common shares in Canada (the Offering);

3. in connection with the Offering, the Filer filed with the securities regulatory authorities in all jurisdictions of Canada a preliminary long form prospectus dated May 3, 2010, an amended and restated preliminary long form prospectus dated May 5, 2010 and a final long form prospectus dated May 27, 2010 (the Prospectus); the Filer obtained receipts for such filings on May 3, 2010, May 5, 2010 and May 28, 2010, respectively;

4. the Filer is a reporting issuer in the Jurisdictions and in all other jurisdictions in Canada; the Filer is not in default of securities legislation in any jurisdiction;

5. the Filer's common shares are listed on the Toronto Stock Exchange;

6. the Filer is a mineral exploration company and intends to complete the acquisition of the Escobal Assets, which comprise mineral exploration licenses and other assets located in Guatemala, contemporaneously with the closing of the Offering;

7. the Filer does not have any operating revenue as it is still in the exploration phase;

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

9. NI 52-107 sets out acceptable accounting principles for financial reporting under the Legislation by domestic issuers, foreign issuers, registrants and other market participants; under NI 52-107, a domestic issuer must use Canadian GAAP with the exception that an SEC registrant may use US GAAP; under NI 52-107, only foreign issuers may use IFRS;

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

11. the Prospectus contains consolidated statements of operations, comprehensive loss and deficit, changes in equity and cash flows of the Filer for the period from incorporation on November 10, 2009 to December 31, 2009 (audited) and for the three months ended March 31, 2010 (unaudited); these statements contain an explicit and unreserved statement of compliance with IFRS-IASB; except for the financial statements contained in the Prospectus, the Filer has not previously prepared financial statements that contain an explicit and unreserved statement of compliance with IFRS-IASB;

12. the Filer's financial year-end is December 31;

13. the Filer has evaluated its overall readiness to transition to IFRS, including the readiness of its staff, Board of Directors and Audit Committee, and has concluded that it is adequately prepared for adoption of IFRS effective immediately;

14. the Filer has considered the implications of adopting IFRS on its obligations under securities legislation including but not limited to, those relating to CEO and CFO certifications, business acquisition reports and offering documents;

15. early adoption of IFRS will eliminate the need to plan and perform a conversion from Canadian GAAP to IFRS;

16. early adoption of IFRS will also eliminate the requirement to provide reconciliations of financial statements prepared under both Canadian GAAP and IFRS; and

17. for the Filer, because it is in a start-up position, the main areas of accounting focus are exploration, issuance of share capital, stock based compensation and cash accounting, all of which have very few or no significant differences under the two accounting frameworks.

Decision

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

The decision of the Decision Makers under the Legislation is that the Exemption Sought is granted provided that the Filer prepares its financial statements for financial periods beginning on or after January 1, 2010 in accordance with IFRS-IASB.

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

2.1.8 Howson Tattersall Investment Counsel Limited and Mackenzie Financial Corporation

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions - Exemption granted to permit affiliated portfolio managers to engage in in specie purchases and redemptions by separately managed accounts and pooled funds of mutual funds and pooled funds.

Applicable Legislative Provisions

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

June 18, 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
HOWSON TATTERSALL INVESTMENT
COUNSEL LIMITED (HTIC)

AND

MACKENZIE FINANCIAL CORPORATION
(MFC)

DECISION

Background

The principal regulator (the **Principal Regulator**) in the Jurisdiction has received an application from HTIC and MFC for a decision under the securities legislation of the Jurisdiction (the **Legislation**) providing an exemption from:

(a) the prohibition in section 13.5(2)(b)(ii) of National Instrument 31-103 – *Registration Requirements and Exemptions* (**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 an associate of a responsible person; and

(b) the prohibition in section 13.5(2)(b)(iii) 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 any investment fund for which a responsible person acts as an adviser

in order to permit HTIC, MFC and any affiliate thereof (together, the **Filers** and each, a **Filer**) to effect In Specie Transfers (as defined below) of securities between (i) Separately Managed Accounts and Mutual Funds, (ii) Separately Managed Accounts and Pooled Funds, (iii) Pooled Funds and Mutual Funds, and (iv) Pooled Funds and Pooled Funds (all as defined below)

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

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

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

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

Interpretation

Terms defined in MI 11-102 and National Instrument 14-101 – *Definitions*, National Instrument 81-102 – *Mutual Funds* (**NI 81-102**), National Instrument 81-107 – *Independent Review Committee for Investment Funds* (**NI 81-107**) and NI 31-103 have the same meaning if used in this decision, unless otherwise defined.

Representations

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

1. HTIC is a corporation organized under the *Business Corporations Act* (Ontario). HTIC is registered as a portfolio manager in all the provinces and territories of Canada and is registered as an exempt market dealer in Ontario. HTIC is a wholly-owned subsidiary of MFC. The head office of HTIC is located in Ontario.

2. MFC is a corporation organized under the *Business Corporations Act* (Ontario). MFC is registered as a portfolio manager in the provinces of Ontario, Manitoba and British Columbia and is registered as an exempt market dealer in Ontario. The head office of MFC is located in Ontario.

3. Each Filer acts as the portfolio manager to existing investment funds (the **Existing Funds**) for which MFC acts as investment fund manager. The Existing Funds, together with any other funds established in the future for which a Filer acts as the portfolio manager and MFC acts as investment fund manager, are collectively hereinafter referred to as the "Funds".

4. Each of the Funds is or will be an open-end mutual fund, and each of them is or will be formed as either a trust established under the laws of the Province of Ontario or as a class of shares of a mutual fund corporation.

5. Certain of the Funds (the **Mutual Funds**) are or will be distributed in all of the provinces and territories of Canada pursuant to simplified prospectuses and annual information forms filed under National Instrument 81-101 – *Mutual Fund Prospectus Disclosure* and, accordingly, are or will be governed by NI 81-107. The remaining Funds (the **Pooled Funds**) are or will be distributed in all of the provinces and territories of Canada pursuant to exemptions from the prospectus requirement and, accordingly, are not, or will not be, subject to NI 81-107.

6. Neither the Filers nor any of the Funds is in default of the securities legislation of any of the Jurisdictions.

7. Each Filer provides discretionary portfolio management services to non-Fund clients (each a **Client**) through separately managed accounts (**Separately Managed Accounts**) governed by investment management agreements (**Managed Account Agreements**) under which the Filer has full discretionary authority to purchase and sell securities and other assets in accordance with the mandate of the Clients.

8. No Client is or will be a "responsible person" of the Filers as defined in subsection 13.5(1) of NI 31-103.

9. Based on the size of a Client's assets and depending on the allocation of a Client's assets to a particular asset class, a Filer acting as portfolio manager will determine whether the Client's assets in the Separately Managed Account should be managed by purchasing and selling individual securities or should instead be managed by causing the Separately Managed Account to invest in one or more of the Funds.

10. Each of the Filers may from time to time determine that assets that are being managed in a Separately Managed Account would be better served by instead investing in one or more of the Funds. A Filer may also determine that a new Client that holds an existing portfolio of securities when they retain the Filer would be better served by investing in one or more of the Funds. In order to facilitate this transition of a Separately Managed Account into a Fund, the Filers wish to be able to cause Separately Managed Accounts to subscribe for units or shares of the relevant Funds and to pay for such subscription by causing the relevant Separately Managed Account to deliver securities to the relevant Fund.

11. In order to facilitate portfolio rebalancings that require the redemption of securities of a Fund, a Filer may wish to pay the proceeds of redemption by causing the Fund to deliver certain portfolio securities in kind. The Filer may then cause the Client's Separately Managed Account to subscribe for securities of another Fund or Funds using such portfolio securities, or it may simply hold the portfolio securities on behalf of the Client in the Separately Managed Account.

12. A Client may also decide to terminate its relationship with the relevant Filer or to change its mandate and may request an in kind redemption of its securities of a Fund.

13. In addition to purchases and redemptions of securities of a Fund by a Separately Managed Account being satisfied by making good delivery of securities, the Filers wish to be able to enter into such transactions for purchases and redemptions between a Pooled Fund and a Mutual Fund or between two Pooled Funds. This will occur where, as part of its portfolio management, a Pooled Fund wishes to obtain exposure to certain investments or category of asset classes invested in by a Mutual Fund or another Pooled Fund by investing in securities of the Mutual Fund or other Pooled Fund. The Filers wish to be able to enter into transactions on behalf of a Pooled Fund pursuant to which the Pooled Fund would pay for securities issued by a Mutual Fund or other Pooled Fund by making good delivery of securities held by the Pooled Fund. Similarly, following a redemption of securities of a Fund, the Filers wish to be able to pay the proceeds of redemption by making good delivery of securities held by the Mutual Fund or other Pooled Fund to the Pooled Fund, provided that those securities meet the investment criteria of the Pooled Fund.

14. In each of the circumstances described in paragraphs 10 through 13, the Filers propose to effect such purchases and redemptions of securities of a Fund by transferring securities between a Separately Managed Account and a Fund or between a Pooled Fund and a Fund (each, an **In Specie Transfer**). These transactions will either involve the payment of the purchase price for securities of a Fund or the payment of the redemption price of securities of a Fund by an In Specie Transfer between a Separately Managed Account or a Pooled Fund and a Fund.

15. Effecting In Specie Transfers will allow the Filers to manage each asset class more effectively and reduce transaction costs for the Separately Managed Account and the Fund. The only cost which will be incurred by a Fund or Separately Managed Account for an In Specie Transfer is a nominal administrative charge levied by the custodian of the Separately Managed Account or Fund in recording the trades (the **Custodial Charge**).

16. None of the securities which are the subject of In Specie Transfers are or will be securities of related issuers of the Filers.

17. The Filers make their Clients aware of the relationship between themselves and the Funds and Clients specifically consent or will consent to invest in the Funds prior to entering into In Specie Transfers.

18. MFC has established an independent review committee (**IRC**) in respect of each Mutual Fund in accordance with the requirements of NI 81-107.

19. At the time of an In Specie Transfer, MFC, as the manager of the Mutual Funds, will have in place policies and procedures in connection with the Mutual Funds engaging in In Specie Transfers with the Separately Managed Accounts and Pooled Funds.

20. The securities that are the subject of an In Specie Transfer will be valued using the same values to be used on the day of the transfer to calculate the net asset value for the purpose of calculating the issue price or redemption price of securities of a Fund.

21. Prior to entering into an In Specie Transfer, the applicable Filer will review the proposed transaction to ensure that the conditions of the Exemption Sought are met at the time of the transaction and to determine that the transaction represents the business judgment of the Filer exercising its discretion on behalf of the Fund and/or the Separately Managed Account, uninfluenced by considerations other than the best interests of the Fund and/or Separately Managed Account.

22. Since each Filer is the portfolio manager of applicable Separately Managed Accounts and Funds, each Filer would be considered to be a "responsible person" within the meaning of that term in NI 31-103. Each Fund that is organized as a trust is or will be an "associate" of MFC under the Legislation because MFC serves or will serve as trustee of a Fund.

23. In the absence of the Exemption Sought, the Filers would be prohibited from (a) causing a Separately Managed Account to execute an In Specie Transfer with a Fund; and (b) causing a Fund to execute an In Specie Transfer with a Managed Account or with a Pooled Fund.

Decision

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

The decision of the Principal Regulator under the Legislation is that the Exemption Sought is granted provided that:

(a) in connection with an In Specie Transfer where a Separately Managed Account purchases securities of a Fund:

(i) where the Fund is a Mutual Fund:

(a) MFC, as the manager of the Mutual Fund, obtains the approval of the IRC of the Mutual Fund in respect of an In Specie Transfer in accordance with the terms of section 5.2(2) of NI 81-107; and

(b) MFC, as the manager of the Mutual Fund, and the IRC of the Mutual Fund comply with the requirements of section 5.4 of NI 81-107 for any standing instructions the IRC provides in respect of an In Specie Transfer;

(ii) the relevant Filer obtains the prior written consent of the Client of the relevant Separately Managed Account before it engages in any In Specie Transfer;

(iii) the Fund would, at the time of payment, be permitted to purchase the securities that are the subject of the In Specie Transfer;

(iv) the securities that are the subject of the In Specie Transfer are acceptable to the portfolio manager of the Fund and consistent with the Fund's investment objectives;

(v) the value of the securities that are the subject of the In Specie Transfer is equal to the issue price of the securities of the Fund for which they are used as payment, valued as if the securities were portfolio assets of the Fund;

(vi) the account statement next prepared for the Separately Managed Account describes the securities delivered to the Fund and the value assigned to such securities; and

(vii) the Fund will keep written records of each In Specie Transfer in a financial year of the Fund, reflecting details of the securities delivered to the Fund and the value assigned to such securities, for such time and in such form and location as required by section 11.6 of NI 31-103;

(b) in connection with an In Specie Transfer where a Separately Managed Account redeems securities of a Fund:

(i) where the Fund is a Mutual Fund:

(a) MFC, as the manager of the Mutual Fund, obtains the approval of the IRC of the Mutual Fund in respect of an In Specie Transfer in accordance with the terms of section 5.2(2) of NI 81-107; and

(b) MFC, as the manager of the Mutual Fund, and the IRC of the Mutual Fund comply with the requirements of section 5.4 of NI 81-107 for any standing instructions the IRC provides in respect of an In Specie Transfer;

(ii) the relevant Filer obtains the prior written consent of the Client of the relevant Separately Managed Account to the payment of redemption proceeds in the form of an In Specie Transfer before it engages in an In Specie Transfer;

(iii) the securities that are the subject of the In Specie Transfer are acceptable to the portfolio manager of the Separately Managed Account and consistent with the Separately Managed Account's investment objective;

(iv) the value of the securities that are the subject of the In Specie Transfer is equal to the amount at which those securities were valued in calculating the net asset value per security of the applicable Fund used to establish the redemption price;

(v) the holder of the Separately Managed Account has not provided notice to terminate its Managed Account Agreement with the relevant Filer;

(vi) the account statement next prepared for the Separately Managed Account describes the securities delivered to the Separately Managed Account and the value assigned to such securities; and

(vii) the Fund will keep written records of each In Specie Transfer in a financial year of the Fund, reflecting details of the securities delivered by the Fund and the value assigned to such securities, for such time and in such form and location as required by section 11.6 of NI 31-103;

(c) in connection with an In Specie Transfer where a Pooled Fund purchases securities of a Fund:

(i) where the Fund is a Mutual Fund:

(a) MFC, as the manager of the Mutual Fund, obtains the approval of the IRC of the Mutual Fund in respect of an In Specie Transfer in accordance with the terms of section 5.2(2) of NI 81-107; and

(b) MFC, as the manager of the Mutual Fund, and the IRC of the Mutual Fund comply with the requirements of section 5.4 of NI 81-107 for any standing instructions the IRC provides in respect of an In Specie Transfer;

(ii) the Fund would, at the time of payment, be permitted to purchase the securities that are the subject of the In Specie Transfer;

(iii) the securities that are the subject of the In Specie Transfer are acceptable to the portfolio manager of the Fund and consistent with the Fund's investment objectives;

(iv) the value of the securities that are the subject of the In Specie Transfer is equal to the applicable issue price of the securities of the Fund for which they are used as payment, valued as if the securities were portfolio assets of the Fund; and

(v) the Fund will keep written records of each In Specie Transfer in a financial year of the Fund, reflecting details of the securities delivered to the Fund and the value assigned to such securities, for such time and in such form and location as contemplated by section 11.6 of NI 31-103;

(d) in connection with an In Specie Transfer where a Pooled Fund redeems securities of a Fund:

(i) where the Fund is a Mutual Fund:

(a) MFC, as the manager of the Mutual Fund, obtains the approval of the IRC of the Mutual Fund in respect of an In Specie Transfer in accordance with the terms of section 5.2(2) of NI 81-107; and

(b) MFC, as the manager of the Mutual Fund, and the IRC of the Mutual Fund comply with the requirements of section 5.4 of NI 81-107 for any standing instructions the IRC provides in respect of an In Specie Transfer;

(ii) the securities that are the subject of the In Specie Transfer are acceptable to the portfolio manager of the Pooled Fund and consistent with the Pooled Fund's investment objective;

(iii) the value of the securities that are the subject of the In Specie Transfer is equal to the amount at which those securities were valued in calculating the net asset value per security of the applicable Fund used to establish the redemption price; and

(iv) the Fund will keep written records of each In Specie Transfer in a financial year of the Fund, reflecting details of the securities delivered by the Fund and the value assigned to such securities, for such time and in such form and location as contemplated by section 11.6 of NI 31-103; and

(e) the Filers do not receive any compensation in respect of any In Specie Transfer and, in respect of any delivery of securities further to an In Specie Transfer, the only charge paid by the Separately Managed Account or the Fund is the Custodial Charge.

"Darren McKall"
Assistant Manager, Investment Funds Branch
ONTARIO SECURITIES COMMISSION

2.1.9 Pollard Banknote Income Fund – s. 1(10)

Headnote

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

Ontario Statutes

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

June 18, 2010

Pollard Banknote Income Fund
1499 Buffalo Place
Winnipeg, Manitoba
R3T 1L9

Dear Sir or Madam:

RE: Pollard Banknote Income Fund (the "Applicant") – application for a decision under the securities legislation of Manitoba, Alberta, Saskatchewan, Ontario, Quebec, Newfoundland and Labrador, New Brunswick, Nova Scotia, Prince Edward Island, Yukon, the Northwest Territories and Nunavut (the "Jurisdictions") that the Application 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 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 the Jurisdictions 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 makes an order declaring that the Applicant has ceased to be a reporting issuer and revoking the Applicant's status as a reporting issuer.

"Chris Besko"
Deputy Director - Legal
Manitoba Securities Commission

2.1.10 Northwest Healthcare Properties Real Estate Investment Trust

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Multilateral Instrument 61-101, s. 9.1 Protection of Minority Security Holders in Special Transactions - issuer is an income trust with an interest in underlying assets – entity to hold interest in issuer through units of entity underlying issuer – units redeemable into units of issuer – issuer may include entity's indirect interest in issuer when calculating issuer's market capitalization for purposes of using 25% market capitalization exemption for certain related party transactions

Applicable Legislative Provisions

Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions, ss. 5.5(a), 5.7(a) and 9.1.

June 22, 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

**NORTHWEST HEALTHCARE PROPERTIES
REAL ESTATE INVESTMENT TRUST
(THE "FILER")**

<u>DECISION</u>

Background

The securities regulatory authority or regulator in the Jurisdiction (**"Decision Maker"**) has received an application (the **"Application"**) from the Filer for a decision under the securities legislation of the Jurisdiction (the **"Legislation"**) that the Filer be granted an exemption pursuant to section 9.1 of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* (**"MI 61-101"**) from the minority approval and formal valuation requirements under Part 5 of MI 61-101 relating to any related party transaction of the Filer entered into indirectly through NHP Holdings Limited Partnership (**"NHP LP"**) or a subsidiary entity (as such term is defined in MI 61-101) of NHP LP, if that transaction would qualify for the transaction size exemptions set out in sections 5.5(a) and 5.7(a) of MI 61-101 if the indirect equity interest of NorthWest Operating Trust (**"NW Trust"**) in the Filer, held in the form of limited partnership units of NHP LP, were included in the calculation of the Filer's market capitalization (the **"Requested Relief"**).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions:

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

(b) the 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 Québec.

Interpretation

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

Representations

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

1. The Filer is an unincorporated, open-ended real estate investment trust established under the laws of the Province of Ontario. The Filer was established pursuant to a declaration of trust dated January 1, 2010, as amended.

2. The Filer's head office is located at 284 King Street East, Toronto, Ontario M5A 1K4.

3. The Filer is a reporting issuer (or the equivalent thereof) in each of the Jurisdictions and, to its knowledge, is currently not in default of any applicable requirements under the securities legislation thereunder.

4. The Filer is authorized to issue an unlimited number of trust units (**"Units"**) and an unlimited number of special voting units (**"Special Voting Units"**). As at the date hereof, the Filer had 18,750,000 Units and 7,749,772 Special Voting Units issued and outstanding.

5. The Units are listed and posted for trading on the Toronto Stock Exchange (the **"TSX"**) under the trading symbol "NWH.UN".

6. NHP LP is a limited partnership formed under the laws of the Province of Ontario and is governed by the limited partnership agreement of NHP LP dated March 22, 2010. NHP LP's head office is located at 284 King Street East, Toronto, Ontario M5A 1K4.

7. NHP LP is not a reporting issuer (or the equivalent thereof) in any jurisdiction and none of its

securities are listed or posted for trading on any stock exchange or other market.

8. NHP LP is authorized to issue an unlimited number of Class A limited partnership units (**"Class A Units"**), of which 18,750,000 Class A Units are issued and outstanding and held by the Filer, and exchangeable Class B limited partnership units (**"Exchangeable LP Units"**). The Exchangeable LP Units were issued in connection with the Filer's initial public offering on March 25, 2010 (the **"IPO"**) to NW Trust, the entity that indirectly sold the initial properties to the Filer in connection with the IPO. The Exchangeable LP Units are intended to be, to the greatest extent practicable, the economic equivalent of the Units. Holders are entitled to receive distributions equal to those paid by the Filer to holders of Units. The Exchangeable LP Units are not transferable but are exchangeable into Units and each is accompanied by a Special Voting Unit that entitles the holder to receive notice of, attend and to vote together with the holders of Units at all meetings of voting unitholders. As of the date hereof, there are 7,749,772 Exchangeable LP Units issued and outstanding.

9. The principal activity of NHP LP is to own income-producing real estate assets.

10. The Filer holds approximately 70% of the limited partnership units of NHP LP with the balance (the Exchangeable LP Units) held by NW Trust.

11. If MI 61-101 applies to a related party transaction by an issuer and the transaction is not otherwise exempt:

    (a) the issuer must obtain a formal valuation of the transaction in a form satisfying the requirements of MI 61-101 by an independent valuator; and

    (b) the issuer must obtain approval of the transaction by disinterested holders of the affected securities of the issuer (together, requirements (a) and (b) are referred to as the **"Minority Protections"**).

12. A related party transaction that is subject to MI 61-101 may be exempt from the Minority Protections if at the time the transaction is agreed to, neither the fair market value of the subject matter of, nor the fair market value of the consideration for, the transaction, exceeds 25% of the issuer's market capitalization.

13. The Filer may not be entitled to rely on the automatic size exemptions available under the Legislation from the requirements relating to related party transactions in the Legislation because the definition of market capitalization in the Legislation does not contemplate securities of another entity that are exchangeable into equity securities of the issuer.

14. The Exchangeable LP Units represent part of the equity value of the Filer and provide the holder of the Exchangeable LP Units with economic rights which are, as nearly as practicable, equivalent to the Units. The effect of NW Trust's exchange right is that NW Trust will receive Units upon the exchange of the Exchangeable LP Units. Moreover, the economic interests that underlie the Exchangeable LP Units are identical to those underlying the Units; namely, the assets held directly or indirectly by NHP LP.

15. If the Exchangeable LP Units are not included in the market capitalization of the Filer, the equity value of the Filer will be understated by the value of NW Trust's limited partnership interest in NHP LP (initially, approximately 30%). As a result, related party transactions by the Filer may be subject to the Minority Protections in circumstances where the fair market value of the transactions are effectively less than 25% of the true equity value of the Filer.

16. Section 1.4 of MI 61-101 treats an operating entity of an income fund on a consolidated basis with its parent trust entity for the purpose of determining which entities are related parties of the issuer and what transactions MI 61-101 should apply to. Therefore, it is consistent that securities of the operating entity, such as the Exchangeable LP Units, be treated on a consolidated basis for the purposes of the determining the market capitalization of the Filer under MI 61-101.

17. The inclusion of the Exchangeable LP Units when determining the Filer's market capitalization is consistent with the logic of including unlisted equity securities of the issuer which are convertible into listed securities of the issuer in determining an issuer's market capitalization in that both are securities that are considered part of the equity value of the issuer whose value is measured on the basis of the listed securities into which they are convertible or exchangeable.

Decision

The Decision Maker is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met.

The decision of the Decision Maker under the Legislation is that the Requested Relief be granted to the Filer provided that:

(a) the transaction would qualify for the market capitalization exemption contained in the Legislation if the Exchange-

able LP Units were considered an outstanding class of equity securities of the Filer that were convertible into Units;

(b) there be no material change to the terms of the Exchangeable LP Units, including the exchange rights associated therewith, as described above and in the prospectus dated March 16, 2010, filed in connection with the IPO; and

(c) the Filer's next interim management's discussion and analysis filing contain the following disclosure, with any immaterial modifications as the context may require:

"Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* (**"MI 61-101"**) provides a number of circumstances in which a transaction between an issuer and a related party may be subject to valuation and minority approval requirements. An exemption from such requirements is available when the fair market value of the transaction is not more than 25% of the market capitalization of the issuer. NorthWest Healthcare Properties Real Estate Investment Trust has been granted exemptive relief from the requirements of MI 61-101 that, subject to certain conditions, permits it to be exempt from the minority approval and valuation requirements for transactions that would have a value of less than 25% of NorthWest Healthcare Properties Real Estate Investment Trust's market capitalization, if NorthWest Operating Trust's indirect equity interest in NorthWest Healthcare Properties Real Estate Investment Trust is included in the calculation of NorthWest Healthcare Properties Real Estate Investment Trust's market capitalization. As a result, the 25% threshold above is increased to include the approximately 30% indirect interest in NorthWest Healthcare Properties Real Estate Investment Trust held by NorthWest Operating Trust."

"Naizam Kanji"
Deputy Director, Corporate Finance
Ontario Securities Commission

2.1.11 Etrion Corporation

Headnote

Multilateral Instrument 11-102 Passport System and National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – National Instrument 52-107, s. 9.1 Acceptable Accounting Principles, Auditing Standards and Reporting Currency - An issuer wants relief from the requirement to prepare its financial statement in accordance with Canadian GAAP in order to use IFRS before the January 1, 2011 changeover date - The issuer has assessed the readiness of its staff, board, audit committee, auditors and investors; the issuer will provide detailed disclosure regarding its early adoption of IFRS in its MD&A as set out in CSA Staff Notice 52-320; the issuer will restate any financial statements prepared in accordance with Canadian GAAP for interim periods for the fiscal year in which they intend to adopt IFRS together with related interim MD&A and certificates required by NI 52-109

Applicable Legislative Provisions

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

June 22, 2010

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

AND

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

AND

IN THE MATTER OF
ETRION CORPORATION
(the Filer)

DECISION

Background

¶ 1 The securities regulatory authority or regulator in each of the Jurisdictions (the Decision Maker) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) exempting the Filer from the requirement in section 3.1 of National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency* (NI 52-107) that financial statements be prepared in accordance with Canadian GAAP (the Exemption Sought), in order that the Filer may prepare its financial statements for periods

beginning on or after January 1, 2010 in accordance with Part I of the Handbook, that is International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IFRS-IASB).

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

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

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

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

Interpretation

¶ 2 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

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

1. the Filer is a corporation continued under the laws of British Columbia;

2. the Filer's registered office is located in Vancouver, British Columbia and its head office is located in Geneva, Switzerland;

3. the Filer's common shares are listed on the Toronto Stock Exchange;

4. the Filer is a reporting issuer in each of the Jurisdictions and the Passport Jurisdiction and the Filer is not in default under the Legislation or the securities legislation of the Passport Jurisdiction;

5. the Filer is a renewable energy company focused on developing, financing, building, owning and operating global power plants based on renewable sources of energy, including solar photovoltaic, solar thermal and wind; in addition, the Filer owns oil and gas investments in Venezuela through its wholly-owned subsidiary, PFC Oil and Gas, C.A. (PFC Venezuela);

6. Lundin Petroleum AB (Lundin Petroleum) is a Swedish oil and gas exploration and production company listed on the Nordic Exchange in Sweden and indirectly owns approximately 45% of the outstanding common shares of the Filer;

7. the Filer currently prepares its consolidated financial statements under Canadian GAAP in accordance with NI 52-107 and also prepares a consolidated balance sheet and a statement of operations using accounting policies and methods that comply with IFRS-IASB (unaudited) for the purposes of the consolidated financial statements of Lundin Petroleum;

8. the Filer intends to apply for the listing of its common shares on the Nordic Exchange in Sweden and the rules of the Nordic Exchange require that issuers whose securities are listed thereon prepare their financial statements using accounting policies and methods that comply with IFRS-IASB;

9. PFC Venezuela will be required to adopt IFRS-IASB beginning January 1, 2010 in accordance with the requirements of the Venezuelan Accounting Board;

10. in the absence of the Exemption Sought, two sets of accounts, one under IFRS-IASB and the other in accordance with Canadian GAAP, will be required for the purposes of preparing the consolidated financial statements of the Filer;

11. the Filer has not previously prepared financial statements that contain an explicit and unreserved statement of compliance with IFRS;

12. 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 financial statements relating to fiscal years beginning on or after January 1, 2011;

13. NI 52-107 sets out acceptable accounting principles for financial reporting under the Legislation by domestic issuers, foreign issuers, registrants and other market participants; under NI 52-107, a domestic issuer must use Canadian GAAP with the exception that an SEC registrant may use US GAAP;

under NI 52-107, only foreign issuers may use IFRS-IASB;

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

15. subject to obtaining the Exemption Sought, the Filer intends to adopt IFRS-IASB for its financial statements for periods beginning on and after January 1, 2010 with a transition date of January 1, 2009;

16. the Filer intends that its first published financial statements prepared in accordance with IFRS-IASB will be its unaudited interim consolidated financial statements for the three and six months ending June 30, 2010 (the Initial IFRS Statements);

17. the Exemption Sought would allow the Corporation to prepare a single set of financial statements and avoid significant costs and complexity during the financial statement preparation process;

18. the Filer has implemented a comprehensive IFRS-IASB conversion plan;

19. the board of directors of the Filer has approved early adoption of IFRS-IASB;

20. the Filer has carefully assessed the readiness of its staff, board of directors, audit committee, auditors, investors and other market participants for the adoption by the Filer of IFRS-IASB for financial periods beginning on and after January 1, 2010 and has concluded that they will be adequately prepared for the Filer's adoption of IFRS-IASB for periods beginning on January 1, 2010;

21. the Filer has considered the implications of adopting IFRS-IASB for financial periods beginning on or after January 1, 2010 on its obligations under securities legislation including, but not limited to, those relating to CEO and CFO certifications, business acquisition reports, offering documents, and previously released material forward looking information, and has concluded that if the Exemption Sought is granted it will continue to be able to fulfill these obligations;

22. the Filer has disclosed relevant information about its conversion to IFRS-IASB as contemplated by CSA Staff Notice 52-320 *Disclosure of Expected Changes in Accounting Policies Relating to Changeover to International Financial Reporting Standards* in its management's discussion and analysis for the year ended December 31, 2009 and for the three months ended March 31, 2010, including:

    (a) the key elements and timing of its changeover plan;

    (b) accounting policy and implementation decisions the Filer has made or will have to make;

    (c) the exemptions available under IFRS 1 *First-time Adoption of International Financial Reporting Standards* that the Filer expects to apply in preparing financial statements in accordance with IFRS-IASB; and

    (d) major differences the Filer has identified between its current accounting policies and those it expects to apply under IFRS-IASB; and

23. prior to filing the Initial IFRS Statements, the Filer will restate and re-file its interim consolidated financial statements for the three months ending March 31, 2010 in accordance with IFRS-IASB together with the related restated interim management's discussion and analysis and the certificates required by National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*.

Decision

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

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

(a) the Filer prepares its annual financial statements for financial

periods beginning on or after January 1, 2010 in accordance with IFRS-IASB;

(b) the Filer prepares its interim financial statements for interim periods beginning on or after January 1, 2010 in accordance with IFRS-IASB except that if the Filer files interim financial statements prepared in accordance with Canadian GAAP for one or more interim periods for the financial year in which it adopts IFRS-IASB, the Filer will restate and re-file those interim financial statements in accordance with IFRS-IASB together with the related restated interim management's discussion and analysis and the certificates required by National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*; and

(c) the Filer's first IFRS-IASB financial statements for an interim period include an opening statement of financial position as at the date of transition to IFRS-IASB that is presented with prominence equal to the other statements that comprise those interim financial statements.

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

2.2 Orders

2.2.1 Quicksilver Resources Inc. – s. 144

Headnote

Section 144 – Application for revocation of cease trade order – Predecessor issuer subject to cease trade order as a result of failure to file financial statements, auditors' reports thereon, or interim financial statements – Issuer has made a separate application to not be a reporting issuer in all of the jurisdictions in which it is currently a reporting issuer – Full revocation granted effective as of the date the issuer is determined to not be a reporting issuer.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., s. 127, 144.

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

AND

IN THE MATTER OF
QUICKSILVER RESOURCES INC.
(the "Filer")

ORDER
(Section 144)

WHEREAS the securities of the Filer are subject to a cease trade order made by the Director dated July 5, 1991 under then section 123 of the Act and as extended by a further cease trade order made by the Director dated July 29, 1991 under then section 123 of the Act directing that trading in the securities of the Filer cease unless revoked by a further order of revocation (the "**Ontario CTO**");

AND WHEREAS the Filer has applied to the Ontario Securities Commission (the "**OSC**") pursuant to section 144 of the Act (the "**Application**") for a full revocation of the Ontario CTO;

AND WHEREAS the Filer has represented to the OSC that:

The Filer

1. The Filer is a Delaware corporation with its head office located at 777 West Rosedale Street, Fort Worth, Texas 76104. The Filer is a natural gas and crude oil producer engaged in the development and acquisition of long-life producing natural gas and crude oil properties.

2. The Filer became a public company in 1999 and its common stock is listed on the New York Stock Exchange under the symbol "KWK". The Filer had 2009 revenues of approximately US$832 million

and has a current market capitalization of approximately US$2.64 billion.

3. The Filer is not in default of any filing requirements of the New York Stock Exchange or applicable requirements of United States federal or state securities regulatory authorities.

4. The authorized share capital of the Filer consists of 400 million shares of common stock with a par value per share of one cent (the "**Shares**") and 10 million shares of preferred stock with a par value per share of one cent. As of February 15, 2010, the Filer had issued and outstanding 170,222,678 Shares and no shares of preferred stock.

5. The Filer also had outstanding the following debt securities as of December 31, 2009: (a) $475 million of senior notes due 2015, which are unsecured, senior obligations of the Filer; (b) $600 million of senior notes due 2016, which are unsecured, senior obligations of the Filer; (c) $300 million of senior notes due 2019, which are unsecured, senior obligations of the Filer; (d) $350 million of senior subordinated notes due 2016, which are unsecured, senior subordinated obligations of the Filer; and (e) $150 million convertible debentures due November 1, 2024 which are contingently convertible into Shares (collectively, the "**Debt Securities**").

The Discovery of Reporting Issuer Status and Historic CTOs in British Columbia and Ontario

6. On July 24, 2009, the Filer obtained an order (the "**ASC Order**") from the Alberta Securities Commission (the "**ASC**") that deemed it to cease to be a reporting issuer in the Province of Alberta on the basis that it had a *de minimis* number of shareholders resident in the Province of Alberta, holding a *de minimis* number of shares.

7. At the time the ASC issued the ASC Order, the Filer did not appear, and the Filer continues to not appear, on the lists of reporting issuers or reporting issuers in default of any securities commission in Canada.

8. In connection with the process of applying to cease to be a reporting issuer in the Province of Alberta, the Filer provided advance notice to Canadian resident security holders in a press release, dated July 6, 2009, that it had applied to the ASC for a decision that it is not a reporting issuer and, if that decision was made, the Filer would no longer be a reporting issuer in Canada.

9. Also in connection with the Alberta cease to be a reporting issuer application, the Filer undertook to concurrently deliver to its Canadian security holders all disclosure it would be required under U.S. securities law or exchange requirements to deliver to U.S. resident security holders.

10. In the course of preparing the application to cease to be a reporting issuer in Alberta, the Filer became aware that MSR Exploration Ltd. ("**MSR Exploration**"), a predecessor of a predecessor entity of the Filer, is subject to the Ontario CTO, which was made by the OSC in respect of MSR Exploration by reason of its delay in filing certain financial statements within the time periods prescribed under the Legislation. The Ontario CTO remains in existence. In addition, the Filer recently became aware that MSR Exploration is also subject to a cease trade order (the "**BC CTO**") dated June 20, 1990 that was issued by the British Columbia Securities Commission (the "**BCSC**"), which also remains in existence.

11. The representations in respect of MSR Exploration set out herein are made to the best of the Filer's information, knowledge and belief, following reasonable inquiry, including a review of the public files of the OSC and the BCSC, given the lengthy passage of time since the events described, the unavailability of complete corporate records and a lack of access to the individuals who were involved in the management of the companies that are the predecessors of the Filer.

12. MSR Exploration was formed in 1981 from the merger of two Canadian listed public corporations and was a reporting issuer at the time in the Provinces of Alberta and Ontario. MSR became a reporting issuer in the Province of British Columbia in 1988. MSR Exploration was headquartered at all relevant times in the United States.

13. In 1990, a new management group began managing MSR Exploration. MSR Exploration's previous management regained control of MSR Exploration via court proceedings in 1991. MSR Exploration filed for Chapter 11 bankruptcy protection in the United States in 1992 and emerged from Chapter 11 in early 1993.

14. It was during the period leading up to and when MSR Exploration was temporarily managed by a different management team, that MSR Exploration failed to make certain continuous disclosure filings with the BCSC, ASC and OSC.

15. In mid-1990, the securities of MSR Exploration were cease traded in British Columbia pursuant to the BC CTO for a failure by MSR Exploration to file its annual audited financial statements for the year ended December 31, 1989 and its first quarter interim unaudited financial statements for the period ended March 31, 1990.

16. By order of the OSC dated July 16, 1991, the securities of MSR Exploration were temporarily cease traded in Ontario for MSR Exploration's failure to file its annual audited financial statements for the year ended December 31, 1990

and its first quarter interim unaudited financial statements for the period ended March 31, 1991.

17. On July 29, 1991, the OSC issued a further cease trade order in respect of the securities of MSR Exploration pursuant to the Ontario CTO, which by its terms would remain in effect until such cease trade order was revoked by further order.

18. Subsequent to the Ontario CTO, the securities of MSR Exploration were also cease traded in Alberta for failing to file the same financial statements.

19. Later in 1991, MSR Exploration filed with the OSC its 1990 Annual Report. Its 1990 Annual Report included its annual audited financial statements for the year ended December 31, 1990. Following a review of the public file of the OSC, no evidence can be located which would indicate that the interim financial statements for the three month period ended March 31, 1991 were ever filed with the OSC. The Filer has no ability to independently confirm if the filing was made. According to the public file of the OSC, MSR Exploration did file its interim financial statements for the period ended June 30, 1991 which includes some comparative information to the three-month period ended March 31, 1991.

20. MSR Exploration made the outstanding filings in Alberta and the Alberta cease trade order was revoked by subsequent order on September 9, 1993.

21. No order revoking the Ontario CTO or the BC CTO has been found on the public record of the OSC or the BCSC, respectively.

22. In addition, a review of MSR Exploration's public file with the ASC and OSC indicates that MSR Exploration continued to file continuous disclosure documents subsequent to the three month period ending March 31, 1991 with both the ASC and OSC until its merger with Mercury Montana, Inc. ("**Mercury**") in 1997. Accordingly, the only missing financial statement filing in Ontario for MSR Exploration, until the date of its merger with Mercury in 1997, appears to be its interim financial statements for the three month period ending March 31, 1991.

23. The Filer has been advised that the BCSC has destroyed its historic files in respect of MSR Exploration. The Filer is therefore unable to determine whether MSR Exploration continued to make continuous disclosure filings in British Columbia subsequent to the three month period ending March 31, 1990.

24. The ASC was informed of the discovery of the Ontario CTO with respect to MSR Exploration prior to it issuing the ASC Order which deemed the Filer to have ceased to be a reporting issuer in Alberta.

25. As described below, MSR Exploration is the predecessor of a predecessor of the Filer. The directors and management of the Filer at the time of the 1999 Merger (as defined below) were not responsible for the missed filings by MSR Exploration in 1989 and 1990 in British Columbia and Ontario, respectively, that resulted in the BC CTO and Ontario CTO. In addition, none of these individuals had any knowledge that MSR Exploration was subject to historic cease trade orders in British Columbia or Ontario at the time of the 1999 Merger.

The 1997 and 1999 Mergers

26. In October 1997, MSR Exploration was continued and domesticated into Delaware to facilitate a merger with Mercury, a Delaware corporation (the "**1997 Merger**"). Upon completion of the 1997 Merger, Mercury remained as the surviving entity and changed its name to MSR Exploration, Ltd. ("**New MSR**").

27. Following the 1997 Merger, continuous disclosure filings were continued with the ASC but ceased with the OSC and, although it cannot be confirmed, likely ceased with the BCSC. The continuous disclosure filings made with the ASC were filed in paper and no SEDAR profile was ever established for MSR Exploration or New MSR.

28. On March 4, 1999 the Filer and New MSR merged under Delaware law with the Filer remaining as the surviving entity (the "**1999 Merger**").

29. Following the 1999 Merger of the Filer and New MSR, continuous disclosure filings continued with the ASC. The continuous disclosure filings made with the ASC were filed in paper and no SEDAR profile was ever established for the Filer. As disclosed to the ASC prior to receipt of the ASC Order, the Filer did not make filings in respect of the disclosure required under National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* and certain other disclosure requirements.

30. At the time of the 1999 Merger, the Filer had no knowledge of the fact that MSR Exploration, a predecessor of New MSR, had been a reporting issuer in British Columbia and Ontario or of the BC CTO or Ontario CTO. The directors and management of the Filer at the time of the 1999 Merger had neither any connection to nor any involvement with MSR Exploration at the time the CTOs were issued.

31. The Ontario CTO only first became known as part of certain research completed to prepare an

application on behalf of the Filer for the Filer to cease to be a reporting issuer in the Province of Alberta. The existence of the BC CTO did not become known until February 2010, several months after the ASC Order was granted, as a result of a typographical error in the spelling in the name of MSR Exploration used to index the BC CTO.

32. The Filer has exhausted its reasonable efforts to identify the legal reasoning that may have led to the conclusion in 1997 that New MSR did not become a reporting issuer in the Provinces of British Columbia and Ontario following the 1997 Merger.

33. Based on the information now available to the Filer, New MSR became a reporting issuer in British Columbia and Ontario following the 1997 Merger and the Filer became a reporting issuer in British Columbia and Ontario following the 1999 Merger, in each case subject to the BC CTO and the Ontario CTO.

Ceasing to be a Reporting Issuer and Revocation of Cease Trade Orders

34. The only distributions of Shares in Canada have been to employees of the Filer and its affiliates under the employee prospectus exemption under section 2.24 of National Instrument 45-106 *Prospectus and Registration Exemptions* as part of the Filer's 2006 Equity Plan (the "**2006 Plan**") or its Amended and Restated 1999 Stock Option and Retention Stock Plan (the "**1999 Plan**").

35. The 2006 Plan authorizes the award of various incentives to the Filer's directors, executive officers and selected employees and consultants. Canadian employees have been awarded restricted stock units (consisting of the right to receive either cash or Shares from the Filer at the end of a specified deferral period) and stock options under the 2006 Plan. The Filer also historically made awards of restricted stock units and stock options to Canadian employees pursuant to the 1999 Plan, but no awards have been made under such plan since 2006.

36. As of April 20, 2010, the Filer had 103 active employees in Canada who were eligible for awards under the 2006 Plan. Awards under the 2006 Plan are typically granted annually at the beginning of each fiscal year of the Filer. In the twelve months prior to the date of the Filer's application, Canadian employees were awarded 166,118 restricted stock units (all of which consisted of the right to receive cash, and not Shares, from the Filer) and 97,053 stock options, all of which were granted in January 2010. The next scheduled grant of awards to Canadian employees under the 2006 Plan is in January 2011, although it is possible that the Filer may make a small number of isolated grants to particular employees again in 2010. The Filer does not anticipate material changes in the composition or number of awards granted to Canadian employees in 2011 as compared to 2010. Consequently, the impact of the 2006 Plan on the number of Shares held by Canadian employees is not expected to result in a more significant shareholder base in Canada.

37. Based upon the enquiries of the Filer described below, residents in Canada:

    (i) do not directly or indirectly beneficially own more than 2% of each class or series of outstanding securities of the Filer worldwide, and

    (ii) do not directly or indirectly comprise more than 2% of the total number of securityholders of the Filer worldwide.

38. The due diligence conducted by the Filer in support of the foregoing representation is summarized below.

    (i) The Filer caused its transfer agent, BNY Mellon Shareowner Services ("**BNY**"), to conduct an investigation to confirm the residency of the holders of its outstanding Shares. As of February 18, 2010:

        A. there are 38 registered holders of Shares who are resident in Canada, out of a total number of 844 registered holders of Shares worldwide; and

        B. the number of Shares registered in the name of such registered shareholders who are resident in Canada is approximately 9,540, which represents less than 0.01% of the issued and outstanding Shares.

    (ii) The Filer caused Broadridge Financial Services, Inc. ("Broadridge") to conduct an intermediary search, being a search for Shares which are beneficially owned other than by the registered holder, using a record date of March 8, 2010. Broadridge's search identified a total of 298 Canadian resident accounts, holding 2,510,953 Shares in the aggregate, out of a total of 24,666 accounts holding 58,772,617 Shares in the aggregate.\

    (iii) Aggregating the data set forth in paragraphs (a) and (b) above, and assuming that one intermediary account generally

represents one beneficial shareholder, the Filer concluded that:

A. Canadian resident holders of Shares number approximately 336, being approximately 1.32% of the total number of holders of Shares worldwide; and

B. the number of Shares held by Canadian securityholders is approximately 2,520,493, which figure represents approximately 1.48% of the issued and outstanding Shares.

(iv) In respect of the Debt Securities, all of which are held by beneficial holders, the Filer caused Broadridge to conduct an intermediary search using a record date of March 19, 2010 in respect of the Debt Securities outstanding on such date. Broadridge's search identified 4 Canadian resident holders holding 2,210,000 Debt Securities in the aggregate, out of a total of 975 holders of Debt Securities worldwide holding 1,173,420,000 Debt Securities in the aggregate.

(v) Aggregating all of the foregoing data in respect of the Shares and Debt Securities, and again assuming that one intermediary account generally represents one beneficial securityholder, the Filer concluded that:

A. Canadian securityholders number approximately 340, being approximately 1.28% of the total number of securityholders of the Filer worldwide; and

B. the number of Shares held by Canadian securityholders is approximately 2,520,493, which figure represents approximately 1.48% of the issued and outstanding Shares, and the number of Debt Securities held by Canadian securityholders is approximately 2,210,000, which figure represents approximately 0.19% of the issued and outstanding Debt Securities.

39. The Filer has applied to the securities regulatory authority or regulator in each of Ontario and British Columbia for a decision under the securities legislation of such jurisdictions that the Filer be deemed to have ceased to be a reporting issuer under such securities legislation (the "**Reporting Issuer Exemptive Relief Sought**"). The Filer has been advised by staff of the BCSC, the principal regulator for such application, that the Reporting Issuer Exemptive Relief Sought will be granted concurrently upon the grant of the revocation of the Ontario CTO and the BC CTO.

40. The Filer files continuous disclosure reports under U.S. securities laws and is listed on a U.S. exchange. Should the Reporting Issuer Exemptive Relief Sought be granted, all of the Filer's securityholders resident in the Jurisdiction will continue to have immediate access to the same continuous disclosure documents through "EDGAR", the filings section of the SEC website (www.sec.gov).

41. The Filer's securities are not currently listed, traded or quoted for trading on any "marketplace" in Canada (as defined in National Instrument 21-101 – *Marketplace Operation*), and the Filer does not currently intend to have its securities listed, traded or quoted on such a marketplace in Canada.

42. Other than equity issued under the 2006 Plan to employees, in the 12 months preceding this application, the Filer has not taken any steps that indicate there is a market for its securities in Canada. The Filer currently has no plans to raise financing by way of a public or private offering of its securities in Canada or otherwise distribute its securities in Canada except for distributions to employees under the 2006 Plan.

43. The Filer has previously undertaken to the ASC and continues to undertake to concurrently deliver to its Canadian securityholders all disclosure the issuer would be required under U.S. securities law or exchange requirements to deliver to U.S. resident securityholders. The Filer is in compliance with such undertaking and in all material respects with all applicable requirements of United States securities laws.

44. In connection with the ASC Order, and prior to gaining knowledge of the Filer's status as a reporting issuer in British Columbia and Ontario, the Filer provided advance notice to Canadian resident securityholders in a press release, dated July 6, 2009, that it had applied to securities regulatory authorities for a decision that it is not a reporting issuer in Canada and, if that decision was made, that the issuer would no longer be a reporting issuer in any jurisdiction in Canada.

45. The Filer acknowledges that, because it was unaware that it was a reporting issuer in British Columbia and Ontario and of the existence of the BC CTO and the Ontario CTO, it has inadvertently failed to comply with its continuous disclosure obligations in British Columbia and Ontario and any other securities law requirements applicable to a reporting issuer in such jurisdictions, as well as the terms of the BC CTO and the Ontario CTO.

Upon becoming aware that it was a reporting issuer in British Columbia and Ontario and of the existence of the BC CTO and the Ontario CTO, the Filer alerted the BCSC and OSC and has made this application in order to seek a practical remedy to the situation.

46. If the Reporting Issuer Exemptive Relief Sought is granted, the Filer will no longer be a reporting issuer in any jurisdiction in Canada.

47. After the Filer ceases to be a reporting issuer in Ontario and British Columbia, securityholders resident in Canada may continue to hold and trade securities of the Filer, and employees of the Filer resident in Canada may continue to hold and/or exercise stock options or be issued additional stock options of the Filer. Although it is expected that residents of Canada will primarily trade securities of the Filer over the facilities of the New York Stock Exchange, any trades of such securities by residents of Canada may be considered to be in violation of the terms of the Ontario CTO and BC CTO if they are not revoked.

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

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

IT IS ORDERED, pursuant to section 144 of the Act, that the Ontario CTO is fully revoked as of the date on which the Filer ceases to be a reporting issuer under the Act.

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

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

2.2.2 Rainmaker Mining Corp. – s. 1(11)(b)

Headnote

Subsection 1(11)(b) – Order that the issuer is a reporting issuer for the purposes of Ontario securities law – Issuer already a reporting issuer in Alberta and British Columbia – Issuer's securities listed for trading on the TSX Venture Exchange – Continuous disclosure requirements in Alberta and British Columbia substantially the same as those in Ontario - Issuer has a significant connection to Ontario.

Statutes Cited

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

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

AND

IN THE MATTER OF
RAINMAKER MINING CORP.

ORDER
(clause 1(11)(b))

UPON the application of Rainmaker Mining Corp. (the **Applicant**) to the Ontario Securities Commission (the **Commission**) for an order pursuant to clause 1(11)(b) of the Act that, for the purposes of Ontario securities law, the Applicant is a reporting issuer in Ontario;

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

AND UPON the Applicant representing to the Commission as follows:

1. The Applicant was incorporated under the laws of the Province of British Columbia on September 13, 1979.

2. The head office and registered office of the Applicant are located at 300 – 576 Seymour Street, Vancouver, British Columbia V6B 3K1.

3. The authorized capital of the Applicant consists of an unlimited number of common shares.

4. As at May 26, 2010, 3,566,461 common shares of the Applicant were issued and outstanding.

5. The Applicant has been a reporting issuer under the *Securities Act* (British Columbia) (the **BC Act**) and the *Securities Act* (Alberta) (the **Alberta Act**) since January 26, 1986. The Applicant is not a reporting issuer or the equivalent in any jurisdiction in Canada other than British Columbia or Alberta.

6. The Applicant is not on the list of defaulting reporting issuers maintained pursuant to the BC Act or the Alberta Act and is not in default of any of its obligations under the BC Act or the Alberta Act or the rules and regulations made thereunder.

7. The continuous disclosure materials filed by the Applicant under the requirements of the BC Act and the Alberta Act are substantially the same as the continuous disclosure requirements under the Act.

8. The common shares of the Applicant are listed and posted for trading on the TSX Venture Exchange (the **Exchange**) under the symbol "RMG".

9. The Applicant is not in default of the rules, regulations or policies of the Exchange.

10. The Exchange requires all of its listed issuers, which are not otherwise reporting issuers in Ontario, to assess whether they have a significant connection with Ontario, as defined in Policy 1.1 of the TSX Venture Exchange Corporate Finance manual, and, upon first becoming aware that it has a significant connection to Ontario, to promptly make a *bona fide* application to the Ontario Securities Commission to be deemed a reporting issuer in Ontario.

11. The Applicant has a significant connection to Ontario since more than 50% of the total number of equity securities of the Applicant are owned by registered and beneficial shareholders resident in Ontario.

12. The Applicant does not have a shareholder which holds sufficient securities of the Applicant to affect materially the control of the Applicant.

13. Neither the Applicant, nor any of its officers or directors, has:

    (a) been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority;

    (b) entered into a settlement agreement with a Canadian securities regulatory authority; or

    (c) been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely to be considered important to a reasonable investor making an investment decision.

14. Neither the Applicant, nor any of its officers or directors, is or has been the subject of:

    (a) any known ongoing or concluded investigation by a Canadian securities regulatory authority, or a court or regulatory body, other than a Canadian securities regulatory authority, that would be likely to be considered important to a reasonable investor making an investment decisions; or

    (b) any bankruptcy or insolvency proceedings, or other proceedings, arrangement or compromises with creditors, or the appointment of a receiver, receiver manager or trustee, within the preceding 10 years.

15. Other than as disclosed below, none of the officers or directors of the Applicant is or has been at the time of such event an officer or director of any other issuer which is or has been subject to:

    (a) except as set out in paragraph 16, any cease trade or similar orders, or orders that denied access to any exemptions under Ontario securities law, for a period of more than 30 consecutive days, within the preceding 10 years; or

    (b) any bankruptcy or insolvency proceedings, or other proceedings, arrangements or compromises with creditors, or the appointment of a receiver, receiver manager or trustee, within the preceding 10 years.

16. William J. Dynes, a director of the Applicant, is and was a director of New Meridian Mining Corp, a reporting issuer that had a cease trade order issued by the British Columbia Securities Commission (the "BCSC" on December 11, 2002 and February 21, 2003 by the Alberta Securities Commission for the failure to file financial statements within the prescribed time period. Both orders were revoked on March 3, 2003 and March 7, 2003 respectively.

AND UPON the Commission being satisfied that granting this Order would not be prejudicial to the public interest;

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

DATED at Toronto this 9th day of June, 2010.

"Jo-Anne Matear"
Assistant Manager, Corporate Finance

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

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

AND

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

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

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

1. Under subsection 127(1)1 of the Act, the registration of Paladin Capital Markets Inc. ("Paladin") and John David Culp ("Culp") be suspended;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

AND WHEREAS the parties consented to a final extension of the Temporary Order until June 15, 2010 to conclude potential settlements and to allow Maya to seek legal advice;

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

AND WHEREAS on March 22, 2010, the Commission ordered that the Temporary Order be extended to June 16, 2010 and that the hearing be adjourned to June 15, 2010;

AND WHEREAS Staff filed a Statement of Allegations dated June 9, 2010 and the Commission issued a Notice of Hearing on June 10, 2010 in this matter;

AND WHEREAS the Commission issued a Notice of Hearing on June 10, 2010 to consider whether it is in the public interest to approve a settlement agreement entered into by Staff of the Commission and the respondents, Paladin and Culp, on July 19, 2010 at 11:00 a.m.;

AND WHEREAS the Commission held a hearing on June 15, 2010 to consider whether to extend the Temporary Order and to consider the formal hearing commenced by Notice of Hearing on June 10, 2010;

AND WHEREAS on June 15, 2010 counsel for Staff and counsel for Maya attended in person at the hearing and Culp, on his own behalf and for Paladin, did not attend due to illness;

AND WHEREAS Staff and the Respondents consented to setting a confidential pre-hearing conference for August, 5, 2010;

AND WHEREAS Staff and the Respondents consented to an extension of the Temporary Order until August 6, 2010;

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

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

IT IS ORDERED that

1. pursuant to subsections 127(7) and 127(8), the Temporary Order is extended until August 6, 2010; and

2. the hearing is adjourned to a confidential pre-hearing conference to be held on August 5, 2010 at 10:00 a.m.

Dated at Toronto this 15th day of June 2010.

"James E. A. Turner"

2.2.4 Irwin Boock et al.

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

AND

**IN THE MATTER OF
IRWIN BOOCK, STANTON DEFREITAS,
JASON WONG, SAUDIA ALLIE,
ALENA DUBINSKY, ALEX KHODJIAINTS,
SELECT AMERICAN TRANSFER CO.,
LEASESMART, INC., ADVANCED GROWING
SYSTEMS, INC., INTERNATIONAL ENERGY LTD.,
NUTRIONE CORPORATION, POCKETOP
CORPORATION, ASIA TELECOM LTD.,
PHARM CONTROL LTD., CAMBRIDGE RESOURCES
CORPORATION, COMPUSHARE TRANSFER
CORPORATION, FEDERATED PURCHASER, INC.,
TCC INDUSTRIES, INC., FIRST NATIONAL
ENTERTAINMENT CORPORATION,
WGI HOLDINGS, INC. AND
ENERBRITE TECHNOLOGIES GROUP**

ORDER

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

AND WHEREAS on October 14, 2009, Staff of the Commission ("Staff") brought a disclosure motion (the "Motion") regarding the Respondent, Irwin Boock ("Boock");

AND WHEREAS the Motion was heard by the Commission on October 21, 2009, November 2 and 20, 2009 and January 8, 2010;

AND WHEREAS on December 10, 2009, the Commission ordered that the hearing on the merits of this matter shall commence on February 1, 2010;

AND WHEREAS on January 29, 2010, the Commission ordered that the hearing on the merits of this matter be adjourned *sine die* pending the release of the Commission's decision on the Motion;

AND WHEREAS on February 9, 2010, the Commission issued a decision on the Motion (the "Disclosure Decision");

AND WHEREAS Boock has commenced an Application for Judicial Review before the Superior Court of Justice (Divisional Court) of the Disclosure Decision ("JR Application");

AND WHEREAS counsel for Boock advised the Commission at an attendance on February 24, 2010 that the Divisional Court had advised that it was expected that the JR Application could be heard in advance of the dates scheduled for the commencement of a hearing into the merits of this matter;

AND WHEREAS on February 24, 2010, the Commission made an order that:

a) the Disclosure Decision be stayed until the earlier of the date of a decision on the merits in the JR Application or September 13, 2010, or until such further date as ordered by the Commission;

b) the parties shall attend at the offices of the Commission on September 13, 2010 at 9:00 a.m. to advise the Commission of the status of the determination of the JR Application (the "Status Hearing"); and

c) the hearing on the merits of this matter shall commence on October 18, 2010 and, excluding October 26, 2010, shall continue for three weeks until November 5, 2010 and thereafter on such dates as may be agreed by the parties and determined by the Office of the Secretary;

AND WHEREAS Boock is no longer represented by counsel and is currently acting in person;

AND WHEREAS Staff sought the parties' attendance and the Commission's availability for an attendance on the Status Hearing on June 18, 2010;

AND WHEREAS on June 18, 2010, Staff, Boock, counsel to Stanton DeFreitas, and counsel to Jason Wong attended before the Commission for the Status Hearing;

AND WHEREAS Staff advised that the JR Application has not yet been perfected;

AND WHEREAS Boock advised the Commission that he intends to proceed with the JR Application;

AND UPON hearing the submissions of the parties in attendance;

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

IT IS ORDERED THAT the Status Hearing is adjourned until Tuesday, June 29, 2010 at 9:30 a.m.

Dated at Toronto this 18th day of June, 2010.

"James D. Carnwath"

2.2.5 Global Energy Group, Ltd. 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
GLOBAL ENERGY GROUP, LTD.,
NEW GOLD LIMITED PARTNERSHIPS,
CHRISTINA HARPER, VADIM TSATSKIN,
MICHAEL SCHAUMER, ELLIOT FEDER,
ODED PASTERNAK, ALAN SILVERSTEIN,
HERBERT GROBERMAN, ALLAN WALKER,
PETER ROBINSON, VYACHESLAV BRIKMAN,
NIKOLA BAJOVSKI, BRUCE COHEN
AND ANDREW SHIFF**

**ORDER
(Section 127 of the Securities Act)**

WHEREAS on June 8, 2010, the Commission issued a Notice of Hearing pursuant to sections 37, 127 and 127.1 of the Act accompanied by a Statement of Allegations dated June 8, 2010, issued by Staff of the Commission ("Staff") with respect to Global Energy Group, Ltd. ("Global Energy"), New Gold Limited Partnerships, ("New Gold"), Christina Harper ("Harper"), Michael Schaumer ("Schaumer"), Elliot Feder ("Feder"), Vadim Tsatskin ("Tsatskin"), Oded Pasternak ("Pasternak"), Alan Silverstein ("Silverstein"), Herbert Groberman ("Groberman"), Allan Walker ("Walker"), Peter Robinson ("Robinson"), Vyacheslav Brikman ("Brikman"), Nikola Bajovski ("Bajovski"), Bruce Cohen ("Cohen") and Andrew Shiff ("Shiff"), collectively, the "Respondents";

AND WHEREAS the Notice of Hearing stated that a hearing would be held at the offices of the Commission on June 14, 2010;

AND WHEREAS, on June 14, 2010, Staff confirmed that the Commission had received the affidavit of Kathleen McMillan sworn June 11, 2010 which indicated that service of the Notice of Hearing and Statement of Allegations was attempted on all Respondents personally, electronically, through their counsel or at their last known address;

AND WHEREAS on June 14, 2010, Staff, Schaumer, Silverstein, Brikman, Shiff, counsel for Feder and an agent for counsel for Robinson attended the hearing;

AND WHEREAS on June 14, 2010, Staff informed the Commission that they had received messages from Harper and Groberman that they would not be attending the hearing;

AND WHEREAS on June 14, 2010, Staff informed the Commission that they had received a message from Tsatskin stating that his lawyer would be unable to appear at the hearing;

AND WHEREAS on June 14, 2010, Staff informed the Commission they had received a message from counsel for Pasternak, Walker and Brikman that he would not be attending the hearing;

AND WHEREAS on June 14, 2010, upon hearing submissions from Staff and counsel for Feder;

IT IS ORDERED THAT the hearing is adjourned to September 1, 2010 at 1:00 p.m. or such other date as is agreed by the parties and determined by the Office of the Secretary.

DATED at Toronto this 14th day of June, 2010.

"James Carnwath"

2.2.6 Christina Harper et al. – ss. 127(7), 127(8)

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

AND

**IN THE MATTER OF
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 SHIFF**

**ORDER
(Subsections 127(7) and 127(8))**

WHEREAS on April 7, 2010, the Ontario Securities Commission (the "Commission") issued a temporary cease trade order pursuant to subsections 127(1) and 127(5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") ordering the following (the "Temporary Order"):

I. Christina Harper ("Harper"), Howard Rash ("Rash"), Michael Schaumer ("Schaumer"), Elliot Feder ("Feder"), Vadim Tsatskin ("Tsatskin"), Oded Pasternak ("Pasternak"), Alan Silverstein ("Silverstein"), Herbert Groberman ("Groberman"), Allan Walker ("Walker"), Peter Robinson ("Robinson"), Vyacheslav Brikman ("Brikman"), Nikola Bajovski ("Bajovski"), Bruce Cohen ("Cohen") and Andrew Shiff ("Shiff"), collectively, the "Respondents", shall cease trading in all securities;

II. that any exemptions contained in Ontario securities law do not apply to the Respondents.

AND WHEREAS, on April 7, 2010, the Commission ordered that the Temporary Order shall expire on the 15th day after its making unless extended by order of the Commission;

AND WHEREAS on April 14, 2010, the Commission issued a Notice of Hearing to consider, among other things, the extension of the Temporary Order, to be held on April 20, 2010 at 3:00 p.m;

AND WHEREAS the Notice of Hearing set out that the Hearing is to consider, amongst other things whether, in the opinion of the Commission, it is in the public interest, pursuant to subsections 127 (7) and (8) of the Act, to extend the Temporary Order until the conclusion of the hearing, or until such further time as considered necessary by the Commission;

AND WHEREAS on April 20, 2010, a hearing was held before the Commission and none of the Respondents appeared before the Commission to oppose Staff of the Commission's ("Staff") request for the extension of the Temporary Order;

AND WHEREAS on April 20, 2010, the Commission was satisfied that Staff had served or made reasonable attempts to serve each of the Respondents with copies of the Temporary Order, the Notice of Hearing, and the Evidence Brief of Staff as evidenced by the Affidavit of Kathleen McMillan, sworn on April 20, 2010, and filed with the Commission;

AND WHEREAS on April 20, 2010, the Commission considered the evidence and submissions before it and the Commission was of the opinion that: in the absence of a continuing cease-trade order, the length of time required to conclude a hearing could be prejudicial to the public interest; and, it was in the public interest to extend the Temporary Order;

AND WHEREAS, on April 20, 2010, pursuant to subsections 127 (7) and (8) of the Act, the Temporary Order was extended to June 15, 2010 and the hearing in this matter was adjourned to June 14, 2010, at 10:00 a.m.;

AND WHEREAS on June 14, 2010, a hearing was held before the Commission;

AND WHEREAS on June 14, 2010, Staff, Schaumer, Silverstein, Brikman, Shiff, counsel for Feder and an agent for counsel for Robinson attended the hearing;

AND WHEREAS on June 14, 2010, there was no objection to the extension of the Temporary Order made to the Commission;

AND WHEREAS on June 14, 2010, the Commission considered the evidence and submissions before it and the Commission was of the opinion that: in the absence of a continuing cease-trade order, the length of time required to conclude a hearing could be prejudicial to the public interest; and, it was in the public interest to extend the Temporary Order;

IT IS HEREBY ORDERED pursuant to subsections 127 (7) and (8) of the Act that the Temporary Order is extended to September 1, 2010; and,

IT IS FURTHER ORDERED that the hearing in this matter is adjourned to September 1, 2010, at 1:00 p.m.

DATED at Toronto this 14th day of June, 2010.

"James Carnwath"

2.2.7 Magna International Inc. et al.

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

AND

**IN THE MATTER OF
MAGNA INTERNATIONAL INC.**

AND

**IN THE MATTER OF
THE STRONACH TRUST
AND 446 HOLDINGS INC.**

ORDER

WHEREAS the Ontario Securities Commission (the "Commission") has convened a hearing pursuant to a Notice of Hearing dated June 15, 2010 (the "Hearing") in order to consider an application brought by Commission Staff ("Staff") pursuant to section 127 of the Ontario *Securities Act*, R.S.O. 1990, c. S.5, as amended;

AND WHEREAS the Hearing is scheduled to be heard by the Commission on June 23 and 24, 2010;

AND WHEREAS Magna International Inc. ("Magna") is a respondent to the Application;

AND WHEREAS at the request of Staff, Magna has voluntarily produced certain non-public documents that it considers not suitable for public disclosure, which documents have been produced by Magna on the express condition that they will be kept confidential by all parties and intervenors in accordance with this Order and will not be used for any purpose other than the Hearing;

THE COMMISSION THEREFORE ORDERS THAT:

1. All non-public documents delivered by Magna to any of the parties or intervenors, or their respective legal counsel, in respect of this proceeding (the "Confidential Information") shall be subject to the terms of this Order.

2. Except as expressly provided in this Order, otherwise agreed in writing by the parties, or as expressly provided for in a further Order of the Commission, the parties, the intervenors and their respective counsel (including students-at-law, paralegals and/or necessary clerical personnel employed by them) (the "Authorized Recipients") shall maintain the Confidential Information in strict confidence and shall not:

   (a) reveal or permit access to the Confidential Information to any person other than the Authorized Recipients (as defined); or

   (b) reproduce, release, disclose or use any of the Confidential Information in any manner, including on any website or in any other litigation, press release or any other vehicle for the public dissemination of information, other than for presentation to the Commission in this proceeding.

3. To the extent that any of the Confidential Information is or is proposed to be made an exhibit in or becomes part of or is disclosed in any way in the record or transcripts of the Hearing, Magna shall be afforded the right to make submissions to the Commission on issues relating to the confidentiality and protection of the confidentiality of such Confidential Information before such Confidential Information is made available to the public.

Treatment of Confidential Information upon Conclusion of the Hearing

4. Upon final resolution of the Hearing (including the expiry of all rights of further review or appeal), all Confidential Information not otherwise made public through the Hearing process, as described above, including copies or any records thereof, shall be destroyed by the parties and intervenors and their respective legal counsel.

5. The resolution of the Hearing shall not relieve any person to whom Confidential Information is disclosed pursuant to this Order from the obligation of maintaining the confidentiality of all Confidential Information not otherwise made public through the Hearing process, as described above, in compliance with this Order. For greater certainty, the provisions of this Order shall continue after the final disposition of this proceeding and the Commission shall retain jurisdiction to deal with any issues relating to this Order, including, without limitation, the enforcement thereof.

Amendments to Order

6. A party or the Commission on its own motion may, on notice to all other parties, seek an order of the Commission modifying this Order or seek directions as to the meaning or application of this Order.

Implied and Deemed Undertaking

7. This Order does not affect or derogate from any undertaking which may be implied at law or imposed by statute or rule restricting the use which a person may make of evidence or information obtained in the course of this proceeding.

Magna is not prevented from dealing with Confidential Information as it sees fit

8. Nothing in this Order shall prevent Magna from otherwise dealing with the Confidential Information as it sees fit, and all of Magna's rights of privilege are expressly reserved.

Effective Date

9. This Order shall be in effect and fully operative commencing from the date of issuance and shall remain in effect until further order of the Commission.

Issued at Toronto this 18th day of June, 2010.

"James Turner"

2.2.8 Magna International Inc. et al.

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

AND

IN THE MATTER OF
MAGNA INTERNATIONAL INC.

AND

IN THE MATTER OF
THE STRONACH TRUST
AND 446 HOLDINGS INC.

ORDER GRANTING INTERVENOR STATUS TO
GOODMAN & CO. INVESTMENT COUNSEL LTD.

(Application for standing in the hearing
on the merits in the matter of
Magna International Inc. under section 127)

WHEREAS the Ontario Securities Commission (the "Commission") has convened a hearing pursuant to a Notice of Hearing dated June 15, 2010 (the "Hearing") to consider an application brought by Staff of the Commission pursuant to section 127 of the Ontario Securities Act, R.S.O. 1990, c.S.5, as amended (the "Application");

AND WHEREAS the Hearing is scheduled to be heard by the Commission on June 23 and 24, 2010;

AND WHEREAS Goodman & Co. Investment Counsel Ltd. ("Goodman") filed a notice of motion for an order that it be granted limited standing in the hearing on the merits of the Application to make oral and written submissions before the Commission but not to tender any evidence, cross-examine any witnesses or otherwise become a party to the proceeding (such limited standing being referred to as "Torstar standing");

AND UPON considering the submissions made by counsel at the motion hearing held on June 18, 2010;

AND UPON being satisfied that it is in the public interest in the circumstances to grant Torstar standing to Goodman at the hearing on the merits of the Application;

IT IS ORDERED THAT:

Goodman is granted Torstar standing at the hearing on the merits of the Application, provided Goodman abides by the timetable agreed to by the other parties to this proceeding or imposed by the Commission, including by delivering any written submissions or factums they intend to rely upon in accordance with that timetable.

DATED at Toronto this 18th day of June, 2010.

"James Turner"

2.2.9 Magna International Inc. et al.

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

AND

**IN THE MATTER OF
MAGNA INTERNATIONAL INC.**

AND

**IN THE MATTER OF
THE STRONACH TRUST
AND 446 HOLDINGS INC.**

**ORDER GRANTING INTERVENOR STATUS
TO THE SPECIAL COMMITTEE OF
MAGNA INTERNATIONAL INC.**

**(Application for standing in the hearing
on the merits in the matter of
Magna International Inc. under section 127)**

WHEREAS the Ontario Securities Commission (the "Commission") has convened a hearing pursuant to a Notice of Hearing dated June 15, 2010 (the "Hearing") to consider an application brought by Staff of the Commission pursuant to section 127 of the Ontario *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Application");

AND WHEREAS the Hearing is scheduled to be heard by the Commission on June 23 and 24, 2010;

AND WHEREAS the Special Committee of the Board of Directors of Magna International Inc. (the "Special Committee") filed a notice of motion for an order that it be granted limited standing in the hearing on the merits of the Application to make oral and written submissions before the Commission but not to tender any evidence, cross-examine any witnesses or otherwise become a party to the proceeding (such limited standing being referred to as "Torstar standing");

AND UPON considering the submissions made by counsel at the motion hearing held on June 18, 2010;

AND UPON being satisfied that it is in the public interest in the circumstances to grant Torstar standing to the Special Committee, subject to the conditions set out below;

IT IS ORDERED THAT:

The Special Committee is granted Torstar standing at the hearing on the merits of the Application, subject to the following conditions:

1. the Special Committee shall make full and proper production of all relevant documents on a timely basis as agreed upon by the parties or as required by the Commission;

2. the Special Committee shall not duplicate or repeat the submissions of Magna International Inc.; and

3. the Special Committee shall abide by the timetable agreed to by the other parties to this proceeding or imposed by the Commission, including by delivering any written submissions or factums they intend to rely upon on the same dates as the respondents.

DATED at Toronto this 18th day of June, 2010.

"James Turner"

2.2.10 Magna International Inc. et al.

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

AND

IN THE MATTER OF
MAGNA INTERNATIONAL INC.

AND

IN THE MATTER OF
THE STRONACH TRUST
AND 446 HOLDINGS INC.

ORDER GRANTING INTERVENOR STATUS TO THE ONTARIO TEACHERS' PENSION PLAN BOARD, CANADA PENSION PLAN INVESTMENT BOARD, OMERS ADMINISTRATION CORPORATION, ALBERTA INVESTMENT MANAGEMENT CORPORATION, LETKO, BROSSEAU & ASSOCIATES INC., AND BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION

(Application for standing in the hearing on the merits in the matter of Magna International Inc. under section 127)

WHEREAS the Ontario Securities Commission (the "Commission") has convened a hearing pursuant to a Notice of Hearing dated June 15, 2010 (the "Hearing") to consider an application brought by Staff of the Commission pursuant to section 127 of the Ontario *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Application");

AND WHEREAS the Hearing is scheduled to be heard by the Commission on June 23 and 24, 2010;

AND WHEREAS Ontario Teachers' Pension Plan Board, Canada Pension Plan Investment Board, OMERS Administration Corporation, Alberta Investment Management Corporation, Letko, Brosseau & Associates Inc., and British Columbia Investment Management Corporation (the "Proposed Intervenors") filed a notice of motion for an order that they be granted leave to intervene in the Application with full standing, including the opportunity to adduce evidence and make submissions at the hearing on the merits;

AND UPON considering the submissions made by counsel at the motion hearing held on June 18, 2010;

AND UPON being satisfied that it is in the public interest in the circumstances to grant limited standing to the Proposed Intervenors to make oral and written submissions before the Commission but not to tender evidence, cross-examine any witnesses or otherwise become a party to the proceeding (such limited standing is referred to as "Torstar standing");

IT IS ORDERED THAT:

The Proposed Intervenors are granted Torstar standing at the hearing on the merits of the Application, provided the Proposed Intervenors abide by the timetable agreed to by the other parties to this proceeding or imposed by the Commission, including by delivering any written submissions or factums they intend to rely upon in accordance with that timetable.

DATED at Toronto this 18th day of June, 2010.

"James Turner"

2.2.11 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

CONFIDENTIALITY ORDER

The confidentiality request made pursuant to section 9(1)(b) of the *Statutory Powers Procedure Act*, R.S.O. 1990, c. S.22, with respect to Exhibits A and B, the Canaccord documents delivered to the parties on June 18, 2010, is granted.

IT IS ORDERED that:

1. Exhibits A and B, which contain the non-public documents delivered by Canaccord on June 18, 2010 to any of the parties, or their respective legal counsel, in respect of this proceeding (the "Confidential Information") shall be subject to the terms of this Order.

2. Except as expressly provided in this Order, otherwise agreed in writing by the parties, or as expressly provided for in a further Order of the Commission, the parties, and their respective counsel (including students-at-law, paralegals and/or necessary clerical personnel employed by them) (the "Authorized Recipients") shall maintain the Confidential Information in strict confidence and shall not:

   A. reveal or permit access to the Confidential Information to any person other than the Authorized Recipients (as defined); or

   B. reproduce, release, disclose or use any of the Confidential Information in any manner, including on any website or in any other litigation, press release or any other vehicle for the public dissemination of information, other than for presentation to the Commission in this proceeding.

3. The portions of the transcript that deal with the Confidential Information shall be marked as confidential and only be made available to the Authorized Recipients.

Treatment of Confidential Information upon Conclusion of the Hearing

4. Upon final resolution of the Hearing (including the expiry of all rights of further review or appeal), all Confidential Information not otherwise made public through the Hearing process, as described above, including copies or any records thereof, shall be destroyed by the parties and their respective legal counsel.

5. The resolution of the Hearing shall not relieve any person to whom Confidential Information is disclosed pursuant to this Order from the obligation of maintaining the confidentiality of all Confidential Information not otherwise made public through the Hearing process, as described above, in compliance with this Order. For greater certainty, the provisions of this Order shall continue after the final disposition of this proceeding and the Commission shall retain jurisdiction to deal with any issues relating to this Order, including, without limitation, the enforcement thereof.

Amendments to Order

6. A party or the Commission on its own motion may, on notice to all other parties, seek an order of the Commission modifying this Order or seek directions as to the meaning or application of this Order.

Implied and Deemed Undertaking

7. This Order does not affect or derogate from any undertaking which may be implied at law or imposed by statute or rule restricting the use which a person may make of evidence or information obtained in the course of this proceeding.

Effective Date

8. This Order shall be in effect and fully operative commencing from the date of issuance and shall remain in effect until further order of the Commission.

DATED at Toronto this 21st day of June, 2010.

"James D. Carnwath"

"Carol S. Perry"

2.2.12 Magna International Inc. et al

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

AND

IN THE MATTER OF
MAGNA INTERNATIONAL INC.

AND

IN THE MATTER OF
THE STRONACH TRUST
AND 446 HOLDINGS INC.

ORDER GRANTING INTERVENOR STATUS
TO MASON CAPITAL MANAGEMENT LLC

(Application for standing in the hearing on the merits
in the matter of Magna International Inc.
under section 127)

WHEREAS the Ontario Securities Commission (the “Commission”) has convened a hearing pursuant to a Notice of Hearing dated June 15, 2010 (the “Hearing”) to consider an application brought by Staff of the Commission pursuant to section 127 of the *Ontario Securities Act*, R.S.O. 1990, c.S.5, as amended (the “Application”);

AND WHEREAS the Hearing is scheduled to be heard by the Commission on June 23 and 24, 2010;

AND WHEREAS Mason Capital Management LLC (“Mason”) filed a notice of motion for an order that it be granted limited standing in the hearing on the merits of the Application to make oral and written submissions before the Commission but not to tender any evidence, cross-examine any witnesses or otherwise become a party to the proceeding (such limited standing being referred to as “Torstar standing”);

AND UPON considering the submissions made by counsel in writing;

AND UPON being satisfied that it is in the public interest in the circumstances to grant Torstar standing to Mason at the hearing on the merits of the Application;

IT IS ORDERED THAT:

Mason is granted Torstar standing at the hearing on the merits of the Application, provided that Mason abides by the timetable agreed to by the other parties to this proceeding or imposed by the Commission, including by delivering any written submissions or factums they intend to rely upon in accordance with that timetable.

DATED at Toronto this 21st day of June, 2010.

“James E. A. Turner”

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
AZCAR Technologies Incorporated	07 June 10	18 June 10		21 June 10
AireSurf Networks Holdings Inc.	07 May 10	19 May 10	19 May 10	22 June 10
Carbiz Inc.	11 June 10	23 June 10	23 June 10	
INTERCABLE ICH INC.	11 June 10	23 June 10	23 June 10	
Firstgold Corp.	11 June 10	23 June 10	23 June 10	
Redline Communications Group Inc.	11 June 10	23 June 10	23 June 10	
Axiotron Corp.	11 June 10	23 June 10	23 June 10	
Synergex Corporation	11 June 10	23 June 10	23 June 10	
Sheen Resources Ltd.	18 June 10	30 June 10		
Sterling Mining Company	21 June 10	02 July 10		

4.2.1 Temporary, Permanent & Rescinding Management Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/ Expire	Date of Issuer Temporary Order

There are no items for this week.

4.2.2 Outstanding Management & Insider Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/ Expire	Date of Issuer Temporary Order
Coalcorp Mining Inc.	07 Oct 09	19 Oct 09	19 Oct 09		
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		
Diamond International Exploration Inc.	14 May 10	26 May 10	26 May 10		

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/ Expire	Date of Issuer Temporary Order
MedX Health Corp.	17 May 10	28 May 10	28 May 10		
Echo Energy Canada Inc.	25 May 10	07 June 10	07 June 10		
Delta Uranium Inc.	16 June 10	28 June 10			

Chapter 6

Request for Comments

6.1.1 Notice of Proposed Amendments to NI 81-102 Mutual Funds and NI 81-106 Investment Fund Continuous Disclosure, and Related Consequential Amendments

NOTICE OF
PROPOSED AMENDMENTS TO

NATIONAL INSTRUMENT 81-102
MUTUAL FUNDS

AND TO

NATIONAL INSTRUMENT 81-106
INVESTMENT FUND CONTINUOUS DISCLOSURE

AND RELATED CONSEQUENTIAL AMENDMENTS

Introduction

The Canadian Securities Administrators (the CSA or we) are publishing for comment proposals that would modify the current regulatory framework for mutual funds contained in National Instrument 81-102 *Mutual Funds* (NI 81-102 or the Instrument).

The proposed amendments (the Amendments) would codify exemptive relief that we have frequently granted to mutual funds from requirements in NI 81-102, create additional operational requirements for money market funds, update various provisions and remove provisions that are no longer relevant.

We are also proposing substantive amendments to National Instrument 81-106 *Investment Fund Continuous Disclosure* (NI 81-106). These amendments codify exemptive relief we have frequently granted to investment funds from requirements in NI 81-106.

Finally, we are also publishing for comment related consequential amendments to the following:

- Companion Policy 81-102CP – *To National Instrument 81-102 Mutual Funds* (81-102CP);
- National Instrument 41-101 *General Prospectus Requirements* (NI 41-101) and its related Form 41-101F2 *Information Required in an Investment Fund Prospectus* (Form 41-101F2);
- National Instrument 81-101 *Mutual Fund Prospectus Disclosure* (NI 81-101) and its related Forms 81-101F1 *Contents of Simplified Prospectus* (Form 81-101F1) and 81-101F2 *Contents of Annual Information Form* (Form 81-101F2).

Background

The CSA is currently reviewing the product regulation of conventional mutual funds and other investment funds with a view to modernizing it. The following types of prospectus qualified investment funds are within the scope of this project: (i) conventional mutual funds, (ii) exchange-traded mutual funds and (iii) non-redeemable investment funds.

NI 81-102 imposes product regulation requirements for all publicly offered investment funds that fall within the definition of "mutual fund" contained in Canadian securities legislation. Aside from certain focussed amendments, NI 81-102 has not had an overall update since it came into force. During this time there have been many changes in the nature and types of investment funds offered for sale to retail investors in the Canadian marketplace and to the evolution of regulatory approaches to mutual funds in other major markets. To accommodate these changes, the CSA has for the last few years been frequently granting certain relief.

Phase 1

The first phase of this project, which consists of the Amendments, would codify exemptive relief that we frequently grant to mutual funds under NI 81-102 and to other investment funds from other investment fund rules. The Amendments cover the following:

(i) exchange-traded mutual funds;

(ii) investments in other mutual funds;

(iii) short selling;

(iv) derivatives;

(v) money market funds;

(vi) mutual fund dealers;

(vii) mutual fund ratings;

(viii) drafting changes;

(ix) continuous disclosure requirements.

We anticipate that the Amendments would replace a patchwork of exemptive relief orders with a set of uniform requirements applicable to all mutual funds and, in the case of the continuous disclosure requirements, all investment funds.

Phase 2

In the second phase of this project we will consider whether there are any market efficiency, fairness or investor protection issues that arise out of the differing regulatory regimes that apply to different types of investment funds and other competing retail investment products and whether NI 81-102 should be amended to address these issues. NI 81-102 currently applies only to mutual funds. We will assess whether there are any significant problems with the current approach to investment fund product regulation and assess what solutions might be appropriate to address them. Potential outcomes of this analysis may include:

(i) no changes to current investment fund product regulation,

(ii) new base level product regulation for all investment funds, or

(iii) less prescriptive product regulation for conventional mutual funds and exchange-traded mutual funds.

When completed, the Phase 2 review may result in one or more amendment proposals.

Summary and Purpose of the Amendments to National Instrument 81-102

(i) Exchange-Traded Mutual Funds

Since we adopted NI 81-102 there has been a significant increase in the number and types of exchange-traded mutual funds available in the Canadian marketplace. NI 81-102 did not contemplate the various structures used by exchange-traded mutual funds and most of these funds have received exemptive relief from a number of its requirements.

There are two types of exchange-traded mutual funds for which we have frequently given relief, namely, exchange-traded mutual funds in continuous distribution and exchange-traded mutual funds not in continuous distribution, which include fixed portfolio exchange-traded mutual funds.

<u>Amendments Relating to all Exchange-Traded Mutual Funds</u>

Record Date

We propose amending Part 14 of NI 81-102 to require exchange-traded mutual funds to establish record dates that determine the right of a securityholder to receive a dividend or distribution in accordance with the rules of the exchange that the mutual fund is listed on.

Amendments Relating to Exchange-Traded Mutual Funds in Continuous Distribution

Exchange-traded mutual funds in continuous distribution are generally bought and sold by retail investors in a manner that is substantially different than purchases and redemptions of conventional mutual funds. Retail investors typically buy and sell these funds in the secondary market through the exchange. Primary distribution of these funds is generally limited to designated brokers. These designated brokers then make the securities of the funds available in the secondary market.

Payment for Purchases and Redemptions

In recognition of the different purchase and redemption process utilized by exchange-traded mutual funds in continuous distribution, we are proposing amendments to subsections 9.4(2) and 10.4(3). The change to subsection 9.4(2) would permit mutual funds to receive a combination of cash and securities as payment for the purchase of mutual fund securities. The parallel amendment to subsection 10.4(3) would permit mutual funds to pay redemption proceeds in a combination of cash and portfolio assets. We would continue to require that the fund obtain the prior written consent of the securityholder to the delivery of portfolio assets as redemption proceeds.

Determination of Redemption Price

Retail investors seeking to dispose of securities of exchange-traded mutual funds in continuous distribution do not normally redeem their holdings as they would with a conventional mutual fund. Retail investors are more likely to sell their securities in the secondary market through the exchange. Redemptions of exchange-traded mutual funds in continuous distribution are typically only made by designated brokers. A designated broker will typically purchase fund securities in the secondary market and redeem these securities in large quantities set by the manager of the mutual fund known as a manager-prescribed number of units.

We propose to amend section 10.3 to permit exchange-traded mutual funds in continuous distribution to pay a redemption price that is based on the closing price of the fund's securities on the stock exchange in the case of redemptions of less than a manager-prescribed number of units of the fund. This would result in most securityholders who wish to redeem their securities selling the securities in the secondary market through the exchange. We think this would minimize the need for a fund to hold more cash than they otherwise think is necessary to meet their investment objectives, solely to fund redemptions.

Amendments Relating to Exchange-Traded Mutual Funds Not in Continuous Distribution

We are proposing a number of amendments that would apply to exchange-traded mutual funds that are not in continuous distribution,. These amendments would provide additional flexibility to this type of exchange-traded mutual fund relating to borrowing, reimbursing organizational costs and the requirements on the redemption of securities.

Borrowing

We propose to amend section 2.6 to allow exchange-traded mutual funds not in continuous distribution to borrow cash or provide a security interest over its portfolio assets to finance the acquisition of its portfolio securities. The fund must repay its borrowing on the completion of its initial public offering.

Many exchange-traded mutual funds not in continuous distribution establish short-term credit facilities to fund the purchase of portfolio assets before completing the fund's initial public offering. As a term of these short-term credit facilities, the fund will often be required to pledge these portfolio assets to the lender as collateral for the amounts borrowed under the facility. These facilities enable the fund to purchase portfolio assets before completing the fund's initial public offering and allow the fund to partially or fully invest in the securities described in the fund's investment objectives or strategies at that time.

Organizational Costs

We propose to amend section 3.3 to create an exemption for exchange-traded mutual funds not in continuous distribution from the prohibition of the reimbursement of organizational costs. Conventional mutual funds are prohibited from reimbursing their manager or promoters for or funding their organizational costs on the basis that these costs would be prejudicial to the initial investors in the mutual fund. This is not the case in a one time offering where all the securities of the mutual fund are sold to investors on the closing of the offering and not through continuous distribution.

Determination and Payment of Redemption Price

In addition to the amendment to section 10.3 discussed above, we propose another amendment to section 10.3 to allow exchange-traded mutual funds not in continuous distribution to redeem securities at a price that is less than the net asset value of the security determined on a date specified in the prospectus or, if applicable, the annual information form of the exchange-traded mutual fund.

While exchange-traded mutual funds not in continuous distribution are required to calculate their net asset value as frequently as other mutual funds, they typically only permit redemptions based on net asset value no more frequently than once per month. This amendment allows these funds to pay redemption proceeds based on the fund's net asset value on a specified valuation date following the redemption request and to pay redemption proceeds that are less than the fund's net asset value per unit. We have previously granted this relief to these funds because the primary source of liquidity for investors in these funds is the trading on the exchange, and not the redemption feature of the fund.

We propose amendments to section 10.4 to allow an exchange-traded mutual fund not in continuous distribution to pay the proceeds of a redemption order more than three days after the valuation date on which the redemption price was established. The redemption payment date must be disclosed in the prospectus or, if applicable, the annual information form of the exchange-traded mutual fund not in continuous distribution. This type of fund typically has one day in each month designated as the day on which it pays the proceeds of redemptions. This date is often 10 days following the valuation date on which the fund determined the redemption price.

Amendments Relating to Fixed Portfolio Exchange-Traded Mutual Funds

Fixed portfolio exchange-traded mutual funds are exchange-traded mutual funds not in continuous distribution whose investment objectives include holding and maintaining a specified fixed portfolio of publicly listed equity securities of one or more issuers that are disclosed in its prospectus. These equity securities are not traded throughout the life of the fund, except in limited circumstances disclosed in the fixed portfolio fund's prospectus. A common example of a fixed portfolio exchange-traded mutual fund would be a split share corporation that holds a portfolio consisting of the equity securities of one or more issuers for a fixed period of time.

Concentration Restriction

We propose to amend section 2.1 to create an exemption from the concentration restriction for purchases of equity securities by a fixed portfolio exchange-traded mutual fund in accordance with its investment objectives. We have added this exemption in recognition of the fact that these funds typically make concentrated investments. The issuers in which a fixed portfolio exchange-traded mutual fund invests would be disclosed in the fund's prospectus along with disclosure in the prospectus or annual information form about concentration risk.

(ii) Investments in Other Mutual Funds

Definition of Index Participation Unit

We propose to expand a mutual fund's ability to invest in index participation units issued by a mutual fund by amending the definition of "index participation unit" in the Instrument to include index participation units traded on a stock exchange in the United Kingdom in addition to those traded on a stock exchange in Canada or the United States.

Investment Restriction Amendments

We propose to amend subsection 2.5(2) to allow mutual funds to purchase and hold securities of another mutual fund provided that the other mutual fund is subject to NI 81-102, offers or has offered securities under a simplified prospectus in accordance with NI 81-101 and is a reporting issuer in the local jurisdiction. This amendment avoids a top fund from having to divest of its investments in an underlying fund if the underlying fund ceases distributions under a prospectus but otherwise remains a reporting issuer.

The amendments to paragraph 2.5(2)(c) require that both the top and underlying funds be reporting issuers in a local jurisdiction. Accordingly, a top fund and the bottom funds in which it invests must be reporting issuers in the same jurisdictions. This prevents underlying funds from indirectly offering their securities in a jurisdiction in which they have not directly become reporting issuers.

We propose to make a related change to the existing exemptions from the concentration and control restrictions for funds-of-funds in subsections 2.1(2) and 2.2(1.1) as reliance on these exemptions is currently premised on the securities of the underlying fund being offered under a current prospectus. The amendment would allow a top fund to rely on the exemptions from the concentration and control restrictions provided its investments in underlying funds are made in compliance with section 2.5 of the Instrument.

We propose to amend the exception in paragraph 2.5(4)(a) which currently allows a multi-layered fund structure that is made up of a mutual fund investing in an RSP clone fund. As the RSP clone fund has become obsolete since the removal of the foreign content restriction under tax rules, the multi-layered fund exception in paragraph 2.5(4)(a) is being modified to apply going forward where a mutual fund invests in a "clone fund". We have defined "clone fund" to mean a mutual fund that has adopted a fundamental investment objective to link its performance to the performance of another mutual fund. This change to paragraph

2.5(4)(a) codifies past exemptive relief permitting certain mutual funds to invest in funds-of-funds that are similarly structured to RSP clone funds and equally transparent.

On a related note, we are proposing to amend subsection 10.6(1) to allow a clone fund to suspend redemptions when the other mutual fund to which the clone fund has linked its fundamental investment objectives has suspended redemptions.

Finally, a proposed amendment to subsection 2.5(5) would recognize that the prohibition in paragraph 2.5(2)(e) against a mutual fund paying sales and redemption fees in connection with the purchase or sale of securities of a related mutual fund does not apply to prohibit the mutual fund from paying applicable brokerage commissions on the purchase or sale of index participation units issued by a related mutual fund.

(iii) Short Selling

Short Sales

We propose to amend Part 2 of NI 81-102 to codify the exemptive relief that we have frequently granted to allow mutual funds to engage in limited short selling of securities subject to certain conditions.

To do so, we have added section 2.6.1 Short Sales which would permit a mutual fund to sell securities short subject to compliance with certain conditions, including a cap on short selling of 20% of the mutual fund's net asset value. Total exposure to any one issuer that could be achieved through short selling would be limited to 5% of the net asset value of the mutual fund. Each of these limits would be determined as at the time the mutual fund sells a security short. The mutual fund would also be required to hold cash cover in an amount, including mutual fund assets deposited with the borrowing agent as security, that is at least 150% of the aggregate market value of all securities sold short by the mutual fund on a daily marked to market basis. Long/short strategies would not be permitted as the proceeds of short sales received by the mutual fund may not be used to enter into long positions in securities other than cash cover.

Borrowing Agent

Section 2.6.1 would require that, at the time of the short sale transaction, the mutual fund have borrowed or arranged to borrow from a "borrowing agent" the securities intended to be sold short. A custodian or sub-custodian that holds assets in connection with a short sale transaction, or a qualified dealer (discussed below) from whom the mutual fund borrows securities to effect the short sale, would qualify as a "borrowing agent" based on our proposed definition of that term.

Custodial Provisions

We propose adding section 6.8.1 Custodian Provisions Relating to Short Sales. This provision would identify and define the qualified dealers that may act as a borrowing agent in connection with a short sale transaction and the limits on exposure to a qualified dealer. A mutual fund could use a dealer as a borrowing agent for short sale transactions made in Canada if that dealer is registered as a dealer in Canada and a member of the Investment Industry Regulatory Organization of Canada (IIROC).

A mutual fund could only use a dealer as a borrowing agent for short sale transactions made outside of Canada if that dealer is a member of a stock exchange and therefore subject to regulatory audit and if that dealer has a net worth in excess of $50 million, as determined from its most recent audited financial statements that have been made public.

Notice Requirement

We propose to amend section 2.11 to require a mutual fund to provide notice that it is commencing short selling in the same manner required for the commencement of the use of specified derivatives. We also propose to amend the prospectus forms to require the disclosure of short selling as an investment strategy. These amendments are described under the heading Related Consequential Amendments below.

(iv) Derivatives

Cash Cover

We propose amending the definition of "cash cover" in the Instrument to include:

(i) evidences of indebtedness with a remaining term to maturity of 365 days or less and an approved credit rating;

(ii) certain floating rate evidences of indebtedness whose interest rates reset no less frequently than every 185 days and the principal amounts of which continue to have a market value of approximately par on each rate reset;

(iii) securities of money market mutual funds.

These proposed amendments are intended to provide mutual funds more flexibility in selecting securities for use as cash cover.

Transactions in Specified Derivatives for Hedging and Non-hedging Purposes

We propose to amend section 2.7(1) to remove the term limit on specified derivatives. Mutual funds are not limited in the term to maturity of the fixed income securities that they can invest in. As a result, mutual funds may choose to enter into derivatives that match the term to maturity of fixed income holdings. Additionally, derivative positions can be offset at any time by entering into an opposing transaction.

(v) Money Market Funds

In October 2008, the CSA published a consultation paper[1] (the Consultation Paper) seeking comments on potential regulatory responses to the market turmoil and its impact on Canadian credit markets. Item 7 of the Consultation Paper sought comments on:

(i) whether a specific concentration restriction for money market funds would be appropriate;

(ii) whether to further restrict the types of investments a money market fund can make;

(iii) whether assets such as asset-backed short-term debt are appropriate as eligible assets in the definition of "cash cover" and "qualified security";

(iv) whether short-term debt instruments, including asset-backed commercial paper with a specified credit rating, should be permitted to be aggregated in a statement of investment portfolio.

In addition, CSA staff conducted reviews of money market fund managers focusing on portfolio holdings, valuation of portfolio securities, concentration levels, counterparty exposure and levels of redemptions.

Our proposed amendments relating to money market funds reflect the outcome of these reviews, the comments received in response to the Consultation Paper, and previously granted relief.

Investment Restrictions

We propose moving the investment restrictions applicable to money market funds out of the definitions section and into a new section 2.18 of the Instrument. The proposed amendments to the money market fund investment restrictions include:

(i) allowing money market funds to hold securities issued by money market funds, if such investment is made in accordance with section 2.5;

(ii) a restriction on money market funds using specified derivatives or selling securities short;

(iii) new liquidity requirements;

(iv) a revised dollar-weighted average term to maturity limit.

The new liquidity provisions would require a money market fund to have at least 5% of its assets in cash or readily convertible to cash within one day and 15% of its assets in cash or readily convertible to cash within one week. These requirements would better enable money market funds to meet redemption requests.

The current dollar-weighted average term to maturity limit in the definition of "money market fund" requires a money market fund to maintain a portfolio with a dollar-weighted average term to maturity limit not exceeding 90 days that is calculated on the basis that the term of a floating rate note is the period to the next rate setting of the note. We propose to maintain the current limit and to combine it with a new dollar-weighted average term to maturity limit of 120 days that is calculated based on the actual term to maturity of all securities in a money market fund portfolio including floating rate notes.

[1] CSA Consultation Paper 11-405 – *Securities Regulatory Proposals Stemming from the 2007-08 Credit Market Turmoil and its Effect on the ABCP Market in Canada*

While the proposed limits may reduce the ability of money market funds to utilize floating rate notes with a long term to maturity, they would place a limit on the exposure of money market funds to the risks associated with longer terms to maturity.

We seek feedback on whether you agree or disagree with the 90 and 120-day dollar-weighted average term to maturity limits and whether there should be any limit on the exposure of a money market fund to floating rate notes. We also seek feedback on whether the 90-day limit should be reduced to a shorter time frame as is the case in the money market funds rules approved by the United States Securities and Exchange Commission on January 27, 2010, which specify a 60-day limit.

(vi) Mutual Fund Dealers

We developed the Commingling Restrictions (as defined below) and the requirements for mutual fund dealers to pay interest on client deposits at a time when mutual fund dealers were not members of a self-regulatory organization and did not participate in an investor protection fund. Now that the Mutual Fund Dealers Association of Canada (MFDA) oversees mutual fund dealers and has created the Investor Protection Corporation, we think we should consider codifying relief we have frequently granted from these requirements. Although Quebec does not recognize the MFDA, similar relief was granted in the past and Quebec mutual fund dealers' activities are, or will be, governed by rules similar to those of the MFDA.

Commingling Restrictions

We propose to exempt principal distributors and participating dealers that are members of the MFDA, as well as mutual fund dealers in Québec, from the restrictions in paragraphs 11.1(1)(b) and 11.2(1)(b) against holding in the same trust account, cash for or from an investment in a mutual fund with cash for or from other products the dealer sells (collectively, the Commingling Restrictions). Principal distributors and participating dealers would still be required to hold client assets in a trust account and separate from their own assets. The exemption would simply enable them to hold all client assets in one trust account, and would not require a separate trust account for mutual fund-related money.

IIROC dealers are currently exempt from the Commingling Restrictions under subsection 11.4(1) of the Instrument. We propose to expand the exemption in subsection 11.4(1) to also include members of the MFDA and mutual fund dealers in Québec.

We request your feedback on the proposed exemption from the Commingling Restrictions.

Interest Determination and Allocation

Paragraphs 11.1(1)(a) and 11.2(1)(a) require principal distributors and participating dealers to account separately for cash received in connection with a mutual fund purchase or redemption transaction and to deposit the cash in an interest bearing trust account until such time as the cash is disbursed to the relevant persons (i.e. the mutual fund in the case of a purchase, the client in the case of a redemption). Subsections 11.1(4) and 11.2(4) require principal distributors and participating dealers to pay out the interest earned on cash held in a trust account either to the client or to each of the mutual funds to which the trust account pertains.

We understand that because the cash sits in the trust account for a very brief period of time before being disbursed, the amount of interest earned on the trust account and remitted by a dealer is most often nominal. We further understand that costs to implement the internal controls and procedures necessary to comply with the interest determination, allocation and distribution requirements are significant relative to the amount of interest paid out.

In recognition of the administrative burden, unnecessary complexity and increased costs associated with this interest requirement, our proposed amendment to subsection 11.4(1) (discussed above) would, as is already the case for IIROC members, exempt MFDA members, as well as mutual fund dealers in Québec, from such interest requirement. We remind mutual fund dealers however that they would remain subject to any applicable rules of their self-regulatory organization pertaining to interest requirements.

We request feedback on the proposed amendments to exempt dealers from the interest requirement in Part 11 of NI 81-102.

Compliance Reports

We propose to exempt a principal distributor or participating dealer who is a member of the MFDA, or is a mutual fund dealer in Quebec, from the requirement in Part 12 of the Instrument to file a report describing their compliance with the requirements of Parts 9, 10 and 11 of the Instrument. Subsection 12.1(4) currently exempts members of IIROC from filing such a compliance report.

As we understand that the MFDA assesses its members' compliance with the sale, redemption and commingling/trust account requirements described in Parts 9, 10 and 11 of the Instrument, we consider the compliance reporting requirement for principal distributors and participating dealers under Part 12 to now be redundant to the extent such dealers would be members of the

MFDA. In addition, given our proposed exemption of MFDA members and mutual fund dealers in Québec from the Commingling Restrictions (discussed above), compliance reporting on such restrictions is rendered unnecessary for those dealers. For those reasons, we propose to expand the current exemption in subsection 12.1(4) to members of the MFDA, as well as to mutual fund dealers in Québec.

(vii) Mutual Fund Ratings

Mutual Fund Rating Entities

We propose to add a new definition of "mutual fund rating entity" to the Instrument. A mutual fund rating entity is defined as an entity that rates or ranks the performance of a mutual fund through an objective methodology that is applied consistently to all mutual funds rated or ranked, is not a member of the organization of a mutual fund and whose services are not procured by the manager of a mutual fund or its affiliates.

Use of Mutual Fund Ratings in Sales Communications

We propose to amend section 15.3 to clarify how mutual funds may use performance ratings or rankings in sales communications. Mutual funds that wish to utilize ratings or rankings in sales communications would still be required to present the rating or ranking for each period in which standard performance data is required to be given except for the period since the mutual fund's inception. It is not possible to accurately compare the performance of one mutual fund to another on a since inception basis because each fund may have a different inception date. The amendments would also permit mutual funds to provide an overall rating or ranking in addition to the ratings or rankings based on standard periods of performance.

To comply with this provision, a rating or ranking used in sales communications must be based on a published category of mutual funds that provides a reasonable basis for evaluating the performance of the mutual fund. The proposed amendment also sets out new disclosure requirements intended to ensure that ratings or rankings used in sales communications are not misleading.

(viii) Drafting Changes

In addition to the amendments described above, we are also proposing certain amendments which are intended to clarify some of the drafting in NI 81-102 and to update the instrument to reflect changes in Canadian tax law and the existence of certain self-regulatory organizations.

Specifically, these amendments reflect the changes made to the tax treatment of investments in foreign property in certain registered tax-advantaged savings plans, the consolidation of the Investment Dealers Association of Canada and Market Regulation Services Inc. into IIROC and the creation of the MFDA. We have also replaced the term "simplified prospectus" wherever referenced throughout the Instrument with the general term "prospectus" in recognition of the fact that exchange-traded mutual funds governed by the Instrument use the long form prospectus.

We have also made changes to Part 5 of the Instrument to clarify when securityholder approval is required in connection with fee-related changes to a mutual fund.

(ix) Summary and Purpose of the Amendments to National Instrument 81-106

Aggregation of Short-Term Debt

We propose repealing subsections 3.5(4) and (5) which currently allow an investment fund to aggregate certain types of short-term debt in the fund's statement of investment portfolio.

The repeal of subsection 3.5(4) was first proposed in the Consultation Paper. The majority of comments received in connection with the Consultation Paper regarding the aggregation of short-term debt were either neutral or in favour of repealing subsection 3.5(4). CSA staff think that this amendment will increase the transparency of investment fund portfolio holdings and allow investors to better evaluate the risks associated with an investment fund's short-term debt holdings.

Limited Life Funds

The CSA has frequently granted relief from certain continuous disclosure requirements to investment funds that we consider to be limited life funds such as flow-through limited partnerships. As part of these amendments, we propose to add a definition of "limited life fund" to NI 81-106. A limited life fund would be defined as an investment fund established to fulfil a specific short-term objective, whose securities are not redeemable and not listed on an exchange or quoted on an over-the-counter market. The limited life fund's prospectus must also disclose that the manager intends to cause the fund to be terminated within 24 months of its formation.

We are proposing to create a limited exemption from the requirement under section 9.2 of the Instrument to file an annual information form for limited life funds. The rationale for this exemption stems from the short lifespan and limited liquidity of limited life funds. The annual information form is intended to assist current and prospective investors to evaluate the investment fund so that they may make informed decisions about their investment. In a typical investment fund a current securityholder would have the option to sell or redeem its holdings. Since limited life funds do not have any established secondary market or redemption rights, there is a reduced need to provide the information contained in the annual information form to investors. In addition, given the short lifespan of limited life funds, the information contained in an annual information form may not be available until shortly before the limited life fund is terminated. If a limited life fund is not terminated within the time frame disclosed in its prospectus, we propose that the fund be required to file an annual information form if it has not obtained a receipt for a prospectus during the last 24 months preceding its financial year end.

Calculation of Net Asset Value

We are proposing a new requirement that investment funds must make their net asset value available to the public at no cost. This amendment will boost the transparency of fund performance and make it easier for current and prospective investors to determine the net asset value of an investment fund. We also propose a requirement that an investment fund that engages in short selling of securities must calculate its net asset value on a daily basis.

Related Consequential Amendments

We are making a consequential amendment to 81-102CP. We are also making a number of consequential amendments to investment fund prospectus rules. These amendments generally create disclosure requirements that support the changes we are making to the Instrument.

81-102CP Amendment

We propose repealing subsection 3.4(1) of 81-102CP in connection with our proposed amendment to paragraph 2.5(2)(c) of NI 81-102.

NI 41-101 Amendments

We propose amending Part 14 of NI 41-101 to add section 14.8.1 Custodian provisions relating to short sales. This section would mirror the requirements of proposed section 6.8.1 of NI 81-102 and would extend these requirements to investment funds subject to NI 41-101.

Form 41-101F2 Amendments

We propose amending Item 6 of Form 41-101F2 to require investment funds that intend to effect short sale transactions to describe the short selling process and how the investment fund would use short sales to meet its investment objectives.

We propose amending Item 12 of Form 41-101F2 to require investment funds, as applicable, to describe the risks of entering into securities lending, repurchase or reverse repurchase transactions and short sale transactions in addition to the current requirement to describe the risks associated with the use of derivatives for non-hedging purposes.

Form 81-101F1 Amendments

We propose amending Item 7 of Part B of Form 81-101F1 to require mutual funds that intend to effect short sale transactions to describe the short selling process and how the mutual fund will use short sales to meet its investment objectives.

We propose amending the risk disclosure requirement under subsection (7) of Item 9 of Part B to require disclosure of the risks associated with the mutual fund entering into short sale transactions and derivative transactions for non-hedging purposes, in addition to the current required disclosure of the risks associated with securities lending and repurchase or reverse repurchase transactions.

Form 81-101F2 Amendments

We propose amending Item 7 of Form 81-101F2 to require mutual funds to describe how the net asset value of the mutual fund will be made available to the public at no cost. This amendment relates to proposed requirements for the calculation of net asset value for mutual funds in NI 81-106 that are discussed above.

We propose amending Item 12 of Form 81-101F2 to require mutual funds to disclose their policies and procedures with respect to short sales including the use of trading limits or other controls.

Alternatives Considered

The alternative to the project is to leave the rules alone but continue to issue exemptive relief on a case by case basis. We however believe this alternative would be inappropriate given the cost and inefficiency of continuing to do frequent applications and the need to update our rules to reflect the changes in the nature and type of investment funds offered for sale to retail investors in the Canadian marketplace.

Anticipated Costs and Benefits

Benefits

The proposed codification of exemptive relief that is frequently granted to investment funds will benefit investment funds and their investors by eliminating unnecessary regulatory burdens.

Elimination of the need to file what have become 'routine' applications will allow certain investment funds, including exchange-traded mutual funds, to get to market without the expense and delay associated with obtaining 'routine' relief from the regulators. More expeditious access to market may foster greater competition among investment funds and promote the efficiency of the capital markets.

To the extent that the codification of frequently granted exemptive relief permits the use of new investment strategies for investment funds, the flexibility to use these investment strategies (subject to certain prescribed limits) may enable investment funds to better manage risk and also earn incremental returns. This may be beneficial for investors and may also foster greater competition among investment funds.

In addition, by not having to pay costs associated with these frequent applications, investment funds may save on expenses, which will be beneficial for investors who ultimately bear these costs through asset-based fees.

Costs

The Amendments should not result in any costs to the investment fund industry. Rather, as discussed above, we expect that the reduced need for regulatory exemptions will result in reduced regulatory costs for investment funds.

Local Rule Amendments

In connection with the implementation of the Amendments, certain securities regulatory authorities may amend local securities legislation. If these changes are necessary, they will be initiated and published by the local jurisdiction. You will find these local changes and any publication requirements of a particular jurisdiction in Annex E to this Notice published in that local jurisdiction.

Materials Published

The Amendments are set out in the following annexes to this Notice:

Annex A – proposed amendments to NI 81-102 and to 81-102CP
Annex B – proposed amendments to NI 81-101, Form 81-101F1 and Form 81-101F2
Annex C – proposed amendments to NI 41-101 and Form 41-101F2
Annex D – proposed amendments to NI 81-106
Annex E – local amendments or local information

Unpublished Materials

In developing the Amendments, we have not relied on any significant unpublished study, report or other written materials.

Request for Comments

We would like your input on the Amendments. We need to continue our open dialogue with all stakeholders if we are to achieve our regulatory objectives while balancing the interests of investors and market participants. To allow for sufficient review, we are providing you with 90 days to comment.

We cannot keep submissions confidential because securities legislation in certain provinces requires publication of a summary of the written comments received during the comment period. All comments will be posted on the OSC website at www.osc.gov.on.ca.

Thank you in advance for your comments.

Deadline for Comments

Your comments must be submitted in writing by Friday, September 24, 2010.

Please send your comments electronically in Word, Windows format.

Where to Send Your Comments

Please address your comments to all CSA members, as follows:

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
New Brunswick Securities Commission
Registrar of Securities, Prince Edward Island
Nova Scotia Securities Commission
Superintendent of Securities, Newfoundland and Labrador
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Yukon Territory
Superintendent of Securities, Nunavut

Please send your comments **only** to the addresses below. Your comments will be forwarded to the remaining CSA member jurisdictions.

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Please refer your questions to any of,

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The text of the Amendments follows or can be found elsewhere on a CSA member website.

June 25, 2010

ANNEX A

Proposed Amendments to
National Instrument 81-102
Mutual Funds

1. ***National Instrument 81-102 Mutual Funds is amended by this Instrument.***

2. ***Section 1.1 is amended by:***

(a) adding the following definition, after the definition of "book-based system***":***

" "borrowing agent" means any of the following:

(a) a custodian or sub-custodian that holds assets in connection with a short sale transaction by a mutual fund;

(b) a qualified dealer from whom a mutual fund borrows securities in order to make a short sale transaction; ***";***

(b) replacing the definition of "cash cover***" with the following:***

" "cash cover" means any of the following portfolio assets of a mutual fund that are held by the mutual fund, have not been allocated for specific purposes and are available to satisfy all or part of the obligations arising from a position in specified derivatives held by the mutual fund or from a short sale transaction made by the mutual fund:

(a) cash;

(b) a cash equivalent;

(c) synthetic cash;

(d) a receivable of the mutual fund arising from the disposition of portfolio assets, net of payables arising from the acquisition of portfolio assets;

(e) a security purchased by the mutual fund in a reverse repurchase transaction under section 2.14, to the extent of the cash paid for the security by the mutual fund;

(f) an evidence of indebtedness, other than cash equivalents, that has a remaining term to maturity of 365 days or less and an approved credit rating;

(g) a floating rate evidence of indebtedness not referred to in paragraph (f) above if

(i) the floating interest rate of the evidence of indebtedness is reset no later than every 185 days, and

(ii) the evidence of indebtedness has a market value of approximately par at the time of each change in the rate to be paid to the holder of the evidence of indebtedness;

(h) a security issued by a money market fund; ***";***

(c) adding the following definition, after the definition of "clearing corporation option":

" "clone fund" means a mutual fund that has adopted a fundamental investment objective to link its performance to the performance of another mutual fund; ***";***

(d) adding the following definitions, after the definition of "equivalent debt":

" "fixed portfolio ETF" means an exchange-traded mutual fund

(a) that is not in continuous distribution,

(b) whose investment objectives include holding and maintaining a fixed portfolio of publicly listed equity securities of one or more issuers that are disclosed in its prospectus, and

(c) that trades in the equity securities referred to in paragraph (b) only in the circumstances disclosed in its prospectus;

"floating rate evidence of indebtedness" means an evidence of indebtedness that pays a floating rate of interest determined over the term of the obligation by reference to a widely accepted market benchmark interest rate and that satisfies any of the following requirements:

(a) if it was issued by a person or company other than a government or a permitted supranational agency, has an approved credit rating;

(b) if it was issued by a government or a permitted supranational agency, has its principal and interest fully and unconditionally guaranteed by any of the following:

(i) the government of Canada or the government of a jurisdiction of Canada;

(ii) the government of the United States of America, the government of one of the states of the United States of America, the government of another sovereign state or a permitted supranational agency, if, in each case, the evidence of indebtedness has an approved credit rating; **";**

(e) adding the following definition, after the definition of "hedging":

" "IIROC" means the Investment Industry Regulatory Organization of Canada; **";**

(f) amending the definition of "index participation unit" by replacing "Canada or the United States***" with "***Canada, the United States or the United Kingdom***";***

(g) adding the following definition, after the definition of "manager":

" "manager-prescribed number of units" means, in relation to an exchange-traded mutual fund that is in continuous distribution, the number of units determined by the manager from time to time for the purposes of subscription orders, exchanges, redemptions or for other purposes; **";**

(h) adding the following definition, after the definition of "member of the organization":

" "MFDA" means the Mutual Fund Dealers Association of Canada; **";**

(i) replacing the definition of "money market fund" with the following:

" "money market fund" means a mutual fund that invests its assets in accordance with section 2.18; **";**

(j) adding the following definition, after the definition of "mutual fund conflict of interest reporting requirements":

" "mutual fund rating entity" means an entity

(a) that rates or ranks the performance of a mutual fund through an objective methodology that is applied consistently to all mutual funds rated or ranked by it,

(b) that is not a member of the organization of a mutual fund, and

(c) whose services are not procured by the manager of a mutual fund or any of its affiliates to assign the mutual fund a rating or ranking; **";**

(k) deleting the definition of "NI 81-107";

(l) adding the following definition, after the definition of "order receipt office":

" "overall rating or ranking" means a rating or ranking that is computed from performance data for a mutual fund over one or more periods of standard performance data, which at a minimum include the longest period

for which the mutual fund is required under securities legislation to give standard performance data, except the period since the inception of the mutual fund; ***";***

(m) replacing the definition of "permitted supranational agency" with the following:

" "permitted supranational agency" means the African Development Bank, the Asian Development Bank, the Caribbean Development Bank, the European Bank for Reconstruction and Development, the Inter-American Development Bank, the International Bank for Reconstruction and Development and the International Finance Corporation; ***";***

(n) adding the following definition, after the definition of "qualified security":

" "redemption payment date" means, in relation to an exchange-traded mutual fund that is not in continuous distribution, a date as specified in the prospectus or annual information form of the exchange-traded mutual fund on which redemption proceeds are paid; ***";***

(o) deleting the definition of "RSP clone fund"; and

(p) amending the definition of "sales communication" by striking out "simplified***" wherever it occurs in paragraph (b) of the definition.***

3. Section 1.2 is amended by striking out "simplified***" wherever it occurs.***

4. Subsection 1.3(3) is repealed.

5. Section 2.1 is amended by:

(a) replacing subsection (2) with the following:

" (2) Subsection (1) does not apply to the purchase of any of the following:

(a) a government security;

(b) a security issued by a clearing corporation;

(c) a security issued by a mutual fund if the purchase is made in accordance with the requirements of section 2.5;

(d) an index participation unit that is a security of a mutual fund;

(e) an equity security where the purchase is made by a fixed portfolio ETF in accordance with its investment objectives.***";***

(b) striking out "simplified***" in subsection (5), except where it occurs in the reference to "Form 81-101F1 Contents of Simplified Prospectus".***

6. Section 2.2 is amended by:

(a) replacing subsection (1.1) with the following:

" (1.1) Subsection (1) does not apply to the purchase of any of the following:

(a) a security issued by a mutual fund if the purchase is made in accordance with section 2.5;

(b) an index participation unit that is a security of a mutual fund. **".**

7. Section 2.5 is amended by:

(a) replacing paragraph (2)(a) with the following:

" (a) the other mutual fund is subject to this Instrument and offers or has offered securities under a simplified prospectus in accordance with National Instrument 81-101 *Mutual Fund Prospectus Disclosure*, ***";***

(b) replacing paragraph (2)(c) with the following:

“ (c) the mutual fund and the other mutual fund are reporting issuers in the local jurisdiction,**”*;***

(c) striking out “*RSP*” in paragraph (4)(a); and

(d) replacing “*Paragraph (2)(f) does*” in subsection (5) with “*Paragraphs (2)(e) and (f) do*”.

8. Section 2.6 is amended by:

(a) replacing subparagraph (a)(ii) with the following:

“ (ii) the security interest is required to enable the mutual fund to effect a specified derivative or short sale transaction under this Instrument, is made in accordance with industry practice for that type of transaction and relates only to obligations arising under that particular transaction, **”*;***

(b) adding “*or*” at the end of subparagraph (a)(iii);

(c) adding the following after subparagraph (a)(iii):

“ (iv) in the case of an exchange-traded mutual fund that is not in continuous distribution, the transaction is to finance the acquisition of its portfolio securities and the outstanding amount of all borrowings is repaid on the closing of its initial public offering; **”*; and***

(d) replacing paragraph (c) with the following:

“ (c) sell securities short other than in compliance with section 2.6.1, unless permitted by section 2.7 or 2.8; **”.**

9. The following section is added after section 2.6:

“ 2.6.1 **Short Sales** – (1) A mutual fund may sell a security short if

(a) the security sold short is sold for cash;

(b) the security sold short is not any of the following:

(i) a security that the mutual fund is otherwise not permitted to purchase at the time of the short sale transaction;

(ii) an illiquid asset;

(iii) a security of an investment fund unless the security is an index participation unit; and

(c) at the time the mutual fund sells the security short

(i) the mutual fund has borrowed or arranged to borrow from a borrowing agent the security that is to be sold under the short sale transaction;

(ii) the aggregate market value of all securities of the issuer of the securities sold short by the mutual fund does not exceed 5% of the net asset value of the mutual fund; and

(iii) the aggregate market value of all securities sold short by the mutual fund does not exceed 20% of the net asset value of the mutual fund.

(2) A mutual fund that enters into a short sale transaction must hold cash cover in an amount, including cash cover in the form of mutual fund assets deposited with borrowing agents as security in connection with short sale transactions, that is at least 150% of the aggregate market value of all securities sold short by the mutual fund on a daily marked to market basis.

(3) A mutual fund must not use the cash from a short sale transaction to enter into a long position in a security other than cash cover.***".***

10. Subsection 2.7(1) is replaced with following:

" 2.7 **Transactions in Specified Derivatives for Hedging and Non-hedging Purposes** – (1) A mutual fund may not purchase an option that is not a clearing corporation option or a debt-like security or enter into a swap or a forward contract unless at the time of the transaction, the option, debt-like security, swap or contract, or equivalent debt of the counterparty, or of a person or company that has fully and unconditionally guaranteed the obligations of the counterparty in respect of the option, debt-like security, swap or contract, has an approved credit rating. ***".***

11. Section 2.11 is replaced with the following:

" 2.11 **Commencement of Use of Specified Derivatives and Short Selling by a Mutual Fund** – (1) A mutual fund that has not used specified derivatives may not begin using specified derivatives, and a mutual fund that has not sold a security short in accordance with section 2.6.1 may not sell a security short, unless

(a) its prospectus contains the disclosure required for a mutual fund engaging in the intended activity; and

(b) the mutual fund has provided to its securityholders, not less than 60 days before it begins the activity, written notice that it may engage in the intended activity and the disclosure required for mutual funds engaging in the intended activity.

(2) A mutual fund is not required to provide the notice referred to in paragraph (1)(b) if each prospectus of the mutual fund since its inception contains the disclosure referred to in paragraph (1)(a). ***".***

12. Section 2.17 is amended by striking out "simplified***" wherever it occurs.***

13. The following section is added after section 2.17:

" 2.18 **Money Market Fund** – (1) A mutual fund must not describe itself as a "money market fund" in its prospectus, a continuous disclosure document or a sales communication unless

(a) it has all of its assets invested in any of the following:

(i) cash,

(ii) cash equivalents,

(iii) evidences of indebtedness, other than cash equivalents, that have remaining terms to maturity of 365 days or less and an approved credit rating,

(iv) floating rate evidences of indebtedness not referred to in subparagraphs (ii) and (iii), if

(A) the floating interest rates of the evidences of indebtedness are reset no later than every 185 days, and

(B) the principal amounts of the obligations will continue to have a market value of approximately par at the time of each change in the rate to be paid to the holders of the evidences of indebtedness, or

(v) securities issued by one or more money market funds, if the investment is made in accordance with section 2.5,

(b) it has a portfolio of assets, excluding a security in subparagraph (a)(v), with a dollar-weighted average term to maturity not exceeding

(i) 120 days, and

(ii) 90 days when calculated on the basis that the term of a floating rate obligation is the period remaining to the date of the next rate setting,

(c) it has not less than 95% of its assets invested in cash, cash equivalents or evidences of indebtedness denominated in a currency in which the net asset value per security of the mutual fund is calculated, and

(d) it has not less than

(i) 5% of its assets invested in cash or readily convertible into cash within one day, and

(ii) 15% of its assets invested in cash or readily convertible into cash within one week.

(2) A mutual fund that describes itself as a "money market fund" must not use a specified derivative or enter into a short sale transaction. ***".***

14. Subsection 3.1(1) is amended by striking out "simplified***" wherever it occurs.***

15. Section 3.2 is amended by striking out "simplified***".***

16. Section 3.3 is amended by renumbering it as subsection 3.3(1), by striking out "simplified***" wherever it occurs, and by adding the following after subsection (1):***

" (2) Subsection (1) does not apply to an exchange-traded mutual fund unless the fund is in continuous distribution. ***".***

17. Section 4.1 is amended

(a) in paragraph (4)(a) by replacing "NI 81-107***" with "***National Instrument 81-107 – *Independent Review Committee for Investment Funds****"; and***

(b) by adding the following after subsection (5):

"(6) In paragraph (4)(b), "approved rating" has the meaning ascribed to it in National Instrument 44-101 – *Short Form Prospectus Distributions*."***.***

18. Subsection 4.3(2) is amended by replacing "NI 81-107***" wherever it occurs with "***National Instrument 81-107 – *Independent Review Committee for Investment Funds****".***

19. Section 5.3 is amended

(a) by replacing subsection (1) with the following:

" 5.3 **Circumstances in Which Approval of Securityholders Not Required** – (1) Despite section 5.1, the approval of securityholders of a mutual fund is not required to be obtained for a change referred to in paragraphs 5.1(a) or 5.1(a.1) if any of the following sets of conditions are met:

(a) the mutual fund

(i) is at arm's length to the person or company charging the fee or expense that is to be changed or introduced,

(ii) discloses in its prospectus that, although the approval of securityholders will not be obtained before making the changes, securityholders will be sent a written notice at least 60 days before the effective date of the change that is to be made that could result in an increase in charges to the mutual fund or to its securityholders, and

(iii) sends the notice referred to in subparagraph (ii) 60 days before the effective date of the change;

(b) the mutual fund

(i) is permitted by this Instrument to be described as a "no-load" fund,

(ii) discloses in its prospectus that securityholders will be sent a written notice at least 60 days before the effective date of a change that is to be made that could result in an increase in charges to the mutual fund or to its securityholders, and

(iii) sends the notice referred to in subparagraph (ii) 60 days before the effective date of the change. ***";***

(b) in paragraphs (2)(a) and (2)(b) by replacing "NI 81-107***" with "***National Instrument 81-107 – *Independent Review Committee for Investment Funds*"***; and***

(c) in paragraph (2)(d) by striking out "simplified***".***

20. Section 5.3.1 is amended

(a) in paragraph (a) by replacing "NI 81-107***" with "***National Instrument 81-107 – *Independent Review Committee for Investment Funds*"***; and***

(b) in paragraph (b) by striking out "simplified***".***

21. Section 5.6 is amended by striking out "simplified***" in subparagraphs (1)(a)(iv) and (1)(f)(ii).***

22. Paragraph 5.7(1)(d) is amended by striking out "simplified***".***

23. The following provisions are amended by replacing "sections 6.8 and 6.9***" with "***sections 6.8, 6.8.1 and 6.9***":***

(a) subsections 6.1(1) and 6.1(2);

(b) subsection 6.5(1).

24. The following is added after section 6.8:

" 6.8.1 **Custodial Provisions relating to Short Sales** – (1) Except when the borrowing agent is the mutual fund's custodian or sub-custodian, if a mutual fund deposits portfolio assets with a borrowing agent as security in connection with a short sale transaction, the amount of portfolio assets deposited with the borrowing agent must not, when aggregated with the amount of portfolio assets already held by the borrowing agent as security for outstanding short sale transactions by the mutual fund, exceed 10% of the net asset value of the mutual fund at the time of deposit.

(2) A mutual fund may not deposit portfolio assets in connection with a short sale transaction with a dealer in Canada unless the dealer is registered in a jurisdiction of Canada and is a member of IIROC.

(3) A mutual fund may not deposit portfolio assets in connection with a short sale transaction with a dealer outside of Canada unless that dealer

(a) is a member of a stock exchange that requires the dealer to be subjected to a regulatory audit; and

(b) has a net worth, determined from its most recent audited financial statements that have been made public, in excess of the equivalent of $50 million. ***".***

25. The following provisions are amended by striking out "simplified***":***

(a) paragraph 7.1(c);

(b) paragraph 8.1(a);

(c) paragraph 9.2(c).

26. Section 9.4 is amended

(a) in subsection (1) by

(i) adding "or securities***" after the first occurrence of "***cash***", and***

(ii) striking out "arrives***" and substituting "***or securities arrive***"; and***

(b) by replacing subsection (2) with the following:

" (2) Payment of the issue price of securities of a mutual fund must be made to the mutual fund on or before the third business day after the pricing date for the securities by using any of the following methods of payment:

(a) a payment of cash in a currency in which the net asset value per security of the mutual fund is calculated;

(b) good delivery of securities if

(i) the mutual fund would at the time of payment be permitted to purchase those securities,

(ii) the securities are acceptable to the portfolio adviser of the mutual fund and consistent with the mutual fund's investment objectives, and

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

(c) a combination of the methods of payments referred to in paragraphs (a) and (b).**"*.***

27. Section 10.3 is amended by renumbering it as subsection 10.3(1), by replacing "net asset value of a security***" with "***net asset value per security***", and by adding the following after subsection (1):***

" (2) Despite subsection (1) the redemption price of a security of an exchange-traded mutual fund that is not in continuous distribution may be a price that is less than the net asset value of the security and that is determined on a date specified in the exchange-traded mutual fund's prospectus or annual information form.

(3) Despite subsection (1) the redemption price of a security of an exchange-traded mutual fund that is in continuous distribution may, if a securityholder redeems less than the manager-prescribed number of units, be a price that is computed by reference to the closing price of the security on the stock exchange on which the security is listed and posted for trading, next determined after the receipt by the exchange-traded mutual fund of the redemption order. **"*.***

28. Section 10.4 is amended by:

(a) adding the following after subsection (1):

" (1.1) Despite subsection (1), an exchange-traded mutual fund that is not in continuous distribution may pay the redemption price for securities that are the subject of a redemption order on the redemption payment date that next follows the valuation date on which the redemption price was established. **";**

(b) replacing subsection (3) with the following:

" (3) A mutual fund must pay the redemption price of a security by using any of the following methods of payment:

(a) a payment of cash in the currency in which the net asset value per security of the redeemed security was calculated;

(b) with the prior written consent of the securityholder, by making good delivery to the securityholder of portfolio assets, the value of which is equal to the amount at which those

portfolio assets were valued in calculating the net asset value per security used to establish the redemption price;

(c) a combination of the methods of payment referred to in paragraphs (a) and (b).***”.***

29. Subsection 10.6(1) is replaced with the following:

“ 10.6 **Suspension of Redemptions** – (1) A mutual fund may suspend the right of securityholders to request that the mutual fund redeem its securities for the whole or any part of a period during which any of the following occurs:

(a) normal trading is suspended on a stock exchange, options exchange or futures exchange within or outside Canada on which securities are listed and posted for trading, or on which specified derivatives are traded, if those securities or specified derivatives represent more than 50% by value, or underlying market exposure, of the total assets of the mutual fund without allowance for liabilities and if those securities or specified derivatives are not traded on any other exchange that represents a reasonably practical alternative for the mutual fund;

(b) in the case of a clone fund, the underlying fund to which its performance is linked has suspended redemptions. ***”.***

30. Subsection 11.2(2) is amended by inserting “in***” immediately after “***referred to***”.***

31. Subsection 11.4(1) is replaced with the following:

“ 11.4 **Exemption** – (1) Sections 11.1 and 11.2 do not apply to a member of IIROC, the MFDA or in Quebec, a mutual fund dealer. ***”.***

32. Subsection 12.1(4) is replaced with the following:

“ (4) Subsections (2) and (3) do not apply to a member of IIROC, the MFDA or in Quebec, a mutual fund dealer. ***”.***

33. Section 14.1 is replaced with the following:

“ 14.1 **Record Date** – The record date for determining the right of securityholders of a mutual fund to receive a dividend or distribution by the mutual fund must be one of the following:

(a) the day on which the net asset value per security is determined for the purpose of calculating the amount of the payment of the dividend or distribution;

(b) the last day on which the net asset value per security of the mutual fund was calculated before the day referred to in paragraph (a);

(c) if the day referred to in paragraph (b) is not a business day, the last day on which the net asset value per security of the mutual fund was calculated before the day referred to in paragraph (b);

(d) in the case of an exchange-traded mutual fund, a date determined in accordance with the rules of the exchange on which the securities of the exchange-traded mutual fund are listed and posted for trading. ”***.***

34. Paragraph 15.2(1)(b) is amended by striking out “simplified***” wherever it occurs.***

35. Section 15.3 is amended by:

(a) replacing subsection (4) with the following:

“ (4) A sales communication may not refer to a performance rating or ranking of a mutual fund or asset allocation service unless

(a) the rating or ranking is prepared by a mutual fund rating entity;

(b) standard performance data is provided for any mutual fund or asset allocation service for which a performance rating or ranking is given;

(c) the rating or ranking is provided for each period for which standard performance data is required to be given, except the period since the inception of the mutual fund;

(d) the rating or ranking is based on a published category of mutual funds that

(i) provides a reasonable basis for evaluating the performance of the mutual fund, and

(ii) is not established or maintained by an organization that is a member of the organization of the mutual fund;

(e) the sales communication contains the following disclosure:

(i) the name of the category within which the mutual fund is rated or ranked, including the name of the organization that maintains the category,

(ii) the number of investment funds in the applicable category for each period of standard performance data required under paragraph (c),

(iii) the name of the mutual fund rating entity that provided the rating or ranking,

(iv) the length of the period or the first day of the period on which the rating or ranking is based, and its ending date,

(v) a statement that the rating or ranking is subject to change every month,

(vi) the key elements of the methodology used by the rating entity to establish the rating or ranking, along with a reference to the mutual fund rating entity's website for greater detail on the methodology, and

(vii) the significance of the rating or ranking on the mutual fund rating entity's scale of ratings and rankings, and

(f) the rating or ranking is to the same calendar month end that is

(i) not more than 45 days before the date of the appearance or use of the advertisement in which it is included, and

(ii) not more than three months before the date of first publication of any other sales communication in which it is included. ***";***

(b) adding the following after subsection (4):

" (4.1) Despite paragraph (4)(c), a sales communication may refer to an overall rating or ranking of a mutual fund or asset allocation service in addition to each rating or ranking required under paragraph (4)(c) if the sales communication otherwise complies with the requirements of subsection (4). ***".***

36. The following provisions are amended by striking out "simplified***" wherever it occurs:***

(a) subsection 15.4(9);

(b) paragraphs 15.5(1)(b) and 15.5(1)(c);

(c) subparagraph 15.6(a)(i) and paragraph 15.6(d);

(d) paragraphs 15.8(2)(a) and 15.8(3)(a);

(e) section 15.12;

(f) subsections 19.2(2) and 19.2(3);

(g) paragraph 20.4(b).

37. This instrument comes into force on ●, 2010.

Proposed Amendment To
Companion Policy 81-102CP – To National Instrument 81-102
Mutual Funds

1. Companion Policy 81-102CP – To National Instrument 81-102 Mutual Funds is amended by this Instrument.

2 Subsection 3.4(1) is repealed.

3. This Instrument becomes effective on ●, 2010.

ANNEX B

Proposed Amendments to
National Instrument 81-101
Mutual Fund Prospectus Disclosure
And
Form 81-101F1
Contents of Simplified Prospectus
And
Form 81-101F2
Contents of Annual Information Form

1. National Instrument 81-101 Mutual Fund Prospectus Disclosure is amended by this instrument.

2. Form 81-101F1 Contents of Simplified Prospectus is amended:

(a) in Item 7 of Part B by:

(i) replacing "if the mutual fund may hold other mutual funds,***" in paragraph (1)(c) with "***if the mutual fund may hold securities of other mutual funds,***";***

(ii) replacing subsection (4) with the following:

" (4) State whether any, and if so what proportion, of the assets of the mutual fund may or will be invested in foreign securities. ***";***

(iii) adding the following after subsection (9):

" (10) If the mutual fund intends to effect short sale transactions under section 2.6.1 of National Instrument 81-102

(a) state that the mutual fund may effect short sale transactions; and

(b) briefly describe

(i) the short selling process, and

(ii) how short sale transactions are or will be entered into in conjunction with other strategies and investments of the mutual fund to achieve the mutual fund's investment objectives. ***";***

(b) in Item 9 of Part B by:

(i) replacing subsection (6) with the following:

" (6) If, at any time during the 12 month period immediately preceding the date of the simplified prospectus, more than 10% of the net asset value of a mutual fund was invested in the securities of an issuer, other than a government security or a security issued by a clearing corporation, disclose

(a) the name of the issuer and the securities;

(b) the maximum percentage of the net asset value of the mutual fund that securities of that issuer represented during the 12 month period; and

(c) disclose the risks associated with these matters, including the possible or actual effect of that fact on the liquidity and diversification of the mutual fund, its ability to satisfy redemption requests and on the volatility of the mutual fund. ***";***

(ii) replacing subsection (7) with the following:

" (7) As applicable, describe the risks associated with the mutual fund entering into

(a) derivative transactions for non-hedging purposes;

(b) securities lending, repurchase or reverse repurchase transactions; and

(c) short sale transactions. ***";***

(iii) replacing instruction (5) with the following:

" *(5) In responding to subsection (6) above, it is necessary to disclose only that at a time during the 12 month period referred to, more than 10% of the net asset value of the mutual fund were invested in the securities of an issuer. Other than the maximum percentage required to be disclosed under paragraph (6)(b), the mutual fund is not required to provide particulars or a summary of any such occurrences.* ***"; and***

(iv) deleting instruction (6).

3. Form 81-101F2 Contents of Annual Information Form is amended:

(a) in Item 7 by adding the following after subsection (2):

" (2.1) Describe how the net asset value of the mutual fund will be made available to the public at no cost. ***";***

(b) in Item 12 by:

(i) replacing subsection (2) with the following:

" (2) If the mutual fund intends to use derivatives or effect short sales, describe the policies and practices of the mutual fund to manage the risks associated with engaging in those types of transactions. ***";***

(ii) replacing paragraph (3)(a) with the following:

" (a) whether there are written policies and procedures in place that set out the objectives and goals for derivatives trading and short selling and the risk management procedures applicable to those transactions; ***"; and***

(iii) replacing paragraph (3)(c) with the following:

" (c) whether there are trading limits or other controls on derivative trading or short selling in place and who is responsible for authorizing the trading and placing limits or other controls on the trading; ***".***

4. This instrument comes into force on ●, 2010.

ANNEX C

Proposed Amendments To National Instrument 41-101 General Prospectus Requirements And Form 41-101F2 Information Required In An Investment Fund Prospectus

1. National Instrument 41-101 General Prospectus Requirements is amended by this Instrument.

2. The following section is added after section 14.8:

" 14.8.1 **Custodian provisions relating to short sales** – (1) For the purposes of subsection (2), "borrowing agent" has the same meaning as in NI 81-102 except that references in that definition to "mutual fund" must be read as references to "investment fund".

(2) Except where the borrowing agent is the investment fund's custodian or sub-custodian, if an investment fund deposits portfolio assets with a borrowing agent as security in connection with a short sale transaction, the amount of portfolio assets deposited with the borrowing agent must not, when aggregated with the amount of portfolio assets already held by the borrowing agent as security for outstanding short sale transactions by the investment fund, exceed 10% of the net asset value of the investment fund at the time of deposit.

(3) Every dealer that holds portfolio assets as security in connection with short sale transactions effected by an investment fund in Canada must be a registered dealer in Canada and a member of IIROC.

(4) Every dealer that holds portfolio assets as security in connection with short sale transactions effected by an investment fund outside of Canada must

(a) be a member of a stock exchange and, as a result, subject to a regulatory audit, and

(b) have a net worth, determined from its most recent audited financial statements that have been made public, in excess of the equivalent of $50 million. ***".***

3. Form 41-101F2 Information Required in an Investment Fund Prospectus is amended:

(a) in Item 6.1 by adding the following after subsection (5):

" (6) If the investment fund intends to effect short sale transactions

(a) state that the investment fund may effect short sale transactions; and

(b) briefly describe

(i) the short selling process, and

(ii) how short sale transactions are or will be entered into in conjunction with other strategies and investments of the investment fund to achieve the investment fund's investment objectives. ***";***

(b) in Item 12.1 by replacing subsection (4) with the following:

" (4) As applicable, describe the risks associated with the investment fund entering into

(a) derivative transactions for non-hedging purposes,

(b) securities lending, repurchase or reverse repurchase transactions; and

(c) short sale transactions. ***".***

4. This instrument comes into force on ●, 2010.

ANNEX D

Proposed Amendments To National Instrument 81-106 Investment Fund Continuous Disclosure

1. National Instrument 81-106 Investment Fund Continuous Disclosure is amended by this Instrument.

2. Section 1.1 is amended by adding the following definition, after the definition of "labour sponsored or venture capital fund":

" "limited life fund" means an investment fund

(a) established to fulfill a specific short-term objective,

(b) whose securities are

(i) not redeemable by its securityholders, and

(ii) not listed and posted for trading on a stock exchange or quoted on an over-the-counter market, and

(c) whose prospectus discloses that the manager intends to cause the fund to be terminated within 24 months of its formation. ***".***

3. Subsections 3.5(4) and (5) are repealed.

4. Section 9.2 is replaced with the following:

" 9.2 **Requirement to File Annual Information Form** – (1) An investment fund, other than a limited life fund, must file an annual information form if the investment fund has not obtained a receipt for a prospectus during the last 12 months preceding its financial year end.

(2) A limited life fund must file an annual information form if the limited life fund has not obtained a receipt for a prospectus during the last 24 months preceding its financial year end. ***".***

5. Section 14.2 is amended by:

(a) replacing subsection (3) with the following:

" (3) The net asset value of an investment fund must be calculated with the following frequency:

(a) if the investment fund does not use specified derivatives or sell securities short, at least once in each week;

(b) if the investment fund uses specified derivatives or sells securities short, at least once every business day. ***"; and***

(b) adding the following after subsection (7):

" (8) The net asset value of an investment fund must, upon being calculated in accordance with this section, be made available to the public at no cost by the investment fund or its investment fund manager. ***".***

6. This instrument comes into force on ●, 2010.

ANNEX E

AUTHORITY FOR THE AMENDMENTS

The following provisions of the *Securities Act* (Ontario) (the Act) provide the Ontario Securities Commission (the Commission) with the authority to adopt the Amendments:

Paragraph 143(1)31 authorizes the Commission to make rules regulating investment funds and the distribution and trading of the securities of investment funds;

Paragraph 143(1)31(i) authorizes the Commission to make rules varying Part XV (Prospectuses – Distribution) or Part XVIII (Continuous Disclosure) by prescribing additional disclosure requirements in respect of investment funds and requiring or permitting the use of particular forms or types of additional offering or other documents in connection with the funds;

Paragraph 143(1)31(ii) authorizes the Commission to prescribe permitted investment policy and investment practices for investment funds and prohibiting or restricting investments or investment practices for investment funds;

Paragraph 143(1)31(iii) authorizes the Commission to prescribe requirements governing the custodianship of assets of investment funds;

Paragraph 143(1)31(vii) authorizes the Commission to prescribe requirements in respect of the content and use of sales literature, sales communications or advertising relating to investment funds or the securities of investment funds;

Paragraph 143(1)31(xi) authorizes the Commission to make rules prescribing procedures applicable to investment funds, registrants and any other person or company in respect of sales and redemptions of investment fund securities.

Paragraph 143(1)35 authorizes the Commission to make rules regulating or varying the Act in respect of derivatives, including prescribing requirements that apply to investment funds.

Paragraph 143(1)39 authorizes the Commission to make rules requiring or respecting the form and content of all documents required under or governed by the Act, including preliminary prospectuses and prospectuses.

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
06/07/2010	5	Alpha Gold Corp - Units	800,000.00	8,888,887.00
05/31/2010	2	Ambit Energy Corporation - Units	250,000.00	250,000.00
05/31/2010	47	Angus Mining (Namibia) Ltd. - Receipts	5,612,500.00	22,450,000.00
05/31/2010	5	b5Media Inc. - Units	3,000,000.00	N/A
06/01/2010	24	Belvedere Resources Ltd. - Common Shares	2,536,450.05	16,909,667.00
06/08/2010	1	BWAY Holding Company - Notes	103,768.49	100.00
06/01/2010	6	Capital Direct I Income Trust - Trust Units	130,000.00	13,000.00
04/27/2010	15	Cempra Holdings LLC - Preferred Shares	20,500,000.33	19,006,648.00
05/17/2010	1	Chesapeake Energy Corporation - Common Shares	364,000,000.00	350,000.00
06/02/2010	3	Coro Mining Corp. - Units	4,500,000.00	12,500,000.00
06/01/2010	110	Creso Resources Inc. - Units	4,600,000.00	9,200,000.00
06/07/2010	1	Crown Minerals Inc. - Common Shares	34,000.00	400,000.00
05/31/2010	28	Crown Point Ventures Ltd. - Units	1,175,637.00	N/A
06/08/2010	4	Digital Realty Trust, Inc. - Common Shares	14,663,250.00	245,000.00
06/03/2010	17	Empire Capital Corp. - Common Shares	312,983.00	1,564,865.00
06/04/2010 to 06/09/2010	2	Eurasian Minerals Inc. - Common Shares	5,280,000.00	2,400,000.00
06/03/2010	22	Exploration Diamond Frank Inc. - Units	1,031,000.00	1,031.00
06/04/2010	1	Feronia Inc. - Receipts	5,000,000.00	12,500,000.00
06/07/2010	4	Finlay Minerals Ltd. - Flow-Through Units	265,000.00	2,000,000.00
06/01/2010	3	General Mills, Inc. - Notes	12,567,996.00	1.00
06/07/2010	26	Glass Earth Gold Limited - Units	996,600.00	4,983,000.00
06/10/2010	44	Harte Gold Corp. - Units	1,394,500.00	3,945,000.00
05/28/2010 to 05/31/2010	10	IGW Mortgage Investment Corporation - Preferred Shares	97,165.36	N/A
06/01/2010	3	Itau Unibanco Holdings S.A. - American Depository Shares	141,676,080.00	8,448,186.00
05/27/2010	86	KingSett Canadian Real Estate Income Fund LP - Units	50,188,856.50	50,188.86

Transaction Date	# of Purchasers	Issuer/Security	Total Purchase Price ($)	# of Securities Distributed
06/03/2010	3	Klondike Silver Corp. - Flow-Through Shares	500,000.00	10,000,000.00
05/26/2010	5	Laurentian Goldfields Ltd. - Common Shares	30,750.00	205,000.00
06/03/2010	13	Magellan Minerals Ltd. - Common Shares	7,500,000.00	10,000,000.00
05/21/2010	1	Maple Leaf Foods Inc. - Notes	15,000,000.00	N/A
06/02/2010	3	MediaTube Corp. - Units	100,450.00	143,500.00
05/31/2010	14	Meize Energy Industries Holding Limited - Common Shares	8,045,000.00	10,609,000.00
06/08/2010	2	MF Global Holdings Ltd. - Common Shares	2,613,723.00	22,535,211.00
05/31/2010 to 06/02/2010	3	Miracle Mile Limited Partnership - Units	115,500.00	110,000.00
05/31/2010	321	Mountain Gold Resources Ltd. - Common Shares	79,869,085.30	19,094,752.00
06/08/2010	2	Nakina Systems Inc. - Notes	315,540.00	2.00
05/28/2010 to 06/03/2010	3	New Solutions Financial (II) Corporation - Debentures	540,624.00	3.00
05/31/2010	1	Newport Diversified Hedge Fund - Units	268,924.80	4,187.28
05/31/2010	10	Newport Strategic Yield Fund - Units	779,576.75	67,761.00
06/03/2010	19	Nickel Oil & Gas Corp. - Flow-Through Shares	1,006,000.00	4,024,000.00
06/03/2010	155	Optimal Resources Inc. - Common Shares	19,592.73	19,592,723.00
05/31/2010	3	Pathocept Corporation - Common Shares	75,000.00	75,000.00
05/31/2010	46	PCAS Patient Care Automation Services Inc. - Common Shares	2,720,045.50	1,813,364.00
05/26/2010 to 05/27/2010	200	Petromanas Energy Inc. - Units	75,000,000.00	N/A
05/18/2010 to 05/20/2010	63	Primary Petroleum Corp. - Common Shares	2,000,000.00	N/A
06/01/2010	1	Queen's University at Kingston - Debentures	50,000,000.00	1.00
05/21/2010	2	Redev Properties Investment Pool III Inc. - Bonds	25,000.00	250.00
05/21/2010	2	Redev Properties Investment Pool III Inc. - Common Shares	250.00	250.00
04/26/2010	1	Scanbuy Inc. - Preferred Shares	205.18	150.70
06/04/2010	8	Sernova Corp. - Units	150,720.00	1,004,800.00
06/07/2010	1	Silvercove Capital (Canada) Inc. - Common Shares	75,000.00	N/A
06/01/2010	3	Strad Energy Services Ltd. - Debentures	14,000,000.00	N/A
06/02/2010	50	TerraX Minerals Inc. - Units	1,065,380.00	N/A

Transaction Date	# of Purchasers	Issuer/Security	Total Purchase Price ($)	# of Securities Distributed
06/09/2010	2	The Bank of New York Mellon Corporation - Common Shares	21,891,870.00	780,000.00
06/01/2010	3	The Toronto United Church Council - Notes	737,500.00	N/A
05/27/2010	4	Triton Logging Inc. - Notes	1,941,760.00	N/A
07/08/2009 to 01/06/2010	3	UBS (LUX) Bond SICAV - Common Shares	906,221.06	5,305.63
05/31/2010	2	Utilitran Corporation - Notes	90,000.00	2.00
06/02/2010	1	Value Partners Investments Inc. - Common Shares	15,000.00	1,718.00
05/31/2010	9	Viva Source Corp. - Special Warrants	141,000.00	235,000.00
06/02/2010	38	Volta Resources Inc. - Special Warrants	34,695,900.00	22,258,000.00
05/28/2010	97	West Kirkland Mining Inc. - Common Shares	6,000,000.00	12,000,000.00
05/31/2010	67	Xmet Inc. - Units	5,297,764.00	15,015,685.00
06/01/2010	1	York Total Return Unit Trust - Trust Units	261,975.00	N/A
06/02/2010	1	Ziopharma Ocology, Inc. - Common Shares	494,000.00	95,000.00

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Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
Antler Creek Energy Corp.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated June 22, 2010
NP 11-202 Receipt dated June 22, 2010
Offering Price and Description:
$25,012,000.00 - 24,050,000 Offered Shares Price: $1.04 per Share
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
GMP Securities L.P,
Peters & Co. Limited
Cormark Securities Inc.
Paradigm Capital Inc.
Promoter(s):
-
Project #1599058

Issuer Name:
Armtec Infrastructure Income Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated June 17, 2010
NP 11-202 Receipt dated June 17, 2010
Offering Price and Description:
$40,000,000.00 -6.50% Convertible Unsecured Subordinated Debentures Due June 30, 2017
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
TD Securities Inc.
National Bank Financial Inc.
Canaccord Genuity Corp.
M Partners Inc.
Raymond James Ltd.
Promoter(s):
-
Project #1597516

Issuer Name:
Artis Real Estate Investment Trust
Principal Regulator - Manitoba
Type and Date:
Preliminary Short Form Prospectus dated June 16, 2010
NP 11-202 Receipt dated June 16, 2010
Offering Price and Description:
$70,125,000.00 -6,375,000 Trust Units Price: $11.00 per Unit
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
Canaccord Genuity Corp.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Scotia Capital Inc.
RBC Dominion Securities Inc.
Macquarie Capital Markets Canada Ltd.
Brookfield Financial Corp.
Promoter(s):
-
Project #1596996

Issuer Name:
Brookfield Renewable Power Fund (formerly Great Lakes Hydro Income Fund)
Principal Regulator - Quebec
Type and Date:
Preliminary Short Form Prospectus dated June 16, 2010
NP 11-202 Receipt dated June 16, 2010
Offering Price and Description:
$156,800,000.00 - 8,000,000 Trust Units Price: $19.60 per Trust Unit
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
Scotia Capital Inc.
RBC Dominion Securities Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
HSBC Securities (Canada) Inc.
Brookfield Financial Corp.
Canaccord Genuity Corp.
Clarus Securities Inc.
FirstEnergy Capital Corp.
Macquarie Capital Markets Canada Ltd.
Promoter(s):
-
Project #1596944

Issuer Name:
Cenovus Energy Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Base Shelf Prospectus dated June 17, 2010
NP 11-202 Receipt dated June 17, 2010
Offering Price and Description:
$1,500,000,000.00 - Medium Term Notes (unsecured)
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
Desjardins Securities Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
TD Securities Inc.
Promoter(s):
-
Project #1597483

Issuer Name:
Colorado Resources Ltd.
Principal Regulator - British Columbia
Type and Date:
Preliminary Long Form Prospectus dated June 21, 2010
NP 11-202 Receipt dated June 22, 2010
Offering Price and Description:
OFFERING: 5,000,000 UNITS AT A PRICE OF $0.40 PER UNIT
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
Promoter(s):
Adam Travis
Terese Gieselman
Project #1598558

Issuer Name:
Denovo Capital Corp.
Principal Regulator - British Columbia
Type and Date:
Preliminary CPC Prospectus dated June 21, 2010
NP 11-202 Receipt dated June 22, 2010
Offering Price and Description:
$240,000.00 (1,200,000 COMMON SHARES) Price: $0.20 per Common Share
Underwriter(s) or Distributor(s):
Haywood Securities Inc.
Promoter(s):
Ionic Securities Ltd.
Project #1598713

Issuer Name:
Essex Angel Capital Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary CPC Prospectus dated June 18, 2010
NP 11-202 Receipt dated June 21, 2010
Offering Price and Description:
Maximum Offering: $1,830,000.00 or 18,300,000 Common Shares; Minimum Offering: $500,000.00 or 5,000,000 Common Shares Price: $0.10 per share
Underwriter(s) or Distributor(s):
PI Financial Corp.
Promoter(s):
Mark B. Meldrum
Paul A. Maasland
Michael L. Labiak
Richard J. Galdi
Project #1597994

Issuer Name:
Faircourt Gold Income Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated June 16, 2010
NP 11-202 Receipt dated June 16, 2010
Offering Price and Description:
EXCHANGE OFFER AND CASH OPTION
$* Maximum - (* Shares) Price: $ * per Share
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
Promoter(s):
-
Project #1597015

Issuer Name:
Faircourt Gold Income Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated June 16, 2010
NP 11-202 Receipt dated June 16, 2010
Offering Price and Description:
Class C Warrants to Subscribe for up to * Shares at a Exercise Price of $ *
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
Promoter(s):
-
Project #1597018

Issuer Name:
Intermap Technologies Corporation
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated June 22, 2010
NP 11-202 Receipt dated June 21, 2010
Offering Price and Description:
$6,500,000.00 - 8,125,000 Common Shares Price: $0.80 per Common Share
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
Promoter(s):
-
Project #1598335

Issuer Name:
International Isotopes Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary MJDJ Prospectus dated June 16, 2010
NP 11-202 Receipt dated June 17, 2010
Offering Price and Description:
$100,000,000.00:
Common Stock
Preferred Stock
Debt Securities
Convertible Debt Securities
Warrants
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1597161

Issuer Name:
Kallisto Energy Corp.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated June 22, 2010
NP 11-202 Receipt dated June 22, 2010
Offering Price and Description:
$13,000,001.48 - 15,518,343 Common Shares issuable on exercise of outstanding Special Warrants
Price: $0.825
Underwriter(s) or Distributor(s):
Acumen Capital Finance Partners Limited
Canaccord Genuity Corp.
Versant Partners Inc.
Promoter(s):
-
Project #1599032

Issuer Name:
Legacy Oil + Gas Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated June 21, 2010
NP 11-202 Receipt dated June 21, 2010
Offering Price and Description:
$236,000,000.00 - 20,000,000 Subscription Receipts, each representing the right to receive one common share Price: $11.80 per Subscription Receipt
Underwriter(s) or Distributor(s):
GMP SECURITIES L.P.
MACQUARIE CAPITAL MARKETS CANADA LTD.
FIRSTENERGY CAPITAL CORP.
BMO NESBITT BURNS INC.
NATIONAL BANK FINANCIAL INC.
CANACCORD GENUITY CORP.
CORMARK SECURITIES INC.
RAYMOND JAMES LTD.
SCOTIA CAPITAL INC.
Promoter(s):
-
Project #1598464

Issuer Name:
Marengo Mining Limited
Principal Regulator - Ontario
Type and Date:
Amended and Restated Preliminary Short Form Prospectus dated June 16, 2010
NP 11-202 Receipt dated June 16, 2010
Offering Price and Description:
$ * - * Shares Price: $ * per Share
Underwriter(s) or Distributor(s):
Paradigm Capital Inc.
Fraser Mackenzie Limited
Promoter(s):
-
Project #1567016

Issuer Name:
Midway Energy Ltd.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated June 22, 2010
NP 11-202 Receipt dated
Offering Price and Description:
$15,015,000.00 - 4,620,000 Common Shares Price $3.25 per Common Share
Underwriter(s) or Distributor(s):
GMP Securities L.P.
BMO Nesbitt Burns Inc.
Macquarie Capital Markets Canada Ltd.
Wellington West Capital Markets Inc.
Promoter(s):
-
Project #1599079

Issuer Name:
Precision Drilling Corporation
Principal Regulator - Alberta
Type and Date:
Preliminary Base Shelf Prospectus dated June 17, 2010
NP 11-202 Receipt dated June 17, 2010
Offering Price and Description:
$800,000,000.00:
Common Shares
Preferred Shares
Debt Securities
Warrants
Subscription Receipts
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1597670

Issuer Name:
Sniper Resources Ltd.
Principal Regulator - British Columbia
Type and Date:
Preliminary Long Form Prospectus dated June 22, 2010
NP 11-202 Receipt dated June 22, 2010
Offering Price and Description:
Minimum $1,350,000.00 to maximum $1,800,000; Minimum 5,400,000 to maximum 7,200,000 Shares
Price: $0.25 per Share
Underwriter(s) or Distributor(s):
Leede Financial Markets Inc.
Promoter(s):
Scott Baxter
Project #1598786

Issuer Name:
The Toronto-Dominion Bank
Type and Date:
Preliminary Base Shelf Prospectus dated June 18, 2010
Receipted on June 18, 2010
Offering Price and Description:
U.S. $15,000,000,000.00 - Senior Debt Securities
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1597961

Issuer Name:
Universal Power Corp.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated June 17, 2010
NP 11-202 Receipt dated June 17, 2010
Offering Price and Description:
$ * - * Offered Shares Price: $ * per Offered Share
Underwriter(s) or Distributor(s):
Cormark Securities Inc.
Macquarie Capital Markets Canada Ltd.
Clarus Securities Inc.
FirstEnergy Capital Corp.
Raymond James Ltd.
Promoter(s):
-
Project #1597507

Issuer Name:
Universal Power Corp.
Principal Regulator - Alberta
Type and Date:
Amended and Restated Preliminary Short Form Prospectus dated June 18, 2010
NP 11-202 Receipt dated June 18, 2010
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Cormark Securities Inc.
Macquarie Capital Markets Canada Ltd.
Clarus Securities Inc.
FirstEnergy Capital Corp.
Raymond James Ltd.
Promoter(s):
-
Project #1597507

Issuer Name:
Yellow Media Inc.
Principal Regulator - Quebec
Type and Date:
Preliminary Short Form Prospectus dated June 16, 2010
NP 11-202 Receipt dated June 16, 2010
Offering Price and Description:
$200,000,000.00 - 6.25% Convertible Unsecured Subordinated Debentures Price: $1,000.00 per Debenture
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
TD Securities Inc.
Scotia Capital Inc.
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Desjardins Securities Inc.
Casgrain & Company Limited
Promoter(s):
-
Project #1596999

Issuer Name:
Angle Energy Inc.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated June 22, 2010
NP 11-202 Receipt dated June 22, 2010
Offering Price and Description:
$55,300,000.00 - 7,000,000 Subscription Receipts each representing the right to receive one Common Share Price: $7.90 per Subscription Receipt
Underwriter(s) or Distributor(s):
FirstEnergy Capital Corp.
Cormark Securities Inc.
Dundee Securities Corporation
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
National Bank Financial Inc.
Peters & Co. Limited
Promoter(s):
-
Project #1595892

Issuer Name:
Artisan Canadian T-Bill Portfolio (Class A and F units)
Artisan Most Conservative Portfolio (Class A and F units)
Artisan Conservative Portfolio (Class A and F units)
Artisan Moderate Portfolio (Class A and F units)
Artisan Growth Portfolio (Class A and F units)
Artisan High Growth Portfolio (Class A and F units)
Artisan Maximum Growth Portfolio (Class A and F units)
Artisan New Economy Portfolio (Class A and F units)
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated June 11, 2010 to the Simplified Prospectuses and Annual Information Form dated July 25, 2009
NP 11-202 Receipt dated June 18, 2010
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
UNITED FINANCIAL CORPORATION
ASSANTE CAPITAL MANAGEMENT LTD.
ASSANTE FINANCIAL MANAGEMENT LTD.
Assante Capital Management Ltd.
Promoter(s):
United Financial Corporation
Project #1440641

Issuer Name:
Canoro Resources Ltd.
Principal Regulator - Alberta
Type and Date:
Amendment #1 dated June 15, 2010 to the Short Form Prospectus dated May 21, 2010
NP 11-202 Receipt dated June 18, 2010
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1578438

Issuer Name:
Charter Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated June 16, 2010
NP 11-202 Receipt dated June 16, 2010
Offering Price and Description:
$10,000,000.00 - Offering of Rights to purchase Units at a purchase price of $1.39 per Unit
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1594891

Issuer Name:
Crystallex International Corporation
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated June 21, 2010
NP 11-202 Receipt dated June 22, 2010
Offering Price and Description:
C$35,000,000.00 - 70,000,000 Units Price: C$0.50 per Unit
Underwriter(s) or Distributor(s):
Macquarie Capital Markets Canada Ltd.
GMP Securities L.P.
Promoter(s):
-
Project #1595878

Issuer Name:
frontierAlt Opportunistic Bond Fund
(Series A Units, Series F Units and Series I Units)
frontierAlt Resource Capital Class Fund
(Series A Shares)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus dated June 10, 2010
NP 11-202 Receipt dated June 17, 2010
Offering Price and Description:
Series A Units, Series F Units, Series I Units and Series A Shares @ Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
FrontierAlt Capital Class Fund Limited
Project #1583531

Issuer Name:
Horizons BetaPro S&P/TSX Capped Financials Bull Plus ETF
Horizons BetaPro S&P/TSX Capped Financials Bear Plus ETF
Horizons BetaPro S&P/TSX Capped Energy Bull Plus ETF
Horizons BetaPro S&P/TSX Capped Energy Bear Plus ETF
Horizons BetaPro S&P/TSX Global Gold Bull Plus ETF
Horizons BetaPro S&P/TSX Global Gold Bear Plus ETF
Horizons BetaPro S&P 500® Bull Plus ETF
Horizons BetaPro S&P 500® Bear Plus ETF
Horizons BetaPro NASDAQ-100® Bull Plus ETF
Horizons BetaPro NASDAQ-100® Bear Plus ETF
Horizons BetaPro MSCI Emerging Markets Bull Plus ETF
Horizons BetaPro MSCI Emerging Markets Bear Plus ETF
Horizons BetaPro US Dollar Bull Plus ETF
Horizons BetaPro US Dollar Bear Plus ETF
Horizons BetaPro US 30-year Bond Bull Plus ETF
Horizons BetaPro US 30-year Bond Bear Plus ETF
Horizons BetaPro COMEX® Silver Bull Plus ETF
Horizons BetaPro COMEX® Silver Bear Plus ETF
Horizons BetaPro COMEX® Copper Bull Plus ETF
Horizons BetaPro COMEX® Copper Bear Plus ETF
Horizons BetaPro COMEX® Gold ETF
Horizons BetaPro COMEX® Silver ETF
Horizons BetaPro Winter-Term NYMEX® Crude Oil ETF
Horizons BetaPro Winter-Term NYMEX® Natural Gas ETF
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated June 16, 2010
NP 11-202 Receipt dated June 18, 2010
Offering Price and Description:
Class A Units @ Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
BetaPro Management Inc.
Project #1583916

Issuer Name:
Institutional Managed Income Pool (Class A, F, W, I and Z units)
Institutional Managed Canadian Equity Pool (Class A, F, W and I units)
Institutional Managed U.S. Equity Pool (Class A, F, W and I units)
Institutional Managed International Equity Pool (Class A, F, W and I units)
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated June 11, 2010 to the Simplified Prospectuses and Annual Information Form dated July 25, 2009
NP 11-202 Receipt dated June 18, 2010
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
ASSANTE CAPITAL MANAGEMENT
LTD.
ASSANTE FINANCIAL MANAGEMENT LTD.
Assante Capital Management Ltd.
Promoter(s):
United Financial Corporation
Project #1440646

Issuer Name:
Series R securities of:
Mackenzie Sentinel Canadian Short-Term Yield Corporate Class (of Multi-Class Investment Corp.)
(formerly Mackenzie Sentinel Canadian Short-Term Yield Pool)
Mackenzie Sentinel Canadian Money Market Fund
(formerly Mackenzie Sentinel Canadian Money Market Pool)
Mackenzie Sentinel U.S. Short-Term Yield Corporate Class (of Multi-Class Investment Corp.)
(formerly Mackenzie Sentinel U.S. Short-Term Yield Pool)
Mackenzie Sentinel U.S. Money Market Fund
(formerly Mackenzie Sentinel U.S. Money Market Pool)
Mackenzie Universal Canadian Resource Class (of Mackenzie Financial Capital Corporation)
Symmetry Equity Corporate Class (of Multi-Class Investment Corp.)
(formerly Symmetry Equity Pool)
Symmetry Fixed Income Corporate Class (of Multi-Class Investment Corp.)
(formerly Symmetry Fixed Income Pool)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated June 17, 2010
NP 11-202 Receipt dated June 18, 2010
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1575335

Issuer Name:
Navina Global Resource Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus dated June 7, 2010
NP 11-202 Receipt dated June 18, 2010
Offering Price and Description:
Series A, F and I Units @ Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
Navina Asset Management Inc.
Project #1543790

Issuer Name:
Redwood Diversified Equity Fund
Redwood Diversified Income Fund
Redwood Global Small Cap Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated June 16, 2010
NP 11-202 Receipt dated June 17, 2010
Offering Price and Description:
Series A, F and O Units @ Net Asset Value
Underwriter(s) or Distributor(s):
Redwood Asset Management Inc.
Promoter(s):
-
Project #1579514

Issuer Name:
ROI Sceptre Retirement Growth Fund
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated June 4, 2010 to the Simplified Prospectus and Annual Information Form dated August 19, 2009
NP 11-202 Receipt dated June 22, 2010
Offering Price and Description:
Series A Units @ Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
Return on Innovation Management Ltd.
Project #1446968

Issuer Name:
TD International Equity Growth Fund
(Advisor Series units and F-Series units)
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated June 8, 2010 to the Simplified Prospectus and Annual Information Form dated July 22, 2009
NP 11-202 Receipt dated June 17, 2010
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
TD Investment Services Inc. (for Investor Series units)
TD Investment Services Inc.(for Investor Series units)
TD Investment Services Inc. (for Investor Series and e-Series Units)
TD Investment Services Inc. (for Investor Series and e-Series units)
TD Asset Management Inc. (for Investor Series units)
Promoter(s):
TD Asset Management Inc.
Project #1435114

Issuer Name:
TD International Equity Growth Fund
(Investor Series units and Institutional Series units)
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated June 8, 2010 to the Simplified Prospectus and Annual Information Form dated July 22, 2009
NP 11-202 Receipt dated June 17, 2010
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
TD Investment Services Inc.
TD Investment Services Inc. (for Investor Series units)
TD Investment Services Inc. (for Investor Series and e-Series units)
TD Investment Services Inc.(for Investor Series units)
TD Investment Services Inc. (for Investor Series and e-Series Units)
TD Investment Services Inc. (for Investor Series)
TD Asset Management Inc. (for Investor Series units)
TD Investment Services Inc. (for Investor Series and Premium Series units)
Promoter(s):
TD Asset Management Inc.
Project #1435031

Issuer Name:
T.B. Mining Ventures Inc.
Principal Regulator - Ontario
Type and Date:
Final CPC Prospectus dated June 17, 2010
NP 11-202 Receipt dated June 21, 2010
Offering Price and Description:
$300,000.00 - 1,500,000 Common Shares at $0.20 per Common Share
Underwriter(s) or Distributor(s):
Jones, Gables & Company Limited
Promoter(s):
Daniel R. Mechis
Project #1582953

Issuer Name:
Lulu, Ltd.
Principal Jurisdiction - Ontario
Type and Date:
Preliminary Long Form Prospectus dated March 12, 2010
Amended and Restated Preliminary Long Form Prospectus dated March 29, 2010
Withdrawn on June 18, 2010
Offering Price and Description:
$ * - * Common Shares and * Non-Director Restricted Voting Shares Price: $ * per Common Share
Underwriter(s) or Distributor(s):
Genuity Capital Markets
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
Canaccord Financial Ltd.
GMP Securities L.P.
Promoter(s):
-
Project #1545565

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Name Change	From: Investpro Securities Inc. To: FIN-XO Securities Inc.	Investment Dealer	June 9, 2010
Name Change	From: IBFC Financial Group Inc. To: Optimize Inc.	Portfolio Manager	June 11, 2010
Change in Registration Category	JovInvestment Management Inc.	From: Portfolio Manager, Commodity Trading Counsel, and Commodity Trading Manager To: Portfolio Manager, Commodity Trading Counsel, Commodity Trading Manager, and Investment Fund Manager	June 16, 2010
Change in Registration Category	Bridgewater Associates, LP	From: International Adviser To: Portfolio Manager	June 16, 2010
Voluntary Surrender of Registration	Brandywine Global Investment Management, LLC	Portfolio Manager (International Adviser)	June 17, 2010
New Registration	Cinaport Capital Inc.	Exempt Market Dealer, Portfolio Manager, and Investment Fund Manager	June 18, 2010
New Registration	Delbrook Capital Advisers Inc.	Exempt Market Dealer, Portfolio Manager, and Investment Fund Manager	June 21, 2010

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Chapter 13

SROs, Marketplaces and Clearing Agencies

13.1 SROs

13.1.1 Proposed Amendments to MFDA Rule 3.3.2 (Segregation of Client Property – Cash)

MUTUAL FUND DEALERS ASSOCIATION OF CANADA

PROPOSED AMENDMENTS TO MFDA RULE 3.3.2

(SEGREGATION OF CLIENT PROPERTY – CASH)

I. OVERVIEW

A. Current Rule

MFDA Rule 3.3.2(e) prohibits Members from commingling money for mutual fund transactions with money held in trust for the purchase or sale of other securities or financial products (such as deposit instruments or segregated funds). The Member must maintain separate accounts, which may be designated as trust accounts, for the purchase and sale of such other securities or financial products.

MFDA Rule 3.3.2(h) requires Members to distribute interest earned in the mutual fund trust account on a cash basis to either the mutual fund companies for reinvestment or to clients directly. Pursuant to MFDA Rule 3.3.2(f), the trust account must bear interest at rates equivalent to comparable rates of the financial institution.

MFDA Policy No. 4 *Internal Control Policy Statements* prescribes requirements and provides guidance on compliance with MFDA Rule 2.9 (Internal Controls) that requires Members to establish and maintain internal controls as prescribed by the MFDA from time to time. MFDA Internal Control Policy Statement 4 – Cash and Securities prescribes requirements with respect to trust accounts for client funds.

The requirements in MFDA Rule 3.3.2 respecting commingling and the allocation and payment of interest on client cash held in trust are based on the provisions of Parts 11 (Commingling of Cash) and 12 (Compliance Reports) of National Instrument 81-102 *Mutual Funds* ("NI 81-102").

B. The Issues

Currently under Rule 3.3.2 MFDA Members are required to hold client cash in trust and segregate client cash for the investment in mutual funds separately from client cash for other investments. Additionally, MFDA Members are prohibited from earning interest on client funds held in trust. These provisions in Rule 3.3.2 reflect similar provisions in NI 81-102. Members of the Investment Industry Regulatory Organization of Canada ("IIROC") are not required to maintain a trust account and are able to earn interest on client cash. Members of IIROC are exempt from Parts 11 and 12 of NI 81-102.

With the establishment of the MFDA and MFDA IPC, there no longer appears to be a regulatory policy rationale for treating MFDA Members differently than members of IIROC under Parts 11 and 12 of NI 81-102. The MFDA is proposing amendments to Rule 3.3.2 in contemplation of amendments to NI 81-102 that will exempt MFDA Members from the relevant provisions in Parts 11 and 12.

The amendments, as proposed, would remove the existing restrictions in Rule 3.3.2 to hold client cash for investment in mutual funds separately from client cash for other investments. The protection of client assets would not be impacted as existing requirements to segregate client cash held in trust from Member property would be maintained. Existing Rule 3.3.2 requirements in respect of the distribution of interest on client cash held in trust and related provisions would be replaced with a requirement that Members disclose whether interest will be paid and, if so, at what rate. From a regulatory perspective, these proposed amendments would not detract from investor protection and would introduce clarity and transparency that would benefit clients by requiring Members to provide interest rate disclosure to clients at account opening.

MFDA staff is aware that the proposed Rule amendments cannot be in effect until similar changes are made to the corresponding provisions of NI 81-102 and the amendments to Rule 3.3.2 are being proposed in anticipation of such changes to the National Instrument.

C. Objectives

The proposed amendments are intended to maintain investor protection while achieving a greater degree of regulatory harmonization with other self-regulatory organizations.

D. Effect of Proposed Amendments

The proposed amendments will remove commingling and related restrictions from the Rule, while maintaining the requirement to keep client cash segregated from Member property and will permit Members discretion as to whether they will pay interest on client cash held in trust, subject to conditions, including a disclosure requirement on account opening, as to whether or not such interest will be paid and if so, at what rate.

II. DETAILED ANALYSIS

A. Relevant History

Commingling Prohibition

In 2004 and 2005, the MFDA and provincial securities regulators received a number of requests from MFDA Members for exemptive relief from the commingling prohibition in Rule 3.3.2(e) and corresponding requirements in Parts 11 and 12 of NI 81-102. In light of the fact that the applications for exemptive relief raised an issue of general application for all MFDA Members, MFDA staff discussed with staff of the Ontario Securities Commission ("OSC"), selected as principal regulator for the application, an amendment to Rule 3.3.2(e) to delete the prohibition on commingling. However, at that time, OSC staff advised that they could not approve such an amendment to MFDA Rules until similar amendments were made to NI 81-102. OSC staff further stated that amendments to NI 81-102 to remove the relevant provisions of Parts 11 and 12 would involve a lengthy review and approval process involving public comment.

In June 2006, the MFDA Regulatory Issues Committee granted relief from Rule 3.3.2(e) to all MFDA Members that are Level 3 and 4 dealers. As a condition of relying on such relief, Members are required to obtain relief from the relevant securities regulatory authorities from the applicable provisions of Parts 11 and 12 of NI 81-102. The Alberta, New Brunswick, Nova Scotia Securities Commissions and the Saskatchewan Financial Services Commission have granted Blanket/General Ruling Orders providing exemptions to MFDA Members from the commingling prohibitions under NI 81-102. Other securities commissions, including the OSC, which do not have the ability under their legislation to grant blanket relief orders, have granted exemptive relief on an individual basis to MFDA Members.

Distribution of Cash Held in Trust for Mutual Funds

In 2005, staff of the MFDA and Canadian Securities Administrators ("CSA") also received an exemption application requesting relief from the requirements of MFDA Rule 3.3.2(f) and (h) and similar requirements under NI 81-102. MFDA staff expressed the view to CSA staff that the relief requested raised a broader policy issue with industry-wide implications that should be considered by CSA staff through a review of the policy basis behind NI 81-102 and subsequent recommendations respecting amendments. OSC staff agreed that the issue raised by the application should not be addressed through the exemptive relief process and indicated a willingness to raise this matter with the other CSA jurisdictions with a view to considering whether amendments to NI 81-102 would be appropriate.

B. Proposed Amendments

The proposed amendments to Rule 3.3.2 will delete subsection (e) that relates to the prohibition on commingling money for mutual fund transactions with money held in trust for the purchase and sale of other securities or financial products.

In addition, the proposed amendments will remove subsection (h) that requires Members to distribute interest earned in the mutual fund trust account to the mutual fund companies for reinvestment or to clients directly and subsection (f) that provides that the trust account must bear interest at rates equivalent to comparable rates of the financial institution. Subsection (g) will also be deleted as the prohibition on the use of client funds is already addressed in Rules 3.3.1 and 3.3.2 that require Members to hold cash, securities or other property of their clients separate and apart from their own property and in trust for clients. A new subsection (e) will be added to Rule 3.3.2, which will require Members to disclose to clients whether interest will be paid on client cash held in trust and the rate of such interest. The proposed amendments will also include a requirement that any changes in the interest rate may only be made on at least 60 days written notice to the client.

The proposed amendments to Internal Control Policy Statement 4 – Cash and Securities contained in MFDA Policy No. 4 would delete sections 3, 4 and 5 under the heading "Trust Accounts for Client Funds", as these requirements would no longer be applicable in light of the proposed amendments to Rule 3.3.2. Two new sections will be added to the Policy, which will apply where Members are paying interest to clients in accordance with proposed Rule 3.3.2(e). Members would be required to

segregate interest received that is owed to clients in accordance with Rule 3.3.1 and maintain adequate records of amounts owing and paid to each individual client.

C. Issues and Alternatives Considered

Administrative Costs and Complexity

MFDA Members have commented that the requirement to maintain separate trust accounts and pay interest on client cash held in trust for mutual fund transactions creates an additional administrative burden and complexity as well as costs for dealers and investment funds. The purpose of requiring a trust account is to separate client assets from the dealer's assets. One trust account is effective in segregating client cash from dealer property. Requiring further segregation of client cash into several trust accounts for different products increases administrative complexity and the likelihood of confusion and error. It has also been noted that clients often make deposits without providing investment instructions (with respect to mutual funds or other investments) or may redeem mutual funds without providing instructions on whether they want to invest in another mutual fund or another investment.

There are incremental direct monetary costs in opening, operating and maintaining more than one trust account and in allocating and distributing interest on client cash held in trust. There are also additional costs in terms of time and risk associated with having to implement internal controls and procedures to comply with these requirements. These costs are ultimately borne by investors.

Impact on Investors

While MFDA Members are currently required to pay interest on client cash held in trust at rates equivalent to comparable accounts of the financial institution, in some cases Members do not pay any interest to clients if the comparable account at the financial institution pays no interest. Further, clients are not typically aware of the fact that interest earned on client cash is paid to fund companies.

MFDA staff is of the view that replacing the current requirement to distribute interest earned on client cash held in trust with a disclosure requirement will provide greater transparency to clients. Clients will be in a better position to compare the rates offered by dealers and make more informed decisions.

D. Comparison with Similar Provisions

As noted, IIROC Members are exempt from Parts 11 and 12 of NI 81-102 and are not required to maintain a trust account to hold client cash or prohibited from earning interest on client cash.

MFDA staff has also considered that IIROC members are presently able to use client free credit balances but does not propose to seek similar amendments to Rule 3.3.2 at this time. Staff is of the view that the current requirements for client cash to be segregated from property of the Member continue to be appropriate, having regard to the capital requirements to which Members are currently subject.

E. Systems Impact of Amendments

It is not anticipated that there will be a significant systems impact on Members as a result of the proposed amendments.

F. Best Interests of the Capital Markets

The Board has determined that the proposed amendments are consistent with the best interests of the capital markets.

G. Public Interest Objective

The proposed amendments are in the public interest and, in conjunction with anticipated amendments to sections 11.4 and 12.1(4) of NI 81-102, will remove requirements for which MFDA staff believes there is no longer any regulatory policy rationale reduce unnecessary administrative costs and complexity, increase transparency for investors and formalize relief that is already frequently granted to mutual funds and mutual fund dealers by CSA staff.

III. COMMENTARY

A. Filing in Other Jurisdictions

The proposed amendments will be filed for approval with the Alberta, British Columbia, Manitoba, New Brunswick, Nova Scotia, and Ontario Securities Commissions and the Saskatchewan Financial Services Commission.

B. Effectiveness

The proposed amendments are simple and effective.

C. Process

The proposed amendments have been prepared in consultation with relevant departments within the MFDA. The MFDA Board of Directors approved the proposed amendments on June 4, 2009.

D. Effective Date

The proposed amendments will be effective on a date to be subsequently determined by the MFDA.

IV. SOURCES

MFDA Rule 3.3.2
MFDA Policy No. 4
NI 81-102 – Parts 11 and 12

V. REQUIREMENT TO PUBLISH FOR COMMENT

The MFDA is required to publish for comment the proposed amendments so that the issues referred to above may be considered by the Recognizing Regulators.

The MFDA has determined that the entry into force of the proposed amendments would be in the public interest and is not detrimental to the capital markets. Comments are sought on the proposed amendments. Comments should be made in writing. One copy of each comment letter should be delivered by **September 24, 2010**, addressed to the attention of the Corporate Secretary, Mutual Fund Dealers Association of Canada, 121 King St. West, Suite 1000, Toronto, Ontario, M5H 3T9 and one copy addressed to the attention of Julianna Paik, Senior Legal Counsel, British Columbia Securities Commission, 701 West Georgia Street, P.O. Box 10142, Pacific Centre, Vancouver, British Columbia, V7Y 1L2.

Those submitting comment letters should be aware that a copy of their comment letter will be made publicly available on the MFDA website at www.mfda.ca.

Questions may be referred to:

Aamir Mirza
Senior Legal & Policy Counsel
(416) 945-5128
amirza@mfda.ca

<u>SCHEDULE A</u>

MUTUAL FUND DEALERS ASSOCIATION OF CANADA

SEGREGATION OF CLIENT PROPERTY – CASH (Rule 3.3.2)

On June 4, 2009, the Board of Directors of the Mutual Fund Dealers Association of Canada made the following amendments to Rule 3.3.2 and MFDA Policy No. 4 *Internal Control Policy Statements*:

3.3.2 Cash

(a) **Trust Account**. All cash held by a Member on behalf of clients shall be held separate and apart from the property of the Member in a designated trust account with a financial institution (which is an acceptable institution for the purposes of Form 1).

(b) **Determination**. Each Member shall determine on a daily basis the amount of cash it holds for clients and that is required to be held in segregation pursuant to this Rule 3.3.

(c) **Deficiency**. In the event of a deficiency in the amount of cash required to be held in trust for a client, the Member shall immediately provide from its own funds an amount necessary to correct the deficiency and any unsatisfied obligation to do so shall be immediately charged to the capital of the Member.

(d) **Notice to Institution**. The Member must advise the financial institution in writing that:

(i) the account is established for the purpose of holding client funds in trust and the account shall be designated as a "trust account";

(ii) money may not be withdrawn, including by way of electronic transfer, by any person other than authorized employees of the Member; and

(iii) the money held in trust may not be used to cover shortfalls in any other accounts of the Member.

~~(e) **Commingling**. The Member shall not commingle money for mutual fund transactions with money held in trust for the purchase or sale of other securities or financial products (such as deposit instruments or segregated funds). The Member must maintain separate accounts, which may be designated as trust accounts, for the purchase and sale of such other securities or financial products.~~

~~(f) **Interest Bearing**. The trust account bears interest at rates equivalent to comparable accounts of the financial institution.~~

~~(g) **Use of Funds**. The Member shall not use any money received for the investment of mutual funds or other securities to finance its own operations.~~

~~(h) **Distributions**. The Member must have a system in place to properly distribute on a cash basis interest earned in the mutual fund trust account to either the mutual fund companies for reinvestment or to clients directly.~~

<u>(e) **Payment of Interest**. The Member must disclose to clients whether interest will be paid on client cash held in trust and the rate. Notwithstanding this requirement, the Member may retain the interest earned in excess of the amount of interest payable to the client. The Member may only revise the rate of interest upon the delivery of at least 60 days written notice to the client.</u>

<u>Internal Control Policy Statement 4 – Cash and Securities</u>

Trust Accounts For Client Funds

1. All client cheques are recorded upon receipt by the Member and deposited to the trust account on the day of receipt. If a cheque is received after normal business hours, the cheque is deposited the following business day.

2. Deposits to the trust account are balanced daily against deposit records, receivable records, and mutual fund settlement records.

~~3. Trust accounts are established to bear interest at rates equivalent to comparable accounts of the financial institution.~~

~~4. Money received from clients for investment in mutual funds is not used to finance the Member's operations. This would include offsetting bank charges with interest earned on monies held in trust.~~

~~5. The Member distributes interest earned on the mutual fund trust account on a cash basis to either the mutual fund companies or mutual fund investors.~~

3. Members must segregate interest received that is payable to clients in respect of monies held in trust for clients in accordance with Rules 3.3.1 and 3.3.2.

4. Members that pay interest to clients in accordance with MFDA Rule 3.3.2(e) must maintain adequate records of amounts owing and paid to each individual client.

13.1.2 Proposed New MFDA Rule 2.4.4 (Transaction Fees or Charges) and Proposed Amendments to MFDA Rule 5.1 (Requirement for Records)

MUTUAL FUND DEALERS ASSOCIATION OF CANADA

PROPOSED NEW MFDA RULE 2.4.4 (TRANSACTION FEES OR CHARGES)

AND

PROPOSED AMENDMENTS TO MFDA RULE 5.1 (REQUIREMENT FOR RECORDS)

I. OVERVIEW

A. Current Rules

MFDA Rule 5.4.3 requires that trade confirmations include information about commissions, sales, service or other charges and deferred sales charges applied/deducted in respect of the trade. Trade confirmations are issued to clients *after* the transaction is executed. Although considered industry best practice, there is currently no express requirement under MFDA Rules to inform clients *at the time* of a transaction of fees and charges that will be incurred by the client and deducted from client funds as a result of the transaction.

B. The Issues

The MFDA has received a significant number of complaints where clients have advised staff that they were not informed of the fees and charges resulting from a particular transaction prior to the acceptance of their order and only became aware of such information when they received their trade confirmation or account statement. To make informed decisions, clients require information in respect of transaction fees and charges prior to the acceptance of their order.

C. Objectives

The objective of the proposed amendments is to assist investors in making decisions with respect to transactions in their account by requiring Members to inform investors of transaction fees or charges prior to the acceptance of their order.

D. Effect of Proposed Amendments

The effect of the proposed amendments will be to require, at the time of a transaction, that clients be informed of fees or charges that will be incurred by them and deducted in respect of the transaction.

II. DETAILED ANALYSIS

A. Proposed New Rule 2.4.4 and Proposed Amendments to Rules 5.1(b)

MFDA Rules would be amended to include new Rule 2.4.4, which would require that, prior to the acceptance of an order, the Member inform the client of any sales charge, service charge or any other fees or charges to be deducted in respect of the transaction. As noted, clients require such information prior to the acceptance of their order to be able to make informed decisions. Proposed new Rule 2.4.4 addresses direct transaction fees and charges and is not intended to capture indirect fees or charges, such as Management Expense Ratios or trailing commissions, as such fees and charges are being considered by the CSA as part of proposed amendments to National Instrument 81-101 *Mutual Fund Prospectus Disclosure* and related amendments, published for comment by the CSA on June 19, 2009 for a 120 day comment period (CSA Point of Sale initiative). For example, the proposed amendments would require that clients be informed of redemption, switch or transfer fees. Conforming changes would be made to Rule 5.1(b) by adding subsection (iv), which would require Members to maintain records evidencing that the client was informed of all fees and charges in accordance with Rule 2.4.4.

For the purpose of complying with the proposed Rule amendments, Members may use the current methods that they employ to evidence client instructions, for example maintaining detailed notes to file, taping telephone conversations or by maintaining copies of client acknowledgements prior to the acceptance of the client order.

B. Issues and Alternatives Considered

The proposed amendments were brought forward by staff for consideration by the MFDA Policy Advisory Committee ("PAC"). In their consideration of proposed new Rule 2.4.4, several PAC members commented that Approved Persons may not have exact information with respect to short-term trading fees that are applied by the fund companies. Disclosure of the exact amount of such fees could be difficult as complex calculations may be required, in addition to the fact that such fees are levied at the

discretion of the fund company. In response, staff clarified that where specific information in respect of transaction fees or charges is not available at the time of the transaction the Member would be expected to provide as much accurate and detailed information as is available at the time to give the client a reasonable idea of transaction fees and charges that will apply.

In developing the proposed amendments, staff considered proposed requirements with respect to disclosure of fees and charges contemplated under the proposed CSA Point of Sale initiative.

Disclosure of fees and charges under the Point of Sale initiative is product specific and would be provided to the client (by way of the Fund Facts document) on a purchase. However, the CSA Point of Sale initiative does not contemplate the provision of such disclosure on a redemption. We note that one of the major reasons prompting the development of the proposed amendments was the disclosure of deferred sales charges at the time of the transaction. The disclosure required under the proposed amendments is, accordingly, more specific, in respect of direct transaction fees and charges and would be required at the time of the transaction (i.e. prior to the acceptance of the client order).

C. Comparison with Similar Provisions

United Kingdom

Section 6.4.3 of the Financial Services Authority ("FSA") Conduct of Business Sourcebook ("COBS") sets out requirements for the disclosure of charges, remuneration and commissions for packaged products, which includes units of Collective Investment Schemes ("CIS"):

(1) If a firm sells, personally recommends or arranges the sale of a packaged product to a retail client, and subsequently if the retail client requests it, the firm must disclose to the client in cash terms:

(a) any commission receivable by it or any of its associates in connection with the transaction;

(b) if the firm is also the product provider, any commission or commission equivalent payable in connection with the transaction; and

(c) if the firm or any of its associates is in the same immediate group as the product provider, any commission equivalent in connection with the transaction.

(2) Disclosure "in cash terms" in relation to commission does not include the value of any indirect benefits listed in the table at COBS 2.3.15 G.

(3) In determining the amount to be disclosed as commission equivalent, a firm must put a proper value on the cash payments, benefits and services provided to its representatives in connection with the transaction.

(4) This rule does not apply if:

(a) the firm is acting as an investment manager; or

(b) the retail client is not present in the EEA at the time of the transaction; or

(c) the firm provides the client with a key features document or a simplified prospectus, in accordance with COBS 14, provided that the firm discloses to the client the actual amount or value of commission or equivalent within five business days of effecting the transaction.

(5) If the terms of a packaged product are varied in a way that results in a material increase in commission or commission equivalent, a firm must disclose to a retail client in writing any consequent increase in commission or equivalent receivable by it in relation to that transaction.

Point of Sale Disclosure for Mutual Funds

As noted above, in developing the proposed amendments consideration was given to disclosure required under the CSA's Point of Sale initiative which would require that the Fund Facts Document be provided to the client on a purchase but not at the time of redemption. One of the main reasons for the introduction of proposed new Rule 2.4.4 is to ensure that redemption fees and charges are properly disclosed to clients prior to the acceptance of their redemption order.

MFDA CRM Proposal

Existing and proposed new MFDA Rules require general disclosure of compensation and service fees and charges at the time of account opening.

On May 8, 2009, proposed amendments to MFDA Rule 2.2, Policy No. 2, Rules 2.8.3 and 5.3 (Client Relationship Model Proposal) were published for public comment. These amendments included proposed new Rule 2.2.5 (Relationship Disclosure) which requires, for each new account opened, that the Member provide written disclosure to the client describing the nature of the compensation that may be paid to the Member and refer the client to other sources for more specific information. In addition, current MFDA Rule 2.4.3 (Service Fees or Charges) requires that Members provide clients with disclosure of service fees and charges on account opening. The more specific disclosure required at the time of the transaction in respect of fees and charges under proposed new Rule 2.4.4 would work in conjunction with and complement the general disclosure required at the time of account opening under Rule 2.4.3 and as proposed under new Rule 2.2.5.

D. Systems Impact of Amendments

As noted, the proposed amendments are consistent with industry best practice and, as a result, it is not anticipated that they will result in a significant systems impact to Members.

E. Best Interests of the Capital Markets

The Board has determined that the proposed amendments are in the best interests of the capital markets.

F. Public Interest Objective

The proposed amendments are in the public interest, respond to regulatory concerns identified by staff and will assist investors in making decisions with respect to transactions in their account by requiring Members to inform investors of transaction fees and charges prior to the acceptance of their order.

III. COMMENTARY

A. Filing in Other Jurisdictions

The proposed Rule amendments will be filed for approval with the Alberta, British Columbia, Manitoba, New Brunswick, Nova Scotia, and Ontario Securities Commissions and the Saskatchewan Financial Services Commission.

B. Effectiveness

The proposed amendments are simple and effective.

C. Process

The proposed amendments have been prepared in consultation with relevant departments within the MFDA and have been reviewed by the Policy Advisory Committee of the MFDA and the Regulatory Issues Committee of the Board. The MFDA Board of Directors approved the proposed amendments on June 3, 2010.

D. Effective Date

The proposed amendments will be effective on a date to be subsequently determined by the MFDA.

IV. SOURCES

Section 6.4.3 of the Conduct of Business Sourcebook of the Financial Services Authority
MFDA Rules 2.2, 2.8.3, 5.3 and MFDA Policy No. 2
MFDA Rule 5.1
Proposed amendments to National Instrument 81-101 *Mutual Fund Prospectus Disclosure*

V. REQUIREMENT TO PUBLISH FOR COMMENT

The MFDA is required to publish for comment the proposed amendments so that the issues referred to above may be considered by the Recognizing Regulators.

The MFDA has determined that the entry into force of the proposed amendments would be in the public interest and is not detrimental to the capital markets. Comments are sought on the proposed amendments. Comments should be made in writing. One copy of each comment letter should be delivered by **September 23, 2010** (within 90 days of the publication of this notice) addressed to the attention of the Corporate Secretary, Mutual Fund Dealers Association of Canada, 121 King St. West, Suite 1000, Toronto, Ontario, M5H 3T9 and one copy addressed to the attention of Julianna Paik, Senior Legal Counsel, British Columbia Securities Commission, 701 West Georgia Street, P.O. Box 10142, Pacific Centre, Vancouver, British Columbia, V7Y 1L2.

Those submitting comment letters should be aware that a copy of their comment letter will be made publicly available on the MFDA website at www.mfda.ca.

Questions may be referred to:

Paige Ward
Director, Policy and Regulatory Affairs
Mutual Fund Dealers Association of Canada
(416) 943-5838

SCHEDULE "A"

MUTUAL FUND DEALERS ASSOCIATION OF CANADA

TRANSACTION FEES OR CHARGES AND REQUIREMENT FOR RECORDS

(Proposed New Rule 2.4.4 and Proposed Amendments to Rule 5.1)

On June 3, the Board of Directors of the Mutual Fund Dealers Association of Canada made the following new Rule 2.4.4 and amendments to Rule 5.1:

New Rule 2.4.4 (Transaction Fees or Charges)

2.4.4 **Transaction Fees or Charges.** Prior to the acceptance of any order in respect of a transaction in a client account, the Member shall inform the client of any sales charge, service charge or any other fees or charges to be deducted in respect of the transaction.

New Subsection 5.1(b)(iv)

5.1 REQUIREMENT FOR RECORDS

Every Member shall keep such books, records and other documents as are necessary for the proper recording of its business transactions and financial affairs and the transactions that it executes on behalf of others and shall keep such other books, records and documents as may be otherwise required by the Corporation. Such books and records shall contain as a minimum the following:

(b) an adequate record of each order, and of any other instruction, given or received for the purchase or sale of securities, whether executed or unexecuted. Such record shall show:

(i) the terms and conditions of the order or instructions and of any modification or cancellation thereof;

(ii) the account for which entered or received; and

(iii) the time of entry or receipt, the price at which executed and, to the extent feasible, the time of execution or cancellation; and

(iv) evidence that the client was informed of all fees and charges in accordance with Rule 2.4.4

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Index

446 Holdings Inc.
Notice from the Office of the Secretary 5776
Notice from the Office of the Secretary 5777
Notice from the Office of the Secretary 5778
Notice from the Office of the Secretary 5779
Order 5825
Order 5826
Order 5827
Order 5828
Order 5830

Advanced Growing Systems, Inc.
Notice from the Office of the Secretary 5775
Order 5822

AireSurf Networks Holdings Inc.
Cease Trading Order 5831

Allie, Saudia
Notice from the Office of the Secretary 5775
Order 5822

Asia Telecom Ltd.
Notice from the Office of the Secretary 5775
Order 5822

Axiotron Corp.
Cease Trading Order 5831

AZCAR Technologies Incorporated
Cease Trading Order 5831

Bajovski, Nikola
Notice from the Office of the Secretary 5775
Notice from the Office of the Secretary 5776
Order – s. 127 5823
Order – ss. 127(7), 127(8) 5824

Boock, Irwin
Notice from the Office of the Secretary 5775
Order 5822

Brandywine Global Investment Management, LLC
Voluntary Surrender of Registration 5961

Brazauro Resources Corporation
Decision 5797

Bridgewater Associates, LP
Change in Registration Category 5961

Brikman, Vyacheslav
Notice from the Office of the Secretary 5775
Notice from the Office of the Secretary 5776
Order – s. 127 5823
Order – ss. 127(7), 127(8) 5824

Cambridge Resources Corporation
Notice from the Office of the Secretary 5775
Order 5822

Carbiz Inc.
Cease Trading Order 5831

China Banking Regulatory Commission
Notice 5774

Cinaport Capital Inc.
New Registration 5961

Coalcorp Mining Inc.
Cease Trading Order 5831

Cohen, Bruce
Notice from the Office of the Secretary 5775
Notice from the Office of the Secretary 5776
Order – s. 127 5823
Order – ss. 127(7), 127(8) 5824

Companion Policy 81-102CP Mutual Funds
Request for Comments 5833

Compushare Transfer Corporation
Notice from the Office of the Secretary 5775
Order 5822

CSA Staff Notice 23-309 – Frequently Asked Questions About the Order Protection Rule and Intentionally Locked or Crossed Markets – Part 6 of National Instrument 23-101 and Related Companion Policy
Notice 5761

Culp, John David
Notice from the Office of the Secretary 5774
Order – ss. 127(1), 127(7), 127(8) 5820

DeFreitas, Stanton
Notice from the Office of the Secretary 5775
Order 5822

Delbrook Capital Advisers Inc.
New Registration 5961

Delta Uranium Inc.
Cease Trading Order 5831

Diamond International Exploration Inc.
Cease Trading Order 5831

Dubinsky, Alena
Notice from the Office of the Secretary 5775
Order 5822

Echo Energy Canada Inc.
Cease Trading Order 5831

Ekonomidis, Konstantinos
Notice from the Office of the Secretary 5778
Confidentiality Order 5829

Enerbrite Technologies Group
Notice from the Office of the Secretary 5775
Order 5822

Etrion Corporation
Decision 5810

Feder, Elliot
Notice from the Office of the Secretary 5775
Notice from the Office of the Secretary 5776
Order – s. 127 5823
Order – ss. 127(7), 127(8) 5824

Federated Purchaser, Inc.
Notice from the Office of the Secretary 5775
Order 5822

FIN-XO Securities Inc.
Name Change 5961

First National Entertainment Corporation
Notice from the Office of the Secretary 5775
Order 5822

Firstgold Corp.
Cease Trading Order 5831

Form 41-101F2 Information Required In An Investment Fund Prospectus
Request for Comments 5833

Form 81-101F1 Contents of Simplified Prospectus
Request for Comments 5833

Form 81-101F2 Contents of Annual Information Form
Request for Comments 5833

Freeport Capital Inc.
Cease Trading Order 5831

Global Energy Group, Ltd.
Notice from the Office of the Secretary 5775
Notice from the Office of the Secretary 5775
Order – s. 127 5823
Order – s. 127 5823

Groberman, Herbert
Notice from the Office of the Secretary 5776
Order – ss. 127(7), 127(8) 5824

Harper, Christina
Notice from the Office of the Secretary 5775
Notice from the Office of the Secretary 5776
Order – s. 127 5823
Order – ss. 127(7), 127(8) 5824

Howson Tattersall Investment Counsel Limited
Decision 5802

IBFC Financial Group Inc.
Name Change 5961

INTERCABLE ICH INC.
Cease Trading Order 5831

International Energy Ltd.
Notice from the Office of the Secretary 5775
Order 5822

Investpro Securities Inc.
Name Change 5961

JovInvestment Management Inc.
Change in Registration Category 5961

Khodjiaints, Alex
Notice from the Office of the Secretary 5775
Order 5822

Leasesmart, Inc.
Notice from the Office of the Secretary 5775
Order 5822

Levack, Robert
Notice from the Office of the Secretary 5778
Confidentiality Order 5829

Long Reserve Life Resource Fund
Decision 5781

Mackenzie Financial Corporation
Decision 5802

Magna International Inc.
Notice from the Office of the Secretary 5776
Notice from the Office of the Secretary 5777
Notice from the Office of the Secretary 5778
Notice from the Office of the Secretary 5779
Order 5825
Order 5826
Order 5827
Order 5828
Order 5830

Mason Capital Management LLC
Notice from the Office of the Secretary 5779
Order 5830

Maya, Claudio Fernando
Notice from the Office of the Secretary 5774
Order – ss. 127(1), 127(7), 127(8) 5820

MedX Health Corp.
Cease Trading Order 5831

MFDA Rule 2.4.4 (Transaction Fees or Charges)
SROs 5969

MFDA Rule 3.3.2 (Segregation of Client Property – Cash)
SROs 5963

MFDA Rule 5.1 (Requirement for Records)
SROs 5969

National Instrument 41-101 General Prospectus Requirements
Request for Comments 5833

Navina Asset Management Inc.
Decision 5781

Navina Global Resource Fund
Decision 5781

New Gold Limited Partnerships
Notice from the Office of the Secretary 5775
Order – s. 127 5823

Newlook Industries Corp.
Cease Trading Order 5831

NI 81-101 Mutual Fund Prospectus Disclosure
Request for Comments 5833

NI 81-102 Mutual Funds
Request for Comments 5833

NI 81-106 Investment Fund Continuous Disclosure
Request for Comments 5833

Northwest Healthcare Properties Real Estate Investment Trust
Decision 5808

NutriOne Corporation
Notice from the Office of the Secretary 5775
Order 5822

Optimize Inc.
Name Change 5961

Paladin Capital Markets Inc.
Notice from the Office of the Secretary 5774
Order – ss. 127(1), 127(7), 127(8) 5820

Pasternak, Oded
Notice from the Office of the Secretary 5775
Notice from the Office of the Secretary 5776
Order – s. 127 5823
Order – ss. 127(7), 127(8) 5824

Petrobank Energy and Resources Ltd.
Decision 5787

Petrominerales Ltd.
Decision 5787

Pharm Control Ltd.
Notice from the Office of the Secretary 5775
Order 5822

Pocketop Corporation
Notice from the Office of the Secretary 5775
Order 5822

Pollard Banknote Income Fund
Decision – s. 1(10) 5807

Quicksilver Resources Inc.
Decision 5790
Order – s. 144 5813

Rainmaker Mining Corp.
Order – s. 1(11)(b) 5818

Rash, Howard
Notice from the Office of the Secretary 5776
Order – ss. 127(7), 127(8) 5824

Redline Communications Group Inc.
Cease Trading Order 5831

Robinson, Peter
Notice from the Office of the Secretary 5775
Notice from the Office of the Secretary 5776
Order – s. 127 5823
Order – ss. 127(7), 127(8) 5824

Schaumer, Michael
Notice from the Office of the Secretary 5775
Notice from the Office of the Secretary 5776
Order – s. 127 5823
Order – ss. 127(7), 127(8) 5824

Select American Transfer Co.
Notice from the Office of the Secretary 5775
Order 5822

Sextant Capital GP Inc.,
Notice from the Office of the Secretary 5778
Confidentiality Order 5829

Sextant Capital Management Inc.,
Notice from the Office of the Secretary 5778
Confidentiality Order 5829

Sheen Resources Ltd.
Cease Trading Order 5831

Shiff, Andrew
Notice from the Office of the Secretary 5775
Notice from the Office of the Secretary 5776
Order – s. 127 5823
Order – ss. 127(7), 127(8) 5824

Silverstein, Alan
Notice from the Office of the Secretary 5775
Notice from the Office of the Secretary 5776
Order – s. 127 5823
Order – ss. 127(7), 127(8) 5824

SonnenEnergy Corp.
Cease Trading Order 5831

Spork, Natalie
Notice from the Office of the Secretary 5778
Confidentiality Order 5829

Spork, Otto
Notice from the Office of the Secretary 5778
Confidentiality Order 5829

Sterling Mining Company
Cease Trading Order 5831

Stronach Trust
Notice from the Office of the Secretary 5776
Notice from the Office of the Secretary 5777
Notice from the Office of the Secretary 5778
Notice from the Office of the Secretary 5779
Order.. 5825
Order.. 5826
Order.. 5827
Order.. 5828
Order.. 5830

Synergex Corporation
Cease Trading Order 5831

Tahoe Resources Inc.
Decision 5800

TayCon Capital Corporation
Decision 5796

TCC Industries, Inc.
Notice from the Office of the Secretary 5775
Order.. 5822

Textron Financial Canada Funding Corp.
Decision – s. 1(10) 5786

TriNorth Capital Inc.
Cease Trading Order 5831

Tsatskin, Vadim
Notice from the Office of the Secretary 5775
Notice from the Office of the Secretary 5776
Order – s. 127 5823
Order – ss. 127(7), 127(8)... 5824

Walker, Allan
Notice from the Office of the Secretary 5775
Notice from the Office of the Secretary 5776
Order – s. 127 5823
Order – ss. 127(7), 127(8)... 5824

WGI Holdings, Inc.
Notice from the Office of the Secretary 5775
Order.. 5822

Wong, Jason
Notice from the Office of the Secretary 5775
Order.. 5822