The Ontario Securities Commission

OSC Bulletin

March 4, 2011

Volume 34, Issue 9

(2011), 34 OSCB

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

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Published under the authority of the Commission by:
Carswell, a Thomson Reuters business
One Corporate Plaza
2075 Kennedy Road
Toronto, Ontario
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ISSN 0226-9325
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Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

March 4, 2011

CURRENT PROCEEDINGS

BEFORE

ONTARIO SECURITIES COMMISSION

- -

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

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

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Edward P. Kerwin	—	EPK
Vern Krishna	—	VK
Christopher Portner	—	CP
Charles Wesley Moore (Wes) Scott	—	CWMS

SCHEDULED OSC HEARINGS

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: CP
March 8, 2011 10:00 a.m.	**Global Consulting and Financial Services, Crown Capital Management Corporation, Canadian Private Audit Service, Executive Asset Management, Michael Chomica, Peter Siklos (Also Known As Peter Kuti), Jan Chomica, and Lorne Banks** s. 127 H. Craig/C. Rossi in attendance for Staff Panel: MGC
March 8, 2011 12:00 p.m.	**QuantFX Asset Management Inc., Vadim Tsatskin, Lucien Shtromvaser and Rostislav Zemlinsky** s. 127 H. Craig in attendance for Staff Panel: MGC
March 10, 2011 10:00 a.m.	**Alexander Christ Doulis (aka Alexander Christos Doulis, aka Alexandros Christodoulidis) and Liberty Consulting Ltd.** s. 127 S. Horgan in attendance for Staff Panel: CP/PLK

March 11, 2011 10:00 a.m.	**TBS New Media Ltd., TBS New Media PLC, CNF Food Corp., CNF Candy Corp., Ari Jonathan Firestone and Mark Green** s. 127 H. Craig in attendance for Staff Panel: CP
March 16, 2011 10:00 a.m.	**Rezwealth Financial Services Inc., Pamela Ramoutar, Justin Ramoutar, Tiffin Financial Corporation, Daniel Tiffin, 2150129 Ontario Inc., Sylvan Blackett, 1778445 Ontario Inc. and Willoughby Smith** s. 127(1) and (5) A. Heydon in attendance for Staff Panel: CP
March 21-28, March 30-31 and April 4-7, 2011 10:00 a.m. March 29, 2011 2:00 p.m.	**Paul Donald** s. 127 C. Price in attendance for Staff Panel: CP/PLK
March 21-28, March 30, May 2-9 and May 11-13, 2011 10:00 a.m. March 29 and March 31, 2011 2:30 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/C. Rossi in attendance for Staff Panel: VK/EPK
March 24, 2011 10:00 a.m.	**Simply Wealth Financial Group Inc., Naida Allarde, Bernardo Giangrosso, K&S Global Wealth Creative Strategies Inc., Kevin Persaud, Maxine Lobban and Wayne Lobban** s. 127 and 127.1 C. Johnson in attendance for Staff Panel: JDC
March 25, 2011 10:00 a.m.	**North American Financial Group Inc., North American Capital Inc., Alexander Flavio Arconti, and Luigino Arconti** s. 127 M. Britton in attendance for Staff Panel: EPK
March 30, 2011 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: JDC
March 30, 2011 11:30 a.m.	**David M. O'Brien** s. 37, 127 and 127.1 B. Shulman in attendance for Staff Panel: JDC
March 31, 2011 10:00 a.m.	**Peter Sbaraglia** s. 127 S. Horgan/P. Foy in attendance for Staff Panel: JDC
April 4-7, April 11, April 13-18 and April 20, 2011 10:00 a.m.	**Uranium308 Resources Inc., Michael Friedman, George Schwartz, Peter Robinson, and Shafi Khan** s. 127 H. Craig/C.Rossi in attendance for Staff Panel: TBA

April 4-11 and April 13-15, 2011 10:00 a.m.	**L. Jeffrey Pogachar, Paola Lombardi, Alan S. Price, New Life Capital Corp., New Life Capital Investments Inc., New Life Capital Advantage Inc., New Life Capital Strategies Inc., 1660690 Ontario Ltd., 2126375 Ontario Inc., 2108375 Ontario Inc., 2126533 Ontario Inc., 2152042 Ontario Inc., 2100228 Ontario Inc., and 2173817 Ontario Inc.** s. 127 M. Britton in attendance for Staff Panel: EPK/SOA
April 5, 2011 2:30 p.m.	**Lehman Brothers & Associates Corp., Greg Marks, Kent Emerson Lounds and Gregory William Higgins** s. 127 H. Craig in attendance for Staff Panel: TBA
April 11, April 13-21, and April 27-29, 2011 10:00 a.m.	**Axcess Automation LLC, Axcess Fund Management, LLC, Axcess Fund, L.P., Gordon Alan Driver, David Rutledge, 6845941 Canada Inc. carrying on business as Anesis Investments, Steven M. Taylor, Berkshire Management Services Inc. carrying on business as International Communication Strategies, 1303066 Ontario Ltd. carrying on business as ACG Graphic Communications, Montecassino Management Corporation, Reynold Mainse, World Class Communications Inc. and Ronald Mainse** s. 127 Y. Chisholm in attendance for Staff Panel: CP/PLK
April 18 and April 20, 2011 10:00 a.m.	**Carlton Ivanhoe Lewis, Mark Anthony Scott, Sedwick Hill, Leverage Pro Inc., Prosporex Investment Club Inc., Prosporex Investments Inc., Prosporex Ltd., Prosporex Inc., Prosporex Forex SPV Trust, Networth Financial Group Inc., and Networth Marketing Solutions** s. 127 and 127.1 H. Daley in attendance for Staff Panel: JDC/MCH
May 2-9, May 11-16, 2011 10:00 a.m.	**Innovative Gifting Inc., Terence Lushington, Z2A Corp., and Christine Hewitt** s. 127 C. Rossi in attendance for Staff Panel: JDC/MCH
May 3, 2011 10:00 a.m.	**Global Energy Group, Ltd., New Gold Limited Partnerships, 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** s. 127 H. Craig in attendance for Staff Panel: TBA
May 4-5, 2011 10:00 a.m.	**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: JEAT/PLK/MGC

May 10, 2011 2:30 p.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 M. Vaillancourt in attendance for Staff Panel: TBA
May 16-19, May 25, May 27-31, 2011 10:00 a.m. May 24, 2011 2:30 p.m. May 26, 2011 2:00 p.m.	**Nelson Financial Group Ltd., Nelson Investment Group Ltd., Marc D. Boutet, Stephanie Lockman Sobol, Paul Manuel Torres, H.W. Peter Knoll** s. 127 P. Foy in attendance for Staff Panel: EPK/MCH
May 19, 2011 10:00 a.m.	**Andrew Rankin** s. 144 S. Fenton/K. Manarin in attendance for Staff Panel: JEAT/PLK/CP
May 24, 2011 2:30 p.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) H. Craig in attendance for Staff Panel: TBA
May 25-31, 2011 10:00 a.m.	**Sunil Tulsiani, Tulsiani Investments Inc., Private Investment Club Inc., and Gulfland Holdings LLC** s. 127 C. Rossi in attendance for Staff Panel: JDC/CWMS
June 1-2, 2011 10:00 a.m.	**Hector Wong** s. 21.7 A. Heydon in attendance for Staff Panel: EPK/PLK
June 6 and June 8-9, 2011 10:00 a.m.	**Lehman Brothers & Associates Corp., Greg Marks, Kent Emerson Lounds and Gregory William Higgins** s. 127 H. Craig in attendance for Staff Panel: JDC/CWMS
July 15, 2011 10:00 a.m.	**Hillcorp International Services, Hillcorp Wealth Management, Suncorp Holdings, 1621852 Ontario Limited, Steven John Hill, and Danny De Melo** s. 127 A. Clark in attendance for Staff Panel: TBA
July 26, 2011 11:00 a.m.	**Marlon Gary Hibbert, Ashanti Corporate Services Inc., Dominion International Resource Management Inc., Kabash Resource Management, Power to Create Wealth Inc. and Power to Create Wealth Inc. (Panama)** s. 127 S. Chandra in attendance for Staff Panel: TBA
September 6-12, September 14-26 and September 28, 2011 10:00 a.m.	**Anthony Ianno and Saverio Manzo** s. 127 and 127.1 A. Clark in attendance for Staff Panel: EPK/PLK
September 12, 14-26 and September 28-30, 2011 10:00 a.m.	**FactorCorp Inc., FactorCorp Financial Inc. and Mark Twerdun** s. 127 C. Price in attendance for Staff Panel: TBA

September 14-23, September 28 – October 4, 2011 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
October 12-24 and October 26-27, 2011 10:00 a.m.	**Helen Kuszper and Paul Kuszper** s. 127 and 127.1 U. Sheikh in attendance for Staff Panel: TBA
October 17-24 and October 26-31, 2011 10:00 a.m.	**Richvale Resource Corp., Marvin Winick, Howard Blumenfeld, John Colonna, Pasquale Schiavone, and Shafi Khan** s. 127(7) and 127(8) 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	**MRS Sciences Inc. (formerly Morningside Capital Corp.), Americo DeRosa, Ronald Sherman, Edward Emmons and Ivan Cavric** s. 127 and 127(1) D. Ferris in attendance for Staff Panel: TBA
TBA	**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	**Goldbridge Financial Inc., Wesley Wayne Weber and Shawn C. Lesperance** s. 127 C. Johnson in attendance for Staff Panel: TBA
TBA	**Gold-Quest International, 1725587 Ontario Inc. carrying on business as Health and Harmoney, Harmoney Club Inc., Donald Iain Buchanan, Lisa Buchanan and Sandra Gale** s. 127 H. Craig in attendance for Staff Panel: TBA
TBA	**Lyndz Pharmaceuticals Inc., James Marketing Ltd., Michael Eatch and Rickey McKenzie** s. 127(1) and (5) J. Feasby/C. Rossi 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	**Shane Suman and Monie Rahman** s. 127 and 127(1) C. Price in attendance for Staff Panel: JEAT/PLK
TBA	**Gold-Quest International, Health and Harmoney, Iain Buchanan and Lisa Buchanan** s. 127 H. Craig in attendance for Staff Panel: JEAT/CSP/SA
TBA	**Brilliante Brasilcan Resources Corp., York Rio Resources Inc., Brian W. Aidelman, Jason Georgiadis, Richard Taylor and Victor York** s. 127 H. Craig in attendance for Staff Panel: TBA
TBA	**Abel Da Silva** s. 127 M. Boswell in attendance for Staff Panel: TBA
TBA	**Sextant Capital Management Inc., Sextant Capital GP Inc., Otto Spork, Robert Levack and Natalie Spork** s. 127 T. Center in attendance for Staff Panel: TBA
TBA	**Ameron Oil and Gas Ltd., MX-IV Ltd., Gaye Knowles, Giorgio Knowles, Anthony Howorth, Vadim Tsatskin, Mark Grinshpun, Oded Pasternak, and Allan Walker** s. 37, 127 and 127.1 H. Craig/C. Rossi in attendance for Staff Panel: TBA
TBA	**Paul Azeff, Korin Bobrow, Mitchell Finkelstein, Howard Jeffrey Miller and Man Kin Cheng (a.k.a. Francis Cheng)** s. 127 T. Center/D. Campbell in attendance for Staff Panel: TBA
TBA	**Maple Leaf Investment Fund Corp., Joe Henry Chau (aka: Henry Joe Chau, Shung Kai Chow and Henry Shung Kai Chow), Tulsiani Investments Inc., Sunil Tulsiani and Ravinder Tulsiani** s. 127 A. Perschy/C. Rossi in attendance for Staff Panel: CP/PLK
TBA	**Shaun Gerard McErlean and Securus Capital Inc.** s. 127 M. Britton in attendance for Staff Panel: TBA
TBA	**Majestic Supply Co. Inc., Suncastle Developments Corporation, Herbert Adams, Steve Bishop, Mary Kricfalusi, Kevin Loman and CBK Enterprises Inc.** s. 37, 127 and 127.1 D. Ferris in attendance for Staff Panel: TBA

TBA

Irwin Boock, Stanton Defreitas, Jason Wong, Saudia Allie, Alena Dubinsky, Alex Khodjiaints Select American Transfer Co., Leasesmart, Inc., Advanced Growing Systems, Inc., International Energy Ltd., Nutrione Corporation, Pocketop Corporation, Asia Telecom Ltd., Pharm Control Ltd., Cambridge Resources Corporation, Compushare Transfer Corporation, Federated Purchaser, Inc., TCC Industries, Inc., First National Entertainment Corporation, WGI Holdings, Inc. and Enerbrite Technologies Group

s. 127 and 127.1

H. Craig 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

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: TBA

TBA

Merax Resource Management Ltd. carrying on business as Crown Capital Partners, Richard Mellon and Alex Elin

s. 127

H. Craig in attendance for Staff

Panel: TBA

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Global Privacy Management Trust and Robert Cranston

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 OSC Staff Notice 81-714 – Compliance with Form 41-101F2 – Information Required In An Investment Fund Prospectus

OSC STAFF NOTICE 81-714

COMPLIANCE WITH FORM 41-101F2 – INFORMATION REQUIRED IN AN INVESTMENT FUND PROSPECTUS

Purpose

This notice sets out the views of staff of the Ontario Securities Commission (Staff) on the disclosure required by Form 41-101F2 – *Information Required in an Investment Fund Prospectus* (the Form or Form 41-101F2) and the types of comments Staff will generally raise in the course of a review of an investment fund prospectus required to be filed in the form of Form 41-101F2.

Background

National Instrument 41-101 *General Prospectus Requirements* (NI 41-101) prescribes the use of Form 41-101F2 by all investment funds filing prospectuses, other than mutual funds that file prospectuses under National Instrument 81-101 – *Mutual Funds*. The Form includes specific disclosure requirements for investment funds that are in addition to the general requirement in securities legislation to provide full, true and plain disclosure of all material facts in the prospectus relating to the securities to be distributed.

Compliance with Form 41-101F2

Compliance with the disclosure requirements of Form 41-101F2 is important because the Form is intended to provide clear and concise information about the investment fund to investors that will assist them in making informed investment decisions. Staff expect the disclosure to comply with the plain language principles listed in section 4.1 of Companion Policy 41-101CP and to be presented in the order and using the headings specified in the Form. This allows the prospectus disclosure to be presented in an easy-to-read format that can be understood by investors and more easily compared to other investment funds.

Recently, Staff have seen a number of prospectuses required to be in the form of Form 41-101F2 that have departed from the general requirements relating to the use of plain language, brevity and the ordering of information and use of headings. In our reviews, Staff have begun to raise specific concerns with cover page and prospectus summary disclosure and disclosure related to the investment objectives of the fund. Staff have also begun to consider whether the requirements and purpose of the Form are being met in a multi-fund prospectus.

Cover Page and Prospectus Summary Disclosure

Increasingly, Staff have observed cover page and prospectus summary disclosure that contain too much detail about the investment fund's strategies, manager, portfolio advisor and distribution policies and the sector(s) that the fund will invest in, as well as information not specifically contemplated by the Form. In some instances, entire disclosure items from other sections of the Form have been included in the cover page and prospectus summary, including performance data, charts and graphs. Staff have also seen the introduction of headings, such as Investment Rationale, as well as an increase in promotional and marketing language in the cover page and prospectus summary. For example, there has been disclosure about the managers' beliefs regarding the economy and why an investment strategy adopted by the fund should be considered attractive by investors.

In our prospectus reviews, Staff will consider the purpose of the Form, and specifically, the intent of the cover page and prospectus summary disclosure, which is to ensure investors are presented with information about the investment fund in a clear, concise and comparable format that assists them in making informed investment decisions.

Generally, Staff's view is that the cover page disclosure should only provide a brief description of the investment fund and the securities to be distributed and be limited to the disclosure specifically mandated by Item 1 of Form 41-101F2. Consequently, in our reviews Staff may ask that cover page disclosure be reduced or request that certain disclosure be removed. Similarly, Staff expect that the prospectus summary disclosure will generally only provide a brief summary of the information that appears elsewhere in the prospectus, as set out by Item 3.3 of Form 41-101F2. In our reviews, Staff may request some disclosure in the prospectus summary be removed and be replaced with cross-references to the more detailed disclosure that appears elsewhere in the prospectus, as mandated by Item 3.3(2), in order to maintain the brevity of the section. Generally, Staff have requested that charts and graphs not mandated by the Form be removed from the prospectus summary.

As part of our reviews, we have reminded filers and their counsel that information not contemplated under any other section of the Form may be disclosed under "Other Material Facts" as specified by Item 35 of the Form.

In instances where the investment fund has complex or unique risks, features or costs, Staff have begun to request that additional, tailored disclosure that is specific to the securities to be distributed be added to the cover page or the prospectus

summary disclosure to ensure investors are provided with full, true and plain disclosure of all material facts. This tailored disclosure has included the request by Staff for the inclusion of a plainly worded, brief warning presented in bold type or in text boxes in these sections.

Disclosure About Investment Objectives

Item 5.1 of the Form requires information that describes the fundamental nature of the investment fund, or the fundamental features of the investment fund, that distinguish it from other investment funds. The Instructions to Item 5.1 of the Form specifically require a statement of the type(s) of securities in which the investment fund will primarily invest under normal market conditions.

Staff have observed investment objectives limited to a statement about the nature of the returns that the investment fund seeks to provide to investors. For example, Staff have seen disclosure that states that the objective of the investment fund is to provide shareholders with the opportunity for capital appreciation, without sufficient accompanying detail. Generally, Staff expect that filers will comply with all aspects of Item 5 of Form 41-101F2. In our reviews, Staff have requested that some investment strategies that are an essential aspect of the investment fund, as described in Instruction (3) to Item 5.1 of the Form, be disclosed as an investment objective of the investment fund. Staff may also ask that certain disclosure that does not form part of the investment objective, such as an investment fund's initial indicative yield, be removed.

Prospectuses For Multiple Investment Funds

Recently, exchange traded mutual funds (ETFs) have filed prospectuses that combine disclosure for multiple ETFs in the same document. As the number and types of ETFs have proliferated, Staff have observed multiple ETF prospectuses that combine disclosure for different types of ETFs, including index participation units, actively managed ETFs, inverse and leveraged ETFs and commodity pools.

Generally, Staff's view is that the number of investment funds offered in a prospectus should be limited to investment funds with substantially similar investment objectives, strategies and features. In our reviews of multiple ETF prospectuses, Staff will consider whether the combination of multiple investment funds into one single prospectus impacts the ability of investors to be provided full, true and plain disclosure. When the number of investment funds incorporated into one prospectus interferes with the presentation of key information in a clear, concise and comparable format for investors, Staff will request that the filer separate the investment funds into different prospectus documents.

Further Information

Filers and their counsel are encouraged to contact Staff at an early stage in the planning of any distribution that may give rise to any questions concerning the issues discussed in this Notice.

Questions

If you have any questions, please refer them to:

Viraf Nania
Senior Accountant, Investment Funds Branch
Ontario Securities Commission
Phone: 416-593-8267
E-mail: vnania@osc.gov.on.ca

Ian Kearsey
Legal Counsel, Investment Funds Branch
Ontario Securities Commission
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E-mail: ikearsey@osc.gov.on.ca

March 4, 2011

1.2 Notices of Hearing

1.2.1 Peter Sbaraglia – s. 127

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

AND

IN THE MATTER OF
PETER SBARAGLIA

NOTICE OF HEARING
(Section 127)

TAKE NOTICE THAT the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5., as amended (the "Act") at the offices of the Commission, 20 Queen Street West, Toronto, Ontario, 17th Floor, commencing on March 31, 2011 at 10:00 a.m. or as soon thereafter as the hearing can be held;

AND TAKE NOTICE that the purpose of the hearing is to consider whether it is in the public interest for the Commission to make an order that:

1. pursuant to clause 2 of subsection 127(1) of the Act, Peter Sbaraglia ("Sbaraglia") shall cease trading in securities permanently;

2. pursuant to clause 2.1 of subsection 127(1) of the Act, acquisition of any securities by Sbaraglia is prohibited permanently;

3. pursuant to clause 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Sbaraglia permanently;

4. pursuant to clause 6 of subsection 127(1) of the Act, Sbaraglia is reprimanded;

5. pursuant to clause 7 of subsection 127(1) of the Act, Sbaraglia shall resign all positions he holds as a director or officer of an issuer;

6. pursuant to clause 8 of subsection 127(1) of the Act, Sbaraglia is permanently prohibited from becoming or acting as a director or officer of any issuer;

7. pursuant to clause 8.2 of subsection 127(1) of the Act, Sbaraglia is permanently prohibited from becoming or acting as a director or officer of a registrant;

8. pursuant to clause 8.4 of subsection 127(1) of the Act, Sbaraglia is permanently prohibited from becoming or acting as a director or officer of an investment fund manager;

9. pursuant to clause 8.5 of subsection 127(1) of the Act, Sbaraglia is permanently prohibited from becoming or acting as registrant, as an investment fund manager or as a promoter; and

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

BY REASON of the allegations set out in the Statement of Allegations of Staff dated February 24, 2011 and such additional allegations as counsel may advise and the Commission may permit;

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

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

DATED at Toronto this 24th day of February, 2011.

"John Stevenson"

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

AND

**IN THE MATTER OF
PETER SBARAGLIA**

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

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

I. OVERVIEW

1. Between January 2006 and August 2009 (the "Relevant Period"), Peter Sbaraglia ("Sbaraglia") operated C.O. Capital Growth Inc. ("CO"), a private issuer in Ontario, and was an officer and director of CO. For most of the Relevant Period, Sbaraglia ran CO together with Robert Mander ("Mander").

2. CO was used by Sbaraglia as an investment vehicle to solicit third party investors (the "CO Investors") to invest with Mander through CO. At no time during the Relevant Period was Sbaraglia registered with the Commission. CO raised approximately $21.2 million from CO Investors, whom Sbaraglia described as friends and family. The funds were raised by way of loan agreements with CO and correspondingly issued promissory notes. The loan agreements and promissory notes issued by CO constitute securities under the *Securities Act*, R.S.O. 1990, c. s.5, as amended (the "Act"). In total, there were approximately 25 to 30 CO Investors.

3. Mander operated and owned E.M.B. Asset Group Inc. ("EMB"), and was its directing mind. Through EMB, Mander operated a fraudulent scheme where, contrary to his promises to investors to invest their funds, Mander used the funds to pay interest and principal to other investors, also known as a Ponzi scheme. Mander's Ponzi scheme involved in excess of $40 million of investors' funds which it received from CO and other investors.

4. Although investors were told that their money would be invested by Mander/EMB, a significant portion of investors' funds were used by CO, at the direction of Sbaraglia, in an unlawful and fraudulent manner. Sbaraglia, acting on behalf of CO, used investors' funds to repay other investors and to pay for his and his family's personal expenses and not for the benefit of CO Investors. In addition, Sbaraglia and his spouse (the "Sbaraglias") received over $2 million as purported profits earned by them in the Ponzi scheme.

5. As further described below, Sbaraglia, through his role in CO and his close involvement with Mander, participated in the Ponzi scheme in a manner which he knew or ought reasonably to have known perpetrated a fraud on investors contrary to s. 126(1)(b) of the Act.

6. In addition to the fraudulent conduct described herein, Sbaraglia materially misled Staff of the Commission in its investigation into Sbaraglia, Mander and CO about the business of CO and others. Throughout the investigation, a number of statements were made to Staff by Sbaraglia and by his counsel that Sbaraglia knew were false and that Sbaraglia knew would mislead Staff in determining whether investors' funds were at risk. At no point in the investigation did Sbaraglia take any steps to correct his false statements or those of his counsel.

II. BACKGROUND AND PARTICULARS TO ALLEGATIONS

A. Sbaraglia Engaged in Securities Fraud Contrary to Section 126.1 of the Act

(i) CO's Supposed Business Model

7. CO's purported business model was as follows:

(a) CO would solicit investors to loan money to it;

(b) The funds were to be loaned to CO for a fixed term (generally one to three years) at a fixed, high rate of interest ranging from 20% to 30%;

(c) CO would issue a loan agreement to each investor and, from 2007 onward, would issue a corresponding promissory note for the amount loaned together with the interest payable;

(d) The funds from CO were to be transferred to Mander personally or through EMB to other Mander controlled companies for investment purposes; and

(e) The profits generated from the investments above the fixed interest rate promised to investors were to be split equally between CO and Mander/EMB.

(ii) No Objective Evidence From Mander About Investment Profits

8. At the time that Sbaraglia began soliciting investors, he had no evidence whatsoever about the actual performance of Mander's supposed investments. Furthermore, at no time during the Relevant Period did Sbaraglia perform any due diligence or see any independent evidence of the exorbitant returns Mander claimed to be earning on investors' funds.

(iii) CO's Actual Business

9. In practice, and as further described below, CO's actual business varied from the above model in a number of ways. First, CO did not transfer all of the funds of CO Investors to Mander/EMB. Approximately one third of the funds raised by CO (approximately $6-7 million) were not

transferred to Mander/EMB. Those funds were used in one of a number of ways by Sbaraglia acting on behalf of CO, including: (i) making payments to CO Investors with newly received funds from other CO Investors; (ii) making investments in securities, either directly in trading accounts of CO or indirectly in trading accounts in the names of other companies, that resulted in significant losses; and (iii) making payments for personal expenses of the Sbaraglias.

10. Of the $21.2 million raised by CO from its investors, $15.4 million was transferred to Mander/EMB, the balance of which (between $6-7 million) can be accounted for as follows:

(a) $2.1 million was received personally by Sbaraglia at the direction of Mander, notionally for profits earned by the Sbaraglias from the actions of Mander;

(b) approximately $2.4 million was lost through trading accounts;

(c) approximately $985,000 in general expenses of CO were paid from the CO bank accounts;

(d) approximately $585,000 was used by CO to purchase open venture securities, which securities have almost no current value;

(e) approximately $213,000 in rent payments in respect of a property located at 239 Church Street were made by CO to 91 Days Hygiene ("91 Days"), a company wholly owned by Sbaraglia's spouse;

(f) approximately $383,000 in charges were incurred on a corporate Visa in the name of CO, a significant number of which were not for the benefit of CO Investors but, rather, were for the personal benefit of the Sbaraglias, including significant payments for restaurants, renovations of a building owned by 91 Days and numerous other personal expenses.

11. In addition, throughout the Relevant Period, CO used funds raised from investors to pay amounts owing to other investors. The payments to investors were made from the CO bank accounts over which Sbaraglia had control and were made by cheques signed by him.

12. As a consequence of the foregoing conduct, Sbaraglia engaged or participated in acts, practices or courses of conduct relating to the securities of CO that they knew or ought to have known perpetrated a fraud on persons, contrary to section 126.1(b) of the Act.

B. Misleading Staff of the Commission Contrary to Section 122 of the Act

13. During Staff's investigation and as further described herein, Sbaraglia materially misled Staff in respect of the operation and business of CO, contrary to section 122(1) of the Act.

(i) Sbaraglia's Evidence Under Oath During The OSC Investigation

14. In July 2009, as part of an investigation into the business and affairs of Sbaraglia, Mander, CO and others, Staff conducted examinations of Sbaraglia and Mander. These examinations were conducted under oath with counsel present where Sbaraglia swore to tell the truth.

15. Sbaraglia was advised by Staff that Staff's primary concern in the investigation was whether investors' funds were at risk and whether CO could properly account for the funds.

16. Staff advised Sbaraglia during the investigation that it was seeking verification from CO that the assets between CO and Mander/EMB were in excess of what was owed to CO Investors. To that end, Sbaraglia gathered and prepared documentation for Staff.

17. During Sbaraglia's examination, Staff were advised by his counsel of the following:

(a) CO Investors consisted of only friends and family of Sbaraglia and that each of the CO Investors had approached Sbaraglia about investing;

(b) CO had relied on legal advice obtained by a Toronto law firm with respect to CO's compliance with Ontario securities laws in raising funds from third parties;

(c) CO Investors' funds were not at risk;

(d) The total amount owing by CO to the CO Investors was approximately $8.5 million but the bulk of the value of CO Investors' funds were invested in real estate assets purchased by Mander and Sbaraglia;

(e) Sbaraglia and Mander had a verbal arrangement whereby all assets held by Sbaraglia and Mander (either personally or through corporate entities) were for the benefit of the CO Investors and that the assets held by Sbaraglia and Mander were valued at approximately of $12 million and were, therefore, well in excess of all amounts owing to CO Investors.

18. Sbaraglia knew his counsel was speaking on his behalf during the examination and that Staff would rely on the above statements as being true and at no time did he correct the record.

19. In addition to the above statements by counsel, Sbaraglia gave evidence under oath:

(a) in detail about his strategy for purchasing undervalued assets, including equities and real estate;

(b) that he would ensure that the CO Investors would be fully repaid and that he was pledging his own personal assets to ensure that the CO Investors would be protected.

(ii) Sbaraglia's Evidence Was Misleading

20. The above statements were materially misleading in a number of ways, including but not limited to:

(a) Sbaraglia had solicited investors directly by making representations to them about his success with Mander and Mander's role in CO in achieving the promised returns for investors;

(b) CO had raised almost $1 million in 2006 prior to obtaining any legal advice about whether CO was in compliance with Ontario securities laws;

(c) the actual business of CO did not involve the purchase of real estate assets;

(d) the trading accounts operated by CO suffered aggregate losses of approximately $2.4 million of investors' funds;

(e) CO had additional obligations to investors beyond $8.5 million, specifically additional private loan agreements totalling $9.4 million, the knowledge of which was within the exclusive knowledge of Sbaraglia and CO;

(f) all of the assets of Sbaraglia, Mander and CO were not, in fact, available to satisfy the amounts owing to CO Investors as Mander (and his companies, which were owners of many of the assets) had loans outstanding with many additional investors other than the CO Investors.

(iii) The Undertaking Given by Sbaraglia Was Also Misleading

21. On August 7, 2009, following the examination, Sbaraglia's counsel provided Staff with a loan agreement between EMB and CO and an undertaking in respect of loans made by CO Investors and the real estate assets which were being held for the benefit of those investors (the "Undertaking").

22. The Undertaking provided among other things that: (a) CO would not enter into any further loan agreements with third party investors; (b) CO would cause the outstanding loans to CO Investors to be paid as they become due; and (c) CO had used the loans by CO Investors to acquire the assets listed in a Schedule B to the Undertaking.

23. With respect to the Undertaking, Sbaraglia failed to identify material obligations of CO in its schedule of outstanding loans. The Undertaking failed to list nine loan agreements for a total of approximately $9.4 million. Contrary to Sbaraglia's representations to Staff and due to his misleading Staff, the Undertaking was of no value in protecting investors. Subsequently, Sbaraglia has resiled from the Undertaking and ultimately sought to be relieved of his obligations under it.

24. As a consequence of the foregoing conduct, Sbaraglia materially misled Staff in respect of the operation and business of CO, contrary to section 122(1) of the Act.

III. RELATED PROCEEDINGS

25. In a related proceeding commenced by Staff, on behalf of the Commission, under section 129 of the Act, the Ontario Superior Court of Justice made an order appointing RSM Richter Inc. as receiver of the assets, undertakings and property of the Sbaraglias, CO and 91 Days on the basis that it was a) in the best interests of the creditors of CO; and b) that it was appropriate for the due administration of Ontario securities law.

26. In so doing, the Honourable Mr. Justice Morawetz stated that "I cannot overlook that CO, Dr. Sbaraglia and Ms. Sbaraglia retained and had access to funds in excess of $6 million. I also cannot overlook that they improperly used some of these funds for personal use or for related corporate use. I also cannot overlook that some of the new money was used to pay interest payments to old investors. To use the words of counsel to the receiver: This is the hallmark of a Ponzi scheme where you keep the dollars rolling."

27. The Court also noted that the "[t]he factors that have led to my decision to appoint a receiver as being in the best interests of the company's creditors and the potential Sbaraglia creditors is also applicable for the appointment under the second part of the test. This was a Ponzi scheme." The Court went on to state that "[i]t cannot be overlooked that the Sbaraglias misled the OSC in the course of its investigation. This type of activity cannot and should not be overlooked and I am satisfied that the appointment of a receiver is also justified [as being appropriate for the due administration of Ontario securities law]."

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

28. By using investors' funds from the sale of securities of CO for personal use or for related corporate use and by using new investor funds to make payments to old investors, Sbaraglia engaged or participated in acts, practices or courses of conduct relating to the securities of CO that he knew or ought to have known perpetrated a fraud on persons contrary to section 126.1(b) of the Act.

29. Further, Sbaraglia made statements to Staff during the course of its investigation, including statements made by him under oath at his examination, that were materially misleading or untrue and/or failed to state facts which were required to be stated contrary to subsection 122(1) of the Act and contrary to the public interest.

30. Further, pursuant to section 127(10)3 of the Act, the findings of the Court in the Receivership Proceeding may form the basis of an order in the public interest in Ontario under section 127(1).

31. Staff allege that it is in the public interest to make orders against the Respondent.

32. Staff reserve the right to amend these allegations and to make such further and other allegations as they deem fit and the Commission may permit.

DATED at Toronto this 24th day of February, 2011.

1.3 News Releases

1.3.1 OSC Lays Charges Against David Campbell and Carlos Da Silva in Ontario Court of Justice

FOR IMMEDIATE RELEASE
February 25, 2010

OSC LAYS CHARGES AGAINST
DAVID CAMPBELL AND CARLOS DA SILVA
IN ONTARIO COURT OF JUSTICE

TORONTO – The Ontario Securities Commission announced today that charges were laid in the Ontario Court of Justice against David Campbell and Carlos Da Silva in connection with alleged breaches of Section 122(1)(c) of the *Securities Act* (Ontario).

Mr. Da Silva and Mr. Campbell were each charged with one count of trading in securities of Equity Capital Management ("ECM") at a time when they were prohibited from trading in securities by Commission order, and one count of trading without registration in breach of Section 25(1)(a) of the *Act*.

Mr. Campbell was also charged with one count of trading in securities of Ameron Oil and Gas Limited at a time when he was prohibited from trading in securities by Commission order, and with trading in securities of ECM when he was subject to a separate temporary cease trade order by the Commission dated March 19, 2008.

The first court appearance for Mr. Campbell and Mr. Da Silva in this matter is scheduled to take place on March 17, 2011 at 9:00 a.m. in Courtroom #104 at the Ontario Court of Justice, 7755 Hurontario Street in Brampton, Ontario.

The mandate of the OSC is to provide protection to investors from unfair, improper or fraudulent practices and to foster fair and efficient capital markets and confidence in capital markets. Cease trade orders prohibit individuals or companies from trading in securities. Investors are urged to check the registration of any person or company offering an investment opportunity and to review the OSC investor materials available at www.osc.gov.on.ca.

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1.3.2 Ontario Securities Commission Allocates Settlement Money to Advance Financial Literacy Education in Ontario Schools

FOR IMMEDIATE RELEASE
February 28, 2011

ONTARIO SECURITIES COMMISSION ALLOCATES SETTLEMENT MONEY TO ADVANCE FINANCIAL LITERACY EDUCATION IN ONTARIO SCHOOLS

TORONTO – The Ontario Securities Commission (OSC) has allocated close to $2 million in settlement money from enforcement proceedings to help advance financial literacy education in Ontario schools.

"Financial literacy is an important part of investor protection and the OSC supports educational efforts to help Ontarians develop the skills and knowledge needed to succeed in an increasingly complex financial world," said Howard Wetston, Q.C., Chair of the OSC.

This settlement money will assist the Ministry of Education in integrating its new financial literacy program into the curriculum for Grade 4 to 12 students across Ontario, starting in September 2011.

This funding is in addition to the ongoing funding from settlement money the OSC provides to the Investor Education Fund (IEF). The IEF is a non-profit organization established in 2001 by the OSC to develop and promote independent financial information, programs and tools to help consumers make better financial and investing decisions. The OSC supports the work of the IEF in providing and expanding outreach initiatives to investors, and strengthening the financial literacy of Ontarians.

"There has always been a need for financial education and the recent global financial crisis has made it even more imperative," said Mr. Wetston. "We are pleased to support a program that will help thousands of Ontario students acquire essential skills to make informed decisions about their finances throughout their lives."

The OSC administers and enforces securities legislation in the province of Ontario. The OSC's statutory mandate is to provide protection to investors from unfair, improper or fraudulent practices and to foster fair and efficient capital markets and confidence in capital markets.

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1.4 Notices from the Office of the Secretary

1.4.1 Paul Donald

FOR IMMEDIATE RELEASE
February 24, 2011

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

AND

IN THE MATTER OF
PAUL DONALD

TORONTO – The Commission issued an Order in the above named matter which provides that the hearing on the merits shall commence on March 21, 2011 at 10:00 a.m. at the offices of the Commission, 20 Queen Street West, 17th floor, Toronto and continue until April 7, 2011 except for April 1, 2011.

A copy of the Order dated February 24, 2011 is available at **www.osc.gov.on.ca**.

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1.4.2 Hillcorp International Services et al.

FOR IMMEDIATE RELEASE
February 25, 2011

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

AND

IN THE MATTER OF
HILLCORP INTERNATIONAL SERVICES,
HILLCORP WEALTH MANAGEMENT,
SUNCORP HOLDINGS, 1621852 ONTARIO LIMITED,
STEVEN JOHN HILL, AND DANNY DE MELO

TORONTO – The Commission issued an Order in the above named matter with certain provisions. The Hearing is adjourned to Friday July 15, 2011 at 10:00 a.m.

A copy of the Order dated February 25, 2011 is available at **www.osc.gov.on.ca**.

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1.4.3 Peter Sbaraglia

FOR IMMEDIATE RELEASE
February 25, 2011

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

AND

IN THE MATTER OF
PETER SBARAGLIA

TORONTO – The Office of the Secretary issued a Notice of Hearing setting the matter down to be heard on March 31, 2011 at 10:00 a.m. or as soon thereafter as the hearing can be held in the above named matter.

A copy of the Notice of Hearing dated February 24, 2011 and Statement of Allegations of Staff of the Ontario Securities Commission dated February 24, 2011 are available at **www.osc.gov.on.ca**.

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1.4.4 North American Financial Group Inc. et al.

FOR IMMEDIATE RELEASE
February 28, 2011

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

AND

IN THE MATTER
NORTH AMERICAN FINANCIAL GROUP INC.,
NORTH AMERICAN CAPITAL INC.,
ALEXANDER FLAVIO ARCONTI, AND
LUIGINO ARCONTI

TORONTO – The Commission issued an Order in the above named matter which provides that the Temporary Order as amended be extended to March 28, 2011 and the hearing in this matter be adjourned to Friday March 25, 2011 at 10:00 a.m.

A copy of the Order dated February 28, 2011 is available at **www.osc.gov.on.ca**.

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1.4.5 Global Energy Group, Ltd. et al.

FOR IMMEDIATE RELEASE
February 28, 2011

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, upon hearing submissions from Staff, Schaumer, Shiff and counsel for Feder, (1) the hearing is adjourned to May 3, 2011 at 10:00 a.m. for a pre-hearing conference to set the dates for the hearing on the merits; and (2) Staff will renew efforts to obtain an effective address for service on Bajovski and Cohen.

A copy of the Order dated February 16, 2011 is available at **www.osc.gov.on.ca**.

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1.4.6 Global Energy Group, Ltd. et al.

FOR IMMEDIATE RELEASE
February 28, 2011

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, 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 127(8) of the Act, the Temporary Order is extended to May 4, 2011 with certain provisions; and (2) the hearing in this matter is adjourned to May 3, 2011 at 10:00 a.m.

A copy of the Order dated February 16, 2011 is available at **www.osc.gov.on.ca**.

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1.4.7 Irwin Boock et al.

FOR IMMEDIATE RELEASE
March 2, 2011

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 a pre-hearing conference will be held on Tuesday, April 19, 2011 at 10:00 a.m. or such other date or time as agreed upon by the parties and fixed by the Secretary's office.

A copy of the Order dated March 1, 2011 is available at **www.osc.gov.on.ca**.

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1.4.8 Nelson Financial Group Ltd. et al.

FOR IMMEDIATE RELEASE
March 2, 2011

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

AND

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

TORONTO – The Commission issued an order in the above named matter which provides that the pre-hearing conference will be adjourned to May 9, 2011 at 10:00 a.m. or such other date or time as agreed upon by the parties and fixed by the Office of the Secretary.

A copy of the Order dated February 25, 2011 is available at **www.osc.gov.on.ca**.

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1.4.9 Questrade Inc.

FOR IMMEDIATE RELEASE
March 2, 2011

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

AND

IN THE MATTER OF
QUESTRADE INC.

AND

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

TORONTO – Following the hearing held on December 15, 2010 in the above noted matter, the Panel released its Reasons and Decision.

A copy of the Reasons and Decision dated March 1, 2011 is available at **www.osc.gov.on.ca**.

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1.4.10 David M. O'Brien

FOR IMMEDIATE RELEASE
March 2, 2011

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

AND

IN THE MATTER OF
DAVID M. O'BRIEN

TORONTO – The Commission issued an Order in the above named matter which provides that (1) a hearing to extend the Temporary Cease Trade Order will take place on March 30, 2011 at 11:30 a.m.; (2) a motion regarding disclosure will take place on April 21, 2011 at 10:00 a.m., and in accordance with Rule 3.2 of the *Rules of Procedure* of the Ontario Securities Commission, O'Brien will serve and file a motion record, including any affidavits to be relied upon, by April 11, 2011 at 4:30 p.m.; and (3) a further confidential pre-hearing conference will take place on May 30, 2011 at 10:00 a.m.

A copy of the Order dated February 24, 2011 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

For media inquiries:

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Senior Communications Specialist
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For investor inquiries:

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

1.4.11 Richvale Resource Corporation et al.

FOR IMMEDIATE RELEASE
March 2, 2011

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

AND

IN THE MATTER OF
RICHVALE RESOURCE CORPORATION,
MARVIN WINICK, HOWARD BLUMENFELD,
JOHN COLONNA, PASQUALE SCHIAVONE,
AND SHAFI KHAN

TORONTO – The Commission issued an Order in the above named matter which provides that a pre-hearing conference will take place on May 10, 2011 commencing at 2:30 p.m.; and the hearing on the merits in this matter is scheduled to commence on October 17, 2011 at 10:00 a.m. and continue each day through to October 24, 2011 and from October 26, 2011 each day through to October 31, 2011 or as soon thereafter as may be fixed by the Secretary to the Commission.

A copy of the Order dated February 28, 2011 is available at **www.osc.gov.on.ca**.

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Barclays Bank PLC

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – relief from eligibility requirements under NI 44-102 for reporting issuer whose equity securities are not listed on a short form eligible exchange – issuer is a wholly-owned subsidiary – issuer is a substantial global financial services provider – issuer has American Depository Shares representing its preference shares listed on NYSE – consolidated results and financial position of issuer and parent are materially the same – issuer and parent comply with SEC reporting obligations by filing joint reports – equity securities of parent listed on London Stock Exchange and American Depository Shares representing equity securities of parent listed on NYSE.

Applicable Legislative Provisions

National Instrument 44-102 Shelf Distributions, ss. 2.2, 11.1.

February 23, 2011

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
BARCLAYS BANK PLC
(THE FILER)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision (the **Exemption Sought**) under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for an exemption, pursuant to subsection 11.1(1) of National Instrument 44-102 – *Shelf Distributions* (**NI 44-102**), from the qualification requirements in subsection 2.2(1) and subparagraph 2.2(3)(b)(iii) of NI 44-102, which would otherwise require that the Filer's equity securities be listed and posted for trading on a short form eligible exchange (as defined in National Instrument 44-101 *Short Form Prospectus Distributions* (**NI 44-101**) in order for the Filer to distribute by short form prospectus Global Medium-Term Notes, Series A (**Notes**) of the Filer issued under a trust indenture (**Indenture**) dated September 16, 2004 between the Filer and The Bank of New York Mellon.

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 all of the provinces of Canada other than Ontario.

Interpretation

Terms defined in National Instrument 14-101 – *Definitions*, MI 11-102, NI 44-101 and NI 44-102 have the same meaning if used in this decision, unless otherwise defined.

Representations

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

1. The Filer is a public limited company registered in England and Wales having its registered office at 1 Churchill Place, London, England E14 5HP.

2. The Filer is a reporting issuer in each of the provinces of Canada and is not in default of securities legislation in any province of Canada.

3. In accordance with Section 3.4(5) of National Instrument 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions*, the Filer has selected Ontario as the principal regulator because the Canada branch of the Filer has its principal office in Ontario and therefore the Filer has the most significant connection to Ontario.

4. The Filer and its subsidiary undertakings is a major global financial services provider engaged in retail banking, credit cards, corporate banking, investment banking, wealth management and investment management services, with an extensive international presence in Europe, the Americas, Africa and Asia.

5. The Filer is a wholly owned subsidiary of Barclays PLC. The consolidated results and financial

position of the Filer and Barclays PLC are materially the same.

6. As of December 31, 2009, the Filer was among the largest financial institutions in the world measured by total assets. As of that date, the Filer had total assets of £1,378 billion and total shareholders' equity of £58.5 billion.

7. The main listing and principal trading market for the ordinary shares of Barclays PLC is the London Stock Exchange (**LSE**). Preference shares of the Filer are listed and posted for trading on the Luxembourg Stock Exchange. American Depositary Shares (**ADSs**) representing the ordinary shares of Barclays PLC and ADSs representing preference shares of the Filer are listed and posted for trading on the New York Stock Exchange (**NYSE**).

8. Each of the Filer and Barclays PLC has a class of securities registered under section 12 of the U.S. *Securities Exchange Act of 1934* (**1934 Act**). The joint reports filed by Barclays PLC and the Filer satisfy the reporting obligations under the 1934 Act of each of them.

9. The Filer satisfies its continuous disclosure obligations under securities legislation as a "SEC foreign issuer" as defined in National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*.

10. The Filer offers and sells Notes by prospectus in the United States and Canada. As at September 30, 2010 there were more than US$40 billion principal amount of Notes outstanding. Certain Notes are listed and posted for trading on NYSE Arca, the Toronto Stock Exchange and the Singapore Exchange.

11. The Filer filed and obtained a receipt for a base shelf prospectus dated December 9, 2010 (the **2010 Prospectus**) qualifying the issuance of principal protected Notes. The Filer satisfied the qualification criteria of NI 44-102 under the alternative qualification criteria for issuers of approved rating non-convertible securities set out in section 2.3 of NI 44-101 and section 2.3 of NI 44-102.

12. The Filer has obtained a rating of AA- from Standard & Poor's, a division of The McGraw Hill Companies, Inc. (**S&P**) and a rating of Aa3 from Moody's Investors Service Ltd. (**Moody's**) for Notes issued under the Indenture. The Filer is not aware of any pending lowering of such ratings. These ratings are assigned to Notes issued under the Indenture generally, and not to any specific issuances of Notes.

13. In June 2009 Moody's announced it would no longer assign new public ratings to bonds, notes, or preferred stock for which the amount of promised principal repayment is dependent on the occurrence of a non-credit event or the performance of an index. S&P announced in December 2009 that it would no longer rate obligations with variable principal payments linked to commodity prices, equity prices, or indices linked to either commodity or equity prices. At the date hereof neither S&P nor Moody's will provide a rating for a specific issuance of non-principal protected Notes. Absent the grant of Exemption Sought, the Filer would not be qualified under Part 2 of NI 44-102 to file a preliminary base shelf prospectus and final base shelf prospectus qualifying the distribution of non-principal protected Notes.

14. Upon receipt of the Exemption Sought, the Filer intends to file and obtain a receipt for a preliminary short form base shelf prospectus and then file and obtain a receipt for a short form base shelf prospectus (the **Prospectus**) qualifying Notes both principal protected and non-principal protected.

15. The Filer satisfies the basic qualification criteria set forth in section 2.2 of NI 44-101 and section 2.2 of NI 44-102, other than the requirement that its equity securities be listed and posted for trading on a short-form eligible exchange.

16. The Filer does not plan to seek ratings for the specific issuances of Notes under the Prospectus.

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 so long as:

(i) the Filer satisfies the criteria in paragraphs 2.2(a), (b), (c) and (d) of NI 44-101;

(ii) the Filer is not an issuer whose operations have ceased or whose principal asset is cash, cash equivalents or an exchange listing;

(iii) the equity securities of Barclays PLC are listed and posted for trading on the LSE and ADSs representing the ordinary shares of Barclays PLC are listed and posted for trading on the NYSE.

(iv) each shelf prospectus supplement qualifying non-principal protected Notes distributed under a Prospectus includes cover page disclosure that:

a. the non-principal protected Notes qualified under the Prospectus are not rated;

b. any non issue specific credit rating applicable to Notes issued under the Indenture only applies to credit-related factors such as the Filer's ability to make any payments it would be obligated to make under the Notes;

c. any non issue specific credit rating applicable to Notes issued under the Indenture does not apply to non-principal protected Notes and, for so long as S&P and Moody's continue not to rate non-principal protected Notes, an explanation to that effect; and

d. an investor's principal is at risk as a result of non credit-related factors such as the performance of the underlying reference asset; and

(v) the Filer files before or concurrently with the Prospectus an undertaking that it will not distribute in any local jurisdiction under the Prospectus specified derivatives that, at the time of distribution, are novel without pre-clearing with the regulator the disclosure contained in a shelf prospectus supplement pertaining to the distribution of the novel specified derivatives, in accordance with subsection 4.1(2) of NI 44-102.

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

2.1.2 Nexen Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Issuer allowed to make disclosure of reserves and future net revenue based on US disclosure requirements, at its option – the Issuer's US disclosure would not meet certain requirements in NI 51-101 – the Issuer is subject to the requirements of NI 51-101 and will provide disclosure compliant with that instrument – National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities.

Applicable Legislative Provisions

National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities.

Citation: Nexen Inc., Re, 2010 ABASC 601

December 30, 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
NEXEN INC.
(the Filer)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the **Decision Maker**) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) that the Filer be exempted from the following (collectively, the **Exemptions Sought**):

(a) sections 5.2 and 5.3 of National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* (**NI 51-101**) (the **COGEH Relief**);

(b) section 5.15(b)(iii) of NI 51-101 (the **Transitional F&D Comparative Relief**);

(c) item 4.1 of Form 51-101F1 *Statement of Reserves Data and Other Information* (**Form 51-101F1**) (the **Transitional Reconciliation Relief**);

(d) item 5.1 of Form 51-101F1 (the **Transitional 2010 PUD Relie**f); and

(e) paragraphs 5.1(1)(a) and 5.1(2)(a) of Form 51-101F1 (the **Transitional 2011/2012 PUD Relief**).

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

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

(b) the 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 and territories in Canada other than Alberta and Ontario; 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*, MI 11-102, NI 51-101 or CSA Staff Notice 51-324 *Glossary To NI 51-101 Standards of Disclosure for Oil and Gas Activities* have the same meaning if used in this decision, unless otherwise defined herein.

Representations

The Filer represents to the Commission that:

1. The head office of the Filer is located in Calgary, Alberta.

2. The Filer is a reporting issuer or equivalent in each of the provinces and territories of Canada and is not in default of securities legislation in any of the provinces or territories of Canada.

3. The Filer has securities registered under the 1934 Act.

4. The Filer is active in capital markets outside Canada where it competes for capital with foreign issuers, and has offered and intends to continue to offer securities in the United States of America (the **US**).

5. A significant portion of the Filer's securities are held, or a significant portion of its security holders are located, outside Canada.

6. Differences between the requirements and restrictions under US securities laws and guidance applied by the SEC, as they relate to disclosure concerning reserves and future net revenue, in material required to be filed with the SEC (collectively, the **US Disclosure Requirements**), and the requirements and restrictions under NI 51-101 are such that, absent relief, some disclosure made in accordance with US Disclosure Requirements would contravene NI 51-101, Form 51-101F1 or both (together, the **Instrument**).

7. For purposes of making an investment decision or providing investment analysis or advice, a significant portion of the Filer's investors, lenders and investment analysts in both Canada and the US routinely compare the Filer to issuers engaged in oil and gas activities that are based in the US or other foreign countries, such that comparability of the Filer's disclosure to that of such foreign-based issuers is of primary relevance to those market participants.

8. Pursuant to a decision dated 29 September 2008 issued in respect of the Filer, the Filer has been permitted to make certain disclosure in accordance with US Disclosure Requirements (the **2008 Relief**).

9. Under its terms, the Filer will cease to be able to rely on the 2008 Relief after 1 January 2011 and will become subject to all of the requirements of the Instrument. Temporary transitional relief would facilitate convergence of certain of the Filer's reserves and future net revenue disclosure practices with the Instrument, without detriment to market participants.

10. The Filer may wish to include, in its disclosure that is subject to Part 5 of NI 51-101, disclosure of reserves and future net revenue prepared in accordance with US Disclosure Requirements (the **Filer's US Disclosure**).

Decision

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

Pursuant to section 8.1 of NI 51-101:

(a) the COGEH Relief is granted with respect to the Filer's US Disclosure (if any), and with respect to the Filer's disclosure of finding and development costs based on reserves determined in accordance with US Disclosure Requirements (the **Filer's US F&D Disclosure**)(if any), as the case may be, provided that:

(i) the Filer describes any material differences between such disclosure and the corresponding disclosure it also makes, as required, under Canadian securities laws (its **Required Canadian Disclosure**), within or proximate to its Required Canadian Disclosure;

(ii) in the case of the Filer's US Disclosure (if any), it:

A. complies with the US Disclosure Requirements;

B. is identified as having been prepared in accordance with US Disclosure Requirements;

C. discloses the effective date of the estimates disclosed therein; and

D. is based on reserves estimates which have been prepared or audited by a qualified reserves evaluator or auditor; and

(iii) in the case of the Filer's US F&D Disclosure (if any):

A. all proved reserves, and any probable reserves, are determined in accordance with US Disclosure Requirements and are accompanied by a statement to the effect that the proved reserves, and any probable reserves, have been determined in accordance with US Disclosure Requirements; and

B. the Filer provides disclosure in accordance with section 5.15 of NI 51-101 and this disclosure is publicly available to investors;

(b) the Transitional F&D Comparative Relief is granted for the Filer's disclosure of finding and development costs for the Filer's financial years ending in 2010, 2011 and 2012, in each case only to the extent that the requisite comparative information for the most recent financial year, the second most recent financial year and the averages for the three most recent financial years is not available to the Filer;

(c) the Transitional Reconciliation Relief is granted for the Required Canadian Disclosure for the Filer's financial year ending in 2010;

(d) the Transitional 2010 PUD Relief is granted for the Required Canadian Disclosure for the Filer's financial year ending in 2010, only to the extent that the requisite information about volumes of proved undeveloped reserves or probable undeveloped reserves that were first attributed in each of the most recent three financial years, and the aggregate attributed before that time, is not available to the Filer, provided that the Filer includes in its annual filing under section 2.1 of NI 51-101 an explanation of why this information is omitted; and

(e) the Transitional 2011/2012 PUD Relief is granted for the Required Canadian Disclosure for the Filer's financial years ending in 2011 and 2012, only to the extent that information about volumes of proved undeveloped reserves or probable undeveloped reserves that were first attributed in each of the most recent three financial years, and the aggregate attributed before that time, is not available to the Filer, provided that the Filer includes in its annual filing under section 2.1 of NI 51-101 an explanation of why this information is omitted.

This decision, as it relates to paragraph (a) above, will terminate on the effective date of any amendment to the Legislation that permits disclosure of the nature contemplated by that paragraph.

"William Rice, QC"
Chair
Alberta Securities Commission

"Stephen Murison"
Vice Chair
Alberta Securities Commission

2.1.3 Stanton Asset Management Inc. et al.

Headnote

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

Applicable Legislative Provisions

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

February 18, 2011

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

AND

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

AND

IN THE MATTER OF
STANTON ASSET MANAGEMENT INC.
(the "Filer")

AND

O'LEARY GLOBAL EQUITY INCOME FUND
(the "Terminating Fund") AND
O'LEARY GLOBAL EQUITY YIELD FUND
(the "Continuing Fund", and together with the
Terminating Fund, the "Funds")

DECISION

Background

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

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

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

(b) the 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 province of Ontario; 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 MI 11-102 and National Instrument 14-101 – *Definitions* have the same meaning if used in this decision, unless otherwise defined.

Representations

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

1. The Filer is a corporation existing under the *Canada Business Corporations Act* with its head office in Montreal, Quebec.

2. The Filer is registered as a portfolio manager under the securities legislation of each of Québec and Ontario.

3. The Filer is the portfolio manager of each Fund and O'Leary Funds Management LP (the "**Manager**") is the manager of each Fund.

4. None of the Filer, the Manager or the Funds is in default of securities legislation in any Canadian jurisdiction.

5. The Manager proposes to effect the Merger of the Terminating Fund into the Continuing Fund, subject to regulatory approval, on or about March 4, 2011 (the "**Merger Date**").

6. Each Fund was established pursuant to a declaration of trust under the laws of the Province of Ontario.

7. The Funds are reporting issuers under the securities legislation of each province of Canada.

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

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

10. The Terminating Fund was established under the laws of the Province of Ontario pursuant to a declaration of trust dated May 30, 2008 (the "**Terminating Fund Declaration**") and completed its initial public offering on June 27, 2008.

11. The Continuing Fund is a "mutual fund" as defined in the Legislation and currently offers series A, series F, series H, Founder's Series, series I, and series M units pursuant to a simplified prospectus dated November 1, 2010 (the "**Prospectus**").

12. The Continuing Fund has filed an amendment to its simplified prospectus and annual information form to qualify the series X units to be used in the Merger.

13. Series X units of the Continuing Fund have a distribution policy which seeks to provide unitholders with monthly distributions

14. The investment objectives of the Terminating Fund are (a) to provide unitholders with monthly distributions, and (b) to provide long-term capital appreciation. The Fund has been created to invest primarily in global income-generating equity securities.

15. The Manager has amended the investment objectives of the Continuing Fund, as set forth below, to make them more similar to the investment objectives of the Terminating Fund:

> "The Fund's objectives are to generate income and long-term capital growth by investing primarily in income-generating common shares and preferred shares of public global issuers with a market capitalization of $1 billion or more. The Fund's actively managed portfolio focuses on value securities which will be diversified by region, country and industry sector. The Fund will seek to provide unitholders with periodic distributions in accordance with the distribution policy established for each series."

16. The Manager is the sole unitholder of the Continuing Fund. Units of the Continuing Fund will not be sold to investors until following the Merger and so the Manager will be the only unitholder in the Continuing Fund prior to the Merger.

17. As sole unitholder of the Continuing Fund, the Manager has approved the investment objective change and the proposed Merger in respect of the Continuing Fund.

18. The Merger will be a material change for the Continuing Fund, as the net asset value ("**NAV**") of the Continuing Fund is smaller than the NAV of the Terminating Fund.

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

20. A press release and material change report in respect of the Merger will be filed on SEDAR under the profile of each of the Funds upon receipt of approval for the Merger from the Principal Regulator pursuant to this decision, as well as upon completion of the Merger.

21. The Merger will be effected in accordance with the "permitted merger" provision set out in the Terminating Fund Declaration. This provision provides that the Manager may, without obtaining Unitholder approval and subject to TSX approval, merge the Terminating Fund with another fund or funds, provided that:

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

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

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

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

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

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

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

22. The board of directors of O'Leary Funds Management Inc., the general partner of the Manager, approved the Merger and a press release and material change report in respect of the Merger were filed on SEDAR on December 14, 2010. The press release announced the Merger more than 30 business days prior to the Merger Date and gave notice of the opportunity for unitholders to redeem their units prior to the Merger in compliance with the "permitted merger" provisions set out in the Terminating Fund Declaration.

23. The Manager has sent written notice of the Merger to unitholders of the Terminating Fund at least 30 days prior to the Merger Date, using a record date of December 31, 2010.

24. No TSX approval is required for the Merger. However, the Terminating Fund will need to comply with the requirements of the TSX to delist.

25. As required by National Instrument 81-107 – *Independent Review Committee for Investment Funds* ("**NI 81-107**"), an Independent Review Committee ("**IRC**") has been appointed for each of the Funds. The IRC approved the terms of the Merger at a meeting held on December 16, 2010.

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

27. The Merger will be implemented on a tax-deferred basis after the expiry of the annual redemption notice period of the Terminating Fund.

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

    (a) Prior to the Merger Date, the Terminating Fund will sell any securities in its portfolio necessary to meet redemption requests;

    (b) Effective as of close of business on or about March 3, 2011, the Units of the Terminating Fund will be de-listed from the TSX;

(c) The value of the Terminating Fund's portfolio and other assets will be determined at the close of business on the Merger Date in accordance with the Terminating Fund Declaration;

(d) The Continuing Fund will acquire the investment portfolio and other assets of the Terminating Fund in exchange for Series X Units of the Continuing Fund;

(e) The Continuing Fund will not assume liabilities of the Terminating Fund and the Terminating Fund will retain sufficient assets to satisfy its estimated liabilities, if any, as of the Merger Date;

(f) The Series X Units of the Continuing Fund received by the Terminating Fund will have an aggregate NAV equal to the value of the Terminating Fund's portfolio assets and other assets that the Continuing Fund is acquiring, and the Series X Units will be issued at their applicable series NAV per unit as of the close of business on the Merger Date;

(g) The Terminating Fund will distribute to its unitholders a sufficient amount of its net income and net realized capital gains so that it will not be subject to tax under Part I of the Tax Act for its taxation year ending on the Merger Date;

(h) Immediately thereafter, the Terminating Fund will be terminated and the Series X Units of the Continuing Fund received by the Terminating Fund will be distributed to unitholders of the Terminating Fund on a dollar for dollar basis in exchange for their Units in the Terminating Fund;

(i) As soon as reasonably possible following the Merger, the Terminating Fund will be wound up;

(j) The Manager will issue a press release forthwith after the Merger is completed announcing the completion of the Merger and the ratio by which Units of the Terminating Fund were exchanged for Series X Units.

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

30. The Filer is a "responsible person" as defined in the Legislation as a result of being the portfolio manager of the Funds.

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

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

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

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

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

(c) Management fees for the Terminating Fund will be the same as the management fees for the Series X Units of the Continuing Fund; and

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

Decision

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

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

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

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

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

2.1.4 Goodman & Company, Investment Counsel Ltd. et al.

Headnote

National Policy 11-203 Process for Exemption Relief Applications in Multiple Jurisdictions – relief from section 4.1 of NI 81-102 for dealer-managed mutual funds to invest in an offering of debt securities of Viterra Inc. for which dealer-manager acts as underwriter during distribution period or 60 day period following distribution – debt securities will not have "approved rating" as required by subsection 4.1(4) – securities are consistent with fund investment objectives and funds' participation subject to approval of independent review committee – offerings will have at least one underwriter in addition to related dealer, at least one arm's length purchaser purchasing at least 5% of the securities – related funds are purchasing approximately 10% of offering and will pay no more than lowest price paid by arm's length purchaser(s) – National Instrument 81-102 – Mutual Funds section 4.1.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 4.1, 19.1.

February 15, 2011

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
GOODMAN & COMPANY,
INVESTMENT COUNSEL LTD.
(the "Filer")

AND

DYNAMIC CANADIAN BOND FUND
MARQUIS INSTITUTIONAL BOND PORTFOLIO
DYNAMIC FOCUS + BALANCED FUND
DYNAMIC POWER BALANCED FUND
DYNAMIC POWER BALANCED CLASS
DYNAMIC ADVANTAGE BOND FUND
DYNAMIC ADVANTAGE BOND CLASS
DYNAMIC STRATEGIC YIELD FUND
DYNAMIC STRATEGIC YIELD CLASS
DYNAMIC DIVIDEND INCOME FUND
DYNAMIC DIVIDEND INCOME CLASS
(collectively, the "Funds")

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer, in respect of the Funds, for a decision under the securities legislation of the Jurisdiction (the "**Legislation**") for relief (the "**Requested Relief**") from the prohibition in section 4.1(1) of NI 81-102 (the "**Investment Prohibition**") to permit the investment by the Funds in debt securities of Viterra Inc. ("**Viterra**") during the period of their distribution (the "**Distribution**") or during the period of 60 days after the Distribution (the "**60-Day Period**"), notwithstanding the involvement of the Filer's affiliate as an underwriter in the Distribution and notwithstanding that the debt securities do not have an approved rating by an approved credit rating organization as contemplated by section 4.1(4)(b) of National Instrument 81-102 ("**NI 81-102**").

Under the Process for Exemptive Relief Applications in Multiple Jurisdiction (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 on in Alberta, British Columbia, Saskatchewan, Manitoba, Québec, Nova Scotia, New Brunswick, Newfoundland and Labrador, Prince Edward Island, Yukon Territory, Northwest Territories and Nunavut Territory (collectively, the "**Non-Principal Jurisdictions**").

Interpretation

Terms defined in MI 11-102, National Instrument 14-101 *Definitions*, NI 81-102 and National Instrument 81-107 *Independent Review Committee for Investment Funds* ("**NI 81-107**") have the same meaning if used in this decision, unless otherwise defined. For greater certainty, the term "approved rating", as used in section 4.1(4)(b) of NI 81-102, has the meaning given to such term in National Instrument 44-101 *Short Form Prospectus Distributions*.

Representations

This decision is based on the following facts represented by the Filer in respect of the Filer and the Funds:

1. The Filer is a corporation existing under the laws of the Province of Ontario, is registered with the OSC as a portfolio manager in the category of adviser, and is further registered in that category in each of British Columbia, Alberta, Manitoba, Saskatchewan, Quebec, New Brunswick and Nova Scotia and is registered as a commodity trading manager with the OSC.

2. Each of the Funds is a mutual fund established under the laws of the Jurisdiction, and none of the Funds is a "money market fund" as defined in NI 81-102.

3. The securities of the Funds are offered for sale pursuant to a prospectus filed in one or more of the Jurisdiction and the Non-Principal Jurisdictions. Each of the Funds is a dealer managed mutual fund that is a reporting issuer in one or more of the Jurisdiction and the Non-Principal Jurisdictions.

4. Each of the Funds has an independent review committee ("**IRC**") appointed under NI 81-107.

5. Neither the Filer nor the Funds are in default of securities legislation in any Jurisdiction.

6. The Filer is the manager and portfolio adviser of the Funds.

7. The Filer is a wholly-owned subsidiary of DundeeWealth Inc. As of February 1, 2011, DundeeWealth Inc. is a wholly-owned subsidiary of The Bank of Nova Scotia.

8. Pursuant to a final base shelf prospectus dated August 6, 2010 and a prospectus supplement dated February 10, 2011, Viterra is offering $200 million of 10 year Senior Unsecured Notes (the "**Debt Securities**"). The Debt Securities are rated BBB (low) by Dominion Bond Rating Service Limited and BBB- by Standard & Poor's, neither of which is an "approved rating" as contemplated in NI 81-102.

9. The Distribution has been marketed to potential lenders by a group of 13 investment dealers (the "**Underwriters**") pursuant to available exemptions from applicable securities laws.

10. The Filer is an affiliate of Scotia Capital Inc. (the "**Related Underwriter**"), an investment dealer who is an Underwriter in the Distribution.

11. The Filer proposes to purchase (the "**Proposed Purchase**") for the Funds in the aggregate up to $20 million of the Debt Securities offered through the Distribution. The Funds' participation in the Distribution would be subject to the approval of the IRC for the Funds.

12. The Funds require the Requested Relief from the Investment Prohibition because the Debt Securities do not have an "approved rating" by an "approved credit rating organization" as contemplated by section 4.1(4)(b) of NI 81-102.

13. The Proposed Purchase is consistent with the investment objectives of the Funds and represents the business judgment of responsible persons uninfluenced by considerations other than the best interests of the Funds.

14. The Filer considers that a Fund may be prejudiced if it cannot make the Proposed Purchase, which is consistent with each Fund's investment objectives, during the Distribution, or in the 60-Day Period. Foregoing participation in this investment opportunity is a significant opportunity cost for the Funds as they would be denied timely access to these securities purely as a result of the coincidental participation of the Related Underwriter in the transaction and the credit rating of securities distributed in the Distribution.

15. The investment decision for the Proposed Purchase was made by the Filer independently from its Related Underwriter, as is reflected in and required by policies and procedures approved by the IRC.

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 Requested Relief from the Investment Prohibition is granted in respect of the Proposed Purchase by the Funds, provided that:

(a) at the time of the investment, the Proposed Purchase is consistent with the investment objectives of the Funds and represents the business judgment of the portfolio adviser of the Funds uninfluenced by considerations other than the best interests of the Funds;

(b) the Filer complies with section 5.1 of NI 81-107;

(c) at the time of the investment, the IRC has approved the transaction in accordance with section 5.2(2) of NI 81-107;

(d) if the securities are acquired during the Distribution

  (i) at least one Underwriter is not related to the Filer,

  (ii) at least one purchaser who is independent and arm's length to the Funds and the Related Underwriter must purchase at least 5% of the securities distributed under the Distribution, and

  (iii) the price paid for the securities by a Fund shall be no higher than the lowest price paid by any of the arm's length lenders who participate in the Distribution, and

  (iv) the Funds collectively acquire no more than 20% of the securities distributed under the Distribution;

(e) if the securities are acquired in the 60-Day Period,

  (i) the ask price of the securities is readily available as provided in Commentary 7 to section 6.1 of NI 81-107,

  (ii) the price paid for the securities by a Fund is not higher than the available ask price of the security, and

  (iii) the purchase is subject to market integrity requirements as defined in NI 81-107; and

(f) no later than the time a Fund files its next annual financial statements, the manager of the Funds will file the particulars of the investment made by the Funds pursuant to the Requested Relief.

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

2.1.5 RBC Dominion Securities Inc. et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – offering of corporate strip securities; exemption granted from the eligibility requirements of National Instrument 44-102 Shelf Distributions and National Instrument 44-101 Short Form Prospectus Distributions to permit the filing of a shelf prospectus and prospectus supplements qualifying for distribution strip residuals, strip coupons and strip packages to be derived from debt obligations of Canadian corporations and trusts; exemption also granted from the requirements that the prospectus contain a certificate of the issuer and that it incorporate by reference documents of the underlying issuer.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 58(1).

Applicable National Instruments

National Instrument 44-101 Short Form Prospectus Distributions, ss. 2.1, 8.1.
National Instrument 44-102 Shelf Distributionsn, ss. 2.1, 11.1.

February 17, 2011

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
RBC DOMINION SECURITIES INC.,
BMO NESBITT BURNS INC.,
CIBC WORLD MARKETS INC.,
NATIONAL BANK FINANCIAL INC.,
SCOTIA CAPITAL INC. AND TD SECURITIES INC.
(the FILERS)

AND

IN THE MATTER OF

THE CARS AND PARS PROGRAMME™
OF THE FILERS

DECISION

Background

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

1. an exemption from Section 2.1 of National Instrument 44-102 – *Shelf Distributions* and Section 2.1 of National Instrument 44-101 – *Short Form Prospectus Distributions* so that a Prospectus can be filed by the Filers to renew the CARS and PARS Programme and offer Strip Securities in the Jurisdictions; and

2. an exemption from the following requirements in respect of any Underlying Issuer whose Underlying Obligations are purchased by any one or more of the Filers on the secondary market, and Strip Securities derived therefrom and sold under the CARS and PARS Programme:

   (a) the requirements of the Legislation that the Prospectus contain a certificate of the Underlying Issuer; and

   (b) the requirements of the Legislation that the Prospectus incorporate by reference documents of an Underlying Issuer.

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

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

(b) the Filers have provided notice that Section 4.7(1) of Multilateral Instrument 11-102 – *Passport System* (**MI 11-102**) is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, Newfoundland and Labrador, New Brunswick, Prince Edward Island, Nova Scotia, Newfoundland and Labrador, Yukon Territory Northwest Territories and Nunavut (collectively with Ontario, the **Jurisdictions**).

Interpretation

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

CARS™ means strips coupons and strips residuals.

CARS and PARS Programme™ means the strip bond product programme of the Filers to be offered by Prospectus.

CDS means CDS Clearing and Depository Services Inc.

NI 44-101 means National Instrument 44-101 – *Short Form Prospectus Distributions*.

NI 44-102 means National Instrument 44-102 – *Shelf Distributions*.

Offering Date means the time of the closing of the discrete offering in respect of the related Strip Securities.

PARS™ means par adjusted rate strips, comprising an entitlement to receive the principal amount of, and a portion, equal to a market rate (at the time of issuance of thereof) of the interest payable under the Underlying Obligations.

Participants means participants in the depository system of CDS.

Prospectus means a short form prospectus which is a base shelf prospectus together with the appropriate prospectus supplements.

SEDAR means the System for Electronic Document Analysis and Retrieval.

Strip Coupons means separate components of interest derived from an Underlying Obligation.

Strip Packages means packages of Strip Securities, including packages of Strip Coupons and packages of PARS.

Strip Residuals means separate components of principal derived from an Underlying Obligation.

Strip Securities means separate components of interest, principal or combined principal and interest components derived from Underlying Obligations and sold under the CARS and PARS Programme, including Strip Residuals, Strip Coupons and Strip Packages.

Underlying Issuers means Canadian corporate, trust and/or partnership issuers.

Underlying Obligations means publicly-issued debt obligations of Underlying Issuers, which obligations will carry an "approved rating" as such term is defined in NI 44-101 at the Offering Date.

Underlying Obligations Prospectus means a prospectus for which a receipt was issued by the securities regulatory authorities in British Columbia, Alberta, Ontario and Quebec.

Representations

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

1. Each of the Filers is a corporation incorporated under the laws of Canada, and all the Filers, except National Bank Financial Inc. have their head offices in Toronto. National Bank Financial Inc.'s head office is in Montreal.

2. None of the Filers are in default of securities legislation in the Jurisdictions;

3. The CARS and PARS Programme has been in effect since November 19, 2002 in reliance on a MRRS decision documents dated October 31, 2002, and has subsequently been renewed and continued in reliance on decision documents dated March 6, 2003, November 19, 2004, December 18, 2006 and January 18, 2008;

4. The Filers propose to continue to operate the CARS and PARS Programme;

5. The CARS and PARS Programme will continue to be operated by purchasing, on the secondary market, Underlying Obligations of Underlying Issuers, and deriving separate components therefrom, being Strip Residuals, Strip Coupons, and/or Strip Packages;

6. The relevant Underlying Issuer will, to the best of the knowledge of each Filer participating in the relevant offering under the CARS and PARS Programme, be eligible to file a short form prospectus under NI 44-101 (whether such eligibility results from the specific qualification criteria of NI 44-101 or from the granting of an exemption from those criteria) at the Offering Date;

7. The Underlying Obligations will have been distributed under a prospectus for which a receipt was granted by the regulator in British Columbia, Alberta, Ontario, and Quebec;

8. A single short form base shelf prospectus will be established for the renewed CARS and PARS Programme as a whole, with a separate series of Strip Securities being offered under a discrete prospectus supplement for each distinct series or class of Underlying Obligations;

9. It is expected that the Strip Securities will continue to be predominantly sold to retail customers;

10. It is expected that the Filers, or certain of them, will continue to periodically identify, as demand indicates, series of outstanding debt obligations of Canadian corporations or trusts and will purchase and "repackage" individual series of these for sale under the CARS and PARS Programme as discrete series of Strip Securities. In purchasing the Underlying Obligations and creating the Strip Securities, the Filers will not enter into any agreement or other arrangements with the Underlying Issuers;

11. The Prospectus will refer purchasers of the Strip Securities to the SEDAR website maintained by CDS (currently located at www.sedar.com) where they can obtain the continuous disclosure materials of the Underlying Issuer;

12. The Filers, or certain of them, may, from time to time, form and manage a selling group consisting of other registered securities dealers to solicit purchases of, and sell to the public, the Strip Securities;

13. The Strip Securities will be sold in series, each such series relating to separate Underlying Obligations of an Underlying Issuer. The base shelf prospectus for use with the CARS and PARS Programme will describe the CARS and PARS Programme in detail. The shelf prospectus supplement for any series of Strip Securities that are offered will describe the specific terms of the Strip Securities;

14. Each offering of Strip Securities will be derived from one or more Underlying Obligations of a single class or series of an Underlying Issuer. The Filer(s) participating in each offering under the CARS and PARS Programme intend to separate the Underlying Obligations for such series into separate principal and interest components, or strip bonds. These components will, in connection with each series, be re-packaged if and as necessary to create the Strip Securities;

15. The Strip Residuals of a particular series, if any, will consist of the entitlement to receive payments of a portion of the principal amounts payable under the Underlying Obligations, if, as and when paid by the Underlying Issuer on the Underlying Obligations, in accordance with their respective terms;

16. The Strip Coupons of a particular series will consist of the entitlement to receive a payment of a portion of the interest payable under the Underlying Obligations, if, as and when paid by the Underlying Issuer on the Underlying Obligations, in accordance with their respective terms;

17. The Strip Packages will consist of the entitlement to receive (a) in the case of PARS, both payments of a portion of the principal amounts payable and periodic payments of a portion equal to a market rate (at the time of issuance of the PARS) of the interest payable under the Underlying Obligations, and/or (b) in the case of packages consisting of Strip Coupons, periodic payments of portions of the interest payable, or the principal amounts payable, under the Underlying Obligations, in each case, if, as and when paid by the Underlying Issuer on the Underlying Obligations, in accordance with their respective terms;

18. Holders of a series of Strip Securities will be entitled to payments from cash flows from the related Underlying Obligations if, as and when made by the respective Underlying Issuer. The Strip Securities of one series will not be entitled to receive any payments from the cash flows of Underlying Obligations related to any other series. As the Underlying Issuers will be the sole obligors under the respective Underlying Obligations, holders of Strip Securities will be entirely dependent upon the Underlying Issuers' ability to perform their respective obligations under their respective Underlying Obligations;

19. The Strip Securities will be sold at prices determined by the Filers from time to time and, as such, these may vary as between purchasers of the same series and during the offering period of Strip Securities of the same series. In quoting a price for the Strip Securities, the Filers will advise the purchaser of the annual yield to maturity thereof based on such price;

20. The Underlying Issuers will not receive any proceeds, and the Filers will not be entitled to be paid any fee or commission by the Underlying Issuers, in respect of the sale by the Filers or the members of any selling group of the Strip Securities. Each Filer's overall compensation will be increased or decreased by the amount by which the aggregate price paid for a series of the Strip Securities by purchasers exceeds or is less than the aggregate price paid by such Filer for the related Underlying Obligations;

21. The maturity dates of any particular series of Strip Coupons and the interest component of Strip Packages will be coincident with the interest payment dates for the Underlying Obligations for the Series, with terms of up to 30 years or longer. The maturity date of a particular series of Strip Residuals and the principal component of Strip Packages, if any, will be the maturity date of the Underlying Obligations for the series;

22. The Strip Securities will be issuable in Canadian and U.S. dollars and in such minimum denomination(s) and with such maturities as may be described in the applicable shelf prospectus supplement;

23. The Underlying Issuers will be Canadian, corporations, trusts or partnerships. The Underlying Obligations are securities of the Underlying Issuers. The Strip Securities will be derived without regard, except as to ratings and eligibility to file a short form prospectus under NI 44-101, for the value, price, performance, volatility, investment merit or creditworthiness of the Underlying Issuers historically or prospectively;

24. To be eligible for inclusion in the CARS and PARS Programme, the Underlying Obligations must have been qualified for distribution under a prospectus for which a receipt was issued by the regulators in British Columbia, Alberta, Ontario and Quebec, at least four months must have passed from the date of closing of the original issue of the relevant class or series of Underlying Obligations and the

distribution of the Underlying Obligations must be complete;

25. The Filers will cause all Underlying Obligations from which the Strip Securities will be derived and which are not already in the CDS system to be delivered to CDS and registered in the name of CDS. The Underlying Obligations from which the Strip Securities will be derived will, except in very limited circumstances, be held by CDS until their maturity and will not otherwise be released or removed from the segregated account used by CDS to maintain the Underlying Obligations. A separate security identification number or ISIN will be assigned by CDS to each series of Strip Securities;

26. Pursuant to the operating rules and procedures of its CDSX Procedures and User Guide, or any successor operating rules and procedures, CDS will maintain book based records of ownership for the Strip Securities, entering in such records only the names of Participants. No purchaser of Strip Securities will be entitled to any certificate or other instrument from the Underlying Issuer, the Filers or CDS evidencing the Strip Securities or the ownership thereof, and no purchaser of Strip Securities will be shown on the records maintained by CDS except through the book entry account of a Participant. Upon the purchase of Strip Securities, the purchaser will receive only the customary confirmation slip that will be sent to such purchaser by one of the Filers or another Participant;

27. Transfers of beneficial ownership in Strip Securities will be effected through records maintained for Strip Securities by CDS or its nominee (with respect to interests of Participants) and on the records of Participants (with respect to interests of persons other than Participants). Beneficial holders who are not Participants, but who desire to purchase, sell or otherwise transfer beneficial ownership of, or any other interest in, such Strip Securities of a series, may do so only through Participants;

28. Payments in respect of a principal component (if any), interest component(s) (if any), or other amounts (if any) owing under a series of Strip Securities will be made from payments received by CDS in respect of the related Underlying Obligations from the relevant Underlying Issuer. Amounts payable on the maturity of the Strip Securities will be payable by the Underlying Issuer to CDS as the registered holder of the Underlying Obligations. Following receipt thereof, CDS will pay to each of its Participants shown on its records as holding matured Strip Securities the amount to which such Participant is entitled. The Filers will, and the Filers understand that each other Participant, who holds such Strip Securities on behalf of a purchaser thereof will, pay or otherwise account to such purchaser for the amounts received by it in accordance with the instructions of the purchaser to such Participant. Holders of a series of Strip Securities will not have any entitlement to receive payments under any Underlying Obligations acquired in connection with the issue of any other series of Strip Securities;

29. As the registered holder of the Underlying Securities, CDS will receive any voting rights in respect of the Underlying Obligations for the Strip Securities. CDS will allocate these rights to the holders of the Strip Securities in accordance with the operating rules and procedures of its CDSX Procedures and User Guide, or any successor operating rules and procedures, in effect at the time. These procedures currently provide for the distribution of the voting rights based on the "proportionate economic interest", determined as to be described in the base shelf prospectus for use with the CARS and PARS Programme. Such voting rights will be vested on a series by series basis. In order for a holder of Strip Securities to have a legal right to attend a meeting of holders of Underlying Obligations, or to vote in person, such holder of Strip Securities must be appointed as proxyholder for the purposes of the meeting by the CDS Participant through whom he or she holds Strip Securities;

30. In the event that an Underlying Issuer repays a callable Underlying Obligation prior to maturity in accordance with its terms, CDS will allocate the amount of proceeds it receives as the registered holder of the Underlying Obligations to the holders of the Strip Securities in accordance with the operating rules and procedures of its CDSX Procedures and User Guide, or any successor operating rules and procedures, in effect at the time. These procedures currently provide for the distribution of proceeds on the repayment of a callable Underlying Obligation based on the "proportionate economic interest"; and

31. Any other entitlements received by CDS with respect to the Underlying Obligations upon the occurrence of an event other than in respect of maturity, including entitlements on the insolvency or winding-up of an Underlying Issuer, the non-payment of interest or principal when due, or a default of the Underlying Issuer under any trust indenture or other agreement governing the Underlying Obligations, will be processed by CDS in accordance with the operating rules and procedures of its CDSX Procedures and User Guide, or any successor operating rules and procedures, in effect at the time. These procedures also currently provide for CDS to distribute the resulting cash and/or securities to the holders of the Strip Securities based on "proportionate economic interest". In addition, if the Underlying Issuer offers an option to CDS as

the registered holder of the Underlying Obligations in connection with the event, the Filers understand that CDS will attempt to offer the same option to the holders of the Strip Securities, where feasible.

Decision

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

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

1. The Underlying Obligations were qualified for distribution under the Underlying Obligations Prospectus, at least four months have passed from the date of closing of the original issue of the relevant class or series of Underlying Obligations and the distribution of the Underlying Obligations is complete;

2. If the Underlying Obligations Prospectus is not available through the SEDAR website, the prospectus supplement for the series of Strip Securities derived from the Underlying Obligations for which the prospectus is not available states that a copy of the Underlying Obligations Prospectus may be obtained, upon request, without charge, from each Filer who is participating in the offering of the series of Strip Securities derived from these Underlying Obligations;

3. To the best of the knowledge of the Filer(s) participating in a relevant offering under the CARS and PARS Programme, the relevant Underlying Issuer is eligible to file a short form prospectus under NI 44-101 (whether such eligibility results from the specific qualification criteria of NI 44-101 or from the granting of an exemption from those criteria) at the Offering Date;

4. A receipt issued for the Prospectus issued in reliance on this decision document is not effective after April 18, 2013;

5. The offering and sale of the Strip Securities complies with all the requirements of NI 44-102 and NI 44-101 as varied by NI 44-102, other than those from which an exemption is granted by this decision document or from which an exemption is granted in accordance with Part 11 of NI 44-102 by the securities regulatory authority or regulator in each of the Jurisdictions as evidenced by a receipt for the Prospectus;

6. The Filers issue a press release and file a material change report in respect of:

   (a) a material change to the CARS and PARS Programme which affects any of the Strip Securities other than a change which is a material change to an Underlying Issuer; and

   (b) a change in the operating rules and procedures of the CDSX Procedures and User Guide of CDS, or any successor operating rules and procedures in effect at the time, which may have a significant effect on a holder of Strip Securities; and

7. The Filers file the Prospectus, the material change reports referred to above, and all documents related thereto on SEDAR under a SEDAR profile for the Strip Securities and pay all filing fees applicable to such filings.

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

2.1.6 Golden Goose Resources Inc. – s. 1(10)

Headnote

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

Ontario Statutes

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

Montréal, February 25, 2011

Golden Goose Resources Inc.
C/o: DuMoulin Black
10th Floor 595 Howe Street
Vancouver British Columbia V6C 2T5

Attention: Mrs. Lucy Schilling

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

Dear Madam:

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

As the Applicant has represented to the Decision Makers that:

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

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

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

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

each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met and orders that the Applicant's status as a reporting issuer is revoked.

"Alida Gualtieri"
Manager, Continuous Disclosure
Autorité des marchés financiers

2.1.7 CLS Bank International and CLS Services Ltd. – s. 147

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

AND

IN THE MATTER OF
CLS BANK INTERNATIONAL

AND

CLS SERVICES LTD.

DECISION
(Section 147 of the Act)

UPON the Ontario Securities Commission (the Commission) having received an application (the Application) from CLS Bank International (the Applicant) for a decision pursuant to section 147 of the Act exempting the Applicant and CLS Services Ltd. ("CLS Services") from the clearing agency recognition requirement of subsection 21.2(0.1) of the Act (the Requested Relief);

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

AND UPON the Applicant having represented to the Commission that:

1. The Applicant is chartered as an Edge corporation under the laws of the United States and, as such, it is a banking institution that is authorized to conduct international banking operations.

2. The Applicant and CLS Services are wholly-owned subsidiaries of CLS UK Intermediate Holdings Ltd. (CLS Intermediate Holdings).

3. Each of CLS Services and CLS Intermediate Holdings is incorporated under the laws of England and Wales and is located in London, England. CLS Intermediate Holdings also maintains a representative office in Tokyo, Japan.

4. CLS Intermediate Holdings is a wholly-owned subsidiary of CLS Group Holdings AG, a Swiss company that is the ultimate holding company of the CLS Group.

5. The Applicant was established in 1999 to develop a system to settle payment instructions relating to underlying foreign exchange transactions to reduce the settlement risk inherent in then existing settlement mechanisms. It began live operations in September 2002 using its automated CLS system.

6. The Applicant currently settles payment instructions relating to underlying transactions (Transactions) that involve seventeen different currencies (Eligible Currencies) comprising the Australian dollar; the Canadian dollar; the Danish krone; the euro; the Hong Kong dollar; the Israeli shekel; the Japanese yen; the Mexican peso; the New Zealand dollar; the Norwegian krone; the Singapore dollar; the South African rand; the South Korean won; the Swedish krona; the Swiss franc; the UK pound sterling; and the US dollar and it also intends to settle payment instructions relating to Transactions involving other currencies subject to receipt of all necessary approvals.

7. The CLS system is a continuous linked settlement system for settling payments in relation to Transactions that is intended to eliminate settlement risk attributable to the existence of time zones.

8. The Applicant operates the CLS system pursuant to the CLS Bank International Rules (the Rules). The Rules are governed by English law.

9. CLS Services provides CLS system operations and support, vendor support, information technology, security services and other support services to, and under the direction of, the Applicant pursuant to a Master Services Agreement between the Applicant and CLS Services.

10. The Applicant permits participation in the CLS system by two different types of members. Members who maintain an account with the Applicant (an Account) are referred to as Settlement Members and members who do not maintain an

Account are referred to as User Members. Each User Member must be sponsored by a Settlement Member. Both Settlement Members and User Members (in either case, a Member) are required, as a condition of membership, to execute an agreement with the Applicant that is governed by New York law.

11. An applicant for approval as a Settlement Member must meet stringent membership requirements that are set forth in the Rules and that include, among other things, an established operating capability, acceptable regulatory oversight, minimum capital and capital ratio requirements and minimum credit ratings.

12. Each Member participates in the CLS system by submitting payment instructions in relation to a Transaction to the CLS system in accordance with a submission process that identifies the Member to the Applicant through the use of an identification code. Each payment instruction identifies, among other things, the parties to the Transaction and the Member that is expected to submit a corresponding payment instruction in relation to the same Transaction. Each payment instruction is processed by the CLS system and, if determined to be eligible for settlement, is settled across the books and records of the Applicant by the simultaneous entry of debits and credits to the Accounts of the relevant Settlement Members identified in the payment instructions.

13. The Account that the Applicant maintains for each Settlement Member is a single, multi-currency account in respect of each Eligible Currency. The Account is used for the settlement of all payment instructions that are submitted by either the Settlement Member or a User Member that has been sponsored by the Settlement Member.

14. Within its Account a Settlement Member may be permitted to have negative balances in some Eligible Currencies if there are offsetting positive balances in the other Eligible Currencies such that the overall Account balance of the Settlement Member (the Account Balance) is positive. The Account Balance is calculated as the sum of the positive and negative balances for each Eligible Currency in the Account (each, a Currency Balance) after each Currency Balance has been converted to the base currency of U.S. dollars.

15. The Applicant maintains an account with the central monetary authority of each country that issues an Eligible Currency (each, a Central Bank). In Canada, the Applicant maintains its account with Bank of Canada. As part of the funding process for Accounts, the applicant credits the relevant Currency Balance within a Settlement Member's Account whenever the Applicant receives a pay-in of the relevant currency in the Applicant's relevant Central Bank account. The Applicant also disburses funds from its Central Bank accounts and debits the relevant Settlement Member's Account accordingly.

16. Settlement of payment instructions occurs when the Applicant simultaneously debits and credits the Accounts of the relevant Settlement Members in accordance with the payment instructions that were submitted by the Settlement Members and/or the User Members sponsored by them. Each payment instruction is settled individually on a gross basis and is not netted against other payment instructions.

17. The Applicant does not guarantee settlement nor does it become a counterparty to any of the Transactions to which payment instructions are related. Settlement will not occur if payment instructions are not eligible for settlement because, for example, an Account would not have a positive Account Balance post settlement. All settled payment instructions are final and binding on each of the Members. Generally speaking, unsettled payment instructions are rejected at the end of the relevant settlement date.

18. Members currently have their head or home offices in Australia, Belgium, Canada, Denmark, England, France, Germany, Hong Kong, Israel, Italy, Japan, Luxembourg, Netherlands, Norway, Scotland, Singapore, South Africa, South Korea, Spain, Sweden, Switzerland and the United States. In the future, it is likely that CLS Bank will have Members with their head or home offices in other jurisdictions provided CLS Bank's requirements are met including receipt of all necessary approvals.

19. Settlement Members located in Canada comprise four banks located in Ontario that are listed in Schedule 1 to the *Bank Act* (Canada).

20. As an Edge corporation, the Applicant is supervised and regulated by the Board of Governors of the U.S. Federal Reserve System and the Federal Reserve Bank of New York (collectively, the U.S. Federal Reserve).

21. The U.S. Federal Reserve and the Central Banks have established a cooperative oversight arrangement that is governed by, and conducted in accordance with, the Protocol for the Cooperative Oversight Arrangement of CLS (the Protocol). The Protocol is premised upon the principles for international cooperative oversight that are contained in the "Central Bank Oversight of Payment and Settlement Systems" report of the Committee on Payment and Settlement Systems of the Group of Ten countries. The Protocol provides a mechanism for the mutual assistance of the participating Central Banks to facilitate the fulfilment of their individual responsibilities in pursuit of their shared public

policy objectives for the safety and efficiency of payment and settlement systems and their focus on the stability of the financial system.

22. Bank of Canada is a participating Central Bank under the Protocol. It also has a domestic responsibility for the supervision of CLS Bank as a result of its designation of the CLS system as a clearing and settlement system that could be operated in a manner that could pose systemic risk pursuant to section 4(1) of the Payment Clearing and Settlement Act (Canada) ("PCSA"). CLS Bank and/or the CLS system have been the subject of similar designations in each of the European Union, Australia, Hong Kong, Israel, New Zealand, Singapore, South Africa and South Korea.

23. Bank of Canada and the other Central Banks also receive extensive information regarding the CLS system through their participation on the CLS Oversight Committee established by the Protocol.

24. Prior to 2007, the settlement services offered by the Applicant were limited to the settlement of payment instructions in relation to underlying foreign exchange (FX) Transactions.

25. During 2007, the Applicant extended its settlement services to include the settlement of payment instructions in relation to underlying non-deliverable forward foreign exchange Transactions and the settlement of payment instructions in relation to underlying over-the-counter (OTC) derivative Transactions (Derivative Instructions) resulting in one-way payments across the books of CLS Bank. Settlement services in relation to Derivative Instructions are currently limited to underlying OTC credit derivative transactions but they could eventually include other types of underlying derivative transactions, such as interest rate swaps, equity derivatives and commodity derivatives subject to receipt of all necessary approvals. CLS Bank's settlement services may also be extended to include the settlement of FX option premium payment instructions.

26. The extension of CLS Bank's settlement services to the settlement of Derivative Instructions followed its selection as the central settlement provider for a Trade Information Warehouse (the Warehouse) that has been established by DTCC Deriv/SERV LLC (DTCC), a wholly-owned subsidiary of Depository Trust & Clearing Corporation.

27. The Warehouse was designed by DTCC in response to concerns expressed by certain regulatory authorities, including the U.S. Federal Reserve and the UK Financial Services Authority, regarding insufficient documentation in respect of OTC credit derivative transactions. The Warehouse is intended to provide a comprehensive, centralized trade database with the most up-to-date record of each OTC credit derivative transaction, as well as a central processing capability to standardize and automate "downstream" processing of payments and other post-confirmation processes.

28. As the central settlement provider for the Warehouse, the Applicant settles Derivative Instructions received from The Warehouse Trust Company, LLC (Warehouse Trust) in relation to underlying OTC derivative transactions that are maintained in the Warehouse (Warehouse Derivatives) in a manner that is similar to the manner in which it settles payment instructions in relation to underlying FX Transactions, although settlement only results in a one-way payment. Members submit instructions in relation to Warehouse Derivatives (Warehouse Derivative Instructions) directly to the CLS system through Warehouse Trust. Each Warehouse Derivative Instruction specifies the payment amount in an Eligible Currency that is due under one or more Warehouse Derivatives. Warehouse Trust is a limited purpose trust company that is wholly-owned by DTCC and regulated by the Board of Governors of the U.S. Federal Reserve System and the New York State Banking Department.

29. Only those institutions that are Members are eligible to participate in the settlement services that are provided by the Applicant in respect of Warehouse Derivative Instructions utilizing Warehouse Trust as agent for the transmission of the Warehouse Derivative Instructions. The underlying Warehouse Derivatives may, however, be proprietary to the Member or they may be third party customer transactions.

30. Although CLS Bank is currently settling Derivative Instructions submitted by Members through Warehouse Trust in relation to OTC credit derivatives involving nine Eligible Currencies, in the future DTCC may request CLS Bank to settle Derivative Instructions in relation to other types of OTC derivative transactions involving any Eligible Currencies or OTC credit derivatives involving other Eligible Currencies. CLS Bank would have to seek and obtain regulatory approval before agreeing to settle any payments related to such expanded activities.

31. OTC derivative transactions underlying Derivative Instructions, including Warehouse Derivatives, are considered derivatives and can include transactions in relation to securities for purpose of the Act and the Applicant may therefore be considered to be carrying on the business of a clearing agency in Ontario for purposes of the Act.

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

IT IS THE DECISION of the Commission pursuant to section 147 of the Act that the Requested Relief is hereby granted provided that:

1. the Applicant and the CLS system continue to be supervised and regulated by the U.S. Federal Reserve and Bank of Canada;

2. the Applicant does not engage in any clearing agency activity that is not described in the Application without obtaining the prior approval of the Commission;

3. the Applicant will provide such information as may be requested from time to time by, and otherwise cooperate with, the Commission and its staff subject to any applicable privacy or other laws governing the sharing of information and the protection of personal information.

DATED at Toronto on March 1, 2011

“Margot C. Howard”

“Vern Krishna”

2.1.8 Canoe Financial LP

Headnote

NP 11-203 Process for Exemptive relief Applications in Multiple Jurisdictions – Relief granted to mutual fund from prohibition against purchasing a specified derivative the underlying interest of which is a physical commodity other than gold – Mutual fund wanting to invest in standardized futures with underlying interests in oil or natural gas as a hedge against the prices of related securities held by them – relief granted provided purchase of standardized future is effected through the NYMEX, the standardized future is traded only for cash or an offsetting standardized future contract, and the standardized future is sold at least one day prior to the date on which delivery of the underlying commodity is due under the standardized future.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 2.3(h), 19.1.

February 22, 2011

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
CANOE FINANCIAL LP
(the Filer)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the **Decision Maker**) has received an application from the Filer for a decision on behalf of Canoe 'GO CANADA!' Canadian Energy Class (the **Fund**) under the securities legislation of the Jurisdictions (the **Legislation**) for a decision exempting the Fund from the restriction imposed by section 2.3(h) of National Instrument 81-101 *Mutual Funds* (**NI 81-102**), which prohibits mutual funds from purchasing, selling or using a specified derivative for which the underlying interest is a physical commodity other than gold so that the Fund is permitted to invest in standardized futures (as such term is defined in section 1.1 of NI 81-102) with underlying interests in sweet crude oil or natural gas in order to hedge the risks associated with the Fund's portfolio investments in such oil and natural gas securities (**Exemption Sought**). References to "oil" and "gas" in this decision in connection with the Fund's investment strategies are to sweet crude oil and natural gas respectively.

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

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

(b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon by the Filer in each of the provinces and territories of Canada other than Ontario; 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

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 a limited partnership established under the laws of the Province of Alberta having its registered head office in Calgary, Alberta. The general partner of the Filer is Canoe Financial Corp., a corporation incorporated under the laws of the Province of Alberta. The Filer is registered as an investment fund manager and portfolio manager with the Alberta Securities Commission.

2. The Fund is a class of special shares of Canoe 'GO CANADA!' Fund Corp., a mutual fund corporation incorporated under the laws of the Province of Alberta.

3. The Filer is the manager and portfolio manager for the Fund.

4. A simplified prospectus in respect of the Fund was filed and a receipt obtained February 14, 2011. As a result, the Fund is a "reporting issuer" or equivalent in each province and territory of Canada.

5. Neither the Filer nor the Fund is in default of any requirements of securities legislation in any jurisdiction.

6. The investment objectives and investment strategies of the Fund permit portfolio investments in oil and gas securities. In addition, the Filer, as the Fund's portfolio manager, may choose to use

derivatives to hedge against losses from changes in the prices of the Fund's respective investments.

7. Of late, the price of oil has continued to trend higher, whereas the price of natural gas has continued to trend lower. Canadian prices for natural gas have dropped approximately 43% since January 2010 alone, falling due to decrease demand and increasing supply levels in North America. In light of both these trends, the Filer has determined that it would be in the best interests of the Fund and the securityholders of the Fund if the Filer has the ability to implement an appropriate risk management strategy to protect the Fund from fluctuations in the prices of oil and gas.

8. The Filer has determined that trading in standardized futures contracts on the New York Mercantile Exchange (the **NYMEX**), where the underlying interests are physical commodities such as oil and gas, as a hedge against the prices of related securities held by the Fund, would be an optimal risk management strategy to protect the Fund from fluctuations in the prices of oil and gas from a number of perspectives, including liquidity, cost and complexity.

9. At least one of the officers of the Manager, who will oversee commodity trading for the Fund or a portfolio manager of the Fund, will have:

   (a) a minimum of three years of experience in trading of physical and/or financial crude oil and natural gas; and

   (b) a Chartered Financial Analyst designation or have completed the courses required to meet the registration requirements as a Commodity Trading Manager, as required under the Commodities Futures Act (Ontario).

10. The Manager is adequately registered in Alberta in categories of registration that would permit it to trade, and to advise on the trading of, standardized futures with underlying interest in crude oil and natural gas in Alberta.

Decision

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

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

   (a) the purchases, uses and sales of standardized futures which have underlying interests in oil or gas are made in accordance with the provisions otherwise relating to the use of specified derivatives for hedging purposes in NI 81-102 and the related disclosure otherwise required in National Instrument 81-101 *Mutual Fund Prospectus Disclo-sure* and National Instrument 81-106 *Investment Fund Continuous Disclosure*;

   (b) a standardized future contract will be traded only for cash or an offsetting standardized future contract to satisfy the obligations under the standardized future and will be sold at least one day prior to the date on which delivery of the underlying commodity is due under the standardized future;

   (c) the purchase of a standardized future will be effected through the NYMEX;

   (d) the Fund will not purchase a standardized future if, immediately following the purchase, all the standardized futures contracts purchased and then held by the Fund relate to barrels of oil and/or British Thermal Units of gas representing an aggregate value that would exceed 75% of the total net assets of the Fund at that time;

   (e) the Fund will keep proper books and records of all such purchases and sales; and

   (f) the Fund will provide disclosure in its simplified prospectus that: (i) the Fund may invest in standardized futures with underlying interests in oil and natural gas as a hedge against related oil and gas investments; (ii) the risks associated with this investment strategy; and (iii) this exemptive relief prior to implementing the strategy.

"David C. Linder"
Executive Director

2.1.9 Canoe Financial LP

Headnote

National Policy 11-203 Process for Exemptive Relief Applications – exemption from section 2.8(1) of National Instrument 81-102 Mutual funds to permit mutual funds to cover specified derivatives positions with any bonds, debentures, notes, including floating rate notes, and money market fund securities subject to conditions – the relief will enhance returns to investors while still providing adequate safeguards.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 2.8(1), 19.1.

February 17, 2011

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
CANOE FINANCIAL LP
(the Filer)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the **Decision Maker**) has received an application from the Filer for a decision on behalf of the mutual funds listed on Appendix A attached hereto (each, a **Prelim Fund** and collectively, the **Prelim Funds**) and any future mutual funds to be managed by the Filer that will be subject to National Instrument 81-102 *Mutual Funds* (**NI 81-102**) (the **Future Funds**, and together with the Prelim Funds, the **Funds** and individually, a **Fund**) under the securities legislation of the Jurisdictions (the **Legislation**) for a decision exempting the Funds from the requirements in:

(a) section 2.8(1) of NI 81-102 to the extent that cash cover is required in respect of specified derivatives to permit each of the Funds to cover specified derivative positions with:

  (i) any bonds, debentures, notes, collateralized mortgage backed securities, asset backed securities or other evidences of indebtedness that are liquid (**Fixed Income Securities**), provided they have a remaining term to maturity of 365 days or less and have an “approved credit rating” a such term is defined in NI 81-102;

  (ii) floating rate evidences of indebtedness (**Floating Rate Securities**); or

  (iii) securities of money market funds as defined in NI 81-102 (**Money Market Securities**); and

(b) sections 2.8(1)(d) and 2.8(1)(f)(i) of NI 81-102 to permit the Funds when:

  (i) they open or maintain a long position in a debt-like security that has a component that is a long position in a forward contract or in a standardized future or forward contract; or

  (ii) they enter into or maintain a swap position and during the periods when the Funds are entitled to receive payments under the swap;

to use as cover, a right or obligation to sell an equivalent quantity of the underlying interest of the standardized future, forward or swap, (relief from the requirements described in paragraphs (a) and (b) above are collectively referred to as the **Exemption Sought**).

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

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

(b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon by the Filer in each of the provinces and territories of Canada other than Ontario; 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

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 a limited partnership established under the laws of the Province of Alberta having its registered head office in Calgary, Alberta. The general partner of the Filer is Canoe Financial Corp., a corporation incorporated under the laws of the Province of Alberta. The Filer is registered as an investment fund manager and portfolio manager with the Alberta Securities Commission.

2. The Prelim Funds are each a class of special shares of Canoe 'GO CANADA!' Fund Corp., a mutual fund corporation incorporated under the laws of the Province of Alberta. All the Funds will either be a class of shares of a mutual fund corporation or a mutual fund trust established under the laws of a jurisdiction in Canada.

3. The Filer is the manager and portfolio manager for each of the Prelim Funds and will be the manager and portfolio manager of each Future Fund.

4. A simplified prospectus in respect of the Prelim Funds was filed and a receipt obtained on February 14, 2011. As a result, each Prelim Fund is a "reporting issuer" or equivalent in each province and territory of Canada.

5. Each Fund will be qualified for distribution in each of the provinces and territories of Canada under a simplified prospectus and annual information form. The Funds will be reporting issuers in each of the provinces and territories of Canada.

6. Each of the Filer and the Prelim Funds is not, in default of any requirements of securities legislation in any jurisdiction.

7. The Prelim Funds and many of the Future Funds will use specified derivatives as part of their investment strategies to gain or reduce exposure to securities and financial markets instead of investing in the securities directly. The Funds may also use derivative instruments to: (i) reduce risk by protecting the Funds against potential losses from changes in interest rates; (ii) to reduce the impact of currency fluctuations on the Funds' portfolio holdings; and (iii) to provide protection for the Funds' portfolios.

8. When specified derivatives are used for non-hedging purposes, the Funds are subject to the cash cover requirements in NI 81-102.

Cash Cover

9. The purpose of the cash cover requirement in NI 81-102 is to prohibit a mutual fund from leveraging its assets when using certain specified derivatives and to ensure that the mutual fund is in a position to meet its obligations on the settlement date. This is evident from the definition of "cash cover", which is defined as certain specific portfolio assets of the mutual fund that have not been allocated for specific purposes and that are available to satisfy all or part of the obligations arising from a position in specified derivatives held by the mutual fund. Currently, the definition of "cash cover" includes six different categories of securities, including certain evidences of indebtedness (cash equivalents and commercial paper) that generally have a remaining term to maturity of 365 days or less and that have an approved credit rating or are issued or guaranteed by an entity with an approved credit rating (collectively, **short-term debt**).

10. In addition to the securities currently included in the definition of cash cover, the Funds would also like to invest in Fixed Income Securities, Floating Rate Securities and/or Money Market Securities for purposes of satisfying their cash cover requirements.

With Respect to Fixed Income Securities:

11. While the money market instruments that are currently permitted as cash cover are highly liquid, these instruments typically generate very low yields relative to longer dated instruments and similar risk alternatives.

12. Other fixed income instruments with maturities less than 365 days and approved credit ratings are also liquid but provide the potential for higher yields.

13. The definition of cash cover addresses regulatory concerns of interest rate risk and credit risk by limiting the terms of the instruments and requiring the instruments to have an approved credit rating. It is submitted that by permitting the Funds to use for cash cover purposes Fixed Income Securities with a remaining term to maturity of 365 days or less and an approved credit rating, the regulatory concerns would be met, since the term and credit rating will be the same as other instruments currently permitted to be used as cash cover.

With Respect to Floating Rate Securities:

14. Floating Rate Securities are debt securities issued by the federal or provincial governments, the Crown or other corporations and other entities with floating interest rates that reset periodically, usually every 30 to 90 days. Although the term to maturity of Floating Rate Securities can be more than 365 days, the Funds propose to limit their investment in Floating Rate Securities used for cash cover purposes to those that have interest rates that reset at least every 185 days.

15. Allowing the Funds to use Floating Rate Securities for cash cover purposes could increase the rate of return earned by each of the Fund's investors without reducing the credit quality of the instruments held as cash cover. The frequent interest rate resets mitigate the risk of investing in Floating Rate Securities as cash cover. For the purposes of money market funds under NI 81-102 meeting the 90-days dollar-weighted average term to maturity, the term of floating rate evidence of indebtedness for purposes is the period remaining to the date of the next rate setting. If a Floating Rate Security resets every 365 days, then the interest rate of the Floating Rate Security is about the same as a fixed rate instrument with a term to maturity of 365 days.

16. Financial instruments that meet the current cash cover requirements have low credit risk. The current cash cover requirements provide that evidences of indebtedness of issuers, other than government agencies, must have approved credit ratings. As a result, if the issuer of Floating Rate Securities is an entity other than a government agency, the Floating Rate Securities used by the Funds for cash cover purposes will have an approved credit rating as required by NI 81-102.

17. Given the frequent interest rate resets, the nature of the issuer and the adequate liquidity of Floating Rate Securities, the risk profile and the other characteristics of Floating Rate Securities are similar to those of short-term debt, which constitute cash cover under NI 81-102.

Money Market Funds

18. Under NI 81-102, in order to qualify as money market funds, issuers of Money Market Securities are restricted to investments that are, essentially, considered to be cash cover. These investments include floating rate evidences of indebtedness (also known as floating rate notes or FRNs) if their principal amounts continue to have a market value of approximately par at the time of each change in the rate to be paid to their holders.

19. If the direct investments of the issuers of Money Market Securities would constitute cash cover under NI 81-102 (assuming that the relief allowing Floating Rate Securities as cash cover is granted), then it is submitted that indirectly holding these investments through an investment in Money Market Securities should also satisfy the cash cover requirements of NI 81-102.

Using Put Options or Short Positions as Cover for Long Positions in Futures, Forwards and Swaps

20. Sections 2.8(1)(d) and 2.8(1)(f)(i) of NI 81-102 do not permit covering a long position in a standardized future or forward contract or a position in a swap for a period when a Fund is entitled to receive payments under the swap, in whole or in part with a right or obligation to sell an equivalent quantity of the underlying interest of the future, forward or swap. Accordingly, these sections of NI 81-102 do not permit the use of put options or short future, forward or swap positions to cover long future, forward or swap positions.

21. Regulatory regimes in other countries recognize the hedging properties of options for all categories of derivatives, including long positions evidenced by standardized futures or forwards or in respect of swaps where a fund is entitled to receive payments from the counterparty, provided they are covered by an amount equal to the difference between the market price of a holding and the strike price of the option that was bought or sold to hedge it. NI 81-102 effectively imposes the requirement to overcollateralize, since the maximum liability to the fund under the scenario described is equal to the difference between the market value of the long and the exercise price of the option. Overcollateralization imposes a cost on a mutual fund.

22. Section 2.8(1)(c) of NI 81-102 permits a mutual fund to write a put option and cover it with buying a put option on an equivalent quantity of the underlying interest of the written put option. This position has similar risks as a long position in a future, forward or swap. Accordingly, it is submitted that the Funds be permitted to cover a long position in a future, forward or swap with a put option or short future, forward or swap position.

Derivative Policies and Risk Management

23. The Chief Compliance Officer of the Filer is responsible for establishing and maintaining policies and procedures in connection with the use of derivatives, oversight of all derivative strategies used by the Funds, and the monitoring and assessing compliance with all applicable legislation. The Chief Compliance Officer is required to report to the Ultimate Designated Person of the Filer on any instances of non-compliance and reports to the board of directors of the Filer on his or her compliance assessments. The board of directors of the Canoe Financial Corp., the general partner of Canoe reviews and approves the Filer's policies and procedures in connection with the use of derivatives and has the ultimate responsibility of ensuring that proper policies and procedures relating to the use of derivatives are in place.

24. As part of its ongoing review of fund activity, compliance personnel employed by the portfolio manager and the sub-advisor and the Filer review the use of derivatives as part of their ongoing review of fund activity.

25. Limits and controls on the use of derivatives are part of the Filer's fund compliance regime and include reviews to ensure that the derivative positions of the Funds are within applicable policies.

26. Without the Exemption Sought, the Funds will not have the flexibility to enhance yield and to manage more effectively their exposure under specified derivatives.

Decision

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

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

(a) the Fixed Income Securities have a remaining term to maturity of 365 days or less and have an "approved credit rating" as defined in NI 81-102;

(b) the Floating Rate Securities meet the following requirements:

(i) the floating interest rates of the Floating Rate Securities reset no later than every 185 days;

(ii) the Floating Rate Securities are floating rate evidences of indebtedness with the principal amounts of the obligations that 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;

(iii) if the Floating Rate Securities are issued by a person or company other than a government or "permitted supernational agency" as defined in NI 81-102, the Floating Rate Securities must have an "approved credit rating" as defined in NI 81-102;

(iv) if the Floating Rate Securities are issued by a government or permitted supranational agency, the Floating Rate Securities have their principal and interest fully and unconditionally guaranteed by:

(1) the government of Canada or the government of a jurisdiction in Canada; or

(2) 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 supernational agency" as defined in NI 81-102 if, in each case, the Floating Rate Security has an approved credit rating as defined in NI 81-102; and

(v) the Floating Rate Securities meet the definition of "conventional floating rate debt instrument" in section 1.1 of NI 81-102;

(c) a Fund shall not open or maintain a long position in a debt-like security that has a component that is a long position in a forward contract or in a standardized future or forward contract unless the Fund holds:

(i) cash cover in an amount that, together with margin on account for the specified derivative and the market value of the specified derivative, is not less than, on a daily mark-to-market basis, the underlying market exposure of the specified derivative;

(ii) a right or obligation to sell an equivalent quantity of the underlying interest of the future or forward contract, and cash cover that, together with margin on account for the position, is not less than the amount, if any, by which the strike price of the future or forward contract exceeds the strike price of the right or obligation to sell the underlying interest; or

(iii) a combination of the positions referred to in subparagraphs (i) and (ii) that is sufficient, without recourse to other assets of the Fund, to enable the Fund to acquire the underlying interest of the future or forward contract;

(d) a Fund shall not enter into or maintain a swap position unless for periods when the Fund would be entitled to receive fixed payments under the swap, the Fund holds:

(i) cash cover in an amount that, together with margin on account for the swap and the market value of the swap, is not less than, on a daily mark-to-market basis, the underlying market exposure of the swap;

(ii) a right or obligation to enter into an offsetting swap on an equivalent quantity and with an equivalent term and cash cover that, together with margin on account for the position, is not less than the aggregate amount, if any, of the obligations of the Fund under the swap less the obligations of the Fund under such offsetting swap; or

(iii) a combination of the positions referred to in subparagraphs (i) and (ii) that is sufficient, without recourse to other assets of the Fund, to enable the Fund to satisfy its obligations under the swap;

(e) a Fund shall not (i) purchase a debt-like security that has an option component or an option, or (ii) purchase or write an option to cover any positions under section 2.8(1)(b), (c), (d), (e) and (f) of NI 81-102, if immediately after the purchase or writing of such option, more than 10% of the net assets of the Fund, taken at market value at the time of the transaction, would be in the form of (1) purchased debt-like securities that have an option component or purchased options, in each case, held by the Fund for purposes other than hedging, or (2) options used to cover any positions under section 2.8(1)(b), (c), (d), (e) and (f) of NI 81-102; and

(f) each Fund shall:

(i) disclose the nature and terms of this relief in its annual information form with a cross reference thereto in the Fund's prospectus; and

(ii) shall include a summary of the nature and terms of this relief in the Fund's prospectus under the Investment Strategies section or in the introduction to Part B of the prospectus with a cross reference thereto under the Investment Strategies section for the Fund.

"David C. Linder"
Executive Director

APPENDIX "A"

LIST OF PRELIM FUNDS

Canoe 'GO CANADA!' Canadian Monthly Income Class
Canoe 'GO CANADA!' Canadian Asset Allocation Class
Canoe 'GO CANADA!' Canadian Equity Class
Canoe 'GO CANADA!' Canadian Energy Class

2.1.10 Canoe Financial LP

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – relief granted from paragraphs 2.3(f) and (h), 2.5(2)(a), (b) and (c) of National Instrument 81-102 Mutual Funds to permit mutual funds to invest in gold ETFs, silver ETFs, gold/silver ETFs and silver, subject to certain conditions, including a 10% limit on aggregate direct and indirect exposure to gold and silver.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 2.3(f) and (h), 2.5(2) (a), (b) and (c), 19.

Citation: Canoe Financial LP , Re, 2011 ABASC 96

February 17, 2011

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
CANOE FINANCIAL LP
(the Filer)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the **Decision Maker)** has received an application from the Filer for a decision on behalf of the mutual funds listed on Appendix A attached hereto (each, a **Prelim Fund** and collectively, the **Prelim Funds**) and any future mutual funds to be managed by the Filer that will be subject to National Instrument 81-102 *Mutual Funds* (**NI 81-102**) (the **Future Funds**, and together with the Prelim Funds, the **Funds** and individually, a **Fund**) under the securities legislation of the Jurisdictions (the **Legislation**) for a decision exempting the Funds from the restrictions contained in sections 2.3(f), 2.3(h), 2.5(2)(a), 2.5(2)(b) and 2.5(2)(c) of NI 81-102 (the **Exemption Sought**) to permit each Fund to purchase and hold or enter into:

(a) securities of exchange-traded funds (**ETFs**) that seek to replicate (i) the performance of gold on an unlevered basis; or (ii) the value of a specified derivative the underlying interest of which is gold on an unlevered basis (**Gold ETFs**);

(b) securities of ETFs that seek to replicate (i) the performance of silver on an unlevered basis; or (ii) the value of a specified derivative the underlying interest of which is silver on an unlevered basis (**Silver ETFs**);

(c) securities of ETFs that seek to replicate (i) the performance of gold and silver on an unlevered basis; or (ii) the value of specified derivatives the underlying interests of which are gold and silver on an unlevered basis (**Gold/Silver ETFs**); and

(d) silver, Permitted Silver Certificates (as defined below) and specified derivatives the underlying interest of which is silver on an unlevered basis (collectively, **Silver**).

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

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

(b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon by the Filer in each of the provinces and territories of Canada other than Ontario; 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

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 a limited partnership established under the laws of the Province of Alberta having its registered head office in Calgary, Alberta. The general partner of the Filer is Canoe Financial Corp., a corporation incorporated under the laws of the Province of Alberta. The Filer is registered as an investment fund manager and portfolio manager with the Alberta Securities Commission.

2. The Prelim Funds are each a class of special shares of Canoe 'GO CANADA!' Fund Corp., a mutual fund corporation incorporated under the laws of the Province of Alberta. All the Funds will either be a class of shares of a mutual fund corporation or a mutual fund trust established under the laws of a jurisdiction in Canada.

3. The Filer is the manager and portfolio manager for each of the Prelim Funds and will be the manager and portfolio manager of each of the Future Funds.

4. A simplified prospectus in respect of the Prelim Funds was filed and a receipt obtained on February 14, 2011. As a result, each Prelim Fund is a "reporting issuer" or equivalent in each province and territory of Canada.

5. Each Fund will be qualified for distribution in each of the provinces and territories of Canada under a simplified prospectus and annual information form. The Funds will be reporting issuers in each of the provinces and territories of Canada.

6. Neither the Filer nor any of the Prelim Funds is in default of any requirements of securities legislation in any jurisdiction.

7. Each Fund that relies on the Exemption Sought will be permitted in accordance with its investment objectives and investment strategies to invest in Gold ETFs, Silver ETFs and Gold/Silver ETFs (collectively, **Underlying ETFs**) and Silver.

8. The Funds do not invest in leveraged ETFs or inverse ETFs.

9. In the absence of the Exemption Sought, an investment by the Funds in securities of the Underlying ETFs would be contrary to section 2.5(2)(a) of NI 81-102 as the securities of the Underlying ETFs will not be subject to NI 81-102 and NI 81-101.

10. In the absence of the Exemption Sought, an investment by the Funds in securities of some Underlying ETFs would be contrary to section 2.5(2)(b) of NI 81-102 as some Underlying ETFs invest in a fund which does not comply with the requirements of section 2.5 of NI 81-102. This fund in turn invests in gold, silver or derivatives the underlying interest of which is gold, silver or a combination thereof.

11. In the absence of the Exemption Sought, an investment by the Funds in securities of some Underlying ETFs would be contrary to section 2.5(2)(c) of NI 81-102 as the securities of some Underlying ETFs are not qualified for distribution in Canada.

12. To obtain exposure to gold or silver indirectly, the Filer may use specified derivatives the underlying interest of which is gold or silver and invest in the Underlying ETFs.

13. The markets for gold/silver are highly liquid, and there are no liquidity concerns that should lead to a conclusion that investments in gold/silver need to be prohibited.

14. The Funds may invest in Silver from time to time when the Filer determines that it is desirable to do so following a valuation of assets, a determination of the effect of monetary policy and economic environment on asset prices, and assessing historic price movements on likely future returns.

15. In this decision, silver certificates (**Permitted Silver Certificates**) that the Funds invest in will be certificates that represent silver that is:

    (a) available for delivery in Canada, free of charge, to or to the order of the holder of the certificate;

    (b) of a minimum fineness of 999 parts per 1,000;

    (c) held in Canada;

    (d) in the form of either bars or wafers; and

    (e) if not purchased from a bank listed in Schedule I, II or III of the *Bank Act* (Canada), fully insured against loss and bankruptcy by an insurance company licensed under the laws of Canada or a province or territory of Canada.

16. In the absence of the Exemption Sought, an investment by the Funds in Silver would be contrary to sections 2.3(f) and 2.3(h) of NI 81-102 as those sections only stipulate gold as a permissible commodity to be held directly or as an underlying interest of a specified derivative.

17. The Underlying ETFs and Silver are attractive investments for the Funds as they provide an efficient and cost effective means of achieving diversification in addition to any investment in gold.

18. An investment by a Fund in the securities of the Underlying ETFs and/or Silver represent the business judgment of responsible persons uninfluenced by considerations other than the best interests of the Fund.

19. Any investment by a Fund in Silver will be held under the custodianship of one custodian that satisfies the requirements of Part 6 of NI 81-102.

20. If the investment in gold and/or silver (including gold, permitted gold certificates, silver, Permitted Silver Certificates, Underlying ETFs and specified derivatives the underlying interest of which is gold or silver) represents a material change for any Existing Fund, the Filer will comply with the material change reporting obligations for that Fund.

21. The simplified prospectus for each Fund that invests or intends to invest in Underlying ETFs and Silver will disclose:

    (a) in the investment strategy section of the Fund the fact that the Fund has obtained relief to invest in securities of Underlying ETFs and Silver together with an explanation of what each Underlying ETF is; and

    (b) the risk associated with the Fund's investment in securities of the Underlying ETFs and/or Silver.

Decision

Each of the Decision Makers is satisfied that the decision meets the test set out in the Legislation for the Decisions 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 investment by a Fund in securities of an Underlying ETF and/or Silver is in accordance with the fundamental investment objectives of the Fund;

(b) a Fund does not short sell securities of an Underlying ETF;

(c) the securities of the Underlying ETFs are traded on a stock exchange in Canada or the United States;

(d) the securities of the Underlying ETFs are treated as specified derivatives for purposes of Part 2 of NI 81-102; and

(e) a Fund does not purchase gold, permitted gold certificates, silver, Permitted Silver Certificates, Underlying ETFs or enter into specified derivatives the underlying interest of which is gold or silver if, immediately after the transaction, more than 10% of the net assets of the Fund, taken at market value at the time of the transaction, would consist of gold, permitted gold certificates, silver, Permitted Silver Certificates, Underlying ETFs and underlying market exposure of specified derivatives linked to gold or silver.

"David C. Linder"
Executive Director

APPENDIX "A"

LIST OF PRELIM FUNDS

Canoe 'GO CANADA!' Canadian Asset Allocation Class
Canoe 'GO CANADA!' Canadian Equity Class

2.1.11 Realex Properties 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).

February 25, 2011

Osler, Hoskin & Harcourt LLP
Box 50 1 First Canadian Place
Toronto, ON M5X 1B8

Attention: Adam J. Stewart

Re: Realex Properties Corp. (the Applicant) – Application for a decision under the securities legislation of Alberta and Ontario (the Jurisdictions) that the Applicant is not a reporting issuer

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

As the Applicant has represented to the Decision Makers that:

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

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

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

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

each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met and orders that the Applicant is deemed to have ceased to be a reporting issuer and that the Applicant's status as a reporting issuer is revoked.

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

2.1.12 NuLoch Resources Inc.

Headnote

Multilateral Instrument 11-102 Passport System and National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Exemption granted from the requirement to include a reconciliation of US GAAP financial statements to Canadian GAAP – Filer entered into an arrangement agreement whereby Magnum Hunter (the "Issuer") agreed to acquire all of the issued and outstanding shares of the Filer pursuant to the Arrangement – Following completion of the Arrangement, the Filer will be an indirect wholly-owned subsidiary of the Issuer – Issuer is eligible to file a prospectus in the form of a MJDS prospectus prepared in accordance with the disclosure and other requirements of United States federal securities laws as it meets the eligibility criteria set forth in section 3.1(c) of NI 71-101 – Financial statements required for prospectus level disclosure of the Filer have been prepared in accordance with US GAAP – Issuer has advised the Filer that it falls within the definition of an SEC foreign issuer in National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards and as such, intends to rely on section 3.9(1)(b) of NI 52-107 to prepare its financial statements in satisfaction of its continuous disclosure obligations in Canada in accordance with US GAAP.

Applicable Legislative Provisions

National Instrument 51-102 Continuous Disclosure Obligations, s. 13.1.
National Instrument 52-107 , s. 5.1.
National Instrument 71-101 The Multijurisdictional Disclosure System, s. 21.1.

Citation: NuLoch Resources Inc., Re, 2011 ABASC 108

February 28, 2011

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
NULOCH RESOURCES INC.
(the Filer)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the **Decision Maker**) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) for an exemption in connection with an information circular (the **Information Circular**) to be sent to securityholders of the Filer pursuant to a plan of arrangement (the **Arrangement**) under section 193 of the *Business Corporations Act* (Alberta) (the **ABCA**) involving the Filer, Magnum Hunter Resources Corporation (**Magnum Hunter**) and MHR ExchangeCo Corporation (**ExchangeCo**) from the requirement to include a reconciliation of the following financial statements that are required to be included or incorporated by reference in the Information Circular to Canadian GAAP (the **Exemption Sought**): (i) historical financial statements of Magnum Hunter; (ii) historical financial statements of businesses acquired or proposed to be acquired by Magnum Hunter; and (iii) pro forma financial statements of Magnum Hunter.

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

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

(b) the Filer has provided notice that 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, Prince Edward Island and Newfoundland and Labrador; and

(c) this 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* or 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:

The Filer

1. The Filer is a corporation amalgamated under the ABCA. The Filer's head and registered offices are located in Calgary, Alberta.

2. The Filer is a reporting issuer in each of the provinces of Canada and is not, to its knowledge, in default of its obligations as a reporting issuer under the securities legislation in any of the provinces in which it is a reporting issuer.

3. The authorized capital of the Filer consists of an unlimited number of Class A common shares (**NuLoch Share**s), an unlimited number of Class B common shares (**NuLoch Class B Shares**) and an unlimited number of Class C preferred shares (**NuLoch Preferred Shares**). As at February 10, 2011, 122,332,907 NuLoch Shares and no NuLoch Class B Shares or NuLoch Preferred Shares were issued and outstanding. In addition, as at February 10, 2011, there were 11,815,500 NuLoch Shares reserved for issuance pursuant to outstanding stock options to purchase NuLoch Shares (**NuLoch Options**).

4. The NuLoch Shares are listed on the TSX Venture Exchange.

Magnum Hunter

5. Magnum Hunter is a corporation existing under the laws of the State of Delaware. The head office of Magnum Hunter is located in Houston, Texas and the registered office of Magnum Hunter is located in Wilmington, Delaware.

6. Magnum Hunter is subject to the 1934 Act but is not currently a reporting issuer or the equivalent in any Canadian jurisdiction. Magnum Hunter is not, to its knowledge, in default of its obligations under the 1934 Act or other applicable securities legislation in the United States.

7. The authorized capital of Magnum Hunter consists of 150,000,000 shares of common stock (**Magnum Hunter Shares**) and 10,000,000 shares of preferred stock (**Magnum Hunter Preferred Shares**). As at February 10, 2011, there were 75,847,130 Magnum Hunter Shares and 4,000,000 Magnum Hunter Preferred Shares issued and outstanding and 914,952 Magnum Hunter Shares held in treasury.

8. The Magnum Hunter Shares are listed on the New York Stock Exchange.

9. Magnum Hunter currently files financial statements prepared in accordance with generally accepted accounting principles in the United States (**US GAAP**) in accordance with the rules of the United States Securities and Exchange Commission (the **SEC**).

ExchangeCo

10. ExchangeCo is a corporation incorporated under the ABCA. ExchangeCo is an indirect wholly-owned subsidiary of Magnum Hunter and was incorporated for the sole purpose of completing the Arrangement.

The Arrangement

11. On January 19, 2011, the Filer, Magnum Hunter and ExchangeCo entered into an arrangement agreement whereby Magnum Hunter agreed to acquire, indirectly through ExchangeCo, all of the issued and outstanding NuLoch Shares pursuant to the Arrangement. Following completion of the Arrangement, the Filer will be an indirect wholly-owned subsidiary of Magnum Hunter.

12. In accordance with the ABCA, the Arrangement will need to be approved by the Court of Queen's Bench of Alberta and by the holders (the **NuLoch Securityholders**) of NuLoch Shares and NuLoch Options at an annual and special meeting of the NuLoch Securityholders. In connection therewith, the Filer will prepare and mail the Information Circular to the NuLoch Securityholders.

13. Pursuant to the form requirements for an information circular in the Jurisdictions, the Information Circular must include disclosure about Magnum Hunter prescribed by the form of prospectus Magnum Hunter would be eligible to use immediately prior to the sending and filing of the Information Circular.

14. Pursuant to section 3.1(c) of National Instrument 71-101 *The Multijurisdictional Disclosure System* (**NI 71-101**), Magnum Hunter is eligible to file a prospectus in the form of a MJDS prospectus prepared in accordance with the disclosure and other requirements of United States federal securities laws as it meets the eligibility criteria set forth in section 3.1(c) of NI 71-101.

15. In order for the Filer to provide the disclosure in the Information Circular in accordance with NI 71-101, the Information Circular must include the following financial statements (the **Financial Statements**): (i) historical financial statements of Magnum Hunter; (ii) historical financial statements of businesses acquired or proposed to be acquired by Magnum Hunter; and (iii) pro forma financial statements of Magnum Hunter. The Financial Statements have been prepared in accordance with US GAAP. Section 4.6 of NI 71-101 would require the Financial Statements to include a reconciliation to Canadian GAAP.

16. Magnum Hunter has advised the Filer that it falls within the definition of an SEC foreign issuer in National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* (**NI 52-107**) and as such, once Magnum Hunter becomes a reporting issuer in certain of the jurisdictions in Canada, it intends to rely on section 3.9(1)(b) of NI 52-107 to continue to prepare its financial statements in satisfaction of its continuous disclosure obligations in Canada in accordance with US GAAP.

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.

"Blaine Young"
Associate Director, Corporate Finance

2.1.13 NuLoch 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 – Affiliates request relief from the requirement of NI 52-107 s. 3.2 that financial statements be prepared in accordance with Canadian GAAP - Part I to permit the Affiliates, who are not SEC Issuers, to prepare their financial statements in accordance with United States GAAP for financial years commencing January 1, 2012 until December 31, 2014 (fiscal 2012, 2013 and 2014). The Affiliates are rate regulated entities and may rely on section 5.4 of NI 52-107 to prepare and file Canadian GAAP – Part V financial statements for the financial year commencing January 1, 2011 and ending December 31, 2011. Due to significantly divergent views on rate regulated accounting at the IASB, a rate regulated accounting standard has not been finalized. There continues to be significant uncertainty as to when, and if, rate regulated accounting under IFRS will be clarified.

Applicable Legislative Provisions

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

Citation: NuLoch Resources Inc., Re, 2011 ABASC 108

February 28, 2011

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
NULOCH RESOURCES INC.
(the Filer)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the **Decision Maker**) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) for an exemption in connection with an information circular (the **Information Circular**) to be sent to securityholders of the

Filer pursuant to a plan of arrangement (the **Arrangement**) under section 193 of the *Business Corporations Act* (Alberta) (the **ABCA**) involving the Filer, Magnum Hunter Resources Corporation (**Magnum Hunter**) and MHR ExchangeCo Corporation (**ExchangeCo**) from the requirement to include a reconciliation of the following financial statements that are required to be included or incorporated by reference in the Information Circular to Canadian GAAP (the **Exemption Sought**): (i) historical financial statements of Magnum Hunter; (ii) historical financial statements of businesses acquired or proposed to be acquired by Magnum Hunter; and (iii) pro forma financial statements of Magnum Hunter.

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

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

(b) the Filer has provided notice that 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, Prince Edward Island and Newfoundland and Labrador; and

(c) this 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* or 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:

The Filer

1. The Filer is a corporation amalgamated under the ABCA. The Filer's head and registered offices are located in Calgary, Alberta.

2. The Filer is a reporting issuer in each of the provinces of Canada and is not, to its knowledge, in default of its obligations as a reporting issuer under the securities legislation in any of the provinces in which it is a reporting issuer.

3. The authorized capital of the Filer consists of an unlimited number of Class A common shares (**NuLoch Shares**), an unlimited number of Class B common shares (**NuLoch Class B Shares**) and an unlimited number of Class C preferred shares (**NuLoch Preferred Shares**). As at February 10, 2011, 122,332,907 NuLoch Shares and no NuLoch Class B Shares or NuLoch Preferred Shares were issued and outstanding. In addition, as at February 10, 2011, there were 11,815,500 NuLoch Shares reserved for issuance pursuant to outstanding stock options to purchase NuLoch Shares (**NuLoch Options**).

4. The NuLoch Shares are listed on the TSX Venture Exchange.

Magnum Hunter

5. Magnum Hunter is a corporation existing under the laws of the State of Delaware. The head office of Magnum Hunter is located in Houston, Texas and the registered office of Magnum Hunter is located in Wilmington, Delaware.

6. Magnum Hunter is subject to the 1934 Act but is not currently a reporting issuer or the equivalent in any Canadian jurisdiction. Magnum Hunter is not, to its knowledge, in default of its obligations under the 1934 Act or other applicable securities legislation in the United States.

7. The authorized capital of Magnum Hunter consists of 150,000,000 shares of common stock (**Magnum Hunter Shares**) and 10,000,000 shares of preferred stock (**Magnum Hunter Preferred Shares**). As at February 10, 2011, there were 75,847,130 Magnum Hunter Shares and 4,000,000 Magnum Hunter Preferred Shares issued and outstanding and 914,952 Magnum Hunter Shares held in treasury.

8. The Magnum Hunter Shares are listed on the New York Stock Exchange.

9. Magnum Hunter currently files financial statements prepared in accordance with generally accepted accounting principles in the United States (**US GAAP**) in accordance with the rules of the United States Securities and Exchange Commission (the **SEC**).

ExchangeCo

10. ExchangeCo is a corporation incorporated under the ABCA. ExchangeCo is an indirect wholly-owned subsidiary of Magnum Hunter and was incorporated for the sole purpose of completing the Arrangement.

The Arrangement

11. On January 19, 2011, the Filer, Magnum Hunter and ExchangeCo entered into an arrangement agreement whereby Magnum Hunter agreed to acquire, indirectly through ExchangeCo, all of the issued and outstanding NuLoch Shares pursuant to the Arrangement. Following completion of the Arrangement, the Filer will be an indirect wholly-owned subsidiary of Magnum Hunter.

12. In accordance with the ABCA, the Arrangement will need to be approved by the Court of Queen's Bench of Alberta and by the holders (the **NuLoch Securityholders**) of NuLoch Shares and NuLoch Options at an annual and special meeting of the NuLoch Securityholders. In connection therewith, the Filer will prepare and mail the Information Circular to the NuLoch Securityholders.

13. Pursuant to the form requirements for an information circular in the Jurisdictions, the Information Circular must include disclosure about Magnum Hunter prescribed by the form of prospectus Magnum Hunter would be eligible to use immediately prior to the sending and filing of the Information Circular.

14. Pursuant to section 3.1(c) of National Instrument 71-101 *The Multijurisdictional Disclosure System* (**NI 71-101**), Magnum Hunter is eligible to file a prospectus in the form of a MJDS prospectus prepared in accordance with the disclosure and other requirements of United States federal securities laws as it meets the eligibility criteria set forth in section 3.1(c) of NI 71-101.

15. In order for the Filer to provide the disclosure in the Information Circular in accordance with NI 71-101, the Information Circular must include the following financial statements (the Financial Statements): (i) historical financial statements of Magnum Hunter; (ii) historical financial statements of businesses acquired or proposed to be acquired by Magnum Hunter; and (iii) pro forma financial statements of Magnum Hunter. The Financial Statements have been prepared in accordance with US GAAP. Section 4.6 of NI 71-101 would require the Financial Statements to include a reconciliation to Canadian GAAP.

16. Magnum Hunter has advised the Filer that it falls within the definition of an SEC foreign issuer in National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* (**NI 52-107**) and as such, once Magnum Hunter becomes a reporting issuer in certain of the jurisdictions in Canada, it intends to rely on section 3.9(1)(b) of NI 52-107 to continue to prepare its financial statements in satisfaction of its continuous disclosure obligations in Canada in accordance with US GAAP.

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.

"Blaine Young"
Associate Director, Corporate Finance

2.1.14 Spectra Energy Canada Exchangeco Inc. – s. 1(10)

Headnote

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

Applicable Legislative Provisions

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

Citation: Spectra Energy Canada Exchangeco Inc., Re, 2011 ABASC 93

February 17, 2011

McCarthy Tétrault LLP
Suite 1300, Pacific Centre
777 Dunsmuir Street
Vancouver, BC V7Y 1K2

Attention: Robin Mahood

Dear Sir:

Re: Spectra Energy Canada Exchangeco Inc. (the Applicant) – Application for a decision under the securities legislation of Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland and Labrador, Yukon, Northwest Territories and Nunavut (the Jurisdictions) that the Applicant is not a reporting issuer

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

As the Applicant has represented to the Decision Makers that:

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

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

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

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

each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met and orders that the Applicant is deemed to have ceased to be a reporting issuer and that the Applicant's status as a reporting issuer is revoked.

"Blaine Young"
Associate Director, Corporate Finance

2.2 Orders

2.2.1 Paul Donald – s. 127

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

AND

IN THE MATTER OF
PAUL DONALD

ORDER
(Section 127)

WHEREAS the Ontario Securities Commission ("the Commission") issued a Notice of Hearing and Staff of the Commission ("Staff") filed a Statement of Allegations in this matter on May 20, 2010;

AND WHEREAS on January 25, 2011, the Commission ordered, on consent of Staff and Paul Donald ("Donald"), that the hearing on the merits shall commence on March 7, 2011 at 10:00 a.m. and continue until March 29, 2011 (half-day) except for the week of March 14, 2011;

AND WHEREAS Staff and Donald have consented to an order varying the dates for a hearing on the merits;

IT IS ORDERED that the hearing on the merits shall commence on March 21, 2011 at 10:00 a.m. at the offices of the Commission, 20 Queen Street West, 17th floor, Toronto and continue until April 7, 2011 except for April 1, 2011.

DATED at Toronto, this 24th day of February 2011.

"Mary Condon"

2.2.2 Hillcorp International Services et al. – s. 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
HILLCORP INTERNATIONAL SERVICES,
HILLCORP WEALTH MANAGEMENT,
SUNCORP HOLDINGS, 1621852 ONTARIO LIMITED,
STEVEN JOHN HILL, AND DANNY DE MELO

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

WHEREAS on July 21, 2009 the Ontario Securities Commission (the "Commission") issued a temporary cease trade order (the "Temporary Order") and on July 24, 2009 issued an amended temporary cease trade order (the "Amended 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:

1. that all trading in any securities by 1621852 Ontario Limited ("162 Ontario"), Hillcorp International Services ("Hillcorp International"), Hillcorp Wealth Management ("Hillcorp Wealth"), Suncorp Holdings or their agents or employees shall cease;

2. that all trading in any securities by Steven John Hill ("Hill"), John C. McArthur ("McArthur"), Daryl Renneberg ("Renneberg") and Danny De Melo ("De Melo") shall cease;

3. that the exemptions contained in Ontario securities law do not apply to 162 Limited, Hillcorp International, Hillcorp Wealth, Suncorp Holdings or their agents or employees; and

4. that the exemptions contained in Ontario securities law do not apply to Hill, McArthur, Renneberg and De Melo;

AND WHEREAS on July 21, 2009 the Commission ordered that the Temporary Order shall expire on the 15th day after its making unless extended by the Commission and on July 24, 2009 the Commission ordered that the Amended Order shall expire on August 5, 2009;

AND WHEREAS the Commission ordered on August 5, 2009 that the Amended Order was extended until February 8, 2010 on certain terms set out in that Order;

AND WHEREAS the Commission ordered on February 5, 2010 that the Amended Order was further extended until July 12, 2010 on certain terms set out in that Order;

AND WHEREAS the Commission ordered on July 9, 2010 that the Amended Order was further extended until February 28, 2011 on certain terms set out in that Order and that the hearing was adjourned to February 25, 2001 at 10:00 am;

AND WHEREAS Staff of the Commission ("Staff") request a further order continuing the Amended Order against 162 Ontario, Hillcorp International, Hillcorp Wealth, Suncorp Holdings, Hill and De Melo;

AND WHEREAS the Commission reviewed the written consent of Hillcorp International, Hillcorp Wealth, Suncorp Holdings, 162 Ontario, Hill and De Melo;

AND WHEREAS the Commission heard submissions from counsel for Staff;

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

IT IS HEREBY ORDERED pursuant to subsections 127(7) and 127(8) of the Act that the Amended Order is further extended against 162 Ontario, Hillcorp International, Hillcorp Wealth, Suncorp Holdings, Hill and De Melo to July 18, 2011 and specifically:

1. that all trading in any securities by and of 162 Ontario, Hillcorp International, Hillcorp Wealth and Suncorp Holdings shall cease;

2. that the exemptions contained in Ontario securities law do not apply to 162 Limited, Hillcorp International, Hillcorp Wealth and Suncorp Holdings or their agents or employees;

3. that all trading in any securities by Hill and De Melo shall cease; and

4. that the exemptions contained in Ontario securities law do not apply to Hill and De Melo.

IT IS FURTHER ORDERED that the Hearing is adjourned to Friday July 15, 2011 at 10:00 am.

Dated at Toronto this 25th day of February, 2011.

"Mary G. Condon"

2.2.3 Artemis Investment Management Limited and Omega Advisors, Inc. – s. 80 of the CFA

Headnote

Section 80 of the Commodity Futures Act (Ontario) – Relief from the adviser registration requirements of subsection 22(1)(b) of the CFA granted to sub-adviser not ordinarily resident in Ontario in respect of advice regarding trades in commodity futures contracts and commodity futures options, subject to certain terms and conditions. Relief mirrors exemption available in section 7.3 of OSC Rule 35-502 Non-Resident Advisers made under the Securities Act (Ontario).

Statutes Cited

Commodity Futures Act, R.S.O. 1990, c. C.20, as am., ss. 22(1)(b), 80.
Securities Act, R.S.O. 1990, c. S.5, as am. – Rule 35-502 Non Resident Advisers.

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

AND

IN THE MATTER OF
ARTEMIS INVESTMENT MANAGEMENT LIMITED
AND OMEGA ADVISORS, INC.

ORDER
(Section 80 of the CFA)

UPON the application (the **Application**) of Artemis Investment Management Limited (the **Principal Adviser**) to the Ontario Securities Commission (the **Commission**) for an order, pursuant to section 80 of the CFA, that Omega Advisors, Inc. (the **Sub-Adviser**) and any individuals engaging in, or holding themselves out as engaging in, the business of advising others when acting on behalf of the Sub-Adviser in respect of the Proposed Advisory Services (as defined below) be exempt, for a period of five years, from the adviser registration requirement of paragraph 22(1)(b) of the CFA when acting as a sub-adviser to the Principal Adviser in respect of the Funds (as defined below) in respect of commodity futures contracts and commodity futures options (collectively, the **Contracts**) traded on commodity futures exchanges and cleared through clearing corporations;

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

AND UPON the Principal Adviser having represented to the Commission that:

1. The Principal Adviser is a corporation incorporated under the laws of Ontario and its principal business office is in Toronto, Ontario.

2. The Principal Adviser is registered under the *Securities Act* (Ontario) (the **Act**) as an adviser in the category of portfolio manager and as a dealer in the category of exempt market dealer, and under the CFA as an adviser in the category of commodity trading manager.

3. The Principal Adviser has applied for registration under the Act as an investment fund manager and for exempt market dealer registration in the following additional jurisdictions: British Columbia, Alberta, Saskatchewan and Québec.

4. Pursuant to the terms of an investment management agreement (the **IMA**), the Principal Adviser will be appointed to implement the investment strategies of Omega Advisors U.S. Capital Appreciation Fund (the **Omega Fund**). The IMA will grant the Principal Adviser the authority to appoint sub-advisers to the Omega Fund, provided certain conditions are met.

5. In addition to the Omega Fund, the Principal Adviser may in the future provide advice to other mutual funds, non-redeemable investment funds or similar investment vehicles with respect to which the Sub-Adviser may potentially provide advice, directly or indirectly, to the Principal Adviser (each a **Fund**, and collectively with the Omega Fund, the **Funds**). Each Fund is, or will be, offered pursuant to a prospectus or pursuant to appropriate prospectus exemptions contained in National Instrument 45-106 *Prospectus and Registration Exemptions*.

6. The Funds may, as part of their investment program, invest in Contracts.

7. The Funds are or will be formed in Ontario where the Principal Adviser is registered as an adviser in the category of commodity trading manager.

8. The Sub-Adviser is organized under the laws of the State of Delaware, United States of America. The executive offices of the Sub-Adviser are located in New York, New York in the United States of America. The Sub-Adviser is not affiliated with the Principal Adviser.

9. The Sub-Adviser is currently registered as an investment adviser with the U. S. Securities and Exchange Commission and is registered as both commodity trading adviser and a commodity pool operator with the U.S. Commodity Futures Trading Commission and the U.S. National Futures Association.

10. The Sub-Adviser is, or will be, appropriately registered or licensed, or is, or will be, entitled to rely on appropriate exemptions from such registrations or licences, to provide advice to the Funds pursuant to the applicable legislation of its principal jurisdiction.

11. The Sub-Adviser is not a resident of any province or territory of Canada.

12. The Sub-Adviser is not registered in any capacity under either the CFA or the Act.

13. The Principal Adviser may, pursuant to a written investment management agreement with each Fund, act as an adviser to the Fund in respect of:

    (a) securities, as defined in the Act; and

    (b) Contracts, as defined in the CFA

    by exercising discretionary authority to purchase or sell securities and Contracts on behalf of the Funds.

14. In connection with the Principal Adviser acting as an adviser to the Funds in respect of the purchase or sale of securities and Contracts, the Principal Adviser will, pursuant to a written agreement made between the Principal Adviser and the Sub-Adviser, retain the Sub-Adviser to act as a sub-adviser to the Principal Adviser (the **Proposed Advisory Services**) in respect of capital markets and Contracts in which the Sub-Adviser has experience and expertise by exercising discretionary authority on behalf of the Principal Adviser, in respect of all or a portion of all of the assets of the investment portfolio of the respective Fund, including discretionary authority to buy or sell Contracts for the Fund, provided that:

    (a) the Contracts must be cleared through an “acceptable clearing corporation” (as defined in National Instrument 81-102 *Mutual Funds*); and

    (b) such investments are consistent with the investment objectives and strategies of the Fund.

15. The written agreement between the Principal Adviser and the Sub-Adviser will set out the obligations and duties of each party in connection with the Proposed Advisory Services and will permit the Principal Adviser to exercise the degree of supervision and control it is required to exercise over the Sub-Adviser in respect of the Proposed Advisory Services.

16. The Principal Adviser will deliver to the Funds all applicable reports and statements required under applicable securities and derivatives legislation.

17. If there is any direct contact between a Fund and a Sub-Adviser in connection with the Proposed Advisory Services, a representative of the Principal Adviser, duly registered in accordance with Ontario commodity futures law, will be present at all times either in person or by telephone.

18. Paragraph 22(1)(b) of the CFA prohibits a person or company from acting as an adviser unless the person or company is registered as an adviser under the CFA, or is registered as a representative, a partner or an officer of a registered adviser and is acting on behalf of a registered adviser.

19. By providing the Proposed Advisory Services, the Sub-Adviser and any individuals acting on behalf of the Sub-Adviser in respect of the Proposed Advisory Services will be engaging in, or holding themselves out as engaging in, the business of advising others in respect of the Contracts and, in the absence of being granted the requested relief, would be required to register as an adviser, or a representative of an adviser, as the case may be, under the CFA.

20. There is presently no rule under the CFA that provides an exemption from the adviser registration requirement in paragraph 22(1)(b) of the CFA that is similar to the exemption from the adviser registration requirement in section 25(3) of the Act which is provided under section 7.3 of OSC Rule 35-502 *Non-Resident Advisers* (**OSC Rule 35-502**).

21. The relationship among the Principal Adviser, the Sub-Adviser and any Fund satisfies, or will satisfy, the requirements of section 7.3 of OSC Rule 35-502.

22. As would be required under section 7.3 of OSC Rule 35-502:

    (a) the duties and obligations of the Sub-Adviser will be set out in a written agreement with the Principal Adviser;

    (b) the Principal Adviser will contractually agree with the Funds to be responsible for any loss that arises out of the failure of the Sub-Adviser:

        (i) to exercise the powers and discharge the duties of its office honestly, in good faith and in the best interests of the Principal Adviser and the Funds; or

        (ii) to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances (together with (i), the **Assumed Obligations**); and

    (c) the Principal Adviser cannot be relieved by the Funds from its responsibility for any loss that arises out of the failure of the Sub-Adviser to meet the Assumed Obligations.

23. The Sub-Adviser will only provide the Proposed Advisory Services as long as the Principal Adviser is, and remains, registered under the CFA as an adviser in the category of commodity trading manager.

24. The prospectus or similar offering document for each Fund for which the Principal Adviser engages the Sub-Adviser to provide the Proposed Advisory Services will include the following disclosure:

    (a) a statement that the Principal Adviser is responsible for any loss that arises out of the failure of the Sub-Adviser to meet the Assumed Obligations; and

    (b) a statement that there may be difficulty in enforcing any legal rights against the Sub-Adviser (or any individuals engaging in, or holding themselves out as engaging in, the business of advising others when acting on behalf of the Sub-Adviser in respect of the Proposed Advisory Services) because the Sub-Adviser is resident outside of Canada and all or substantially all of its assets are situated outside of Canada.

25. In circumstances where a Fund for which the Principal Adviser engages the Sub-Adviser to provide the Proposed Advisory Services does not prepare a prospectus or similar offering document for delivery to prospective purchasers, all investors who are Ontario residents will receive written disclosure prior to purchasing any securities of such Fund that includes:

    (a) a statement that the Principal Adviser is responsible for any loss that arises out of the failure of the Sub-Adviser to meet the Assumed Obligations; and

    (b) a statement that there may be difficulty in enforcing any legal rights against the Sub-Adviser (or any individuals engaging in, or holding themselves out as engaging in, the business of advising others when acting on behalf of the Sub-Adviser in respect of the Proposed Advisory Services) because the Sub-Adviser is resident outside of Canada and all or substantially all of its assets are situated outside of Canada.

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

IT IS ORDERED, pursuant to section 80 of the CFA, that the Sub-Adviser and any individuals engaging in, or holding themselves out as engaging in, the business of advising others when acting on behalf of the Sub-Adviser in respect of the Proposed Advisory Services are exempt from the adviser registration requirement in paragraph 22(1)(b) of the CFA in respect of the Proposed Advisory Services provided to the Principal Adviser with respect to the Funds, for a period of five years, provided that at the relevant time that such activities are engaged in:

(a) the Principal Adviser is registered under the CFA as an adviser in the category of commodity trading manager;

(b) the Sub-Adviser and any individuals engaging in, or holding themselves out as engaging in, the business of advising others when acting on behalf of the Sub-Adviser in respect of the Proposed Advisory Services are

appropriately registered or licensed, or are entitled to rely on appropriate exemptions from such registrations or licences, to provide advice for the particular Fund pursuant to the applicable legislation of their principal jurisdiction;

(c) the obligations and duties of the Sub-Adviser are set out in a written agreement with the Principal Adviser;

(d) the Principal Adviser has contractually agreed with the respective Fund to be responsible for any loss that arises out of any failure of the Sub-Adviser to meet the Assumed Obligations;

(e) the Principal Adviser cannot be relieved by a Fund or its securityholders from its responsibility for any loss that arises out of the failure of the Sub-Adviser to meet the Assumed Obligations;

(f) the prospectus or similar offering document for each Fund for which the Principal Adviser engages the Sub-Adviser to provide the Proposed Advisory Services will include the following disclosure:

(i) a statement that the Principal Adviser is responsible for any loss that arises out of the failure of the Sub-Adviser to meet the Assumed Obligations; and

(ii) a statement that there may be difficulty in enforcing any legal rights against the Sub-Adviser (or any individuals engaging in, or holding themselves out as engaging in, the business of advising others on behalf of the Sub-Adviser in respect of the Proposed Advisory Services) because the Sub-Adviser is resident outside of Canada and all or substantially all of its assets are situated outside of Canada; and

(g) in circumstances where a Fund for which the Principal Adviser engages the Sub-Adviser to provide the Proposed Advisory Services does not prepare a prospectus or similar offering document for delivery to prospective purchasers, all investors who are Ontario residents will receive written disclosure prior to purchasing any securities of such Fund that includes:

(i) a statement that the Principal Adviser is responsible for any loss that arises out of the failure of the Sub-Adviser to meet the Assumed Obligations; and

(ii) a statement that there may be difficulty in enforcing any legal rights against the Sub-Adviser (or any individuals engaging in, or holding themselves out as engaging in, the business of advising others on behalf of the Sub-Adviser in respect of the Proposed Advisory Services) because the Sub-Adviser is resident outside of Canada and all or substantially all of its assets are situated outside of Canada.

February 25, 2011

“Margot C. Howard”
Commissioner
Ontario Securities Commission

“Mary G. Condon”
Commissioner
Ontario Securities Commission

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

Headnote

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

Applicable Legislative Provision

Securities Act, R.S.O. 1990, c. S.5, as am.
National Instrument 21-101 Marketplace Operation, s. 15.1.
Rule 13-502 Fees, s. 6.1.

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

AND

IN THE MATTER OF
ALPHA ATS LP

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

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

AND UPON the Applicant filing an updated Form F2 on February 15, 2011, describing a fee change to be implemented March 1, 2011 (the "Fee Change");

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

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

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

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

2. The Filer would like to implement changes to its fee schedule on March 1, 2011.

3. These changes are being implemented after consultation with subscribers of Alpha ATS and the notice required in the Subscriber Agreement.

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

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

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

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

IT IS ORDERED by the Director:

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

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

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

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

DATED this 24th day of February, 2011

"Susan Greenglass"
Director of Market Regulation
Ontario Securities Commission

2.2.5 North American Financial Group Inc. 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
NORTH AMERICAN FINANCIAL GROUP INC.,
NORTH AMERICAN CAPITAL INC.,
ALEXANDER FLAVIO ARCONTI, AND
LUIGINO ARCONTI**

**ORDER
Sections 127(7) & 127(8)**

WHEREAS on the 10th day of November, 2010, pursuant to subsections 127(1) and 127(5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), the Ontario Securities Commission (the "Commission") made an order against North American Financial Group Inc. ("NAFG"), North American Capital Inc. ("NAC"), Alexander Flavio Arconti ("Flavio") and Luigino Arconti ("Gino");

AND WHEREAS on the 10th day of November, 2010, pursuant to subsection 127(6) of the Act, the Commission ordered that the following Temporary Order shall expire on the 15th day after its making unless extended by order of the Commission;

AND WHEREAS by Commission Order dated November 10, 2010, the Commission made the following temporary order (the "Temporary Order");

1. pursuant to clause 2 of subsection 127(1) of the Act, that all trading in the securities of NAFG and NAC shall cease;

2. pursuant to clause 2 of subsection 127(1) of the Act, that NAFG, NAC, Flavio and Gino cease trading in all securities; and

3. that pursuant to clause 3 of subsection 127(1) of the Act, that the exemptions contained in Ontario securities law do not apply to NAFG, NAC, Flavio or Gino.

AND WHEREAS by Commission Order dated November 23, 2010, the Temporary Order was amended such that Flavio and Gino may trade in securities for their own accounts or their parents' accounts or for the accounts of their registered retirement savings plan or registered income fund (as defined in the *Income Tax Act* (Canada)) provided that they trade through accounts opened in their parents' names or either of their names only;

AND WHEREAS the Temporary Order as amended was extended to December 3, 2010;

AND WHEREAS the Temporary Order as amended was extended to January 10, 2011;

AND WHEREAS the Temporary Order as amended was extended to March 1, 2011;

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

AND WHEREAS the parties to this proceeding consent to the making of this order;

IT IS ORDERED that the Temporary Order as amended be extended to March 28, 2011 and the hearing in this matter be adjourned to Friday March 25, 2011 at 10:00 a.m.

DATED at Toronto this 28th day of February, 2011.

"Edward P. Kerwin"

2.2.6 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, the hearing was adjourned to September 1, 2010;

AND WHEREAS on September 1, 2010, a hearing was held before the Commission, and Staff, Shiff, counsel for Feder, counsel for Robinson and counsel for Pasternak, Walker and Brikman attended the hearing;

AND WHEREAS on September 1, 2010, upon hearing the submissions of Staff, Shiff, counsel for Feder, counsel for Robinson and counsel for Pasternak, Walker and Brikman, it was ordered that the hearing be adjourned to November 8, 2010, at 10:00 a.m. for a pre-hearing conference;

AND WHEREAS on November 5, 2010, a settlement agreement between Staff and Robinson was approved by the Commission;

AND WHEREAS on November 8, 2010, Staff confirmed that the Commission had received the affidavit of Charlene Rochman sworn November 8, 2010, which indicated that service of Staff's Pre-Hearing Conference Submissions was attempted on all Respondents, except for Bajovski or Cohen, personally, electronically, through their counsel or at their last known address;

AND WHEREAS Staff had no current effective address for service for Bajovski or Cohen;

AND WHEREAS on November 8, 2010, Staff, Schaumer, Shiff, Silverstein, and counsel for Pasternak, Walker and Brikman, attended the hearing; **and whereas** Harper and Groberman had each advised Staff that they would not be attending the hearing;

AND WHEREAS on November 8, 2010, counsel for Feder removed himself from the record due to a conflict of interest, and new counsel for Feder advised the Commission that he would need to satisfy himself that he is able to represent Feder, and he would advise Staff accordingly as soon as possible;

AND WHEREAS on November 8, 2010, upon hearing the submissions of Staff, Schaumer, Shiff, Silverstein, and counsel for Pasternak, Walker and Brikman, it was ordered that the hearing be adjourned to December 7, 2010 at 2:30 p.m. to continue the pre-hearing conference;

AND WHEREAS on December 7, 2010, Staff confirmed that the Commission had received the affidavit of Charlene Rochman sworn December 7, 2010, which indicated that all parties, except for Bajovski or Cohen, had been served with notice of the pre-hearing conference personally, electronically, through their counsel or at their last known address;

AND WHEREAS Staff continued to have no current effective address for service for Bajovski and Cohen;

AND WHEREAS on December 7, 2010, Staff, Schaumer, Silverstein, counsel for Pasternak, Walker and Brikman, and an agent for new counsel for Feder attended the hearing;

AND WHEREAS on December 7, 2010, Staff informed the Commission that, depending on settlement efforts, Staff might seek to bring an application to hold the hearing on the merits in writing;

AND WHEREAS on December 7, 2010 upon hearing submissions from Staff, Schaumer, Silverstein, counsel for Pasternak, Walker and Brikman, and the agent for counsel for Feder, it was ordered that the hearing be adjourned to February 16, 2011 at 2:00 p.m. to set dates for the hearing on the merits and that Staff renew efforts to obtain an effective address for service on Bajovski and Cohen.

AND WHEREAS on February 16, 2011 Staff confirmed that the Commission had received the affidavit of Charlene Rochman sworn on February 14, 2011, which indicated that all parties, except for Bajovski and Cohen, had been served with notice of the pre-hearing conference, personally, electronically, through their counsel or at their last known address;

AND WHEREAS Staff continue to have no current effective address for service for Bajovski and Cohen;

AND WHEREAS on February 16, 2011, Staff, Schaumer, Shiff, and counsel for Feder attended the hearing.

IT IS ORDERED, upon hearing submissions from Staff, Schaumer, Shiff and counsel for Feder:

1. that the hearing is adjourned to May 3, 2011 at 10:00 a.m. for a pre-hearing conference to set the dates for the hearing on the merits; and

2. that Staff will renew efforts to obtain an effective address for service on Bajovski and Cohen.

DATED at Toronto this 16th day of February, 2011.

"Edward P. Kerwin"

2.2.7 Global Energy Group, Ltd. 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
GLOBAL ENERGY GROUP, LTD.,
NEW GOLD LIMITED PARTNERSHIPS,
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 July 10, 2008, the Ontario Securities Commission (the "Commission") issued a temporary order, pursuant to subsections 127(1) and (5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), that all trading by Global Energy Group, Ltd. ("Global Energy") and the New Gold Limited Partnerships (the "New Gold Partnerships") (together, the "Corporate Respondents") and their officers, directors, employees and/or agents in securities of the New Gold Partnerships shall cease (the "First Temporary Order");

AND WHEREAS on July 10, 2008, the Commission ordered that the First Temporary Order shall expire on the 15th day after its making unless extended by order of the Commission;

AND WHEREAS on July 15, 2008, the Commission issued a Notice of Hearing to consider, among other things, the extension of the First Temporary Order, such hearing to be held on July 23, 2008 at 11:00 a.m.;

AND WHEREAS the Notice of Hearing sets out that the hearing is to consider, inter alia, 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 First Temporary Order until such time as considered necessary by the Commission;

AND WHEREAS a hearing was held on July 23, 2008 at 11:00 a.m. where Staff and counsel for Global Energy appeared but no counsel appeared for the New Gold Partnerships;

AND WHEREAS on July 23, 2008, the First Temporary Order was continued until August 6, 2008 and the hearing in this matter was adjourned until August 5, 2008 at 3:00 p.m. on consent of Staff and counsel for Global Energy;

AND WHEREAS a hearing was held on August 5, 2008 at 3:00 p.m. where Staff and counsel for Global Energy appeared but no counsel appeared for the New Gold Partnerships;

AND WHEREAS on August 5, 2008, the First Temporary Order was continued until December 4, 2008 and the hearing in this matter was adjourned until December 3, 2008 at 10:00 a.m. on consent of Staff and counsel for Global Energy;

AND WHEREAS on December 3, 2008, on the basis of the record for the written hearing and on consent of Staff and counsel for Global Energy, a Panel of the Commission ordered that the First Temporary Order be extended until June 11, 2009 and that the hearing in this matter be adjourned to June 10, 2009, at 10:00 a.m.;

AND WHEREAS on June 10, 2009, Staff advised the Commission that Victor Tsatskin, a.k.a. Vadim Tsatskin ("Tsatskin"), an agent of Global Energy, would not be attending the hearing and was not opposed to Staff's request for the extension of the First Temporary Order and no counsel had communicated with Staff on behalf of the New Gold Partnerships;

AND WHEREAS on June 10, 2009, on hearing the submissions of Staff, a Panel of the Commission ordered that the First Temporary Order be extended until October 9, 2009 and that the hearing in this matter be adjourned to October 8, 2009, at 10:00 a.m.;

AND WHEREAS on October 8, 2009, on hearing the submissions of Staff, a Panel of the Commission ordered that the First Temporary Order be extended until March 11, 2010 and that the hearing in this matter be adjourned to March 10, 2010, at 10:00 a.m.;

AND WHEREAS on March 10, 2010, on hearing the submissions of Staff, a Panel of the Commission ordered that the First Temporary Order be extended until July 12, 2010 and that the hearing in this matter be adjourned to July 9, 2010, at 11:30 a.m.;

AND WHEREAS on April 7, 2010, the Commission issued a temporary cease trade order pursuant to subsections 127(1) and 127(5) of the Act ordering the following (the "Second Temporary Order"):

i) Christina Harper ("Harper"), Howard Rash ("Rash"), Michael Schaumer ("Schaumer"), Elliot Feder ("Feder"), 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 "Individual Respondents"), shall cease trading in all securities; and

ii) that any exemptions contained in Ontario securities law do not apply to the Individual Respondents.

AND WHEREAS, on April 7, 2010, the Commission ordered that the Second 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 Second Temporary Order, to be held on April 20, 2010 at 3:00 p.m;

AND WHEREAS the Notice of Hearing sets 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 Second 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 Individual Respondents appeared before the Commission to oppose Staff's request for the extension of the Second 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 Individual Respondents with copies of the Second 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 Second Temporary Order;

AND WHEREAS on April 20, 2010, pursuant to subsections 127(7) and (8) of the Act, the Second 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 the Commission ordered that the Second Temporary Order be extended until September 1, 2010 and the hearing be adjourned to September 1, 2010, at 1:00 p.m.;

AND WHEREAS on June 14, 2010, on hearing the submissions of Staff, a Panel of the Commission ordered that the First Temporary Order be extended until September 1, 2010 and that the hearing in this matter be adjourned to September 1, 2010, at 1:00 p.m.;

AND WHEREAS on September 1, 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 WHEREAS on September 1, 2010, pursuant to subsections 127(7) and 127(8) of the Act, the First Temporary Order and Second Temporary Order were extended to November 9, 2010 and the hearing in this matter was adjourned to November 8, 2010 at 10:00 a.m.;

AND WHEREAS on September 1, 2010, it was further ordered pursuant to subsections 127(1) and (2) of the Act that, notwithstanding the Second Temporary Order, Feder is permitted to trade securities in an account in his own name or in an account of his registered retirement savings plans (as defined in the *Income Tax Act* (Canada)) in which he has the sole legal and beneficial ownership, provided that:

(i) the securities traded are listed and posted for trading on the Toronto Stock Exchange, the New York Stock Exchange or NASDAQ (or their successor exchanges) which is a reporting issuer; and

(ii) he carries out any permitted trading through a dealer registered with the Commission (which dealer must be given a copy of this order) and through accounts opened in his name only (the "Amended Second Temporary Order").

AND WHEREAS on November 8, 2010, Staff, Schaumer, Shiff, Silverstein, counsel for Rash, and counsel for Pasternak, Walker and Brikman, attended the hearing; and whereas Harper and Groberman had each advised Staff that they would not be attending the hearing; and whereas no person attended on behalf of the Corporate Respondents; and whereas Tsatskin, Bajovski and Cohen did not appear;

AND WHEREAS on November 8, 2010, counsel for Feder removed himself from the record due to a conflict of interest, and new counsel for Feder advised the Commission that he would need to satisfy himself that he was able to represent Feder, and would advise Staff accordingly as soon as possible;

AND WHEREAS on November 8, 2010, the Commission considered the evidence and submissions before it and the Commission was of the opinion that it was in the public interest that the First Temporary Order and the Amended Second Temporary Order be extended to December 8, 2010 and the hearing in this matter be adjourned to December 7, 2010 at 2:30 p.m.;

AND WHEREAS on December 7, 2010, Staff, Schaumer, Silverstein, counsel for Pasternak, Walker and Brikman, and agent for new counsel for Feder attended the hearing; and whereas no person appeared on behalf of the Corporate Respondents; and whereas Harper, Rash, Tsatskin, Groberman, Bajovski, Cohen and Shiff did not appear;

AND WHEREAS on December 7, 2010, the Commission was satisfied that all of the Respondents had been properly served with notice of the hearing;

AND WHEREAS on December 7, 2010, Staff requested the extension of the First Temporary Order against the Corporate Respondents and the Amended Second Temporary Order against the Individual Respondents, and Schaumer, Silverstein, and counsel for Pasternak, Walker and Brikman consented to the extension of the Amended Second Temporary Order;

AND WHEREAS on December 7, 2010, agent for new counsel for Feder informed the Commission that he did not have instructions as to whether Feder consented to an extension of the Amended Second Temporary Order;

AND WHEREAS on December 7, 2010, Staff informed the Commission that depending on settlement efforts, Staff might seek to bring an application to hold the next hearing in this matter in writing;

AND WHEREAS on December 7, 2010, the Commission directed that the First Temporary Order against the Corporate Respondents, and the Amended Second Temporary Order against the Individual Respondents, be consolidated into a single temporary order (the "Temporary Order");

AND WHEREAS on December 7, 2010, the Commission considered the evidence and submissions before it and the Commission was of the opinion that it was in the public interest that pursuant to subsection 127(7) and 127(8) of the Act, the Temporary Order be extended to March 3, 2011, without prejudice to Feder to bring a motion if he opposes the extension and that the hearing in this matter be adjourned to February 16, 2011 at 2:00 p.m.

AND WHEREAS on February 16, 2011, Staff, Schaumer, Shiff, counsel for Feder attended the hearing; and whereas no person appeared on behalf of the Corporate Respondents; and whereas counsel for Pasternak, Walker and Brikman, Harper, Rash, Tsatskin, Groberman, Bajovski and Cohen did not appear;

AND WHEREAS on February 16, 2011, Staff requested the extension of the Temporary Order against the Individual Respondents and Corporate Respondents; and Schaumer and Shiff consented to the extension of the Temporary Order;

AND WHEREAS on February 16, 2011, counsel for Feder consented to the extension of the Temporary Order of December 7, 2010, save and except for the exceptions outlined in this order;

AND WHEREAS on February 16, 2011, the Commission considered the evidence and submissions

before it and the Commission was of the opinion that it was in the public interest to make this order;

IT IS HEREBY ORDERED THAT:

1. Pursuant to subsections 127(7) and 127(8) of the Act, the Temporary Order is extended to May 4, 2011, save and except that:

   (a) Feder is permitted to trade securities in an account in his own name or in an account of his registered retirement savings plan (as defined in the Income Tax Act (Canada)) in which Feder has the sole legal and beneficial ownership, provided that:

      (i) the securities traded are listed and posted for trading on the Toronto Stock Exchange, the New York Stock Exchange, or NASDAQ (or their successor exchanges) which is a reporting issuer; and

      (ii) that Feder carries out any permitted trading through a dealer registered with the Commission (which dealer must be given a copy of this order) and through accounts opened in Feder's name only; and

   (b) Feder is permitted to contact the existing shareholders of (i) Genesis Rare Diamonds (Ontario) Ltd. (ii) Kimberlite Diamond Corporation and (iii) their subsidiaries, none of which is a reporting issuer, or their counsel and to discuss/explore the potential for the sale of Feder's shares in those corporations to any or all of their existing shareholders and/or the purchase of Feder's shares in those corporations by the respective corporations for cancellation, provided that Feder's shares are not actually sold and/or purchased without Feder first obtaining a further exemption/order from the Commission that permits such sale(s) and/or purchase(s); and

2. The hearing in this matter is adjourned to May 3, 2011 at 10:00 a.m.

DATED at Toronto this 16th day of February, 2011.

"Edward P. Kerwin"

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

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

AND

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

ORDER
(Section 127 and 127.1)

WHEREAS on October 16, 2008, the 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 (the "Merits Hearing") shall commence on February 1, 2010;

AND WHEREAS on January 29, 2010, the Commission ordered that the Merits Hearing 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 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 on an interim basis 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 Merits Hearing 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 determined by the parties and the Office of the Secretary;

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

AND WHEREAS on June 18, 2010, pursuant to Staff's request for an earlier Status Hearing, Staff, Boock, counsel to Stanton DeFreitas ("DeFreitas"), and counsel to Jason Wong ("Wong") attended before the Commission;

AND WHEREAS on June 18, 2010 Boock and Staff provided the Commission with a status update with respect to the JR Application and the Commission made an order adjourning the Status Hearing until June 29, 2010 to give Boock an opportunity to take steps toward perfecting the JR Application;

AND WHEREAS on June 29, 2010, Staff, Boock, counsel to DeFreitas and counsel to Wong attended before the Commission;

AND WHEREAS on June 29, 2010, upon hearing submissions from Staff and Boock, the Commission adjourned the Status Hearing until Thursday, July 15, 2010 at 10:00 a.m. to give Boock an opportunity to take further steps toward perfecting the JR Application;

AND WHEREAS on July 15, 2010, the Commission was advised that the JR Application had been perfected and that a hearing date of October 27, 2010 had been set by the Superior Court of Justice (Divisional Court) for the hearing of the JR Application;

AND WHEREAS on July 15, 2010, the Commission made an order that:

a) the dates for the Merits Hearing, previously set to commence on October 18, 2010, shall be vacated;

b) the Status Hearing currently scheduled for September 13, 2010 shall be vacated;

c) the Status Hearing shall be adjourned until November 29, 2010 at 9:30 a.m. at the offices of the Commission; and

d) the Disclosure Decision shall be stayed on an interim basis until the earlier of the date of a decision on the merits in the JR Application or November 29, 2010, or until such further date as ordered by the Commission

AND WHEREAS on October 27, 2010, the JR Application was heard by the Superior Court of Justice (Divisional Court);

AND WHEREAS on that same date, the Superior Court of Justice (Divisional Court) dismissed the JR Application (the "JR Decision");

AND WHEREAS on November 29, 2010, the Commission held a Status Hearing in this matter, and Staff, Boock and counsel for Wong attended;

AND WHEREAS Boock advised that he intends to retain counsel for purposes of the Merits Hearing;

AND WHEREAS Staff submitted that the appeal period in respect of the JR Decision had expired;

AND WHEREAS Staff advised and Boock has confirmed that he had not taken steps in respect of an appeal of the JR Decision;

AND WHEREAS Boock advised that he consents to the release of the material that is subject to the Disclosure Decision;

AND WHEREAS Staff advised that it was seeking to schedule dates for the Merits Hearing and requested that the Status Hearing be adjourned to January 27, 2011 to give the parties an opportunity to agree upon such dates;

AND WHEREAS Staff advised that it would renew its efforts to contact all the Respondents in respect of setting a date for the Merits Hearing, including those Respondents who have not participated to date in this proceeding;

AND WHEREAS on November 29, 2010, the Commission ordered that:

a) the Stay shall lapse as of that date;

b) the Status Hearing shall be adjourned until January 27, 2011 at 2 p.m. at the offices of the Commission, or such other date as may be agreed upon by the parties and fixed by the Office of the Secretary; and

c) the Status Hearing may be conducted in writing in advance of January 27, 2011, by way of a draft consent order filed with the Commission setting dates for the Merits Hearing, provided that matters that might otherwise be subject to the Status Hearing do not require an attendance before the Commission;

AND WHEREAS on January 27, 2011, the Commission held a Status Hearing in this matter attended by Staff, counsel for Wong and counsel for DeFreitas;

AND WHEREAS Boock advised Staff in advance of the Status Hearing that he would not be attending but that he intends to retain counsel in this matter in the next 30 days;

AND WHEREAS counsel to Pharm Control Inc. advised Staff in advance of the Status Hearing that Pharm Control would not be in attendance at the Status Hearing;

AND WHEREAS no other Respondents attended or otherwise responded to notice of the Status Hearing;

AND WHEREAS Staff confirmed to the Commission that it took steps to serve all of the Respondents with notice of the Status Hearing at the last known address(es) for each;

AND WHEREAS Staff recently obtained and disclosed new evidence in this matter;

AND WHEREAS Staff requested that the Commission convene a pre-hearing conference for the parties to give consideration to the evidentiary and other hearing related issues in this matter;

AND WHEREAS on January 27, 2011, the Commission ordered that a pre-hearing conference be held on Thursday, March 3, 2011 at 10:00 a.m. or such other date or time as agreed upon by the parties and fixed by the Secretary's office;

AND WHEREAS on February 25, 2011, Staff informed counsel for Wong, counsel for DeFreitas, Boock and the Secretary's office that Staff wished to adjourn the pre-hearing conference currently scheduled for March 3, 2011 until April 19, 2011;

AND WHEREAS counsel for Wong, counsel for DeFreitas and Boock do not object to the adjournment request of Staff;

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

IT IS HEREBY ORDERED THAT a pre-hearing conference will be held on Tuesday, April 19, 2011 at 10:00 a.m. or such other date or time as agreed upon by the parties and fixed by the Secretary's office.

Dated at Toronto this 1st day of March, 2011.

"Mary G. Condon"

2.2.9 Nelson Financial 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
NELSON FINANCIAL GROUP LTD.,
NELSON INVESTMENT GROUP LTD.,
MARC D. BOUTET, STEPHANIE LOCKMAN SOBOL,
PAUL MANUEL TORRES, H. W. PETER KNOLL

ORDER
(Section 127)

WHEREAS on May 12, 2010, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing and a Statement of Allegations in this matter 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 August 16, 2010, the Commission ordered that the hearing on the merits shall commence on Monday, February 14, 2011 at 10:00 a.m.;

AND WHEREAS on January 31, 2011, the Commission ordered that:

1. The hearing for this matter is adjourned to May 16, 2011 through to May 31, 2011, excluding May 23 and 24, 2011, peremptory to the Respondents with or without counsel; and

2. A pre-hearing conference will be held on February 25, 2011 at 11:00 a.m.

AND WHEREAS on February 25, 2011, the Commission held a pre-hearing conference attended by Staff on behalf of all parties;

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

IT IS ORDERED THAT the pre-hearing conference will be adjourned to May 9, 2011 at 10:00 a.m. or such other date or time as agreed upon by the parties and fixed by the Office of the Secretary.

DATED at Toronto this 25th day of February, 2011.

"Mary G. Condon"

2.2.10 David M. O'Brien

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

AND

IN THE MATTER OF
DAVID M. O'BRIEN

ORDER

WHEREAS on December 8, 2010, the Secretary of the Commission issued a Notice of Hearing, pursuant to sections 37, 127 and 127.1 of the Ontario *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), for a hearing to commence at the offices of the Commission at 20 Queen Street West, 17th Floor Hearing Room on Monday, December 20, 2010 at 10:30 a.m., or as soon thereafter as the hearing can be held;

AND WHEREAS on December 9, 2010, the Respondent was served with the Notice of Hearing, Staff's Statement of Allegations dated December 7, 2010, and the affidavit of Lori Toledano ("Toledano") affirmed on December 15, 2010, as evidenced by the affidavit of Daniela De Chellis, sworn on December 16, 2010, and filed with the Commission;

AND WHEREAS the Notice of Hearing provides for the Commission to consider, among other things, whether, in the opinion of the Commission, it is in the public interest, pursuant to s. 127 of the Act, to issue temporary orders against David M. O'Brien ("O'Brien"), as follows:

(a) O'Brien shall cease trading in any securities for a prescribed period or until the conclusion of the hearing on the merits in this matter;

(b) O'Brien is prohibited from acquiring securities for a prescribed period or until the conclusion of the hearing on the merits in this matter; and

(c) Any exemptions contained in Ontario securities law do not apply to O'Brien for a prescribed period or until the conclusion of the hearing on the merits in this matter;

AND WHEREAS on December 20, 2010 Staff of the Commission and O'Brien appeared before the Commission and made submissions. During the hearing on December 20, 2010, O'Brien advised the Commission that he was opposed to Staff's request that temporary orders be issued against him and that he wished to cross-examine Toledano on her affidavit;

AND WHEREAS on December 20, 2010, the hearing with respect to the issuance of the temporary

orders was adjourned until December 23, 2010 at 12:30 p.m.;

AND WHEREAS on December 23, 2010, a hearing with respect to the issuance of the temporary orders was held and the panel of the Commission considered the affidavit of Toledano, the cross-examination of Toledano and the submissions made by Staff and O'Brien;

AND WHEREAS on December 23, 2010, the Commission issued a temporary cease trade order pursuant to s. 127 of the Act ordering that:

(a) O'Brien shall cease trading securities;

(b) O'Brien is prohibited from acquiring securities; and

(c) Any exemptions contained in Ontario securities law do not apply to O'Brien.

(the "Temporary Cease Trade Order");

AND WHEREAS on December 23, 2010, the Commission ordered that the Temporary Cease Trade Order shall expire on April 1, 2011;

AND WHEREAS on December 23, 2010, the Commission ordered that Staff and O'Brien shall consult with the Secretary's Office and schedule a confidential pre-hearing conference for this matter;

AND WHEREAS a confidential pre-hearing conference was scheduled for February 24, 2011;

AND WHEREAS at the confidential pre-hearing conference on February 24, 2011, Staff of the Commission and O'Brien appeared and made submissions regarding the disclosure made by Staff. Staff also requested an extension of the Temporary Cease Trade Order;

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

IT IS HEREBY ORDERED THAT:

1) a hearing to extend the Temporary Cease Trade Order will take place on March 30, 2011 at 11:30 a.m.;

2) a motion regarding disclosure will take place on April 21, 2011 at 10:00 a.m., and in accordance with Rule 3.2 of the *Rules of Procedure* of the Ontario Securities Commission, O'Brien will serve and file a motion record, including any affidavits to be relied upon, by April 11, 2011 at 4:30 p.m.; and

3) a further confidential pre-hearing conference will take place on May 30, 2011 at 10:00 a.m.

DATED at Toronto this 24th day of February, 2011.

"Mary G. Condon"

2.2.11 Richvale Resource Corporation et al. – ss. 127(1), 127(8)

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

AND

**IN THE MATTER OF
RICHVALE RESOURCE CORPORATION,
MARVIN WINICK, HOWARD BLUMENFELD,
JOHN COLONNA, PASQUALE SCHIAVONE,
AND SHAFI KHAN**

WHEREAS on March 19, 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 that (i) trading in the securities of Richvale Resource Corp. ("Richvale") shall cease and (ii) Richvale and its representatives, including Marvin Winick ("Winick"), Howard Blumenfeld ("Blumenfeld"), Pasquale Schiavone ("Schiavone") and Shafi Khan ("Khan") cease trading in all securities (the "Temporary Order");

AND WHEREAS on March 19, 2010, the Commission issued directions under subsection 126(1) of the Act freezing assets in bank accounts in the name of Richvale and Khan;

AND WHEREAS on April 1, 2010, the Commission ordered that the Temporary Order be amended as follows to create the "Amended Temporary Order":

i) the name "PAQUALE SCHIAVONE" in the style of cause was amended to "PASQUALE SCHIAVONE";

ii) paragraph 5 of the Temporary Order was amended to read as follows: Shafi Khan ("Khan") is acting as a representative of Richvale;

iii) paragraph 9(i) was amended to read as follows: trading in securities of Richvale without proper registration or an appropriate exemption from the registration requirements under the Act contrary to section 25 of the Act; and

iv) it was further ordered pursuant to clause 2 of subsection 127 (1) of the Act that any exemptions contained in Ontario securities laws in respect of Richvale, Winick, Blumenfeld, Schiavone and Khan are removed.

AND WHEREAS on April 1, 2010, the Amended Temporary Order was extended to June 4, 2010 by order of the Commission pursuant to subsection 127(8) of the Act and the hearing in this matter was adjourned until June 3, 2010;

AND WHEREAS on June 3, 2010, the Amended Temporary Order was extended to December 3, 2010 pursuant to subsection 127(8) of the Act and the hearing in this matter was adjourned until December 2, 2010;

AND WHEREAS on November 10, 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 November 10, 2010, filed by Staff with respect to Richvale, Winick, Blumenfeld, John Colonna ("Colonna"), Schiavone and Khan ("Staff's Allegations");

AND WHEREAS on December 2, 2010, the Commission ordered that the Amended Temporary Order be extended pursuant to subsection 127(8) of the Act against each of Richvale, Winick, Blumenfeld, Schiavone and Khan until the conclusion of the hearing on the merits in relation to Staff's Allegations;

AND WHEREAS on December 2, 2010, this matter was adjourned to a pre-hearing conference on February 28, 2011;

AND WHEREAS on February 28, 2011, a pre-hearing conference was held at 10:00 a.m. during which time Khan appeared personally and Staff advised the Panel that the other respondents had notice of the pre-hearing conference but did not attend;

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

IT IS ORDERED that a pre-hearing conference will take place on May 10, 2011 commencing at 2:30 p.m.; and

IT IS FURTHER ORDERED that the hearing on the merits in this matter is scheduled to commence on October 17, 2011 at 10:00 a.m. and continue each day through to October 24, 2011 and from October 26, 2011 each day through to October 31, 2011 or as soon thereafter as may be fixed by the Secretary to the Commission.

DATED at Toronto this 28th day of February, 2011.

"Edward P. Kerwin"

2.2.12 Redline Communications Group Inc. – s. 144

Headnote

Application by an issuer for a revocation of a cease trade order issued by the Commission -- cease trade order issued because the issuer had failed to file certain continuous disclosure materials required by Ontario securities law -- defaults subsequently remedied by bringing continuous disclosure filings up-to-date -- cease trade order revoked.

Applicable Legislative Provisions

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

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

AND

IN THE MATTER OF
REDLINE COMMUNICATIONS GROUP INC.

ORDER
(Section 144)

WHEREAS the securities of Redline Communications Group Inc. (the Applicant) are subject to a temporary cease trade order made by the Director dated June 11, 2010 under paragraph 2 of subsection 127(1) and subsection 127(5) of the *Securities Act* (Ontario) (the Act), as extended by a further order made by the Director dated June 23, 2010 pursuant to subsection 127(1) of the Act (collectively, the Ontario Cease Trade Order) directing that the trading in securities of the Applicant cease until the Ontario Cease Trade Order is revoked.

AND WHEREAS the Applicant has made an application to the Ontario Securities Commission (the Commission) pursuant to subsection 144(1) of the Act (the Application) for an order revoking the Ontario Cease Trade Order;

AND WHEREAS the Applicant has represented to the Commission that:

1. The Applicant was incorporated under the laws of Canada on September 14, 2007.

2. The Applicant's registered office and principal place of business if located at 302 Town Centre Boulevard, Suite 100, Markham, Ontario, Canada, L3R 0E8.

3. The Applicant is a reporting issuer in all of the provinces and territories of Canada.

4. As at the date hereof, the authorized capital of the Applicant consists of an unlimited number of common shares (the **Common Shares**) of which 21,197,112 are issued and outstanding. As at the date hereof, 84,471 of Class A Common Stock in the capital of Redline Communications, Inc., a subsidiary of the Applicant, are exchangeable on a one-for-one basis for no additional consideration for an additional 84,471 Common Shares.

5. The Applicant does not have any securities, including debt securities, listed, traded or quoted for trading on any exchange or market in Canada or elsewhere, other than the Common Shares which are listed for trading on the Toronto Stock Exchange under the symbol "RDL".

6. The Ontario Cease Trade Order was issued as a result of the failure of the Applicant to file, in accordance with applicable securities laws, audited annual financial statements and related management's discussion and analysis for the period ending December 31, 2009 and interim financial statements and related management's discussion and analysis for the three-month period ended March 31, 2010 and certification of the foregoing filings as required by National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (collectively, the **2009 Annual and 2010 Q1 Interim Filings**). In addition, the Applicant had also failed to file its interim financial statements and related management's discussion and analysis for the three-month period ended June 30, 2010 and certification of such documents (the **2010 Q2 Interim Filings** and together with the 2009 Annual and 2010 Q1 Interim Filings, the **Required Documents**).

7. Following receipt of allegations concerning certain improprieties with respect to revenue recognition policies, as announced on March 15, 2010, the Applicant formed a special committee of its directors, which committee was responsible for supervising a review of the Applicant's historical financial statements and determining the extent to which these issues could result in the Applicant being required to restate any historical financial statements. The special committee also considered the adequacy of the Applicant's internal controls. The special committee was advised by external legal counsel, and engaged Grant Thornton LLP to assist in the review. In July 2010, the Applicant was provided with the initial results of the forensic investigation prepared by Grant Thornton LLP, following an extensive and independent review of the Applicant's past revenue recognition practices and historical financial statements. The outcome of the investigation and the related work led to the restatement of the Applicant's consolidated financial statements for each of the years ended December 31, 2006, 2007 and 2008, and the first three quarters of 2009.

8. The Applicant is not in default of any requirements of the Ontario Cease Trade Order or the Act or the

rules and regulations made pursuant thereto, subject to the deficiencies outlined in paragraph 6 above.

9. In addition to the Ontario Cease Trade Order, the Applicant is subject to: (i) an order of the British Columbia Securities Commission (the **BCSC**) issued on June 15, 2010 pursuant to section 164(1) of the *Securities Act*, R.S.B.C. 1996, c. 418 (the **BC Cease Trade Order**); (ii) an order of the Autorité des marchés financiers (the **AMF**) (decision no. 2010-FIIC-0151) issued on June 11, 2010 and a further cease trade order issued on June 28, 2010 pursuant to section 318 of the *Loi sur les valeurs mobilières*, L.R.Q., c. V-1.1 (the **Quebec Cease Trade Order**); and (iii) an order of the Manitoba Securities Commission (the **MSC**) (order no. 6154) issued on June 18, 2010 pursuant to section 147.1(1) of the *Securities Act*, C.C.S.M. c. S50 (the **Manitoba Cease Trade Order**) (the Ontario Cease Trade Order, the BC Cease Trade Order, the Manitoba Cease Trade Order and the Quebec Cease Trade Order are collectively referred to as the **Cease Trade Orders**).

10. The Applicant has filed the Required Documents on SEDAR as of September 9, 2010.

11. The Applicant has filed an application with each of the BCSC, the AMF and the MSC for a full revocation of the BC Cease Trade Order, the Quebec Cease Trade Order and the Manitoba Cease Trade Order, respectively.

12. The Applicant's SEDAR and SEDI profiles are up-to-date.

13. The Applicant held its 2010 annual general meeting of shareholders (the **Meeting**) on September 30, 2010.

14. Other than the Ontario Cease Trade Order, the Applicant has not previously been subject to a cease trade order by the Commission.

15. The Applicant is up-to-date with all of its other continuous disclosure obligations and has paid outstanding participating fees, filing fees and late fees associated with those obligations owing to the Commission in connection with the Required Documents and has filed all of the forms associated with such payments.

16. The Applicant is not considering, nor is it involved in any discussions relating to a reverse take-over, merger, amalgamation or other form of combination or transaction similar to any of the foregoing.

17. Upon the issuance of this Order, the Applicant will issue a press release announcing the revocation of the Cease Trade Orders of the Applicant. The Applicant will concurrently file the press release and material change report on SEDAR.

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

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 Cease Trade Order is revoked.

DATED at Toronto, Ontario on this 22nd day of February, 2011.

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

Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions, Orders and Rulings

3.1.1 Questrade Inc. – ss. 8(3), 21.7

IN THE MATTER OF
AN APPLICATION FOR A HEARING AND REVIEW
OF A DECISION OF THE ONTARIO DISTRICT COUNCIL
OF THE INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA
PURSUANT TO SECTION 21.7 OF THE SECURITIES ACT, R.S.O. 1990, c. S.5, AS AMENDED

AND

IN THE MATTER OF
DISCIPLINE PROCEEDINGS PURSUNT TO DEALER MEMBER RULE 20
OF THE INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA

BETWEEN

STAFF OF THE INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA

AND

QUESTRADE INC.

REASONS AND DECISION
(Section 21.7 and Subsection 8(3) of the Act)

Hearing:	December 15, 2010		
Decision:	March 1, 2011		
Panel:	James D. Carnwath Carol S. Perry	– 	Commissioner (Chair of the Panel) Commissioner
Appearances:	Robert J. Brush Clarke Tedesco	–	For Questrade Inc.
	Andrew P. Werbowski Charles Corlett	–	For Staff of the Investment Industry Regulatory Organization of Canada
	Yvonne B. Chisholm Amanda M. Heydon	–	For Staff of the Commission

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REASONS AND DECISION

I. INTRODUCTION

[1] Questrade Inc. ("Questrade") applies for a hearing and review by the Ontario Securities Commission (the "Commission") of a decision of the Ontario District Council (the "District Council") of the Investment Industry Regulatory Organization of Canada ("IIROC") dated November 6, 2009 (the "Decision").

[2] The allegations made against Questrade related to its online foreign exchange ("FX") trading business during the period from December 2006 to the time of the District Council hearing in April 2009. Questrade offerred FX contracts for difference referred to as "Spot FX" contracts, a derivative security that allowed Questrade clients to take long or short positions in various currencies.

[3] The Spot FX trades took place during the transition period whereby the Investment Dealers Association (the "IDA") became part of IIROC. Although initial communications were between Questrade and IDA, the hearing was held before a panel of the IIROC District Council.

[4] Questrade's grounds for review require us to decide the following issues:

(a) Did the District Council err in law when it found that Questrade advertised margin rates below the minimum regulatory standards and failed to obtain the required margin from its clients in connection with trading in online FX contracts?

(b) Did the District Council err in law when it concluded that Questrade's conduct constituted conduct unbecoming a Member?

II. BACKGROUND

The Regulatory Regime

[5] For an overview of the regulatory regime, we refer to the description found in the IIROC Notice of Hearing, as admitted by Questrade and quoted in the District Council's Decision:

> IDA By-law 17.11 (now IIROC Dealer Member Rule 17.11) provides that every Member shall obtain from clients and maintain in respect of its own account such minimum margin in such amount and in accordance with such requirements as the Board of Directors may from time to time by Regulation prescribe. Such minimum margin shall be used for calculations pursuant to Form 1.
>
> Form 1 is the Joint Regulatory Financial Questionnaire and Report and is commonly referred to as "the Q". It is a mandatory report that is utilized by Financial Compliance Staff to monitor the financial status of all Firms with financial reporting obligations.
>
> IDA Regulation 11.2 (now IIROC Dealer Member Rule 100.2) deals, generally, with margin requirements and prescribes certain calculations which are to be utilized in various sets of circumstances.
>
> Specifically, IDA Regulation 100.2(d) (now IIROC Dealer Member Rule 100.2(d)) deals with the margining of unhedged foreign exchange positions of a Member Firm or Dealer Member.
>
> The purpose behind the setting of margin requirements and prescribing rates to particular financial products is to reflect the assessment of regulatory Financial Compliance Staff ("FC Staff") of the inherent riskiness of that particular product. Margin is a charge against a firm's financial statement capital and is utilized in the calculation of Risk Adjusted Capital ("RAC"). RAC, in turn, is measured to ensure the financial stability of firms and to prevent capital deficiencies or claims against the Canadian Investor Protection Fund ("CIPF").
>
> (Decision at para. 3)

Questrade's Online FX Trading Business

[6] In May 2004, Questrade told the IDA that it was contemplating offering online FX trading as a service for its clients. As described in the Decision, online FX contracts "allow investors to speculate on underlying currency movements, without the need of ownership and physical settlement of the underlying currency" (Decision at para. 7). Questrade's Spot FX product

involved contracts for the delivery of currency pairs at a spot price without physical delivery, so that the only asset exchanged was the difference in price between two contracts. The foreign exchange market is very speculative, and in May 2004, Spot FX was viewed as a new and complex financial product.

[7] Questrade discussed with staff of the IDA operational issues concerning the FX business, whether online FX trading constituted a "security" requiring registration, and the proper application of margin.

[8] In May 2005, the IDA issued Member Regulation Notice 0351 – Margin treatment of unhedged foreign exchange positions held in customer accounts ("MR Notice 0351") and in response to a specific request from IDA staff, Questrade said it had been applying margin as per MR Notice 0351 since January 2005.

[9] IDA staff conducted two field examinations of Questrade, one in 2005 and the other in 2006. Following the second field examination, IDA staff wrote to Questrade on December 15, 2006, setting out the IDA's finding as to "Online FX Client Margin". IDA staff informed Questrade that:

- Questrade's practice of extending leverage of up to 200 times a client's account equity was not in compliance with minimum regulatory margin requirements for FX positions held by clients and effectively set "house margin" rates that were lower than prescribed IDA regulatory margin rates;

- Questrade's client positions were undermargined based on regulatory FX margin rates (and the firm essentially provided client margin out of its own capital) and that such client accounts were not permitted to trade while undermargined.

The IDA's finding required that Questrade comply with IDA margin requirements. The IIROC District Council concluded in its Decision that:

> "In our view, it is from this point in December of 2006 that we should consider whether the Allegations set out in the Notice of Hearing have been established. It is at this point that the regulatory Staff advised the Respondent not to engage in certain types of conduct."
>
> (Decision at para. 28)

[10] Following the IDA's finding from its 2006 field examination, Questrade wrote to the IDA, causing the District Council to conclude: "From this letter, it appears clear that in January of 2007, Questrade was offering clients 200:1 leverage and was not collecting margin from clients but was instead reducing its risk adjusted capital for any margin deficiencies" (Decision at para. 32).

[11] There was further correspondence between Questrade and IDA staff and at least one meeting on February 9, 2007, at which the IDA requested a timeline for Questrade's compliance.

[12] On March 7, 2007, the IDA put firms that offered online FX contracts on notice that all advertising must feature minimum regulatory margin rates and that they must obtain the minimum regulatory margin on the trade date and margin calls should be made and collected promptly if margin dropped below regulatory margin rates. The following day, Ciro Mirabella, Senior Manager, Financial Compliance at IDA wrote to Questrade's CFO regarding margin requirements for online FX service providers.

[13] In response to Mr. Mirabella's letter and previous IDA correspondence, Questrade's CFO, Dean Percy, sent a "draft response" to the IDA on March 20, 2007. His response stated that the revised requirements would be so detrimental that if fully implemented, Questrade would effectively have to shut down its Spot FX business. Questrade requested a written explanation from the IDA if it still considered Questrade not in compliance. The IDA responded to Questrade on March 29, 2007, confirming its position:

> …
>
> To summarize, we have not in any way changed our fundamental position as previously communicated to you in applying IDA minimum FX margin rates for open FX customer positions, and requiring the collection of margin deposits from clients upon entering into FX contracts, including the prompt collection of margin calls, as required, in the event of adverse market movements.
>
> Please consider this e-mail as my response to Mr. Percy's letter and take it under "advisement".
>
> (Decision at para. 44)

[14] Further correspondence followed between Questrade and the IDA in April 2007, which did not result in any changes to Questrade's margin collection practices. By the time of the IIROC hearing in April 2009, Questrade was the only Member Firm not complying with the request of the IDA regarding margin rates on FX spot contracts.

III. THE STANDARD OF REVIEW

[15] This hearing and review is brought pursuant to s. 21.7 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), which gives the Commission the power to hold a hearing and review of a direction, decision, order or ruling of a recognized self-regulatory organization ("SRO"), such as IIROC. Upon a hearing and review, the Commission may confirm the decision of the SRO or make such other decision as it considers proper, as outlined in s. 8(3) of the Act. In the hearing and review, the Commission exercises jurisdiction akin to a trial de novo, broader in scope than an appeal (*Investment Dealers Assn. of Canada v. Boulieris* (2004), 27 O.S.C.B. 1597 (aff'd [2005] O.J. No. 1984 (Div. Ct.)) at paras. 29-30).

[16] Notwithstanding the Commission's broad powers of review, in practice it exercises a "restrained approach" to intervening in SRO decisions. When the decision deals with an issue squarely within the SRO's expertise or jurisdiction, greater deference should be accorded (*Re Berry* (2008), 31 O.S.C.B. 5441 at paras. 62-63).

[17] In this case, we accord a high degree of deference to the IIROC District Council's Decision, which considers issues within IIROC's expertise and involves an analysis of the very types of issues that IIROC is engaged in on a daily basis, including administering rules and monitoring Member compliance.

[18] The test for whether the Commission should intervene in an IIROC decision is set out in *Canada Malting Co.* (1986), 9 O.S.C.B. 3565, which states that the Commission may intervene in a decision of an SRO on the following five grounds:

1. the SRO has proceeded on an incorrect principle;
2. the SRO has erred in law;
3. the SRO has overlooked material evidence;
4. new and compelling evidence is presented to the Commission that was not presented to the SRO; or
5. the SRO's perception of the public interest conflicts with that of the Commission.

IV. ANALYSIS

A. Did the District Council err in law when it found that Questrade advertised margin rates below the minimum regulatory standards and failed to obtain the required margin from its clients in connection with trading in online FX contracts?

[19] Questrade submits that Spot FX trades have a unique risk profile and the characteristics of Spot FX trading do not fit within the traditional requirements for collection of margin from investors. It distinguishes Spot FX contracts as having no traditional settlement date because the contracts do not involve the actual purchase of currencies and the contracts "roll over" each day.

[20] On December 15, 2006 the IDA clearly informed Questrade that its practice of offering up to 200:1 leverage did not meet minimum regulatory margin requirements. Despite any characteristics that might be unique to Spot FX contracts, Questrade knew by this time that its online FX trading clients' positions were undermargined, from the IDA's perspective (see paragraph 9 of these reasons).

[21] It is clear on the evidence of Questrade that Questrade chose not to amend its business practice. It continued to advertise 200:1 leverage and did not collect margin from its online FX trading clients.

[22] The evidence of IIROC staff at the hearing before the District Council was that Questrade never had any intention to collect the required margin from clients. In this proceeding, Questrade takes no exception to the findings of the District Council that:

> The process followed by [Questrade] was to determine, on a daily basis, the margin requirement for each FX client position in accordance with IDA Member Regulation MR0351 – Regulation 100.2(d). The margin requirement for each client was then summed up and compared to the balance of the client's account to determine if the account was undermargined.

> If the account was undermargined, Questrade provided, out of its own firm capital, the difference necessary to meet the minimum regulatory requrements. There was no attempt to collect the undermargined amount from the client. Instead, the firm took a 'hit' on its Risk Adjusted Capital.
>
> In cross-examination …, Mr. Percy agreed that this was a correct description of the process followed by [Questrade].
>
> (Decision at paras. 63-65)

[23] We reject Questrade's submission that Mr. Mirabella improperly gave expert evidence or that he should not have testified as a member of IIROC Staff. Mr. Mirabella's evidence on Note 2 of MR Notice 0351 was properly accepted by the District Council, which came to its own decision regarding the rules on margin requirements. Mr. Mirabella was not offered or qualified as an expert witness, but properly testified based on his knowledge and experience as Director of Financial Compliance for IIROC.

[24] We also reject Questrade's submission that companies involved in parallel operations escaped action by IIROC over a considerable period of time merely by agreeing to comply with margin requirements, but taking their time to do so. Questrade clearly expressed its intention not to comply with the IDA's directions regarding obtaining margin from its online FX trading clients. As noted at paragraph 14, at the time of the IIROC hearing, Questrade was the only IDA Member Firm not complying with the IDA request.

[25] The District Council found that Questrade failed to comply with the rules when it made no attempts to collect the required margin from its online FX trading clients. Dealing with an issue that falls squarely within IIROC's expertise, the District Council concluded that Spot FX contracts are not exempt from regulatory margin requirements. The IIROC District Council made no error in law and proceeded on no incorrect principle; the decision of the District Council falls squarely within its area of competence and expertise.

B. Did the District Council err in law when it concluded that Questrade's conduct constituted conduct unbecoming a Member?

[26] Questrade submits that the District Council erred in law when it found Questrade's breaches of the margin rules to be conduct unbecoming. Questrade argues that its deliberate refusal to follow the IDA's interpretation of the rules is not a deliberate refusal to follow the rules themselves.

[27] In Questrade's submission, the IDA's findings, guidance or interpretations do not have the effect of a rule and were not binding on Questrade per se; Questrade's failure to follow the IDA's direction would not constitute conduct unbecoming. Questrade submits that the District Council is the only party with the ability to finally determine the rules, and IDA or IIROC staff's directions about how they interpret the rules cannot have the authority of a rule.

[28] Questrade also submits that the District Council erred by applying the wrong test for what constitutes conduct unbecoming a Member. According to Questrade's submissions, for the District Council to make a finding of conduct unbecoming, IIROC staff must prove that the conduct was done in bad faith or was in some way unethical. Questrade claims that this state of mind requirement for deliberate misconduct was not met in this case.

[29] We disagree with Questrade's submissions on both points.

[30] To pursue their position that the IDA's interpretation of margin requirements was incorrect, Questrade deliberately chose not to follow directions from the IDA. Rather, it continued to make no attempt to collect required margin from its online FX trading clients and, if an account was undermargined, Questrade provided out of its own capital the difference necessary to meet the minimum regulatory requirements. The District Council made no error in concluding that Questrade's decision not to comply with IDA directions and proceed to a hearing was conduct unbecoming.

[31] The District Council made no error in law in the method it used in coming to this conclusion. We reject the submission that it was necessary for the District Council to find bad faith on the part of Questrade. Questrade deliberately refused to comply with IDA directions rather than amend its business practice and comply until the matter was heard and the decision of the District Council was rendered. The fact that other Member Firms may have taken their time in complying with IDA's directions does not lessen the unbecoming nature of Questrade's continuing refusal to follow directions from the IDA. The District Council's decision falls squarely within its area of competence and expertise.

V. CONCLUSION

[32] We conclude that the IIROC District Council made no error in law and proceeded on no incorrect principle when it found that Questrade failed to comply with regulatory margin requirements in its Spot FX business and that its conduct was unbecoming a Member Firm. None of the factors in *Canada Malting Co.*, above, apply to the facts of this case.

[33] We see no reason to interfere with the District Council's decision. The application for hearing and review is dismissed.

Dated at Toronto this 1st day of March, 2011.

"James D. Carnwath"

"Carol S. Perry"

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
Richards Oil & Gas Limited	14 May 10	26 May 10	26 May 10	25 Feb 11
Seprotech Systems Incorporated	24 Feb 11	08 Mar 11		

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
Seprotech Systems Incorporated	04 Jan 11	17 Jan 11	17 Jan 11	24 Feb 11	24 Feb 11

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
Seprotech Systems Incorporated	04 Jan 11	17 Jan 11	17 Jan 11	24 Feb 11	24 Feb 11

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Chapter 7

Insider Reporting

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

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

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

Chapter 8

Notice of Exempt Financings

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

Transaction Date	No. of Purchaser	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
02/09/2011	2	117 Kearney Lake Road LP - Units	1,400,765.96	1,400,765.96
02/05/2011	173	1501681 Alberta Ltd. - Common Shares	3,060,500.00	3,060,500.00
02/05/2011	173	1501681 Alberta Ltd. - Common Shares	3,060,500.00	3,060,500.00
02/09/2011	1	1710 Kingsway Holdings Inc. - Units	3,275,783.00	3,275,783.00
02/07/2011	2	ACE Cash Express Inc. - Notes	27,720,000.00	28,000,000.00
01/04/2010 to 12/23/2010	127	Acker Finley Select Canada Focus Fund - Trust Units	2,108,522.70	269,360.84
01/04/2010 to 12/23/2010	178	Acker Finley Select US Value 50 Fund - Trust Units	2,805,737.12	1,127,753.17
02/09/2011 to 02/17/2011	44	AltaCanada Energy Corp. - Preferred Shares	10,630,500.00	2,126,100.00
01/31/2011	17	Atlantica Mining Corporation - Common Shares	1,549,262.50	2,065,683.00
01/12/2011	2	Banco Cruzeiro do Sul S.A. - Notes	3,945,600.00	2.00
01/01/2010 to 12/31/2010	18	BlackRock Canada Universe Bond Index Class A - Units	520,596,426.67	22,281,885.19
01/01/2010 to 12/31/2010	3	BlackRock CDN MSCI Canada IMI Index Fund - Units	80,475,141.87	7,854,394.52
01/01/2010 to 12/31/2010	25	BlackRock CDN US Equity Index Non-Taxable Class A - Units	408,068,780.57	50,295,164.18
12/31/2010	32	Bodnar Canadian Equity Fund - Units	4,871,440.46	340,556.00
03/31/2010 to 12/31/2010	36	Bodnar Fixed Income Fund - Units	9,992,533.20	860,335.00
01/29/2010 to 12/31/2010	7	Bodnar Money Market Fund - Units	516,072.95	42,607.00
02/02/2011	74	Border Petroleum Corp. - Units	6,000,000.00	24,000,000.00
01/11/2010 to 12/31/2010	136	Burgundy American Equity Fund - Units	34,219,936.33	1,642,022.65
01/11/2010 to 12/29/2010	44	Burgundy Asian Equity Fund - Units	9,877,097.87	483,944.27
01/11/2010 to 12/31/2010	13	Burgundy Balanced Foundation Fund - Units	31,955,675.87	1,995,246.25
02/08/2010 to 05/03/2010	6	Burgundy Balanced Income Fund - Units	1,522,968.94	45,635.07
01/11/2010 to 12/29/2010	16	Burgundy Balanced Pension Fund - Units	9,275,273.77	538,007.18
01/11/2010 to 12/31/2010	253	Burgundy Bond Fund - Units	37,675,642.64	971,176.73
01/18/2010 to 11/15/2010	12	Burgundy Canadian Equity Fund - Units	5,407,725.10	42,954.29
01/11/2010 to 12/29/2010	78	Burgundy Canadian Small Cap Fund - Units	13,524,770.36	98,672.24

Transaction Date	No. of Purchaser	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
01/18/2010 to 12/29/2010	19	Burgundy Compound Reinvestment Fund - Units	3,326,318.53	276,065.04
06/30/2010 to 12/29/2010	1	Burgundy Core Plus Bond Fund - Units	32,500.00	2,729.94
03/29/2010 to 08/23/2010	4	Burgundy EAFE Fund - Units	306,875.78	27,722.02
03/15/2010 to 10/25/2010	7	Burgundy Emerging Markets Fund - Units	724,630.73	55,449.06
01/11/2010 to 12/31/2010	120	Burgundy European Equity Fund - Units	20,804,710.45	1,032,545.12
09/01/2010 to 09/20/2010	2	Burgundy European Foundation Fund - Units	4,037,466.49	250,089.77
01/11/2010 to 12/31/2010	78	Burgundy Focus Asian Equity Fund - Units	1,325,887.77	122,354.89
01/11/2010 to 12/31/2010	161	Burgundy Focus Canadian Equity Fund - Units	53,748,122.37	1,957,963.85
01/11/2010 to 12/31/2010	41	Burgundy Foundation Trust Fund - Units	9,019,649.99	264,074.39
02/22/2010 to 06/21/2010	3	Burgundy Global Equity Fund (Excluding Canada) - Units	3,824,273.61	396,168.64
01/11/2010 to 12/29/2010	21	Burgundy Global Focused Opportunities Fund - Units	3,443,088.95	380,934.21
03/22/2010 to 08/30/2010	4	Burgundy Government Bond Fund - Units	1,064,651.86	103,593.72
08/23/2010 to 09/30/2010	4	Burgundy MM Fund - Units	1,300,000.00	107,630.17
01/11/2010 to 12/31/2010	287	Burgundy Money Market Fund - Units	99,749,875.12	6,636,865.38
01/11/2010 to 12/31/2010	89	Burgundy Partners' Balanced RSP Fund - Units	12,457,533.66	214,806.14
01/25/2010 to 12/29/2010	11	Burgundy Partners' Equity RSP Fund - Units	3,236,069.32	96,673.19
01/11/2010 to 12/31/2010	562	Burgundy Partners' Global Fund - Units	99,267,383.24	2,032,550.71
01/11/2001 to 12/31/2010	222	Burgundy Total Return Bond Fund - Units	20,994,473.73	1,711,100.51
01/18/2010 to 12/20/2010	9	Burgundy U.S. Money Market Fund - Units	1,991,863.02	146,155.52
01/11/2010 to 12/29/2010	51	Burgundy U.S. Smaller Companies Fund - Units	13,128,238.96	434,188.41
01/11/2010 to 12/29/2010	9	Burgundy U.S. Small/Mid Cap Fund - Units	469,462.77	44,079.50
11/30/2010 to 12/31/2010	49	Canadian ABCP Investment Fund - Units	3,729,000.00	36,955.86
01/01/2010 to 12/31/2010	7	Canso Bank Loan Fund - Units	18,852,319.51	3,472,775.23
01/01/2010 to 12/31/2010	8	Canso Broad Corporate Bond Fund - Class C Units - Units	4,121,364.45	725,310.99
01/01/2010 to 12/31/2010	16	Canso Canadian Bond Fund, Class C - Units	11,318,429.83	3,928,403.73
01/01/2010 to 12/31/2010	1	Canso Canadian Bond Fund, Class F - Units	25,000.00	2,500.00

Transaction Date	No. of Purchaser	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
01/01/2010 to 12/31/2010	1	Canso Canadian Bond Fund, Class O - Units	300,000.00	29,540.64
01/01/2010 to 12/31/2010	1	Canso Canadian Equity Fund - Units	3,500.00	717.51
01/01/2010 to 12/31/2010	3	Canso Corporate and Infrastructure Debt Fund - Units	13,692,702.99	2,431,359.78
01/01/2010 to 12/31/2010	4	Canso Corporate Bond Fund, Class A - Units	725,000.00	71,698.81
01/01/2010 to 12/31/2010	56	Canso Corporate Bond Fund, Class O - Units	64,977,211.70	11,238,352.42
01/01/2010 to 12/31/2010	4	Canso Credit Opportunities Fund - Units	171,500.00	18,770.84
01/01/2010 to 12/31/2010	2	Canso Harrier Fund - Units	350,000.00	115,381.91
01/01/2010 to 12/31/2010	3	Canso Hurricane Fund - Units	60,500.00	29,720.71
01/01/2010 to 12/31/2010	14	Canso India Fund - Units	186,316.67	23,814.48
01/01/2010 to 12/31/2010	13	Canso Partners Fund - Units	406,600.00	40,660.00
01/01/2010 to 12/31/2010	2	Canso Private Debt Fund - Units	4,251,200.00	847,496.06
01/01/2010 to 12/31/2010	2	Canso Salvage Fund - Units	50,500.00	9,213.06
01/01/2010 to 12/31/2010	22	Canso Short Term and Floating Rate Fund - Units	8,458,093.97	1,595,699.94
08/19/2010 to 08/20/2010	2	Cinaport China Opportunity Feeder Fund LP - Limited Partnership Interest	2,000,000.00	2,000.00
06/23/2010 to 08/20/2010	21	Cinaport China Opportunity Fund LP - Limited Partnership Interest	8,100,000.00	8,100.00
01/13/2011	8	CityCenter Holdings, LLC and CityCenter Finance Corp. - Notes	11,989,620.00	12,150.00
11/30/2010	163	Comstock Metals Ltd. - Common Shares	1,064,559.95	19,054,182.00
12/15/2010 to 12/20/2010	209	Condor Petroleum Inc. - Warrants	45,000,000.00	36,000,000.00
01/17/2011	103	Confederation Minerals Ltd. - Common Shares	2,700,111.96	9,643,257.00
01/14/2011	5	Credit Suisse AG - Notes	34,113,672.45	34,113,672.45
01/18/2011	1	Crown Americas LLC and Crown Americas Capital Corp. III - Notes	4,955,500.00	5,000.00
01/27/2010 to 12/23/2010	200	Cumberland Capital Appreciation Fund - Units	3,583,840.00	320,742.59
02/26/2010 to 12/31/2010	230	Cumberland Income Fund - Units	10,560,900.00	923,048.78
01/08/2010 to 12/31/2010	65	Cumberland International Fund - Units	3,067,962.11	416,398.76
11/01/2010 to 12/01/2010	73	Cumberland Market Neutral LP - Units	12,809,000.00	12,809.00
12/03/2010	24	Del Toro Silver Corp - Units	201,010.50	2,000,000.00
01/31/2011	38	Econo-Malls Limited Partnership #11 - Limited Partnership Interest	3,778,000.00	3,778,000.00

Transaction Date	No. of Purchaser	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
11/01/2010 to 12/01/2010	98	EdgeHill Multi Strategy Fund, Ltd. - Common Shares	69,198,000.00	69,198.00
01/31/2011	1	Empire Today, LLC - Note	989,410.00	1.00
02/14/2011	1	Energy Partners Ltd. - Note	1,980,000.00	1.00
02/09/2010	132	EnWave Corporation - Units	12,070,800.00	6,706,000.00
02/01/2011	8	Epocrates Inc. - Common Shares	2,579,720.00	5,360,000.00
04/30/2010 to 12/31/2010	6	FI Capital SRI Canadian Equity Fund - Units	2,989,275.50	324,805.00
08/31/2010 to 12/31/2010	4	FI Capital SRI Enhanced Income Fund - Units	1,339,481.23	131,583.00
01/19/2011	4	Florida East Coast Railway Corp. - Notes	4,174,380.00	4,200.00
02/09/2011	1	Gevo, Inc. - Common Shares	1,055,565.00	70,000.00
01/01/2010 to 12/31/2010	399	GMP Diversified Alpha Fund - Units	95,549,795.97	1,355,481.53
12/21/2010	60	Great Pacific International Inc. - Units	909,300.00	10,697,647.00
01/01/2010 to 12/31/2010	4	GS+A Canadian Bond Index Fund - Trust Units	4,267,935.70	41,290.55
01/01/2010 to 12/31/2010	1234	GS+A Credit Arbitrage Fund - Trust Units	162,559,849.63	1,423,235.77
01/01/2010 to 12/31/2010	1173	GS+A Enhanced Bond Fund - Trust Units	317,536,608.95	2,956,776.94
01/01/2010 to 12/31/2010	254	GS+A Enhanced Credit Arbitrage Fund - Limited Partnership Units	46,836,969.96	348,749.57
01/01/2010 to 12/31/2010	2674	GS+A Enhanced Yield Fund - Trust Units	552,187,653.84	2,744,454.27
01/01/2010 to 12/31/2010	19	GS+A Equity Long/Short Fund - Limited Partnership Units	14,850,928.71	119,782.23
01/01/2010 to 12/31/2010	15	GS+A Focused Long/Short Fund - Limited Partnership Units	1,513,655.13	11,142.04
01/01/2010 to 12/31/2010	1	GS+A High Yield Long/Short Fund - Limited Partnership Units	5,250,529.65	39,554.93
01/01/2010 to 12/31/2010	291	GS+A Income Long/Short Fund - Limited Partnership Units	108,920,892.14	535,299.48
01/01/2010 to 12/31/2010	1	GS+A Incubator Fund - Trust Units	92,916.81	1,050.00
01/01/2010 to 12/31/2010	640	GS+A Multi-Strategy Fund - Limited Partnership Units	137,657,530.93	1,247,748.61
01/01/2010 to 12/31/2010	326	GS+A Multi-Strategy Opportunities Fund - Limited Partnership Units	63,913,229.36	555,286.24
01/01/2010 to 12/31/2010	257	GS+A Multi-Strategy Opportunities Trust - Trust Units	22,188,002.11	202,618.06
01/01/2010 to 12/31/2010	908	GS+A Multi-Strategy Trust - Trust Units	91,423,337.25	895,648.56
01/01/2010 to 12/31/2010	166	GS+A North American Value Fund - Trust Units	11,145,293.59	5,177,215.02
01/01/2010 to 12/31/2010	3	GS+A Short Fund - Limited Partnership Units	1,035,064.81	10,010.39
01/01/2010 to 12/31/2010	594	GS+A Short Term Bond Fund - Trust Units	230,080,443.18	2,375,205.50

Transaction Date	No. of Purchaser	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
01/01/2010 to 12/31/2010	184	GS+A Top 15 Fund - Trust Units	17,937,555.18	237,908.94
01/01/2010 to 12/31/2010	39	GS+A U.S. Equity Fund - Trust Units	844,598.48	9,123.04
02/08/2011	1	Highbank Resources Ltd. - Common Shares	1,000,000.00	20,000,000.00
02/09/2011	2	Hovananian Enterprises, Inc. - Common Shares	396,250.00	45,000.00
01/11/2011	126	InStream Energy Systems Corp. - Special Warrants	585,900.00	1,171,800.00
01/01/2010 to 12/31/2010	1	Integra 130/30 U.S. Equity Fund - Units	652,328.01	87,676.00
01/01/2010 to 12/31/2010	3	Integra Acadian Global Equity Fund - Units	5,316,194.14	775,663.00
01/01/2010 to 12/31/2010	2	Integra Canadian Fixed Income Plus Fund - Units	429,090.61	43,630.93
01/01/2010 to 12/31/2010	5	Integra Conservative Allocation Fund - Units	1,992,553.30	170,185.37
01/01/2010 to 12/31/2010	8	Integra Diversified Fund - Units	67,491,056.27	1,776,356.01
01/01/2010 to 12/31/2010	12	Integra Equity Fund - Units	2,849,355.78	218,239.15
01/01/2010 to 12/31/2010	11	Integra Growth Allocation Fund - Units	1,249,587.18	114,294.91
01/01/2010 to 12/31/2010	6	Integra Strategic Allocation Fund - Units	1,941,721.66	153,968.90
02/02/2011	2	InterXion Holding N.V. - Common Shares	2,569,580.00	20,375,252.00
01/01/2010 to 12/31/2010	77	KJH Energy Partners Fund - Trust Units	17,848,764.91	133,508.66
01/01/2010 to 12/31/2010	117	KJH Financial Franchises Fund - Trust Units	9,351,615.82	92,971.61
01/01/2010 to 12/31/2010	56	KJH Fixed Income Fund - Trust Units	23,172,505.63	208,927.94
01/01/2010 to 12/31/2010	151	KJH Small Companies CISSEMT Fund - Trust Units	4,305,833.92	40,641.38
01/01/2010 to 12/31/2010	225	KJH Strategic Investors Fund - Trust Units	18,736,802.92	181,291.32
01/01/2010 to 12/31/2010	31	KJH Sweet Sixteen Fund - Trust Units	2,325,548.56	23,718.65
02/01/2011 to 02/09/2011	30	Klass Capital Fund I, LP - Limited Partnership Interest	4,923,000.00	4,923,000.00
01/01/2010 to 12/31/2010	28	Leith Wheeler Canadian Equity Fund Series A - Units	86,882,923.70	27,078,591.30
01/01/2010 to 12/31/2010	2	Leith Wheeler Constrained Fixed Income Series A - Units	1,631,126.46	7,911,163.95
01/01/2010 to 12/31/2010	14	Leith Wheeler Diversified Pooled Fund - Units	67,180,665.84	61,519,635.73
01/01/2010 to 12/31/2010	24	Leith Wheeler Fixed Income Fund Series A - Units	16,293,615.59	15,358,579.03
01/01/2010 to 12/31/2010	50	Leith Wheeler International Fund - Units	106,550,012.37	110,874,693.85
01/01/2010 to 12/31/2010	56	Leith Wheeler Special Canadian Equity Series A - Units	79,178,764.58	41,812,335.32

Transaction Date	No. of Purchaser	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
01/01/2010 to 12/31/2010	5	Leith Wheeler Total Return Bond Fund Series A - Units	12,087,000.00	1,193,485.00
01/01/2010 to 12/31/2010	11	Leith Wheeler Unrestricted Diversified Fund - Units	33,614,851.82	35,881,538.81
01/01/2010 to 12/31/2010	26	Leith Wheeler US Equity Fund Series A - Units	6,398,042.87	39,024,011.95
01/01/2010 to 12/31/2010	12	Leith Wheeler US Pension Pooled Fund - Units	20,324,436.09	87,630,177.86
02/01/2011	1	LLoyds TSB Bank - Notes	10,000,000.00	50.00
02/01/2011	1	Lloyds TSB Bank plc - Notes	10,000,000.00	10,000,000.00
01/14/2011	5	Local.com Corporation - Common Shares	315,490.00	80,000.00
12/31/2010	7	Logan Copper Inc. - Units	43,540.00	227,000.00
02/18/2011	72	Lumina Copper Corp. - Common Shares	15,450,000.00	3,000,000.00
01/01/2010 to 12/31/2010	9	Lysander Balanced Fund, Class F - Units	180,090.11	16,061.47
01/01/2010 to 12/31/2010	1	Lysander Income Fund, Class F - Units	1,195.73	105.21
01/01/2010 to 12/31/2010	41	Manion, Wilkins & Associates Ltd. - Units	289,292,067.00	2,892,921.00
01/01/2010 to 12/31/2010	46	Manitou Canadian Equity Fund - Units	15,181,861.80	154,432.30
01/01/2010 to 12/31/2010	82	Manitou Equity Fund - Units	4,319,145.34	38,807.82
01/01/2010 to 12/31/2010	1	Manitou Focus + L.P. - Units	25,000.00	25.00
01/01/2010 to 12/31/2010	55	Manitou Income Fund - Units	15,014,157.90	149,058.78
02/04/2011 to 02/09/2011	49	Miramar Hydrocarbons Ltd. - Units	3,787,537.46	42,151,761.00
02/11/2011	1	Molycorp, Inc. - Common Shares	50,490.00	1,000.00
01/31/2011	3	National Mentor Holdings Inc. - Notes	23,784,612.01	250,000,000.00
01/13/2011	2	Navios Maritime Holdigns Inc. and navios Maritime Finance II (US) Inc. - Notes	9,868,000.00	10,000.00
02/09/2011	1	Newcastle Minerals Ltd. - Common Shares	45,000.00	600,000.00
01/26/2011	29	North American Gem Inc. - Units	647,500.00	6,475,000.00
01/01/2010 to 12/31/2010	6	NWQ US Large Cap Value Fund - Units	2,079,827.55	454,113.41
02/04/2011	1	Pacific & Western Credit Corp. - Common Shares	3,100,000.00	1,000,000.00
01/28/2011	69	Passport Energy Ltd. - Units	2,015,000.00	8,060,000.00
12/24/2010	153	PCAS Patient Care Automation Services Inc. - Common Shares	14,492,854.60	12,602,482.00
03/01/2010	1	PCJ Canadian Equity Fund - Trust Units	3,212,293.56	324,608.53
02/01/2011	1	Peninsula Gaming LLC/ Peninsula Gaming Corp. - Notes	1,129,569.44	1,000,000.00
12/30/2010 to 01/07/2011	52	Petaquilla Minerals Ltd - Common Shares	29,500,000.00	13,500,000.00
01/26/2011	3	Petaquilla Minerals Ltd. - Common Shares	2,500,000.00	2,500,000.00
01/01/2010 to 12/31/2010	34	Picton Mahoney 130/30 Alpha Extension Canadian Equity Fund - Units	2,004,400.00	162,193.28

Transaction Date	No. of Purchaser	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
01/01/2010 to 12/31/2010	184	Picton Mahoney Diversified Strategies Fund - Units	3,930,861.39	373,204.16
01/01/2010 to 12/31/2010	41	Picton Mahoney Global Long Short Equity Fund - Units	1,739,298.34	188,345.31
01/01/2010 to 12/31/2010	92	Picton Mahoney Global Market Neutral Equity Fund - Units	2,908,988.05	299,954.75
01/01/2010 to 12/31/2010	782	Picton Mahoney Income Opportunities Fund - Units	57,152,992.89	5,224,629.13
01/01/2010 to 12/31/2010	271	Picton Mahoney Long Short Equity Fund - Units	15,036,850.39	857,880.59
01/01/2010 to 12/31/2010	1674	Picton Mahoney Market Neutral Equity Fund - Units	119,562,831.15	6,826,334.86
02/14/2011	2	Plato Gold Corp. - Units	250,000.00	5,000,000.00
01/31/2011	41	Plenary Properties LTAP LP - Bonds	934,676,933.52	890,098,000.00
01/01/2010 to 12/31/2010	2	Private Client Global Small Cap Portfolio - Trust Units	2,500,000.00	247,548.55
11/24/2010	74	Quantum Solar Power Corp. - Common Shares	1,992,225.00	1,972,500.00
01/05/2011	43	Quebecor Media Inc. - Notes	325,000,000.00	325,000,000.00
12/22/2010	67	Quia Resources Inc. - Units	3,500,000.00	7,000,000.00
01/28/2011	95	Qwick Media Inc. - Common Shares	2,127,428.00	10,637,140.00
01/01/2010 to 12/31/2010	1592	ROI High Yield Private Placement Fund - Units	207,378,038.41	1,702,909.69
01/01/2010 to 12/31/2010	245	ROI Institutional Private Placement Fund - Units	21,033,250.85	199,596.34
01/01/2010 to 12/31/2010	1086	ROI Private Placement Fund - Units	175,430,980.70	1,568,689.58
01/01/2010 to 12/31/2010	297	ROI Strategic Private Placement Fund - Units	34,660,605.79	312,604.30
02/14/2011	3	Royal Bank of Canada - Notes	1,680,450.00	1,700.00
01/11/2011	373	RPT Resources Ltd. - Receipts	29,700,099.00	228,462,300.00
01/13/2011	4	RSC Equipment Rental, Inc. and RSC Holdings III, LLC. - Notes	7,154,300.00	7,250.00
02/03/2011	1	Sand Box Technologies Inc. - Common Shares	9,960.95	10,000.00
01/01/2010 to 12/31/2010	8	Scheer, Rowelett & Associates Canadian Equity Fund - Trust Units	171,374,149.06	11,336,422.68
01/01/2010 to 12/31/2010	2	Scheer, Rowlett & Associates Balanced Fund - Trust Units	11,824,867.86	1,084,561.55
01/01/2010 to 12/31/2010	1	Scheer, Rowlett & Associates Bond Fund - Trust Units	44,558,089.03	4,108,146.55
01/01/2010 to 12/31/2010	3	Scheer, Rowlett & Associates EAFE Fund - Trust Units	2,053,699.22	297,063.94
01/01/2010 to 12/31/2010	2	Scheer, Rowlett & Associates Money Market Fund - Trust Units	820,013.70	82,001.37
01/01/2010 to 12/31/2010	3	Scheer, Rowlett & Associates US Equity Fund - Trust Units	830,718.70	148,334.58
01/01/2010 to 12/31/2010	21	Short-Term Investment Company (Global Series), PLC - Common Shares	234,563,271.44	234,148,792.00
11/23/2010	2	Signalink Technologies Inc. - Units	288,058.82	929,222.00
01/31/2011	4	SM Energy Company - Notes	2,605,720.00	2,600.00

Transaction Date	No. of Purchaser	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
02/10/2011 to 02/11/2011	24	Solvista Gold Corporation - Receipts	6,119,121.00	8,158,828.00
02/03/2011	1	Speedway Motorsports Inc. - Notes	990,000.00	150,000,000.00
01/01/2010 to 12/31/2010	354	Sprott Bull/Bear RSP Fund - Units	15,284,178.65	1,494,569.56
01/01/2010 to 12/31/2010	11	Sprott Hedge Fund LP - Units	6,272,546.39	94,742.51
01/01/2010 to 12/31/2010	642	Sprott Hedge Fund LP II - Units	86,178,530.69	3,872,981.64
02/04/2011	1	Sprott Inc. - Common Shares	0.00	19,467,500.00
01/01/2010 to 12/31/2010	64	Sprott Opportunities Hedge Fund LP - Units	8,175,164.85	294,391.99
01/01/2010 to 12/31/2010	62	Sprott Opportunities RSP Fund - Units	2,234,725.65	146,429.23
01/01/2010 to 12/31/2010	460	Sprott Private Credit Fund LP - Units	73,647,317.17	7,337,993.88
01/01/2010 to 12/31/2010	31	SSgA S&P 500 Index Fund for Canadian Pension Plans - Units	215,397,732.12	4,157,732.83
02/09/2011	1	SS&C Technologies, Inc. - Common Shares	871,200.00	50,000.00
02/02/2011	3	Storage Capital 2 LP - Loan Agreements	3,500,000.00	3,500,000.00
02/11/2011	16	Taia Lion Resources Inc. - Units	5,343,050.00	10,686,101.00
02/11/2011	16	Taia Lion Resources Inc. - Units	5,343,050.00	10,686,101.00
02/11/2011	16	Taia Lion Resources Inc. - Units	5,343,050.00	10,686,101.00
01/01/2010 to 12/31/2010	30	Tapestry Balanced Growth Private Portfolio Corporate Class - Common Shares	4,747,560.45	454,895.34
01/01/2010 to 12/31/2010	15	Tapestry Balanced Income Private Portfolio Corporate Class - Common Shares	2,768,978.94	258,700.35
01/01/2010 to 12/31/2010	18	Tapestry Diversified Income Private Portfolio Corporate Class - Common Shares	3,184,673.21	300,009.87
01/01/2010 to 12/31/2010	7	Tapestry Global Balanced Private Portfolio Corporate Class - Common Shares	452,659.04	40,996.31
01/01/2010 to 12/31/2010	4	Tapestry Global Growth Private Portfolio Corporate Class - Common Shares	126,401.67	12,413.27
01/01/2010 to 12/31/2010	19	Tapestry Growth Private Portfolio Corporate Class - Common Shares	929,540.53	91,563.37
12/22/2010	2	The Baring Asia Private Equity Fund V, L.P. - Limited Partnership Interest	35,518,000.00	35,000,000.00
01/31/2011	1	The Baring Asia Private Equity Fund V, L.P. - Limited Partnership Interest	10,022,000.00	10,000,000.00
03/01/2010 to 12/01/2010	135	The Vantage Fund - Units	30,156,842.30	263,996.77
02/11/2011	1	Trueclaim Resources Inc. - Common Shares	90,000.00	500,000.00
01/27/2011	3	UBS AG, London Branch - Certificates	61,079.32	63.00
01/01/2010 to 12/31/2010	67	UBS (Canada) Cash in Action Fund - Units	8,982,766.00	89,827.66
01/01/2010 to 12/31/2010	18	UBS (Canada) Cash Management Fund - Units	39,896,808.22	398,968.08
12/09/2010	42	Ucore Rare Metals Inc. - Units	10,000,000.00	25,000,000.00
02/08/2011	3	Valeant Pharmaceuticals International - Notes	3,219,450.00	3.00

Transaction Date	No. of Purchaser	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
01/21/2011	3	Vanguard Health Holding Company II, LLC, Vanguard Holding Company II, and Vanguard Health Systems, Inc. - Notes	4,664,364.12	3,500.00
02/24/2011	2	Wallbridge Mining Company Limited - Common Shares	28,000.00	100,000.00
01/14/2011	53	Walton DC Region Land 1 Investment Corporation - Common Shares	1,074,760.00	107,476.00
01/14/2011	34	Walton Southern US Land 2 IC - Common Shares	939,110.00	93,911.00
01/01/2010 to 12/31/2010	1	Wellington Fund - Units	400.00	72.12
01/31/2011 to 02/04/2011	7	Wesbrooke Retirement Limited Partnership - Units	188,000.00	188,000.00
02/04/2011	3	YCC Holdings LLC and Yankee Finance Inc. - Notes	1,406,932.10	315,000,000.00
02/19/2011	10	ZoomMed Inc. - Units	1,992,599.93	12,855,483.00
02/15/2011	1	Zuoan Fashion Limited - American Depository Shares	353,990.00	50,000.00

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Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
Allied Properties Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated February 28, 2011
NP 11-202 Receipt dated February 28, 2011
Offering Price and Description:
$75,020,000.00 - 3,410,000 Units Price: $22.00 per Unit
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
RBC Dominion Securities Inc.
CIBC World Markets Inc.
Canaccord Genuity Corp.
National Bank Financial Inc.
Dundee Securities Ltd.
Macquarie Capital Markets Canada Ltd.
Desjardins Securities Inc.
Promoter(s):
-
Project #1703303

Issuer Name:
ANNAN CAPITAL CORP.
Principal Regulator - British Columbia
Type and Date:
Preliminary CPC Prospectus dated February 28, 2011
NP 11-202 Receipt dated March 1, 2011
Offering Price and Description:
$200,000.00 - 2,000,000 Common Shares Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
Haywood Securities Inc.
Promoter(s):
Hui Deng
Barry Underhill
Project #1704137

Issuer Name:
Barclays Bank PLC
Principal Regulator - Ontario
Type and Date:
Preliminary Base Shelf Prospectus dated February 24, 2011
NP 11-202 Receipt dated February 25, 2011
Offering Price and Description:
U.S.$21,000,000,000.00 - Global Medium-Term Notes, Series A
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1702128

Issuer Name:
Bell Aliant Preferred Equity Inc.
Principal Regulator - Nova Scotia
Type and Date:
Preliminary Short Form Prospectus dated February 23, 2011
NP 11-202 Receipt dated February 23, 2011
Offering Price and Description:
$250,000,000.00 - 10,000,000 Cumulative 5-Year Rate Reset Preferred Shares, Series A
Fully and unconditionally guaranteed by Bell Aliant Regional Communications Inc.
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
TD Securities Inc.
Desjardins Securities Inc.
National Bank Financial Inc.
Canaccord Genuity Corp.
HSBC Securities (Canada) Inc.
GMP Securities L.P.
Beacon Securities Limited
Promoter(s):
-
Project #1700731

Issuer Name:
CanElson Drilling Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated March 1, 2011
NP 11-202 Receipt dated March 1, 2011
Offering Price and Description:
$35,235,000.00 - 8,100,000 Common Shares Price: $4.35 per Offered Share
Underwriter(s) or Distributor(s):
Peters & Co Limited
Stifel Nicolaus Canada Inc.
HSBC Securities (Canada) Inc.
Lightyear Capital Inc.
Wellington West Capital Markets Inc.
Promoter(s):
-
Project #1704961

Issuer Name:
Condor Petroleum Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Long Form Prospectus dated February 23, 2011
NP 11-202 Receipt dated February 24, 2011
Offering Price and Description:
Up to $80,000,000.00 - Up to * Common Shares Price: $ * per Common Share - and -
Distribution of up to 36,000,000 Common Shares issuable upon the deemed exercise of 36,000,000 previously issued Special Warrants
Underwriter(s) or Distributor(s):
FirstEnergy Capital Corp.
UBS Securities Canada Inc.
Raymond James Ltd.
Dundee Securities Ltd.
Haywood Securities Inc.
Jennings Capital Inc.
Promoter(s):
Eurasia Resource Holdings AG
Project #1700995

Issuer Name:
DeeThree Exploration Ltd.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated February 23, 2011
NP 11-202 Receipt dated February 23, 2011
Offering Price and Description:
$15,450,000.00 - 3,000,000 Flow-Through Shares and $100,190,000 - 23,300,000 Subscription Receipts
each representing the right to receive one Common Share
Price: $5.15 per Flow-Through Share and
Price: $4.30 per Subscription Receipt
Underwriter(s) or Distributor(s):
Macquarie Capital Markets Canada Ltd.
Casimir Capital Ltd.
CIBC World Markets Inc.
Cormark Securities Inc.
Dundee Securities Ltd.
Raymond James Ltd.
Desjardins Securities Inc.
D & D Securities Inc.
Emerging Equities Inc.
Promoter(s):
-
Project #1700852

Issuer Name:
Denison Mines Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated March 1, 2011
NP 11-202 Receipt dated March 1, 2011
Offering Price and Description:
$64,965,000.00 - 18,300,000 Common Shares Price: $3.55 Per Common Share
Underwriter(s) or Distributor(s):
GMP Securities L.P.
Cormark Securities Inc.
Scotia Capital Inc.
Dundee Securities Ltd.
Raymond James Ltd.
Promoter(s):
-
Project #1704511

Issuer Name:
Energy Fuels Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated February 25, 2011
NP 11-202 Receipt dated February 25, 2011
Offering Price and Description:
$ * - * Units Price: $ * per Unit
Underwriter(s) or Distributor(s):
Dundee Securities Ltd.
Haywood Securities Inc.
Scotia Capital Inc.
Versant Partners Inc.
Cormark Securities Inc.
Toll Cross Securities Inc.
Promoter(s):
-
Project #1702275

Issuer Name:
FNR Energy Limited Partnership
Principal Regulator - Saskatchewan
Type and Date:
Preliminary Long Form Prospectus dated February 25, 2011
NP 11-202 Receipt dated February 25, 2011
Offering Price and Description:
Maximum Offering: $25,000,000.00 (2,500,000 Units); Minimum Offering: $ 2,500,000.00 (250,000 Units) Price: $ 10.00 per Unit Minimum Purchase: $ 5,000 (500 Units)
Underwriter(s) or Distributor(s):
MGI Securities Inc.
Canaccord Genuity Corp.
GMP Securities L.P.
Mackie Research Capital Corporation
Raymond James Ltd.
Dundee Securities Ltd.
Haywood Securities Inc.
PI Financial Corp.
D&D Securities Inc.
Leede Financial Markets Inc.
Union Securities Ltd.
Promoter(s):
FNR Asset Management Inc.
Project #1702204

Issuer Name:
Gryphon Gold Corporation
Principal Regulator - British Columbia
Type and Date:
Amended and Restated Preliminary Short Form Prospectus dated February 25, 2011
NP 11-202 Receipt dated February 25, 2011
Offering Price and Description:
US$ * C$* - * Common Shares @ US$* (C$*) per Offered Share
Underwriter(s) or Distributor(s):
Acumen Capital Finance Partners Limited
Promoter(s):
-
Project #1694454

Issuer Name:
High North Resources Ltd.
Principal Regulator - British Columbia
Type and Date:
Preliminary CPC Prospectus dated February 24, 2011
NP 11-202 Receipt dated February 24, 2011
Offering Price and Description:
$200,000.00 - 2,000,000 Common Shares Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
Haywood Securities Inc.
Promoter(s):
Kyle Stevenson
Project #1701798

Issuer Name:
Homburg Canada Real Estate Investment Trust
Principal Regulator - Quebec
Type and Date:
Preliminary Short Form Prospectus dated March 1, 2011
NP 11-202 Receipt dated March 1, 2011
Offering Price and Description:
$ 110,010,000.00 - 9,650,000 Units Price: $11.40 Per Unit
Underwriter(s) or Distributor(s):
TD Securities Inc.
CIBC World Markets Inc.
Desjardins Securities Inc.
Scotia Capital Inc.
National Bank Financial Inc.
Canaccord Genuity Corp.
HSBC Securities (Canada) Inc.
Dundee Securities Ltd.
Promoter(s):
-
Project #1704674

Issuer Name:
InnVest Operations Trust
InnVest Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated February 28, 2011
NP 11-202 Receipt dated February 28, 2011
Offering Price and Description:
$25,200,000.00 - 3,600,000 Stapled Units and $50,000,000.00 - 5.75% Stapled Convertible Unsecured Subordinated Debentures Price: $7.00 per Stapled Unit and $1,000 per Stapled Debenture
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
Scotia Capital Inc.
CIBC World Markets Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
Canaccord Genuity Corp.
Promoter(s):
-
Project #1703300/1703292

Issuer Name:
Key Venture Capital Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary CPC Prospectus (TSX-V) dated February 18, 2011
NP 11-202 Receipt dated February 23, 2011
Offering Price and Description:
Minimum $300,000.00; Maximum $500,000.00 - Minimum 3,000,000 Common Shares
Maximum 5,000,000 Common SharesPrice: $0.10 per Common Share
Underwriter(s) or Distributor(s):
Mackie Research Capital Corporation
Promoter(s):
Sophia Leung
Earl Drake
Project #1700080

Issuer Name:
Marquest Canadian Equity Income Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated February 28, 2011
NP 11-202 Receipt dated February 28, 2011
Offering Price and Description:
$* - (*) Maximum Price: $10.00 per Unit
Underwriter(s) or Distributor(s):
SCOTIA CAPITAL INC.
CIBC WORLD MARKETS INC.
RBC DOMINION SECURITIES INC.
BMO NESBITT BURNS INC.
NATIONAL BANK FINANCIAL INC.
CANACCORD GENUITY CORP.
GMP SECURITIES L.P.
HSBC SECURITIES (CANADA) INC.
RAYMOND JAMES LTD.
WELLINGTON WEST CAPITAL MARKETS INC.
MACQUARIE CAPITAL MARKETS CANADA LTD.
MACKIE RESEARCH CAPITAL CORPORATION
DUNDEE SECURITIES LTD.
UNION SECURITIES LTD.
Marquest Asset Management Inc.
Promoter(s):
MARQUEST ASSET MANAGEMENT INC.
Project #1703268

Issuer Name:
McLean Budden Global Bond Fund
McLean Budden Real Return Bond Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectuses dated February 23, 2011
NP 11-202 Receipt dated February 24, 2011
Offering Price and Description:
Class A, C, D, F and O Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
McLean Budden Limited
Project #1700830

Issuer Name:
North American Dividend Plus Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated February 25, 2011
NP 11-202 Receipt dated February 25, 2011
Offering Price and Description:
Maximum $* (* Units) Price: $12.00 per Unit Minimum Purchase: 100 Units
Underwriter(s) or Distributor(s):
NATIONAL BANK FINANCIAL INC.
CIBC WORLD MARKETS INC.
RBC DOMINION SECURITIES INC.
BMO NESBITT BURNS INC.
SCOTIA CAPITAL INC.
TD SECURITIES INC.
CANACCORD GENUITY CORP.
HSBC SECURITIES (CANADA) INC.
MANULIFE SECURITIES INCORPORATED
DESJARDINS SECURITIES INC.
MACQUARIE PRIVATE WEALTH INC.
RAYMOND JAMES LTD.
MACKIE RESEARCH CAPITAL CORPORATION
WELLINGTON WEST CAPITAL MARKETS INC.
Promoter(s):
PORTLAND INVESTMENT COUNSEL INC.
Project #1702299

Issuer Name:
Northern Graphite Corporation
Principal Regulator - Ontario
Type and Date:
Amended and Restated Preliminary Long Form Prospectus dated February 25, 2011
NP 11-202 Receipt dated February 28, 2011
Offering Price and Description:
Minimum: $1,000,000.00; Maximum: $3,000,000.00 - Minimum: 2,000,000 Common Shares; Maximum: 6,000,000 Common Shares Price: $0.50 per Common Share
Underwriter(s) or Distributor(s):
Union Securities Ltd.
Promoter(s):
Gregory Bowes
Project #1633818

Issuer Name:
NorthWest Healthcare Properties Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated February 23, 2011
NP 11-202 Receipt dated February 23, 2011
Offering Price and Description:
$75,200,000.00 - 6,400,000 Units Price $11.75 per Offered Unit
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
National Bank Financial Inc.
Scotia Capital Inc.
TD Securities Inc.
Canaccord Genuity Corp.
Macquarie Capital Markets Canada Ltd.
Promoter(s):
-
Project #1700696

Issuer Name:
Quebec Index Income Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated February 28, 2011
NP 11-202 Receipt dated February 28, 2011
Offering Price and Description:
Maximum $* - (* Shares) - Price: $10.00 per Share
Underwriter(s) or Distributor(s):
NATIONAL BANK FINANCIAL INC.
CIBC WORLD MARKETS INC.
Promoter(s):
NATIONAL BANK FINANCIAL INC.
Project #1703133

Issuer Name:
REIT INDEXPLUS Income Fund
Principal Regulator - Alberta
Type and Date:
Preliminary Long Form Prospectus dated February 25, 2011
NP 11-202 Receipt dated February 25, 2011
Offering Price and Description:
$* (maximum) (maximum – * Units) Price: $12.00 per Unit
Underwriter(s) or Distributor(s):
CIBC WORLD MARKETS INC.
RBC DOMINION SECURITIES INC.
SCOTIA CAPITAL INC.
TD SECURITIES INC.
BMO NESBITT BURNS INC.
NATIONAL BANK FINANCIAL INC.
HSBC SECURITIES (CANADA) INC.
CANACCORD GENUITY CORP.
GMP SECURITIES L.P.
MACQUARIE PRIVATE WEALTH INC.
RAYMOND JAMES LTD.
MIDDLEFIELD CAPITAL CORPORATION
DUNDEE SECURITIES LTD.
MACKIE RESEARCH CAPITAL CORPORATION
WELLINGTON WEST CAPITAL MARKETS INC.
Promoter(s):
MIDDLEFIELD LIMITED
Project #1702672

Issuer Name:
Renegade Petroleum Ltd.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated February 22, 2011
NP 11-202 Receipt dated February 23, 2011
Offering Price and Description:
$41,850,000.00 - 9,300,000 Common Shares Price: $4.50 per Common Share
Underwriter(s) or Distributor(s):
GMP Securities L.P.
Canaccord Genuity Corp.
FirstEnergy Capital Corp.
Macquarie Capital Markets Canada Ltd.
Paradigm Capital Inc.
Dundee Securities Ltd.
Haywood Securities Inc.
Jenning Capital Inc.
Raymond James Ltd.
Promoter(s):
-
Project #1700382

Issuer Name:
Retrocom Mid-Market Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated March 1, 2011
NP 11-202 Receipt dated March 1, 2011
Offering Price and Description:
$50,017,500.00 - 8,550,000 Trust Units Price: $5.85 Per Unit
Underwriter(s) or Distributor(s):
TD Securities Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
Desjardins Securities Inc.
Macquarie Capital Markets Canada Ltd.
Canaccord Genuity Corp.
National Bank Financial Inc.
Dundee Securities Ltd.
Promoter(s):
-
Project #1704799

Issuer Name:
Ridgewood Tactical Yield Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated February 24, 2011
NP 11-202 Receipt dated February 24, 2011
Offering Price and Description:
Mutual Fund Securities Net Asset Value
Underwriter(s) or Distributor(s):
Ridgewood Capital Asset Management Inc.
Ridgewood Capital Asset Management Inc.
Promoter(s):
Ridgewood Capital Asset Management Inc.
Project #1701475

Issuer Name:
Salida Wealth Preservation (Listed) Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated February 25, 2011
NP 11-202 Receipt dated February 28, 2011
Offering Price and Description:
Maximum $* (Maximum * Units) Price: $10.00 per Unit
Underwriter(s) or Distributor(s):
CIBCWORLD MARKETS INC.
NATIONAL BANK FINANCIAL INC.
CANACCORD GENUITY CORP.
GMP SECURITIES L.P.
HSBC SECURITIES (CANADA) INC.
MACQUARIE PRIVATE WEALTH INC.
WELLINGTON WEST CAPITAL MARKETS INC.
RAYMOND JAMES LTD.
DESJARDINS SECURITIES CORPORATION
DUNDEE SECURITIES LTD.
MACKIE RESEARCH CAPITAL CORPORATION
MANULIFE SECURITIES INCORPORATED
Promoter(s):
SALIDA CAPITAL LP
Project #1703086

Issuer Name:
Star Hedge Managers Corp. II
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated February 25, 2011
NP 11-202 Receipt dated February 28, 2011
Offering Price and Description:
$* Maximum - * Units Price: $10.00 per Unit Each Unit consists of one Class A Share and one Warrant
Underwriter(s) or Distributor(s):
BMO NESBITT BURNS INC.
CIBC WORLD MARKETS INC.
NATIONAL BANK FINANCIAL INC.
SCOTIA CAPITAL INC.
CANACCORD GENUITY CORP.
DUNDEE SECURITIES LTD.
GMP SECURITIES L.P.
HSBC SECURITIES (CANADA) INC.
RAYMOND JAMES LTD.
DESJARDINS SECURITIES INC.
MACQUARIE PRIVATE WEALTH INC.
MANULIFE SECURITIES INCORPORATED
WELLINGTON WEST CAPITAL MARKETS INC.
Promoter(s):
BMO NESBITT BURNS INC.
Project #1703135

Issuer Name:
Stem Cell Therapeutics Corp.
Principal Regulator - Alberta
Type and Date:
Amended and Restated Preliminary Base Shelf Prospectus dated February 25, 2011
NP 11-202 Receipt dated February 28, 2011
Offering Price and Description:
$15,000,000.00:
Common Shares
Warrant
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1657410

Issuer Name:
Tamarack Valley Energy Ltd.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated February 23, 2011
NP 11-202 Receipt dated February 23, 2011
Offering Price and Description:
$20,000,330.00 - 40,817,000 Common Shares Price: $0.49 per Common Share
Underwriter(s) or Distributor(s):
Dundee Securities Ltd.
Peters & Co. Limited
Wellington West Capital Markets Inc.
Acumen Capital Finance Partners Limited
AltaCorp Capital Inc.
Promoter(s):
-
Project #1700749

Issuer Name:
TD Private Canadian Equity Plus Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated February 28, 2011
NP 11-202 Receipt dated February 28, 2011
Offering Price and Description:
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
TD Asset Management Inc.
Project #1702840

Issuer Name:
Turnberry Resources Ltd.
Principal Regulator - British Columbia
Type and Date:
Preliminary CPC Prospectus dated February 24, 2011
NP 11-202 Receipt dated February 24, 2011
Offering Price and Description:
$200,000.00 - 1,000,000 Common Shares Price: $0.20 per Common Share
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
Promoter(s):
David De Witt
Project #1701489

Issuer Name:
Urania Resources Ltd.
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated February 23, 2011
NP 11-202 Receipt dated February 25, 2011
Offering Price and Description:
$ * - * Common shares Price: $ * per Common Share
Underwriter(s) or Distributor(s):
Desjardins Securities Inc.
Macquarie Capital Markets Canada Ltd.
Wellington West Capital Markets Inc.
Maison Placements Canada Inc.
Raymond James Ltd.
Promoter(s):
Elaine Ellingham
Keith Barron
Project #1701606

Issuer Name:
Whiteknight Acquisitions Inc.
Type and Date:
Preliminary CPC Prospectus dated February 24, 2011
Receipted on February 24, 2011
Offering Price and Description:
$400,000.00 - Minimum 2,000,000 Common Shares
$600,000 - Maximum 3,000,000 Common Shares Price: $0.20 per Common Share
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
Promoter(s):
David Mitchell
Project #1701488

Issuer Name:
Wild Stream Exploration Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated February 23, 2011
NP 11-202 Receipt dated February 23, 2011
Offering Price and Description:
$75,950,000.00 - 7,000,000 Common Shares Price: $10.85 per Common Share
Underwriter(s) or Distributor(s):
Peters & Co. Limited
National Bank Financial Inc.
FirstEnergy Capital Corp.
Paradigm Capital Inc.
CIBC World Markets Inc.
GMP Securities L.P.
Desjardins Securities Inc.
Promoter(s):
-
Project #1700765

Issuer Name:
Zephyr Minerals Ltd.
Principal Regulator - Nova Scotia
Type and Date:
Preliminary CPC Prospectus dated February 24, 2011
NP 11-202 Receipt dated February 25, 2011
Offering Price and Description:
$300,000.00 - (3,000,000 Common Shares) Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
Macquarie Private Wealth Inc.
Promoter(s):
-
Project #1702245

Issuer Name:
Adherex Technologies Inc.
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated February 22, 2011 to the Short Form Prospectus dated February 11, 2011
NP 11-202 Receipt dated February 24, 2011
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1690779

Issuer Name:
Mackenzie Ivy European Class (class of shares of Mackenzie Financial Capital Corporation)
(Quadrus Series, H series and N series)
Quadrus Fixed Income Corporate Class (class of shares of Multi-Class Investment Corp.)
(Quadrus Series, H series and N series)
Quadrus Money Market Fund
(Quadrus series, H series, and Premium series)
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated February 24, 2011 to the Simplified Prospectuses and Annual Information Form dated July 8, 2010
NP 11-202 Receipt dated March 1, 2011
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Quadrus Investment Services Ltd.
Quadrus Investment Services Inc.
Promoter(s):
Mackenzie Financial Corporation
Project #1592942

Issuer Name:
AirIQ Inc.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated February 28, 2011
NP 11-202 Receipt dated March 1, 2011
Offering Price and Description:
$1,306,106.00 - OFFERING OF 4,353,687 RIGHTS TO SUBSCRIBE FOR UP TO 8,707,374 COMMON SHARES AT A PRICE OF $0.15 PER COMMON SHARE
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1696458

Issuer Name:
Amica Mature Lifestyles Inc.
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated February 25, 2011
NP 11-202 Receipt dated February 25, 2011
Offering Price and Description:
$23,550,000.00 - 3,000,000 Common Shares Price Per Common Share: $7.85
Underwriter(s) or Distributor(s):
CANACCORD GENUITY CORP.
NATIONAL BANK FINANCIAL INC.
CIBC WORLD MARKETS INC.
TD SECURITIES INC.
DUNDEE SECURITIES LTD.
GMP SECURITIES L.P.
Promoter(s):
-
Project #1699408

Issuer Name:
Aston Hill Global Resource Fund
(formerly Navina Global Resource Fund)
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated February 17, 2011 to the Simplified Prospectus and Annual Information Form dated June 7, 2010
NP 11-202 Receipt dated February 24, 2011
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:
Aston Hill Growth & Income Fund
(formerly Navina Income & Growth Fund)
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated February 17, 2011 to the Simplified Prospectus and Annual Information Form dated December 22, 2010
NP 11-202 Receipt dated February 24, 2011
Offering Price and Description:
Class A, F and X Units @ Net Asset Value
Underwriter(s) or Distributor(s):
Aston Hill Asset Management Inc.
Promoter(s):
Navina Asset Management Inc.
Project #1662101

Issuer Name:
Australian Banc Income Fund
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated February 24, 2011
NP 11-202 Receipt dated February 25, 2011
Offering Price and Description:
Maximum $150,000,000.00 Class A Units and/or Class F Units - (Maximum 15,000,000.00 Class A Units and/or Class F Units)
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
HSBC Securities (Canada) Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
National Bank Financial Inc.
Scotia Capital Inc.
TD Securities Inc.
GMP Securities L.P.
Canaccord Genuity Corp.
Raymond James Ltd.
Macquarie Private Wealth Inc.
Dundee Securities Corporation
Mackie Research Capital Corporation
Wellington West Capital Markets Inc.
Promoter(s):
Connor, Clark & Lunn Capital Markets Inc.
Project #1691577

Issuer Name:
A&W Revenue Royalties Income Fund
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated February 23, 2011
NP 11-202 Receipt dated February 23, 2011
Offering Price and Description:
$69,979,950.00 - 2,997,000 Units Price: $23.35 per Offered Unit
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
National Bank Finanical Inc.
BMO Nesbitt Burns Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
TD Securities Inc.
Canaccord Genuity Corp.
HSBC Securities (Canada) Inc.
Raymond James Ltd.
Promoter(s):
-
Project #1696969

Issuer Name:
Canadian Convertibles Income Plus Fund
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated February 23, 2011
NP 11-202 Receipt dated February 24, 2011
Offering Price and Description:
Maximum $90,000,000.00 (9,000,000 Units)
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
National Bank Financial Inc.
GMP Securities L.P.
Scotia Capital Inc.
HSBC Securities (Canada) Inc.
Wellington West Capital Markets Inc.
Desjardins Securities Inc.
Macquarie Private Wealth Inc.
Dundee Securities Corporation
Laurentian Bank Securities Inc.
Manulife Securities Incorporated
Promoter(s):
Propel Capital Corporation
Project #1690637

Issuer Name:
Claymore Silver Bullion Trust
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated February 25, 2011
NP 11-202 Receipt dated February 28, 2011
Offering Price and Description:
$75,000,000.00 (5,000,000 Non-Hedged Units) Maximum $15.00 per Unit
Underwriter(s) or Distributor(s):
GMP Securities L.P.
TD Securities Inc.
Canaccord Genuity Corp.
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
National Bank Financial Inc.
HSBC Securities (Canada) Inc.
Raymond James Ltd.
Desjardins Securities Inc.
Dundee Securities Corp.
Haywood Securities Inc.
Mackie Research Capital Corporation
Rothenberg Capital Management Inc.
Wellington West Capital Markets Inc.
Promoter(s):
Claymore Investments Inc.
Project #1690367

Issuer Name:
Coastal Energy Company
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated February 28, 2011
NP 11-202 Receipt dated February 28, 2011
Offering Price and Description:
C$28,400,000.00 - 4,000,000 Common Shares Price: C$7.10 per Offered Share
Underwriter(s) or Distributor(s):
Macquarie Capital Markets Canada Ltd.
Paradigm Capital Inc.
Promoter(s):
-
Project #1697485

Issuer Name:
Crew Energy Inc.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated February 23, 2011
NP 11-202 Receipt dated February 23, 2011
Offering Price and Description:
$100,015,000.00 - 4,820,000 Common Shares Price: $20.75 per Common Share
Underwriter(s) or Distributor(s):
Macquarie Capital Markets Canada Ltd.
Cormark Securities Inc.
GMP Securities L.P.
BMO Nesbitt Burns Inc.
Canaccord Genuity Corp.
TD Securities Inc.
Clarus Securities Inc.
National Bank Financial Inc.
CIBC World Markets Inc.
FirstEnergy Capital Corp.
Peters & Co. Limited
Scotia Capital Inc.
Promoter(s):
-
Project #1696709

Issuer Name:
Diversified Convertibles Fund
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated February 23, 2011
NP 11-202 Receipt dated February 24, 2011
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
Propel Capital Corporation
Project #1690638

Issuer Name:
Emera Incorporated
Principal Regulator - Nova Scotia
Type and Date:
Amended and Restated Short Form Base Shelf Prospectus dated February 18, 2011
NP 11-202 Receipt dated February 23, 2011
Offering Price and Description:
$650,000,000.00:
Debt Securities (unsecured)
First Preferred Shares
Second Preferred Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1574428

Issuer Name:
First Trust Raymond James Canadian Focus Picks Portfolio
Veritas Canadian Select Portfolio
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated February 24, 2011
NP 11-202 Receipt dated February 25, 2011
Offering Price and Description:
Series A and Series F Shares @ Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
FIRST DEFINED PORTFOLIO MANAGEMENT CO.
Project #1690538

Issuer Name:
Global Advantaged Telecom & Utilities Income Fund
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated February 25, 2011
NP 11-202 Receipt dated February 28, 2011
Offering Price and Description:
Maximum: $100,000,000.00 (8,333,333 Units) Price: $12.00 per Unit
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
HSBC Securities (Canada) Inc.
National Bank Financial Inc.
Canaccord Genuity Corp.
Desjardins Securities Inc.
Dundee Securities Corporation
Raymond James Ltd.
Wellington West Capital Markets Inc.
Industrial Alliance Securities Inc.
Mackie Research Capital Corporation
Macquarie Private Wealth Inc.
Promoter(s):
Harvest Portfolios Group Inc.
Project #1690567

Issuer Name:
GTU Portfolio Trust
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated February 25, 2011
NP 11-202 Receipt dated February 28, 2011
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
Harvest Portfolios Group Inc.
Project #1693275

Issuer Name:
Hemisphere GPS Inc.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated February 23, 2011
NP 11-202 Receipt dated February 23, 2011
Offering Price and Description:
$8,000,001.27 - 5,228,759 Common Shares Price: $1.53 per Common Share
Underwriter(s) or Distributor(s):
Wellington West Capital Markets Inc.
Canaccord Genuity Corp.
PI Financial Corp.
Paradigm Capital Inc.
Promoter(s):
-
Project #1697384

Issuer Name:
Marret MSIF Trust
Principal Regulator - Ontario
Type and Date:
Final Long Form Non-Offering Prospectus dated February 25, 2011
NP 11-202 Receipt dated February 28, 2011
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
Marret Asset Management Inc.
Project #1694717

Issuer Name:
Marret Multi-Strategy Income Fund
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated February 25, 2011
NP 11-202 Receipt dated February 28, 2011
Offering Price and Description:
Maximum $350,000,004.00 - Maximum of 29,166,667 Class A Units and/or Class F Units @ $12.00/ Class A and/or F Units Minimum of $60,000,000.00 of Class A Units (5,000,000 Class A Units) and a minimum of $4,800,000 of Class F Units (400,000 Class F Units) @ $12.00/ Class A and/or Class F Units
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
GMP Securities L.P.
TD Securities Inc.
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
Dundee Securities Corporation
HSBC Securities (Canada) Inc.
Canaccord Genuity Corp.
Raymond James Ltd.
Wellington West Capital Markets Inc.
Macquarie Private Wealth Inc.
Manulife Securities Incorporated
Promoter(s):
Marret Asset Management Inc.
Project #1692330

Issuer Name:
Matrix 2011-I FT National Class
(previously receipted as Matrix 2011-I FT National Class Limited Partnership Units)
Matrix 2011-I FT Québec Class
(previously receipted as Matrix 2011-I FT Québec Class Limited Partnership Units)
(Limited Partnership Units)
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated February 23, 2011
NP 11-202 Receipt dated February 24, 2011
Offering Price and Description:
Maximum Offering: $25,000,000.00 - (2,500,000 Matrix 2011-I FT National Class Units) @ $10.00 per Matrix 2011-I FT National Class Unit
Underwriter(s) or Distributor(s):
Desjardins Securities Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Canaccord Genuity Corp.
GMP Securities L.P.
Industrial Alliance Securities Inc.
Raymond James Ltd.
Dundee Securities Corporation
Laurentian Bank Securities Inc.
Macquarie Private Wealth Inc.
Manulife Securities Incorporated
Union Securities Ltd.
Wellington West Capital Markets Inc.
Promoter(s):
Matrix 2011-I National and Québec Flow Through Management Limited
Matrix Funds Management
Project #1677006/1677005

Issuer Name:
MCM Capital One Inc.
Principal Regulator - Ontario
Type and Date:
Final CPC Prospectus dated February 28, 2011
NP 11-202 Receipt dated March 1, 2011
Offering Price and Description:
Minimum Offering: $250,000.00 or 1,250,000 Common Shares - Maximum Offering: $350,000.00 or 1,750,000 Common Shares Price: $0.20 per Common Share
Underwriter(s) or Distributor(s):
INTEGRAL WEALTH SECURITIES LIMITED
Promoter(s):
Rob Fia
Project #1641606

Issuer Name:
Norrep Performance 2011 Flow-Through Limited Partnership
Principal Regulator - Alberta
Type and Date:
Final Long Form Prospectus dated February 28, 2011
NP 11-202 Receipt dated February 28, 2011
Offering Price and Description:
$50,000,000.00 (Maximum Offering) - A maximum of 5,000,000 Limited Partnership Units @ $10/Unit
$5,000,000.00 (Minimum Offering) - A minimum of 500,000 Limited Partnership Units @ $10/Unit
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
TD Securites Inc.
GMP Securities L.P.
Canaccord Genuity Corp.
Macquarie Capital Markets Canada Ltd.
Raymond James Ltd.
Promoter(s):
Hesperian Capital Management Ltd.
Project #1687355

Issuer Name:
Northern Financial Corporation
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated February 25, 2011
NP 11-202 Receipt dated February 28, 2011
Offering Price and Description:
Minimum Offering: 10,000,000 Common Shares ($2,000,000.00); Maximum Offering: 25,000,000 Common Shares ($5,000,000.00) $0.20 per share and Issuance of a Maximum of 11,450,000 Common Shares in Settlement of Certain Outstanding Debt
Underwriter(s) or Distributor(s):
Northern Securities Inc.
BYRON CAPITAL MARKETS LTD
Promoter(s):
-
Project #1662629

Issuer Name:
Omega Advisors U.S. Capital Appreciation Fund
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated February 25, 2011
NP 11-202 Receipt dated February 28, 2011
Offering Price and Description:
Maximum - $100,000,000.00 (10,000,000 Class A Combined Units) @ $10.00 per Class A Combined Unit
Minimum - $20,000,000.00 (2,000,000 Class A Combined Units) @ $10.00 per Class A Combined Unit
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
Canaccord Genuity Corp.
Dundee Securities Corporation
GMP Securities L.P.
HSBC Securities (Canada) Inc.
Raymond James Ltd.
Manulife Securities Incorporated
Union Securities Ltd.
Promoter(s):
Artemis Investment Management Limited
Project #1659171

Issuer Name:
Partners Real Estate Investment Trust
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated February 25, 2011
NP 11-202 Receipt dated February 25, 2011
Offering Price and Description:
$25,000,000.00 - 8.0% Extendible Convertible Unsecured Subordinated Debentures Price: $1,000 per Debenture
Underwriter(s) or Distributor(s):
TD Securities Inc.
CIBC World Markets Inc.
Dundee Securities Ltd.
Macquarie Capital Markets Canada Ltd.
Scotia Capital Inc.
National Bank Financial Inc.
Canaccord Geunity Corp.
Raymond James Ltd.
Brookfield Financial Corp.
Promoter(s):
-
Project #1699154

Issuer Name:
Pathway Mining 2011 Flow-Through Limited Partnership
Principal Regulator - Ontario
Type and Date:
Amended and Restated Long Form Prospectus dated February 22, 2011 to the Long Form Prospectus dated January 27, 2011
NP 11-202 Receipt dated March 1, 2011
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Wellington West Capital Inc.
HSBC Securities (Canada) Inc.
BMO Nesbitt Burns Inc.
Burgeonvest Bick Securities Limited
Mackie Research Capital Corporation
Raymond James Ltd.
Canaccord Genuity Corp.
Dundee Securities Corporation
Macquarie Capital Markets Canada Ltd.
Industrial Alliance Securities Inc.
M Partners Inc.
Union Securities Ltd.
Promoter(s):
Pathway Mining 2011 Inc.
Project #1679067

Issuer Name:
Pathway Quebec Mining 2011 Flow-Through Limited Partnership
Principal Regulator - Ontario
Type and Date:
Amended and Restated Long Form Prospectus dated February 18, 2011 to the Long Form Prospectus dated January 25, 2011
NP 11-202 Receipt dated March 1, 2011
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Wellington West Capital Inc.
Desjardins Securities Inc.
HSBC Securities (Canada) Inc.
Industrial Alliance Securities Inc.
BMO Nesbitt Burns Inc.
Canaccord Genuity Corp.
Dundee Securities Corporation
Laurentian Bank Securities Inc.
Promoter(s):
Pathway Quebec Mining 2011 Inc.
Project #1680394

Issuer Name:
Progress Energy Resources Corp.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated February 28, 2011
NP 11-202 Receipt dated February 28, 2011
Offering Price and Description:
$200,160,000 .00 - 14,400,000 Common Shares; and $200,000,000 .00 - 5.75% Series B Convertible Unsecured Subordinated Debentures Due June 30, 2016
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
Cormark Securities Inc.
Peters & Co. Limited
FirstEnergy Capital Corp.
National Bank Financial Inc.
Canaccord Genuity Corp.
Macquarie Capital Markets Canada Ltd.
Promoter(s):
-
Project #1699359

Issuer Name:
Renegade Petroleum Ltd.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated March 1, 2011
NP 11-202 Receipt dated March 1, 2011
Offering Price and Description:
$41,850,000.00 - 9,300,000 Common Shares Price: $4.50 per Common Share
Underwriter(s) or Distributor(s):
GMP Securities L.P.
Canaccord Genuity Corp.
FirstEnergy Capital Corp.
Macquarie Capital Markets Canada Ltd.
Paradigm Capital Inc.
Dundee Securities Ltd.
Haywood Securities Inc.
Jenning Capital Inc.
Raymond James Ltd.
Promoter(s):
-
Project #1700382

Issuer Name:
Stonegate Agricom Ltd.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated March 1, 2011
NP 11-202 Receipt dated March 1, 2011
Offering Price and Description:
$43,750,000.00 - 25,000,000 Common Shares Price: $1.75 per Offered Share
Underwriter(s) or Distributor(s):
GMP Securities L.P.
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
Canaccord Genuity Corp.
Cormark Securities Inc.
Mackie Research Capital Corporation
National Bank Financial Inc.
Stonecap Securities Inc.
Northern Securities Inc.
Octagon Capital Corporation
Promoter(s):
-
Project #1700142

Issuer Name:
Timbercreek Global Real Estate Fund
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated February 28, 2011
NP 11-202 Receipt dated February 28, 2011
Offering Price and Description:
Maximum - 100,000,011.54 (8,183,307 Units) @ $12.22 per Class A Unit and/or $12.21 per Class B Unit
Minimum - $3,055.00 (250 Class A Units); or $12,210.00 (1,000 Class B Units)
Underwriter(s) or Distributor(s):
Raymond James Ltd.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
GMP Securities L.P.
HSBC Securities (Canada) Inc.
Manulife Securities Incorporated
Scotia Capital Inc.
National Bank Financial Inc.
Canaccord Genuity Corp.
Macquarie Capital Markets Canada Ltd.
M Partners Inc.
Promoter(s):
Timbercreek Asset Management Ltd..
Project #1694271

Issuer Name:
WestFire Energy Ltd.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated March 1, 2011
NP 11-202 Receipt dated March 1, 2011
Offering Price and Description:
$40,001,000.00 - 4,420,000 Common Shares Price: $9.05 per Common Share
Underwriter(s) or Distributor(s):
Raymond James Ltd.
Scotia Capital Inc.
Macquarie Capital Markets Canada Ltd.
CIBC World Markets Inc.
GMP Securities L.P.
Casimir Capital Ltd.
Desjardins Securities Inc.
Jennings Capital Inc.
Stifel Nicolaus Canada Inc.
Promoter(s):
-
Project #1700348

Issuer Name:
Yangarra Resources Ltd.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated February 25, 2011
NP 11-202 Receipt dated February 25, 2011
Offering Price and Description:
$15,001,500.00 - 20,550,000 COMMON SHARES PRICE: $0.73 PER COMMON SHARE
Underwriter(s) or Distributor(s):
Haywood Securities Inc.
GMP Securities L.P.
Acumen Capital Finance Partners Limited
Promoter(s):
-
Project #1699030

Issuer Name:
Zephyr Minerals Ltd.
Principal Jurisdiction - Nova Scotia
Type and Date:
Preliminary CPC Prospectus dated September 29, 2010
Closed on February 25, 2011
Offering Price and Description:
$240,000.00 - (2,400,000 Common Shares) Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
Macquarie Private Wealth Inc.
Promoter(s):
G. William Felderhof
Project #1641068

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Suspended	TMS/Tax Management Solutions Inc.	Exempt Market Dealer	January 23, 2011
Change in Registration Category	Soutterham Bank Corporation	From: Portfolio Manager To: Portfolio Manager and Investment Fund Manager	February 23, 2011
New Registration	ACM Advisors Ltd.	Exempt Market Dealer	February 23, 2011
Change in Registration Category	TD Asset Management Inc.	From: Exempt Market Dealer, Portfolio Manager and Commodity Trading Manager To: Exempt Market Dealer, Portfolio Manager, Investment Fund Manager and Commodity Trading Manager	February 23, 2011
New Registration	Magnolia Capital Corp.	Exempt Market Dealer	February 24, 2011
Change in Registration Category	Claymore Investments, Inc.	From: Exempt Market Dealer and Portfolio Manager To: Exempt Market Dealer, Portfolio Manager and Investment Fund Manager	February 24, 2011
Change in Registration Category	Lincluden Management Limited	From: Exempt Market Dealer and Portfolio Manager To: Exempt Market Dealer, Portfolio Manager and Investment Fund Manager	February 25, 2011

Type	Company	Category of Registration	Effective Date
Change in Registration Category	RBC Global Asset Management Inc.	From Exempt Market Dealer, Portfolio Manager and Commodity Trading Manager To: Exempt Market Dealer, Portfolio Manager, Investment Fund Manager and Commodity Trading Manager	February 25, 2011
New Registration	UP Securities Ltd.	Exempt Market Dealer	February 25, 2011
Name Change	From: Catapult Financial Management Inc. To: Aston Hill Investments Inc.	Portfolio Manager and Investment Fund Manager	March 1, 2011

Chapter 13

SROs, Marketplaces and Clearing Agencies

13.1.1 OSC Staff Notice of Commission Approval – Amendments to IIROC Form 1

OSC STAFF NOTICE OF COMMISSION APPROVAL

INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA

PROPOSED AMENDMENTS TO IIROC FORM 1
TO ADOPT IFRS FOR REGULATORY FINANCIAL REPORTING PURPOSES

The Ontario Securities Commission has approved the IIROC proposed amendments to its Form 1 with the current definition of market value. In addition, the British Columbia Securities Commission did not object to, and the Alberta Securities Commission, the Autorité des marchés financiers, the New Brunswick Securities Commission, the Nova Scotia Securities Commission, the Financial Services Regulation Division of the Department of Government Services for Newfoundland and Labrador and the Saskatchewan Financial Services Commission have approved the above-noted amendments to Form 1 with the current definition of market value.

Summary of Material Rule

The amendments are intended to align financial reporting required under Form 1 with International Financial Reporting Standards. Please see Appendix A for a clean copy of Form 1.

Summary of Public Comments

The IIROC's proposed amendments and its explanatory notice were published for a 60 day comment period on August 27, 2010. IIROC received four comment letters on the proposed amendments. IIROC summarized the comments it received and provided a response which are summarized in Appendix B.

Revisions to the Proposed Rule

We attach at Appendix C a copy of the blacklined version of Form 1 showing the changes to the version published in August 2010. Revisions were generally related to adding clarifications and more specific information to Form 1 regarding changes in accounting treatments and regulatory financial reporting formats as a result of the changeover to IFRS.

APPENDIX A

FORM 1 – TABLE OF CONTENTS

_____
(Dealer Member Name)

_____
(Date)

FORM 1 – GENERAL NOTES AND DEFINITIONS

GENERAL NOTES:

1. Each Dealer Member must comply with the requirements in Form 1 as approved and amended from time to time by the board of directors of the Investment Industry Regulatory Organization of Canada (the Corporation).

   Form 1 is a special purpose report that includes financial statements and schedules, and is to be prepared in accordance with International Financial Reporting Standards (IFRS), except as prescribed by the Corporation.

   Each Dealer Member must complete and file all of these statements and schedules.

   The pre-IFRS changeover Joint Regulatory Financial Questionnaire and Report must be used by Dealer Members who have elected to defer the adoption of IFRS and have received written approval of the deferral from the Corporation.

2. The following are Form 1 IFRS departures as prescribed by the Corporation:

	Prescribed IFRS departure
Client and broker trading balances	For client and broker trading balances, the Corporation allows the netting of receivables from and payables to the same counterparty. A Dealer Member may choose to report client and broker trading balances in accordance with IFRS.
Preferred shares	Preferred shares issued by the Dealer Member and approved by the Corporation are classified as shareholders' capital.
Presentation	Statements A and E contain terms and classifications (such as allowable and non-allowable assets) that are not defined under IFRS. For Statement E, the profit (loss) for the year on discontinued operations is presented on a pre-tax basis (as opposed to after-tax). In addition, specific balances may be classified or presented on Statements A, E and F in a manner that differs from IFRS requirements. The General Notes and Definitions, and the applicable Notes and Instructions to the Statements of Form 1, should be followed in those instances where departures from IFRS presentation exist. Statements B, C, and D are supplementary financial information, which are not statements contemplated under IFRS. As a one-time transitional relief for the first Form 1 prepared under the basis of IFRS with prescribed departures and prescribed accounting treatments, the Corporation does not require comparative financial data. As such, the preparation of the opening balance sheet is as at the conversion date (the first day of the first fiscal year under IFRS). A Dealer Member will file the opening balance sheet as Statement G and as stipulated by the Corporation, which is prior to the filing of the first monthly financial report (MFR) prepared under IFRS with prescribed departures and prescribed accounting treatments.
Separate financial statements on a non-consolidated basis	Consolidation of subsidiaries is not permitted for regulatory reporting purposes, except for related companies that meet the definition of a "related company" in Dealer Member Rule 1 and the Corporation has approved the consolidation. Because Statement E only reflects the operational results of the Dealer Member, a Dealer Member must not include the income (loss) of an investment accounted for by the equity method.
Statement of cash flow	A statement of cash flow is not required as part of Form 1.
Valuation	The "market value of securities" definition remains unchanged from the pre-IFRS changeover Joint Regulatory Financial Questionnaire and Report.

3. The following are Form 1 prescribed accounting treatments based on available IFRS alternatives:

	Prescribed accounting treatment
Hedge accounting	Hedge accounting is not permitted for regulatory reporting purposes. All security and derivative positions of a Dealer Member must be marked-to-market at the reporting date. Gains or losses of the hedge positions must not be deferred to a future point in time.
Securities owned and sold short as held-for-trading	A Dealer Member must categorize all inventory positions as held-for-trading financial instruments. These security positions must be marked-to-market. Because the Corporation does not permit the use of the available for sale and held-to-maturity categories, a Dealer Member must not include other comprehensive income (OCI) and will not have a corresponding reserve account relating to marking-to-market available for sale security positions.
Valuation of a subsidiary	A Dealer Member must value subsidiaries at cost.

4. These statements and schedules are prepared in accordance with the Dealer Member rules.

5. For purposes of these statements and schedules, the accounts of related companies that meet the definition of a "related company" in Dealer Member Rule 1 may be consolidated.

6. For the purposes of the statements and schedules, the capital calculations must be on a trade date reporting basis unless specified otherwise in the Notes and Instructions to Form 1.

7. Dealer Members may determine margin deficiencies for clients, brokers and dealers on either a settlement date basis or trade date basis. Dealer Members may also determine margin deficiencies for *acceptable institutions*, *acceptable counterparties*, regulated entities and investment counselors' accounts as a block on either a settlement date basis or trade date basis and the remaining clients, brokers and dealer accounts on the other basis. In each case, Dealer Members must do so for all such accounts and consistently from period to period.

8. Comparative figures on all statements are only required at the audit date. As a transition exemption for the changeover to International Financial Reporting Standards (IFRS) from Canadian Generally Accepted Accounting Principles (CGAAP), Dealer Members are not required to file comparative information for the preceding financial year as part of the first audited Form 1, which is based on *IFRS except for prescribed departures and prescribed accounting treatments* stipulated in the general notes and definitions of Form 1.

9. All statements and schedules must be expressed in Canadian dollars and must be rounded to the nearest thousand.

10. Supporting details should be provided – as required – showing breakdown of any significant amounts that have not been clearly described on the statements and schedules.

11. **Mandatory security counts.** All securities except those held in segregation or safekeeping shall be counted once a month, or monthly on a cyclical basis. Those held in segregation and safekeeping must be counted once in the year in addition to the count as at the year-end audit date.

DEFINITIONS:

(a) **"acceptable clearing corporation"** means any clearing agency operating a central system for clearing of securities or derivatives transactions that is subject to legislation and oversight by a central or regional government authority in the country of operation. The legislation or oversight regime must provide for or recognize the clearing agency's powers of compliance and enforcement over its members or participants. The Corporation will maintain and regularly update a list of acceptable clearing corporations.

(b) **"acceptable counterparties"** means those entities with whom a Dealer Member may deal on a value for value basis, with mark to market imposed on outstanding transactions. The entities are as follows:

1. Canadian banks, Quebec savings banks, trust companies and loan companies licensed to do business in Canada or a province thereof. Each of the aforementioned entities must have paid up capital and surplus on the last audited balance sheet (plus such other forms of capital recognized as such in their regulatory regime as well as in this capital formula, e.g. subordinated debt) in excess of $10 million and less than or equal to $100 million to qualify, provided acceptable financial information with respect to such entities is available for inspection.

2. Credit and central credit unions and regional caisses populaires with paid up capital and surplus or net worth (excluding appraisal credits but including general reserves) on the last audited balance sheet in excess of $10 million and less than or equal to $100 million, provided acceptable financial information with respect to such entities is available for inspection.

3. Insurance companies licensed to do business in Canada or a province thereof with paid up capital and surplus or net worth on the last audited balance sheet in excess of $10 million and less than or equal to $100 million, provided acceptable financial information with respect to such companies is available for inspection.

4. Canadian provincial capital cities and all other Canadian cities and municipalities, or their equivalents, with populations of 50,000 and over.

5. Mutual funds subject to a satisfactory regulatory regime with total net assets in the fund in excess of $10 million.

6. Corporations (other than regulated entities) with a minimum net worth of $75 million on the last audited balance sheet, provided acceptable financial information with respect to such corporation is available for inspection.

7. Trusts and limited partnerships with minimum total net assets on the last audited balance sheet in excess of $100 million, provided acceptable financial information with respect to such trust or limited partnership is available for inspection.

8. Canadian pension funds which are regulated either by the Office of Superintendent of Financial Institutions or a provincial pension commission, with total net assets on the last audited balance sheet in excess of $10 million, provided that in determining net assets the liability of the fund for future pension payments shall not be deducted.

9. Foreign banks and trust companies subject to a satisfactory regulatory regime with paid up capital and surplus on the last audited balance sheet in excess of $15 million and less than or equal to $150 million, provided acceptable financial information with respect to such entities is available for inspection.

10. Foreign insurance companies subject to a satisfactory regulatory regime with paid up capital and surplus or net worth on the last audited balance sheet in excess of $15 million, provided acceptable financial information with respect to such companies is available for inspection.

11. Foreign pension funds subject to a satisfactory regulatory regime with total net assets on the last audited balance sheet in excess of $15 million, provided that in determining net assets the liability of the fund for future pension payments shall not be deducted.

12. Federal governments of foreign countries which do not qualify as a *Basel Accord country*.

For the purposes of this definition, a satisfactory regulatory regime will be one within *Basel Accord countries*.

Subsidiaries (excluding regulated entities) whose business falls in the category of any of the above enterprises and whose parent or affiliate qualifies as an acceptable counterparty may also be considered as an acceptable counterparty if the parent or affiliate provides a written unconditional irrevocable guarantee, subject to approval by the Corporation.

(c) **"acceptable institutions"** means those entities with which a Dealer Member is permitted to deal on an unsecured basis without capital penalty. The entities are as follows:

1. Government of Canada, the Bank of Canada and provincial governments.

2. All crown corporations, instrumentalities and agencies of the Canadian federal or provincial governments which are government guaranteed as evidenced by a written unconditional irrevocable guarantee or have a call on the consolidated revenue fund of the federal or provincial governments.

3. Canadian banks, Quebec savings banks, trust companies and loan companies licensed to do business in Canada or a province thereof. Each of the aforementioned entities must have paid up capital and surplus on the last audited balance sheet (plus such other forms of capital recognized as such in their regulatory regime as well as in this capital formula, e.g. subordinated debt) in excess of $100 million, provided acceptable financial information with respect to such entities is available for inspection.

4. Credit and central credit unions and regional caisses populaires with paid up capital and surplus (excluding appraisal credits but including general reserves) on the last audited balance sheet in excess of $100 million, provided acceptable financial information with respect to such entities is available for inspection.

5. Federal governments of *Basel Accord countries*.

6. Foreign banks and trust companies subject to a satisfactory regulatory regime with paid up capital and surplus on the last audited balance sheet in excess of $150 million, provided acceptable financial information with respect to such entities is available for inspection.

7. Insurance companies licensed to do business in Canada or a province thereof with paid up capital and surplus or net worth on the last audited balance sheet in excess of $100 million, provided acceptable financial information with respect to such companies is available for inspection.

8. Canadian pension funds which are regulated either by the Office of Superintendent of Financial Institutions or a provincial pension commission, and with total net assets on the last audited balance sheet in excess of $200 million, provided that in determining net assets the liability of the fund for future pension payments shall not be deducted.

9. Foreign pension funds subject to a satisfactory regulatory regime with total net assets on the last audited balance sheet in excess of $300 million, provided that in determining net assets the liability of the fund for future pension payments shall not be deducted.

For the purposes of this definition, a satisfactory regulatory regime will be one within *Basel Accord countries*.

Subsidiaries (other than regulated entities) whose business falls in the category of any of the above enterprises and whose parent or affiliate qualifies as an acceptable institution may also be considered as an acceptable institution if the parent or affiliate provides a written unconditional irrevocable guarantee, subject to approval by the Corporation.

(d) **"acceptable securities locations"** means those entities considered suitable to hold securities on behalf of a Dealer Member, for both inventory and client positions, without capital penalty, given that the locations meet the requirements outlined in the segregation rules of the Corporation including, but not limited to, the requirement for a written custody agreement outlining the terms upon which such securities are deposited and including provisions that no use or disposition of the securities shall be made without the prior written consent of the Dealer Member and the securities can be delivered to the Dealer Member promptly on demand. The entities are as follows:

1. Depositories and Clearing Agencies

   Any securities depository or clearing agency operating a central system for handling securities or equivalent book-based entries or for clearing of securities or derivatives transactions that is subject to legislation and oversight by a central or regional government authority in the country of operation. The legislation or oversight regime must provide for or recognize the securities depository's or clearing agency's powers of compliance and enforcement over its members or participants. The Corporation will maintain and regularly update a list of those depositories and clearing agencies that comply with these criteria.

2. *Acceptable institutions* and subsidiaries of *acceptable institutions* that satisfy the following criteria:

   (a) *Acceptable institutions* which in their normal course of business offer custodial security services; or

   (b) Subsidiaries of *acceptable institutions* provided that each such subsidiary, together with the *acceptable institution*, has entered into a custodial agreement with the Dealer Member containing a legally enforceable indemnity by the *acceptable institution* in favour of the Dealer Member covering all losses, claims, damages, costs and liabilities in respect of securities and other property held for the Dealer Member and its clients at the subsidiary's location.

3. Acceptable counterparties – with respect to security positions maintained as a book entry of securities issued by the *acceptable counterparty* and for which the *acceptable counterparty* is unconditionally responsible.

4. Banks and trust companies otherwise classified as *acceptable counterparties* – with respect to securities for which they act as transfer agent and for which custody services are not being provided (in such case, a written custody agreement is not required).

5. Mutual Funds or their Agents – with respect to security positions maintained as a book entry of securities issued by the mutual fund and for which the mutual fund is unconditionally responsible.

6. *Regulated entities*.

7. Foreign institutions and securities dealers that satisfy the following criteria:

   (a) the paid-up capital and surplus according to its most recent audited balance sheet is in excess of Canadian $150 million as evidenced by the audited financial statements of such entity;

   (b) in respect of which a foreign custodian certificate has been completed and signed in the prescribed form by the Dealer Member's board of directors or authorized committee thereof;

   provided that:

   (c) a formal application in respect of each such foreign location is made by the Dealer Member to the Corporation in the form of a letter enclosing the financial statements and certificate described above; and

   (d) the Dealer Member reviews each such foreign location annually and files a foreign custodian certificate with the Corporation annually.

8. For London Bullion Market Association (LBMA) gold and silver good delivery bars, means those entities considered suitable to hold these bars on behalf of a Dealer Member, for both inventory and client positions, without capital penalty. These entities must:

   - be a market making member, ordinary member or associate member of the LBMA;
   - be on the Corporation's list of entities considered suitable to hold LBMA gold and silver good delivery bars; and
   - have executed a written precious metals storage agreement with the Dealer Member, outlining the terms upon which such LBMA good delivery bars are deposited. The terms must include provisions that no use or disposition of these bars shall be made without the written prior consent of the Dealer Member, and these bars can be delivered to the Dealer Member promptly on demand. The precious metals storage agreement must provide equivalent rights and protection to the Dealer Member as the standard securities custodial agreement.

   and such other locations which have been approved as acceptable securities locations by the Corporation.

(e) **"Basel Accord countries"** means those countries that are members of the Basel Accord and those countries that have adopted the banking and supervisory rules set out in the Basel Accord. [The Basel Accord, which includes the regulating authorities of major industrial countries acting under the auspices of the Bank for International Settlements (B.I.S.), has developed definitions and guidelines that have become accepted standards for capital adequacy.] A list of current Basel Accord countries is included in the most recent list of foreign *acceptable institutions* and foreign *acceptable counterparties*.

(f) "**broad based index**" means an equity index whose underlying basket of securities is comprised of:

1. thirty or more securities;

2. the single largest security position by weighting comprises no more than 20% of the overall *market value* of the basket of equity securities;

3. the average market capitalization for each security position in the basket of equity securities underlying the index is at least $50 million;

4. the securities shall be from a broad range of industries and market sectors as determined by the Corporation to represent index diversification; and

5. in the case of foreign equity indices, the index is both listed and traded on an exchange that meets the criteria for being considered a recognized exchange, as set out in the definition of "regulated entities" in the General Notes and Definitions.

(g) **"market value of securities"** means:

1. for listed securities, the last bid price of a long security and, correspondingly, the last ask price of a short security, as shown on the exchange quotation sheets as of the close of business on the relevant date or last trading date prior to the relevant date, as the case may be, subject to an appropriate adjustment where an unusually large or unusually small quantity of securities is being valued. If not available, the last sale price of a board lot may be used. Where not readily marketable, no market value shall be assigned.

2. for unlisted and debt securities, and precious metals bullion, a value determined as reasonable from published market reports or inter-dealer quotation sheets on the relevant date or last trading day prior to the relevant date, or based on a reasonable yield rate. Where not readily marketable, no market value shall be assigned.

3. for commodity futures contracts, the settlement price on the relevant date or last trading day prior to the relevant date.

4. for money market fixed date repurchases (no borrower call feature), the market price is the price determined by applying the current yield for the security to the term of maturity from the repurchase date. This will permit calculation of any profit or loss based on the market conditions at the reporting date. Exposure due to future changes in market conditions is covered by the margin rate.

5. for money market open repurchases (no borrower call feature), prices are to be determined as of the reporting date or the date the commitment first becomes open, whichever is the later. Market price is to be determined as in 4. and commitment price is to be determined in the same manner using the yield stated in the repurchase commitment.

6. for money market repurchases with borrower call features, the market price is the borrower call price.

(h) **"regulated entities"** means those entities with whom a Dealer Member may deal on a value for value basis, with mark to market imposed on outstanding transactions. The entities are participating institutions in the Canadian Investor Protection Fund or members of recognized exchanges and associations. For the purposes of this definition recognized exchanges and associations mean those entities that meet the following criteria:

1. the exchange or association maintains or is a member of an investor protection regime equivalent to the Canadian Investor Protection Fund;

2. the exchange or association requires the segregation by its members of customers' fully paid for securities;

3. the exchange or association rules set out specific methodologies for the segregation of, or reserve for, customer credit balances;

4. the exchange or association has established rules regarding Dealer Member and customer account margining;

5. the exchange or association is subject to the regulatory oversight of a government agency or a self-regulatory organization under a government agency which conducts regular examinations of its members and monitors member's regulatory capital on an ongoing basis; and

6. the exchange or association requires regular regulatory financial reporting by its members.

A list of current recognized exchanges and associations is included in the most recent list of foreign *acceptable institutions* and foreign *acceptable counterparties*.

(i) **"settlement date – extended"** means a transaction (other than a mutual fund security redemption) in respect of which the arranged settlement date is a date after regular settlement date.

(j) **"settlement date – regular"** means the settlement date generally accepted according to industry practice for the relevant security in the market in which the transaction occurs, including foreign jurisdictions. For margin purposes, if such settlement date exceeds 15 business days past trade date, settlement date will be deemed to be 15 business days past trade date. In the case of new issue trades, regular settlement date means the contracted settlement date as specified for that issue.

FORM 1 – CERTIFICATE OF UDP AND CFO

_____
(Dealer Member Name)

We have examined the attached statements and schedules and certify that, to the best of our knowledge, they present fairly the financial position and capital of the Dealer Member at _____ and the results of operations for the period then ended, and are in agreement with the books of the Dealer Member.

We certify that the following information is true and correct to the best of our knowledge for the period from the last audit to the date of the attached statements which have been prepared in accordance with the current requirements of the Corporation:

		ANSWER
1.	Does the Dealer Member have adequate internal controls in accordance with the rules?	
2.	Does the Dealer Member maintain adequate books and records in accordance with the rules?	
3.	Does the Dealer Member monitor on a regular basis its adherence to early warning requirements in accordance with the rules?	
4.	Does the Dealer Member carry insurance of the type and in the amount required by the rules?	
5.	Does the Dealer Member determine on a regular basis its free credit segregation amount and act promptly to segregate assets as appropriate in accordance with the rules?	
6.	Does the Dealer Member promptly segregate clients' securities in accordance with the rules?	
7.	Does the Dealer Member follow the minimum required policies and procedures relating to security counts?	
8.	Have all "concentrations of securities" been identified on Schedule 9?	
Do the attached statements fully disclose all assets and liabilities including the following:		
9.	Participation in any underwriting or other agreement subject to future demands?	
10.	Outstanding puts, calls or other options?	
11.	All future purchase and sales commitments?	
12.	Writs issued against the Dealer Member or partners or any other litigation pending?	
13.	Income tax arrears?	
14.	Other contingent liabilities, guarantees, accommodation endorsements or commitments affecting the financial position of the Dealer Member?	

_____	_____
(Ultimate Designated Person)	(date)
_____	_____
(Chief Financial Officer)	(date)
_____	_____
(other Executive, if applicable)	(date)

[See notes and instructions]

FORM 1 – CERTIFICATE OF UDP AND CFO

NOTES AND INSTRUCTIONS

1. Details must be given for any “no” answers.

2. To be signed by:

   (a) Ultimate Designated Person (UDP);

   (b) Chief financial officer (CFO); and

   (c) at least one other executive if the CFO is not an executive or if the UDP and CFO are one.

3. A copy of the certificate with original signatures must be provided to both the Corporation and CIPF.

FORM 1 – SEPARATE CERTIFICATE OF UDP AND CFO ON STATEMENT G OF PART I – OPENING IFRS STATEMENT OF FINANCIAL POSITION AND RECONCILIATION OF EQUITY

_____
(Dealer Member Name)

We have examined the attached Statement G and certify that, to the best of our knowledge, it has been prepared in accordance with its accompanying notes and instructions and represents the opening IFRS financial position and reconciliation of equity between Canadian Generally Accepted Accounting Principles (CGAAP) and International Financial Reporting Standards (IFRS), except for prescribed departures and prescribed accounting treatments as stipulated in the general notes and definitions of Form 1, of

_____ at _____.
(Dealer Member) (IFRS conversion date)

We acknowledge that as management we are responsible for the preparation and fair presentation of the opening IFRS financial position in accordance with our regulatory financial reporting obligations. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements. On this basis, certify the following statements are true and complete:

1. We updated the written accounting policies and procedures to reflect the adoption of IFRS, except for prescribed regulatory accounting departures and prescribed accounting treatments, where alternatives exist as stipulated in the general notes and instructions of Form 1.

2. Based on our knowledge and having exercised reasonable diligence, we performed an analysis and financial statement impact assessment of the changeover from CGAAP to IFRS to determine whether we have identified all accounting and reporting changes appropriate for our business and material adverse capital implications.

3. We selected and adopted the appropriate IFRS 1 optional exemptions and mandatory exceptions for a Dealer Member, including the prescribed departures and prescribed accounting treatments as set out in the general notes and instructions of Form 1.

4. Based on our knowledge and having exercised reasonable diligence, we identified and disclosed all of the IFRS adjustments that impact retained earnings. For material adjustments, we provided an explanation of the effect and implications of the transition to IFRS, including any accompanying material impact on risk adjusted capital (RAC), by way of a note disclosure.

5. Based on our knowledge and having exercised reasonable diligence, we identified and disclosed all of the IFRS adjustments that are presentation differences with no impact on total equity. For material presentation adjustments to non-allowable assets, we considered any accompanying adverse capital implication. For material presentation adjustments, we provided an explanation by way of a note disclosure.

_____	_____
(Ultimate Designated Person)	(date)
_____	_____
(Chief Financial Officer)	(date)
_____	_____
(other Executive, if applicable)	(date)

FORM 1 – INDEPENDENT AUDITOR'S REPORT FOR STATEMENTS A, E AND F

To: Investment Industry Regulatory Organization of Canada and Canadian Investor Protection Fund

We have audited the accompanying Statements of _____ (Dealer Member), which comprise the statement of financial position (Statement A) as at _____ (date) and the statement of income and comprehensive Income (Statement E) and statement of changes in capital and retained earnings (Statement F) for the year then ended _____ (date) and a summary of significant accounting policies and other explanatory information. These Statements have been prepared by management based on the financial reporting provisions of the Notes and Instructions to Form 1 prescribed by the Investment Industry Regulatory Organization of Canada.

Management's responsibility for the Statements

Management is responsible for the preparation and fair presentation of these Statements in accordance with the financial reporting provisions of the Notes and Instructions to Form 1 prescribed by the Investment Industry Regulatory Organization of Canada and for such internal control as management determines is necessary to enable the preparation of Statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these Statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Dealer Member's preparation and fair presentation of the Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Dealer Member's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Statements present fairly, in all material respects, the financial position of _____ (Dealer Member) as at _____ (date) and the results of its operations for the year then ended in accordance with the financial reporting provisions of the Notes and Instructions to Form 1 prescribed by the Investment Industry Regulatory Organization of Canada.

Going Concern

[Note: SIRFF to allow for auditor to include emphasis of matter paragraph for Going concern – this is an option for auditors but not part of the standard report]

Without modifying our opinion, we draw attention to Note _____ (note) in the Statements which indicates that _____ (Dealer Member) incurred a net loss of _____ ($ amount) during the year ended _____ (date) and, as of that date, _____ (Dealer Member's)

current liabilities exceeded its total assets by _____. These conditions, along with other matters as
($ amount)
set forth in Note _____, indicate the existence of a material uncertainty that may cast significant doubt about
(note)
_____ability to continue as a going concern.
(Dealer Member's)

Basis of Accounting and Restriction on Use

Without modifying our opinion, we draw attention to Note _____ to the Statements which describes the basis of
(note)
accounting. The Statements are prepared to assist _____ to meet the requirements of the
(Dealer Member)
Investment Industry Regulatory Organization of Canada. As a result, the Statements may not be suitable for another purpose. Our report is intended solely for _____ , the Investment Industry Regulatory
(Dealer Member)
Organization of Canada and the Canadian Investor Protection Fund and should not be used by parties other than _____ , the Investment Industry Regulatory Organization of Canada and the
(Dealer Member)
Canadian Investor Protection Fund.

[Note: SIRFF to allow for auditor to include other potential Emphasis of Matter and Other Matter paragraphs should one be required under the CASs or determined appropriate by the auditor to be included in the auditor's report. Such wording would be agreed upon with the Corporation prior to the filing of Form 1.]

Unaudited Information

We have not audited the information in Schedules 13 and 15 of Part II of Form 1 and accordingly do not express an opinion on these schedules.

_____
(Audit Firm)

_____
(signature)

_____
(date)

_____
(address)

[See notes and instructions]

FORM 1 – INDEPENDENT AUDITOR'S REPORT FOR STATEMENTS B, C AND D

To: Investment Industry Regulatory Organization of Canada and Canadian Investor Protection Fund

We have audited the accompanying Statements of Form 1(the "Statements") of _____ (Dealer Member)

as at _____ (date) :

Statement B – Statement of Net Allowable Assets and Risk Adjusted Capital

Statement C – Statement of Early Warning Excess and Early Warning Reserve

Statement D – Statement of Free Credit Segregation Amount

These Statements have been prepared by management based on the financial reporting provisions of the Notes and Instructions to Form 1 prescribed by the Investment Industry Regulatory Organization of Canada.

Management's Responsibility for the Statements

Management is responsible for the preparation of the Statements of Form 1 in accordance with the financial reporting provisions of the Notes and Instructions to Form 1 prescribed by the Investment Industry Regulatory Organization of Canada, and for such internal control as management determines is necessary to enable the preparation of Statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the Statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Dealer Member's preparation of the Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Dealer Member's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our audit opinion.

Opinion

In our opinion, the financial information in Statements B, C and D of Form 1 as at _____(year end)_____ is prepared, in all material respects, in accordance with the financial reporting provisions of the Notes and Instructions to Form 1 prescribed by the Investment Industry Regulatory Organization of Canada.

Basis of Accounting and Restriction on Use

Without modifying our opinion, we draw attention to Note _____ (note) to the Statements which describes the basis of accounting. The Statements are prepared to assist _____ (Dealer Member) to meet the requirements of the Investment Industry Regulatory Organization of Canada. As a result, the Statements may not be suitable for another purpose. Our report is intended solely for _____ (Dealer Member) , the Investment Industry Regulatory Organization of Canada and the Canadian Investor Protection Fund and should not be used by parties other than _____ (Dealer Member) , the Investment Industry Regulatory Organization of Canada and the

Canadian Investor Protection Fund.

_____
(Audit Firm)

_____
(signature)

_____
(date)

_____
(address)

[See notes and instructions]

FORM 1 – INDEPENDENT AUDITOR'S REPORTS

NOTES AND INSTRUCTIONS

A measure of uniformity in the form of the auditor's reports is desirable in order to facilitate identification of circumstances where the underlying conditions are different. Therefore, when auditors are able to express an unqualified opinion, their reports should take the form of the auditor's reports shown above.

Alternate forms of Auditor's Reports are available online from within the web-based Securities Industry Regulatory Financial Filings system (SIRFF).

Any limitations in the scope of the audit must be discussed in advance with the Corporation. Discretionary scope limitations will not be accepted. Any other potential emphasis of matter and other matter paragraphs in the auditor's reports must be discussed in advance with the Corporation.

One copy of the auditor's reports with original signatures must be provided to the Corporation and another copy with original signatures must be provided to CIPF.

FORM 1, PART I – STATEMENT A

_____
(Dealer Member Name)

STATEMENT OF FINANCIAL POSITION
at _____

REFERENCE			NOTES	(CURRENT YEAR)	(PREVIOUS YEAR)
LIQUID ASSETS:				C$'000	C$'000
1.		Cash on deposit with *acceptable institutions*			
2.		Funds deposited in trust for RRSP and other similar accounts			
3.	Stmt. D	Cash, held in trust with *acceptable institutions*, due to free credit ratio calculation			
4.		Variable base deposits and margin deposits with *acceptable clearing corporations* [cash balances only]			
5.		Margin deposits with regulated entities [cash balances only]			
6.	Sch. 1	Loans receivable, securities borrowed and resold			
7.	Sch. 2	Securities owned – at *market value*			
8.	Sch. 2	Securities owned and segregated due to free credit ratio calculation			
9.	Sch. 4	Client accounts			
10.	Sch. 5	Brokers and dealers trading balances			
11.		Receivable from carrying broker or mutual fund			
12.		TOTAL LIQUID ASSETS			
OTHER ALLOWABLE ASSETS (RECEIVABLES FROM ACCEPTABLE INSTITUTIONS):					
13.	Sch. 6	Current income tax assets			
14.		Recoverable and overpaid taxes			
15.		Commissions and fees receivable			
16.		Interest and dividends receivable			
17.		Other receivables [provide details]			
18.		TOTAL OTHER ALLOWABLE ASSETS			
NON ALLOWABLE ASSETS:					
19.		Other deposits with *acceptable clearing corporations* [cash or *market value* of securities lodged]			
20.		Deposits and other balances with non-*acceptable clearing corporations* [cash or *market value* of securities lodged]			
21.		Commissions and fees receivable			
22.		Interest and dividends receivable			
23.		Deferred tax assets			
24.		Intangible assets			
25.		Property, plant and equipment			
26.		Investments in subsidiaries and affiliates			

27.		Advances to subsidiaries and affiliates			
28.		Other assets [provide details]			
29.		TOTAL NON-ALLOWABLE ASSETS			
30.		Finance lease assets			
31.		TOTAL ASSETS			
CURRENT LIABILITIES:					
51.	Sch. 7	Overdrafts, loans, securities loaned and repurchases			
52.	Sch. 2	Securities sold short – at *market value*			
53.	Sch. 4	Client accounts			
54.	Sch. 5	Brokers and dealers			
55.		Provisions			
56.	Sch. 6	Current income tax liabilities			
57.		Bonuses payable			
58.		Accounts payable and accrued expenses			
59.		Finance leases and lease-related liabilities			
60.		Other current liabilities [provide details]			
61.		TOTAL CURRENT LIABILITIES			
NON-CURRENT LIABILITIES:					
62.		Provisions			
63.		Deferred tax liabilities			
64.		Finance leases and lease-related liabilities			
65.		Finance leases – leasehold inducements			
66.		Other non-current liabilities [provide details]			
67.		Subordinated loans			
68.		TOTAL NON-CURRENT LIABILITIES			
69.		TOTAL LIABILITIES [Line 61 plus Line 68]			
CAPITAL AND RESERVES:					
70.	Stmt. F	Issued capital			
71.	Stmt. F	Reserves			
72.	Stmt. F	Retained earnings or undivided profits			
73.		TOTAL CAPITAL			
74.		TOTAL LIABILITIES AND CAPITAL			

[See notes and instructions]

FORM 1, PART I – STATEMENT A

NOTES AND INSTRUCTIONS

Accrual basis of accounting

Dealer Members are required to use the accrual basis of accounting.

Line 2 – The trustee for RRSP or other similar accounts must qualify as an *acceptable institution*. Such accounts must be insured by the Canada Deposit Insurance Corporation (CDIC) or Autorité des marchés financiers (AMF) to the full extent insurance is available. If not, then the Dealer Member must report 100% of the balance held in trust as non-allowable assets on Line 28 (Non-allowable assets – other assets).

RRSP and other similar balances held at such trustee, but for which CDIC or the AMF insurance is not available, such as foreign currency accounts, can be classified as allowable assets.

The name of the RRSP trustee used by the Dealer Member must also be provided on Schedule 4.

Line 4 – For definition of "*acceptable clearing corporations"*, see General Notes and Definitions.

Securities on deposit (and related margin) should be included in balances reported on Inventory Schedule 2 and disclosed separately on the supplementary information Line 11 of Schedule 2.

Line 5 – For definition of *"regulated entities"*, see General Notes and Definitions.

Securities on deposit (and related margin) should be included in balances reported on Inventory Schedule 2 and disclosed separately on the supplementary information Line 11 of Schedule 2.

Line 11 – For an introducing broker (pursuant to an approved introducing/carrying broker agreement), unsecured balances receivable from its carrying broker, such as gross commissions and deposits in the form of cash, should be reported on this line.

Unsecured balances should only be included to the extent they are not being used by the carrying broker to reduce client margin requirements.

Securities on deposit (and related margin) should be included in balances reported on Inventory Schedule 2 and disclosed separately on the supplementary information Line 11 of Schedule 2.

In the case of the salesperson's portion of gross commissions and fees receivable, as recorded on Line 21 (Commissions and fees receivable), to the extent that there is written documentation that the broker does not have a liability to pay the salesperson's commission until it is received, the salesperson's portion of the gross commission receivable is an allowable asset.

Line 13 – Include only overpayment of prior years' income taxes or current year installments. Taxes recoverable due to current year losses may be included to the extent that they can be carried back and applied against taxes previously paid.

Line 14 – Include the recoverable portion of capital tax, Part VI tax, property taxes and any federal or provincial sales taxes.

Include only to extent receivable from *acceptable institutions* (for definition, see General Notes and Definitions).

Line 18 – Allowable assets are those assets which due to their nature, location or source are either readily convertible into cash or from such creditworthy entities as to be allowed for capital purposes.

Include only to extent receivable from *acceptable institutions* (for definition see General Notes and Definitions).

Line 19 – Report the cash and *market value* of securities lodged with *acceptable clearing corporations* that represent fixed base deposits.

Line 20 – To the extent receivable from other than *acceptable clearing corporations*, include all deposits whether margin deposits or variable and fixed base deposits.

Line 21 – To the extent receivable from parties other than *acceptable institutions.*

Line 22 – To the extent receivable from parties other than *acceptable institutions.*

Line 24 – Start-up and organizational costs cannot be capitalized. Examples of intangible assets include goodwill and client lists**.**

Line 26 – Investments in subsidiaries and affiliates must be valued at cost.

Line 27 – A Dealer Member must report non-trading inter-company receivables on a gross basis unless the criteria for netting are met.

Line 28 – Including but not limited to such items as:

- prepaid expenses
- cash surrender value of life insurance
- advances to employees (gross)
- other receivables from other than *acceptable institutions*
- cash on deposit with non *acceptable institutions*

Line 29 – Non-allowable assets mean those assets that do not qualify as allowable assets.

Line 30 – Assets arising from a finance lease (also known as a capitalized lease).

Line 55 – Recognize a liability to cover specific expenditures relating to legal and constructive obligations.

A Dealer Member cannot hold provisions as a general reserve to be applied against some other unrelated expenditure.

Line 57 – Include discretionary bonuses payable and bonuses payable to shareholders in accordance with share ownership.

Line 59 – Include current portion of deferred lease inducements.

Line 60 – Include unclaimed dividends and interest.

Line 65 – In those cases where it can be demonstrated that the leasehold inducement presents no additional liability to the Dealer Member (i.e. if the Dealer Member does not “owe” the unamortized portion of the inducement back to the landlord, thereby qualifying the landlord as a creditor of the Dealer Member), the non-current portion can be reported as an adjustment to risk adjusted capital (RAC) on Statement B.

Line 67 – Subordinated loans mean approved loans, pursuant to an agreement in writing in a form satisfactory to the Corporation, obtained from a chartered bank or any other lending institution, industry investor approved as such by the Corporation, or non-industry investor subject to the Corporation’s approval, the payment of which is deferred in favor of other creditors and is subject to regulatory approval.

A Dealer Member must not pay a debt owed to any of its creditors contrary to any subordination or other agreement to which it and the Corporation are parties.

Line 71 – Reserve is an amount set aside for future use, expense, loss or claim – in accordance with statute or regulation. It includes an amount appropriated from retained earnings – in accordance with statute or regulation. It also includes accumulated other comprehensive income (OCI).

Line 72 – Retained earnings represent the accumulated balance of income less losses arising from the operation of the business, after taking into account dividends and other direct charges or credits.

FORM 1, PART I – STATEMENT B

_____
(Dealer Member Name)

STATEMENT OF NET ALLOWABLE ASSETS AND RISK ADJUSTED CAPITAL
at _____

	REFERENCE		NOTES	(CURRENT YEAR) C$'000	(PREVIOUS YEAR) C$'000
1.	A-73	Total Capital			
2.	A-65	**Add:** Finance leases – leasehold inducements			
3.	A-67	**Add:** Subordinated loans			
4.		REGULATORY FINANCIAL STATEMENT CAPITAL			
5.	A-29	**Deduct:** Total Non allowable assets			
6.		NET ALLOWABLE ASSETS			
7.		**Deduct:** Minimum capital			
8.		SUBTOTAL			
Deduct – Margin required:					
9.	Sch. 1	Loans receivable, securities borrowed and resold			
10.	Sch. 2	Securities owned and sold short			
11.	Sch. 2A	Underwriting concentration			
12.	Sch. 4	Client accounts			
13.	Sch. 5	Brokers and dealers			
14.	Sch. 7	Loans and repurchases			
15.		Contingent liabilities [provide details]			
16.	Sch. 10	Financial institution bond deductible [greatest under any clause]			
17.	Sch. 11	Unhedged foreign currencies			
18.	Sch. 12	Futures contracts			
19.	Sch. 14	Provider of capital concentration charge			
20.		Securities held at non-*acceptable securities locations*			
21.	Sch. 7A	Acceptable counterparties financing activities concentration charge			
22.		Unresolved differences [provide details]			
23.		Other [provide details]			
24.		TOTAL MARGIN REQUIRED [Lines 9 to 23]			
25.		SUBTOTAL [Line 8 less Line 24]			
26.	Sch. 6A	**Add:** Applicable tax recoveries			
27.		Risk Adjusted Capital before securities concentration charge [Line 25 plus Line 26]			
28.	Sch. 9	**Deduct:** Securities concentration charge of _____			
	Sch. 6A	less tax recoveries of _____			
29.		RISK ADJUSTED CAPITAL [Line 27 less Line 28]			

[See notes and instructions]

FORM 1, PART I – STATEMENT B SUPPLEMENTAL

DATE: _____

_____
(Dealer Member Name)

Statement B – Line 22: Details of Unresolved Differences

	Reconciled as at Report Date (Yes/No)	Number of items	Debit/ Short value (Potential Losses)	Number of items	Credit/ Long value (Potential Gains)	Required to margin
(a) Clearing						
(b) Brokers and dealers						
(c) Bank accounts						
(d) Intercompany accounts						
(e) Mutual Funds						
(f) Security Counts						
(g) Other unreconciled differences						
TOTAL						Statement B, Line 22

[See notes and instructions]

FORM 1, PART I – STATEMENT B

NOTES AND INSTRUCTIONS

Capital adequacy

A DEALER MEMBER MUST HAVE AND MAINTAIN AT ALL TIMES RISK ADJUSTED CAPITAL IN AN AMOUNT NOT LESS THAN ZERO.

Netting for margin calculation

When applying Corporation margin rules, a Dealer Member can net allowable assets and liabilities as well as security positions. Except where there is a prescribed IFRS departure, netting is for regulatory margin purposes only (and not for presentation purposes).

Line 2 – Non- current liability – finance leases – lease hold inducements

In those cases where it can be demonstrated that the leasehold inducement presents no additional liability to the Dealer Member (i.e. the Dealer Member does not "owe" the unamortized portion of the inducement back to the landlord, thereby qualifying the landlord as a creditor of the Dealer Member), the non-current portion of the finance lease liability for leasehold inducements can be reported as an adjustment to risk adjusted capital.

Line 7 – Minimum Capital

"Minimum capital" is $250,000 except for a Type 1 introducing broker. For a Type 1 introducing broker, the minimum capital is $75,000.

Line 15 – Contingent liabilities

No Dealer Member may give, directly or indirectly, by means of a loan, guarantee, the provision of security or of a covenant or otherwise, any financial assistance to an individual and/or corporation unless the amount of the loan, guarantee, provision of security or of the covenant or any other assistance is limited to a fixed or determinable amount and the amount is provided for in computing Risk Adjusted Capital.

The margin required shall be the amount of the loan, guarantee, etc. less the loan value of any accessible collateral, calculated in accordance with Corporation rules.

A guarantee of payment is not acceptable collateral to reduce margin required.

The Dealer Member should maintain and retain the details of the margin calculations for contingencies, such as guarantees or returned cheques, for Corporation review.

Line 20 – Securities held at non-acceptable securities locations

Capital Requirements

In general, the capital requirements for securities held in custody at another entity are as follows:

(i) Where the entity qualifies as an acceptable securities location, there shall be no capital requirement, provided there are no unresolved differences between the amounts reported on the books of the entity acting as custodian and the amounts reported on the books of the Dealer Member. The capital requirements for unresolved differences are discussed separately in the notes and instructions for the completion of Statement B, Line 22 below.

(ii) Where the entity does not qualify as an acceptable securities location, the entity shall be considered a non-acceptable securities location and the Dealer Member shall be required to deduct 100% of the *market value* of the securities held in custody with the entity in the calculation of its Risk Adjusted Capital.

However, there is one exception to the above general requirements. Where the entity would otherwise qualify as an acceptable securities location except for the fact that the Dealer Member has not entered into a written custodial agreement with the entity, as required by Corporation rules, the capital requirement shall be determined as follows:

(a) Where setoff risk with the entity is present, the Dealer Member shall be required to deduct the lesser of:

(I) 100% of the setoff risk exposure to the entity; and

(II) 100% of the *market value* of the securities held in custody with the entity;

in the calculation of its Risk Adjusted Capital;

and;

(b) The Dealer Member shall be required to deduct 10% of the *market value* of the securities held in custody with the entity in the calculation of its Early Warning Reserve.

The sum of the requirements calculated in paragraphs (a) and (b) above shall be no greater than 100% of the *market value* of the securities held in custody with the entity. Where the sum amounts initially calculated in paragraphs (a) and (b) above are greater than 100%, the capital required under paragraph (b) and the amount reported as a deduction in the calculation of the Early Warning Reserve shall be reduced accordingly.

For the purposes of determining the capital requirement detailed in paragraph (a) above, the term “setoff risk” shall mean the risk exposure that results from the situation where the Dealer Member has other transactions, balances or positions with the entity, where the resultant obligations of the Dealer Member might be setoff against the value of the securities held in custody with the entity.

Client Waiver

Where the laws and circumstances prevailing in a foreign jurisdiction may restrict the transfer of securities from the jurisdiction and the Dealer Member is unable to arrange for the holding of client securities in the jurisdiction at an acceptable securities location, the Dealer Member may hold such securities at a location in that jurisdiction if (a) the Dealer Member has entered into a written custodial agreement with the location as required hereunder and (b) the client has consented to the arrangement, acknowledged the risks and waived any claims it may have against the Dealer Member, in a form approved by the Corporation. Such a consent and waiver must be obtained on a transaction by transaction basis.

Line 22 – Unresolved Differences

Items are considered unresolved unless:

(i) a written acknowledgement from the counterparty of a valid claim has been received

(ii) a journal entry to resolve the difference has been processed as of the Due Date of Form 1.

This does not include journal entries writing off the difference to profit or loss in the period subsequent to the date of Form 1.

Provision should be made for the *market value* and margin requirements at the Form 1 date on out-of-balance short securities and other adverse unresolved differences (such as, with banks, trust companies, brokers, clearing corporations) still unresolved as at a date one month subsequent to the Form 1 date or other applicable Due Date of Form 1.

The margin rate to be used is the one that is appropriate for inventory positions. For instance, if the calculation is for securities eligible for reduced margin, the margin rate is 25%, rather than 30%.

A separate schedule, in a form approved by the Corporation, must be prepared detailing all unresolved differences as at the report date.

The following guidelines should be followed when calculating the required to margin amount on unresolved items:

Type of Unresolved Difference	Amount Required to Margin
Money balance – credit (potential gains) Money balance – debit (potential losses)	None Money balance
Unresolved Long with Money on the Dealer Member's Book	[(Money Balance on the trade minus *market value* of the security)* plus the applicable inventory margin]
Unresolved Long without Money on the Dealer Member's Books	None
Unresolved Short with Money on the Dealer Member's Books	[(Market value of the security minus money balance on the trade)* plus the applicable inventory margin]
Unresolved Long/Short on the Other Broker's Books	None
Short Security Break (e.g. Mutual Funds, Stock Dividends) or Unresolved Short without Money on the Dealer Member's Books	[Market value of the security plus the applicable inventory margin]

* also referred to as the Mark-to-Market Adjustment.

Where mutual fund positions are not reconciled on a monthly basis, margin shall be provided equal to a percentage of the *market value* of such mutual funds held on behalf of clients. Where no transactions in the mutual fund, other than redemptions and transfers, have occurred for at least six months and no loan value has been associated with the mutual fund, the percentage shall be 10%. In all other cases, the percentage shall be 100%.

Unresolved Differences in Accounts:

Report all differences determined on or before the report date that have not been resolved as of the due date.

Month End **Month End + 20 Business Days**

(Report date) (Due date)

Include differences determined on or before the report date that have not been resolved as of the due date.

Do not include differences as of the report date that have been resolved on or before the due date.

For each account listed, set out the number of unresolved differences and the money value of both the debit and credit differences. The Debit/Short value column includes money differences and *market value* of security differences, which represent a potential loss. The Credit/Long value column includes money differences and *market value* of security differences, which represent a potential gain. In determining the potential gain or loss, the money balance and the security position *market value* of the same transaction should be netted. Debit/short and credit/long balances of different transactions cannot be netted.

All reconciliation must be properly documented and made available for review by Corporation examination staff and Dealer Member's Auditor.

Unresolved differences in Security Counts:

Report all security count differences determined on or before the report date that have not been resolved as of due date. The amount required to margin is the *market value* of short security differences plus the applicable inventory margin.

Line 23 – Other

This item should include all margin requirements not mentioned above as outlined in Corporation rules.

FORM 1, PART I – STATEMENT C

DATE: _____

_____
(Dealer Member Name)

STATEMENT OF EARLY WARNING EXCESS AND EARLY WARNING RESERVE
at _____

REFERENCE			NOTES	(CURRENT YEAR) C$'000
1.	B-29	**RISK ADJUSTED CAPITAL**		_____
LIQUIDITY ITEMS –				
		DEDUCT:		
2.	A-18	Other allowable assets	----------	----------
3.	Sch. 6A	Tax recoveries	----------	----------
4.		Securities held at non-*acceptable securities locations*	----------	----------
		ADD:		
5.	A-68	Non-current liabilities	----------	----------
6.	A-67	Less: Subordinated loans	----------	----------
7.	A-65	Less: Finance leases – leasehold inducements	----------	_____
8.		Adjusted non-current liabilities for Early Warning purposes	----------	_____
9.	Sch. 6A	Tax recoveries – income accruals	----------	----------
10.		**EARLY WARNING EXCESS**		_____
		DEDUCT: CAPITAL CUSHION -		
11.	B-24	Total margin required $_____ multiplied by 5%	----------	_____
12.		**EARLY WARNING RESERVE** [Line 10 less Line 11]		_____

[See notes and instructions]

FORM 1, PART I – STATEMENT C

NOTES AND INSTRUCTIONS

The Early Warning system is designed to provide advance warning of a Dealer Member encountering financial difficulties. It will anticipate capital shortages and/or liquidity problems and encourage Dealer Members to build a capital cushion.

Line 1 – If Risk Adjusted Capital of the Dealer Member is less than:

(a) 5% of total margin required (Line 11 above), then the Dealer Member is designated as being in Early Warning category **Level 1**, or

(b) 2% of total margin required (Line 11 above), then the Dealer Member is designated as being in Early Warning category **Level 2**,

and the applicable sanctions outlined in the Corporation rules will apply.

Lines 2 and 3 – These items are deducted from RAC because they are illiquid or the receipt is either out of the Dealer Member's control or contingent.

Line 4 – Pursuant to the Notes and Instructions for the completion of Statement B, Line 20, where the entity would otherwise qualify as an acceptable securities location except for the fact that the Dealer Member has not entered into a written custodial agreement with the entity, as required by Corporation rules, the Dealer Member will be required to deduct an amount up to 10% of the *market value* of the securities held in custody with the entity, in the calculation of its Early Warning Reserve. Please refer to the detailed calculation formula set out to the Notes and Instructions for the completion of Statement B, Line 20 to determine the capital requirement to be reported on Statement C, Line 4.

Line 5 – Non-current liabilities (other than subordinated loans and non-current portion of finance lease liabilities – leasehold inducements) are added back to RAC as they are not current obligations of the Dealer Member and can be used as financing.

Line 9 – This add-back ensures that the Dealer Member is not penalized at the Early Warning level for accruing income.

Line 10 – If Early Warning Excess is negative, the Dealer Member is designated as being in Early Warning category Level 2 and the sanctions outlined in the Corporation rules will apply.

Line 12 – If the Early Warning Reserve is negative, the Dealer Member is designated as being in Early Warning category Level 1 and the sanctions outlined in the Corporation rules will apply.

FORM 1, PART I – STATEMENT D

_____
(Dealer Member Name)

STATEMENT OF FREE CREDIT SEGREGATION AMOUNT
at _____

REFERENCE			NOTES	(CURRENT YEAR)
AMOUNT REQUIRED TO SEGREGATE:				**C$'000**
1.	B-6	Net allowable assets of $_____ multiplied by 8		
2.	C-12	Early warning reserve of $_____ multiplied by 4		
3.		**FREE CREDIT LIMIT** [Lines 1 plus 2]		
		Less client free credit balances:		
4.	Sch. 4	Dealer Member's own [see note]		
5.		Carried For Type 3 Introducers		
6.		**AMOUNT REQUIRED TO SEGREGATE** [NIL if Line 3 exceeds Line 4 plus Line 5, see note]		
		AMOUNT IN SEGREGATION:		
7.	A-3	Client funds held in trust in an account with an *acceptable institution* [see note]		
8.	Sch. 2	Market value of securities owned and in segregation [see note]		
9.		**TOTAL IN SEGREGATION** [Lines 7 plus 8]		
10.		**NET SEGREGATION EXCESS (DEFICIENCY)** [Line 6 less Line 9, see note]		

[See notes and instructions]

NOTES:

Line 3 – If negative, then Line 6 equals Line 4 plus Line 5, i.e. Dealer Member is required to segregate 100% of client free credits.

Lines 4 and 5 – Free credit balances in RRSP and other similar accounts should not be included. Refer to Schedule 4 – Notes and Instructions for discussion of trade versus settlement date reporting of free credit balances. For purposes of this statement, a free credit is:

(a) For cash and margin accounts – the credit balance less an amount equal to the aggregate of the *market value* of short positions and regulatory margin on those shorts.

(b) For futures accounts – any credit balance less an amount equal to the aggregate of margin required to carry open futures contracts and/or futures contracts option positions less equity in those contracts plus deficits in those contracts, provided that such aggregate amount may not exceed the dollar amount of the credit balance.

Line 6 – If Nil, no further calculation on this Statement need be done.

Line 7 – The trust must be an obligation binding the Dealer Member (the trustee) to deal with the free credits over which it has control (the trust property), for the benefit of the client (the beneficiary). The trust property must be clearly identified as such even if residing with an *acceptable institution*.

FUNDS HELD IN TRUST FOR RRSP AND OTHER SIMILAR ACCOUNTS ARE NOT TO BE INCLUDED IN THIS CALCULATION.

Line 8 – The securities to be included are bonds, debentures, treasury bills and other securities with a term of 1 year or less, of or guaranteed by the Government of Canada or a Province of Canada, the United Kingdom, the United States of America and any other national foreign government (provided such other foreign government is a party to the Basel Accord) which are segregated and held separate and apart as the Dealer Member's property.

Line 10 – If negative, then a segregation deficiency exists, and the Dealer Member must expeditiously take the most appropriate action required to settle the segregation deficiency. The Dealer Member must provide an explanation of how the deficiency was corrected as well as the date of correction.

FORM 1, PART I – STATEMENT E

_____
(Dealer Member Name)

STATEMENT OF INCOME AND COMPREHENSIVE INCOME
for the period ended _____

REFERENCE		NOTES	(CURRENT YEAR / MONTH) C$'000	(PREVIOUS YEAR / MONTH) C$'000
COMMISSION REVENUE				
1.	Listed Canadian securities			
2.	Other securities			
3.	Mutual funds			
4.	Listed Canadian options			
5.	Other listed options			
6.	Listed Canadian futures			
7.	Other futures			
8.	OTC derivatives			
PRINCIPAL REVENUE				
9.	Listed Canadian options and related underlying securities			
10.	Other Equities and options			
11.	Debt			
12.	Money market			
13.	Futures			
14.	OTC derivatives			
CORPORATE FINANCE REVENUE				
15.	New issues – equity			
16.	New issues – debt			
17.	Corporate advisory fees			
OTHER REVENUE				
18.	Interest			
19.	Fees			
20.	Other [provide details]			
21.	TOTAL REVENUE			
EXPENSES				
22.	Variable compensation			
23.	Commissions and fees paid to third parties			
24.	Bad debt expense			
25.	Interest expense on subordinated debt			
26.	Financing cost			
27.	Corporate finance cost			
28.	Unusual items [provide details]			
29.	Pre-tax profit (loss) for the year from discontinued operations			
30.	Operating expenses			
31.	**Profit [loss] for Early Warning test**			

REFERENCE			NOTES	(CURRENT YEAR / MONTH)	(PREVIOUS YEAR / MONTH)
32.		Income – Asset revaluation			
33.		Expense – Asset revaluation			
34.		Interest expense on internal subordinated debt			
35.		Bonuses			
36.		**Net income/(loss) before income tax**			
37.	S-6(5)	Income tax expense (recovery), including taxes on profit (loss) from discontinued operations			
38.		PROFIT [LOSS] FOR PERIOD		F-11	
Other comprehensive income					
39.		Gain (loss) arising on revaluation of properties		F-5a	
40.		Actuarial gain (loss) on defined benefit pension plans		F-5b	
41		Other comprehensive income for the year, net of tax [Lines 39 plus 40]		For MFR reporting E-41 is the net change to A-71 Reserves	
42.		**Total comprehensive income for the year** [Lines 38 plus 41]			
Note: The following lines must also be completed when filing the MFR:					
43.		Payment of dividends or partners drawings			
44.		Other [provide details]			
45.		NET CHANGE TO RETAINED EARNINGS [Lines 38, 43 and 44]			

[See notes and instructions]

FORM 1, PART I – STATEMENT E

NOTES AND INSTRUCTIONS

Comprehensive income

Comprehensive income represents all changes in equity during a period resulting from transactions and other events, other than changes resulting from transactions with owners in their capacity as owners. Comprehensive income includes profit and loss for the period and other comprehensive income (OCI). OCI captures certain gains and losses outside of net income. For regulatory financial reporting, two acceptable sources of other comprehensive income (OCI) are:

- the use of the revaluation model for plant, property and equipment (PPE) and intangible assets, and
- the actuarial gain (loss) on defined benefit pension plans.

Lines

1. Include all gross commissions earned on listed Canadian securities.

   Commissions earned on soft dollar deals with respect to the revenue source should also be included in the appropriate Lines 1 to 8.

   Commission paid to registered representatives must be reported on Line 22 (Expenses: variable compensation). Payouts to other brokers must be reported on Line 23 (Expenses: commissions and fees paid to third parties).

2. Include gross commissions earned on OTC transactions [equity or debt, foreign or Canadian], rights and offers, and other foreign securities.

   Commission paid to registered representatives must be reported on Line 22 (Expenses: variable compensation). Payouts to other brokers must be reported on Line 23 (Expenses: commissions and fees paid to third parties).

3. Include all gross commissions and trailer fees earned on mutual fund transactions.

   Commissions paid to registered representatives must be reported on Line 22 (Expenses: variable compensation). Payouts to the mutual funds must be reported on Line 23 (Expenses: commissions and fees paid to third parties).

4. Include all gross commissions earned on listed option contracts cleared through the Canadian Derivatives Clearing Corporation (CDCC).

   Commission paid to registered representatives must be reported on Line 22 (Expenses: variable compensation).

5. Include gross commissions on foreign listed option transactions.

   Commission paid to registered representatives must be reported on Line 22 (Expenses: variable compensation). Payouts to other brokers must be reported on Line 23 (Expenses: commissions and fees paid to third parties).

6. Include all gross commissions earned on listed futures contracts cleared through the CDCC.

   Commissions paid to registered representatives must be reported on Line 22 (Expenses: variable compensation).

7. Include all gross commissions earned on foreign listed futures contracts.

   Commission paid to registered representatives must be reported on Line 22 (Expenses: variable compensation).

8. Include gross commissions earned on OTC options, forwards, contracts-for-difference, FX spot, and swaps.

   Commission paid to registered representatives must be reported on Line 22 (Expenses: variable compensation).

9. Include all principal revenue [trading profits/losses, including dividends] from listed options cleared through CDCC and related underlying security transactions in market makers' and Dealer Member’s inventory accounts.

   Include adjustment of inventories to *market value*.

The financing cost must be reported separately on Line 26 (Expenses: financing cost).

10. Include all principal revenue [trading profits/losses, including dividends] from all other options and equities except those indicated on Line 9 (Principal revenue: listed Canadian options and related underlying securities).

    Include adjustment of inventories to *market value*.

    The financing cost must be reported separately on Line 26 (Expenses: financing cost).

11. Include revenue [trading profits/losses] on all debt instruments, other than money market instruments.

    Include adjustment of inventories to *market value*.

    The financing cost must be reported separately on Line 26 (Expenses: financing cost).

12. Include revenue on all money market activities. Money market commissions should also be shown here.

    Include any adjustment of inventories to *market value*.

    The cost of carry must be reported separately on Line 26 (Expenses: financing cost).

13. Include all principal revenue [trading profits/losses] on futures contracts.

14. Include revenues from OTC derivatives, such as forward contracts and swaps.

    Include adjustment of inventories to *market value*.

15. Include revenue relating to equity new issue business – underwriting and/or management fees, banking group profits, private placement fees, trading profits on new issue inventories [trading on an "if, as and when basis"], selling group spreads and/or commissions, and convertible debts.

    Syndicate expenses must be reported separately on Line 27 (Expenses: corporate finance cost).

16. Include revenue relating to debt new issue business – Corporate and government issues, and Canada Savings Bond (CSB) commissions.

    Amounts paid to CSB sub-agent fees and for syndicate expenses must be reported separately on Line 27 (Expenses: corporate finance cost).

17. Include revenue relating to corporate advisory fees, such as corporate restructuring, privatization, M&A fees.

    The related expenses must be reported separately on Line 27 (Expenses: corporate finance cost).

18. Include all interest revenue, which is not otherwise related to a specific liability trading activity [i.e. other than debt, money market, and derivatives].

    All interest revenue from carrying retail and institutional client account balances should be reported on this line. For example, interest revenue earned from client debit balances.

    The related interest cost for carrying retail and institutional client accounts should be reported separately on Line 26 (Expenses: financing cost).

19. Include proxy fees, portfolio service fees, segregation and safekeeping fees, RRSP fees, and any charges to clients that are not related to commission or interest.

20. Include foreign exchange profits/losses and all other revenue not reported above.

22. Include commissions, bonuses and other variable compensation of a contractual nature.

    Examples would encompass commission payouts to registered representatives (RRs) and payments to institutional and professional trading personnel.

    All contractual bonuses should be accrued monthly.

Discretionary bonuses should be reported separately on Line 35 (Expenses: bonuses).

23. Include payouts to other brokers and mutual funds.

25. Include all interest on external subordinated debt, as well as non-discretionary contractual interest on internal subordinated debt.

26. Include the financing cost for all inventory trading (related to Lines 9, 10, 11 and 12) and the cost of carrying client balances (related to Line 18).

27. Include syndicate expenses and any related corporate finance expenses, as well as CSB fees.

28. Unusual items result from transactions or events that are not expected to occur frequently over several years, or do not typify normal business activities.

Discontinued operations, such as a branch closure, should be reported separately on Line 29 (Expenses: profit (loss) for the year from discontinued operations).

29. A discontinued operation is a business component that has either been disposed or is classified as held for sale and represents (or is part of a plan to dispose) a separate significant line of business or geographical area of operations. For example, branch closure. The profit (loss) on discontinued operations for the year is on a pre-tax basis. The tax component is to be included as part of the income tax expense (recovery) on Line 37.

30. Include all operating expenses (including those related to soft dollar deals).

Over-certification cost relating to debt instruments should be reported on this line.

Transaction cost for inventory trading (specifically for inventory that are categorized as held-for-trading) should be included on this line.

The expense related to share-based payments (such as stock option or share reward) to employees and non-employees should be included on this line.

31. This is the profit (loss) number used for the Early Warning profitability tests.

32. When a Dealer Member uses the revaluation model for its PPE and intangible assets, changes to the fair value may result in recognizing income after considering accumulated depreciation (or amortization) and OCI surplus.

33. When a Dealer Member uses the revaluation model for its PPE and intangible assets, changes to the fair value may result in recognizing expense after considering accumulated depreciation (or amortization) and OCI surplus.

34. Include interest expense on subordinated debt with related parties for which the interest charges can be waived if required.

35. This category should include discretionary bonuses and all bonuses to shareholders in accordance with share ownership. These bonuses are in contrast to those reported on Line 22 (Expenses: variable compensation).

37. Include only income taxes and the tax component relating to the profit (loss) on discontinued operations for the year.

Realty and capital taxes should be included on Line 30 (Expenses: operating expenses).

39. When a Dealer Member uses the revaluation model to re-measure its PPE and intangible assets, changes to fair value may result in a change to shareholders' equity after considering accumulated depreciation (amortization) and income or expense from asset revaluation.

40. When a Dealer Member has a defined benefit pension plan and initially adopts a policy of recognizing actuarial gains and losses in full in OCI, the subsequent adjustments must be recognized in OCI.

43. **To be used for MFR filing only.**

44. **To be used for MFR filing only:** Include direct charges or credits to retained earnings.

Any adjustment required to reconcile the MFR's retained earnings to the audited Form 1 retained earnings must be posted to the individual Statement E line items on the first MFR that is filed after the adjustment is known.

FORM 1, PART I – STATEMENT F

_____
(Dealer Member Name)

STATEMENT OF CHANGES IN CAPITAL AND RETAINED EARNINGS (CORPORATIONS) OR UNDIVIDED PROFITS (PARTNERSHIPS)

for the year ended _____

A. CHANGES IN ISSUED CAPITAL

	NOTES	SHARE CAPITAL OR PARTNERSHIP CAPITAL [a] C$'000	SHARE PREMIUM [b] C$'000	ISSUED CAPITAL [c] = [a] + [b] C$'000
1. Beginning balance				
2. Increases (decreases) during the period [provide details]				
(a)				
(b)				
(c)				
3. Ending balance				

A-70

B. CHANGES IN RESERVES

	NOTES	GENERAL [a] C$'000	PROPERTIES REVALUATION [b] C$'000	EMPLOYEE BENEFITS [c] C$'000	EMPLOYEE DEFINED BENEFIT PENSION [d] C$'000	TOTAL RESERVES [e] = [a] + [b] + [c] + [d] C$'000
4. Beginning balance						
5. Changes during the period						
(a) Other comprehensive income for the year – properties revaluation						

E-39

(b) Other comprehensive income for the year – actuarial gain (loss) on defined benefit pension plans						

E-40

(c) Recognition of share-based payments						

E-30

(d) Transfer from/to retained earnings						
		F-12				
(e) Other [provide details]						
6. Ending balance						
						A-71

C. CHANGES IN RETAINED EARNINGS

		NOTES	RETAINED EARNINGS (CURRENT YEAR) C$'000	RETAINED EARNINGS (PREVIOUS YEAR) C$'000
7.	Beginning balance			
8.	Effect of change in accounting policy [provide details]			
	(a)		N/A	
	(b)		N/A	
9.	As restated		N/A	
10.	Payment of dividends or partners drawings			
11.	Profit or loss for the year			
			E-38	
12.	Other direct charges or credits to retained earnings [provide details]			
	(a)			
	(b)			
	(c)			
13.	Ending balance			
			A-72	

[See notes and instructions]

FORM 1, PART 1 – STATEMENT F

NOTES AND INSTRUCTIONS

A. Changes in Issued Capital

Change in share or partnership capital

Depending on the circumstances, a Dealer Member must either formally notify or obtain prior approval from the Corporation for any change in any class of common and preferred share or partnership capital.

Share premium

When the Dealer Member sells its shares (initial issuance or from treasury), share premium is the excess amount received by the Dealer Member over the par value (or nominal value) of its shares. Share premium cannot be used to pay out dividends.

B. Changes in Reserves

General reserve

General reserve is an amount set aside for future use, expense, loss or claim – in accordance with statute or regulation. It includes an amount appropriated from retained earnings – in accordance with statute or regulation. Appropriation directly from the income statement is not permitted for general reserves.

Reserve – Employee benefits

When a Dealer Member has a defined benefit pension plan and initially adopts a policy of recognizing actuarial gains and losses in full in other comprehensive income (OCI), all subsequent adjustments must be recognized as other comprehensive income and will be accumulated in a reserve account.

When a Dealer Member has stock option or share award granted to its employees by issuing new shares, the Dealer Member recognizes the fair value of the option or new shares granted as an expense with a corresponding increase in a reserve account.

Reserve – properties revaluation

When using the revaluation model for certain non-allowable assets (PPE and intangibles), a Dealer Member will account the initial increase in value as other comprehensive income (OCI) and will accumulate the increase (and subsequent changes) in a revaluation reserve account.

C. Changes in Retained Earnings

Change in accounting policy and retroactive adjustment of prior year's retained earnings

A change in accounting policy in the current year requires retroactive adjustment of the prior year's retained earnings. The beginning balance of the current year must be the ending balance of the prior year.

FORM 1, PART I – STATEMENT G

_____
(Dealer Member Name)

OPENING IFRS STATEMENT OF FINANCIAL POSITION AND RECONCILIATION OF EQUITY

at _____

CGAAP Line #	IFRS Line #	REFERENCE	NOTES	CGAAP (date)	IFRS ADJUSTMENTS	IFRS (date)
				C$'000	C$'000	C$'000
		LIQUID ASSETS:				
1.	1.	Cash on deposit with *acceptable institutions*				
2.	2.	Funds deposited in trust for RRSP and other similar accounts				
3.	3.	Cash, held in trust with *acceptable institutions*, due to free credit ratio calculation				
4.	4.	Variable base deposits and margin deposits with *acceptable clearing corporations* [cash balances only]				
5.	5.	Margin deposits with regulated entities [cash balances only]				
6.	6.	Loans receivable, securities borrowed and resold				
7.	7.	Securities owned – at *market value*				
8.	8.	Securities owned and segregated due to free credit ratio calculation				
10.	9.	Client accounts				
11.	10.	Brokers and dealers trading balances				
12.	11.	Receivable from carrying broker or mutual fund				
13.	12.	TOTAL LIQUID ASSETS				
		OTHER ALLOWABLE ASSETS (RECEIVABLES FROM ACCEPTABLE INSTITUTIONS):				
14.	13.	Current income tax assets				
15.	14.	Recoverable and overpaid taxes				
16.	15.	Commissions and fees receivable				
17.	16.	Interest and dividends receivable				
18.	17.	Other receivables [provide details]				
19.	18.	TOTAL OTHER ALLOWABLE ASSETS				

CGAAP Line #	IFRS Line #	REFERENCE	NOTES	CGAAP (date)	IFRS ADJUSTMENTS	IFRS (date)
		NON ALLOWABLE ASSETS:				
20.	19.	Other deposits with *acceptable clearing corporations* [cash or *market value* of securities lodged]				
21.	20.	Deposits and other balances with non-*acceptable clearing corporations* [cash or *market value* of securities lodged]				
22.	21.	Commissions and fees receivable				
23.	22.	Interest and dividends receivable				
	23.	Deferred tax assets				
	24.	Intangible assets				
24.	25.	Property, plant and equipment				
27.	26.	Investments in subsidiaries and affiliates				
	27.	Advances to subsidiaries and affiliates				
28.	28.	Other assets [provide details]				
29.	29.	TOTAL NON-ALLOWABLE ASSETS				
26.	30.	Finance lease asset				
30.	31.	TOTAL ASSETS				
		CURRENT LIABILITIES:				
51.	51.	Overdrafts, loans, securities loaned and repurchases				
52.	52.	Securities sold short – at *market value*				
54.	53.	Client accounts				
55.	54.	Brokers and dealers				
	55.	Provisions				
56.	56.	Current income tax liabilities				
58.	57.	Bonuses payable				
59.	58.	Accounts payable and accrued expenses				
60.	59.	Finance leases and lease-related liabilities				
61.	60.	Other current liabilities [provide details]				
62.	61.	TOTAL CURRENT LIABILITIES				

CGAAP Line #	IFRS Line #	REFERENCE	NOTES	CGAAP (date)	IFRS ADJUSTMENTS	IFRS (date)
		NON-CURRENT LIABILITIES:				
	62.	Provisions				
63.	63.	Deferred tax liabilities				
64.	64.	Finance leases and lease-related liabilities				
68.	65.	Finance leases – leasehold inducements				
65.	66.	Other non-current liabilities [provide details]				
69., 70.	67.	Subordinated loans				
66.	68.	TOTAL NON-CURRENT LIABILITIES				
67.	69.	TOTAL LIABILITIES				
		CAPITAL AND RESERVES:				
71.	70.	Issued capital				
	71.	Reserves				
72.	72.	Retained earnings or undivided profits				
73.	73.	TOTAL CAPITAL				
74.	74.	TOTAL LIABILITIES AND CAPITAL				

[See notes and instructions]

FORM 1, PART I – STATEMENT G

NOTES TO THE RECONCILIATION

Note #	Adjustment explanation

FORM 1, PART I – STATEMENT G

NOTES AND INSTRUCTIONS

Instructions

One-time transitional reporting requirement

The opening IFRS Statement A provides a starting point for regulatory accounting under IFRS.

For regulatory reporting, a Dealer Member prepares the opening IFRS Statement of financial position (also known as either the opening IFRS Statement A or the opening balance sheet) as at the conversion date. *Example:* For Dealer Members with a December 2010 year end, the conversion date is January 1, 2011. Therefore, the opening IFRS Statement A is as at January 1, 2011.

Together with the opening IFRS Statement A, Dealer Members are to provide a reconciliation of the equity between previous CGAAP and IFRS. *Example*: For Dealer Members with a December 2010 year-end, the previous CGAAP Statement A is as at December 31, 2010 and as filed on SIRFF as part of the audited Form 1.

Date of the opening IFRS Statement A

For regulatory reporting, the opening IFRS Statement A is dated as at the conversion date. For example, a Dealer Member with a December 2010 year-end will file an opening Statement A as at January 1, 2011.

Due date to file the opening IFRS Statement A

A Dealer Member will file an opening Statement A ***on or before*** filing its first MFR for the first fiscal year under IFRS. To accommodate this filing requirement, Dealer Members will be provided 10 weeks following their fiscal year-end to file the opening IFRS Statement A and the first MFR under IFRS. The filing requirement for the fiscal year-end audited Form 1under CGAAP remains at 7 weeks.

Example: For Dealer Members with a December 2010 year-end, the opening IFRS Statement A and reconciliation of equity must be filed ***on or before*** the filing of the January 2011 MFR. The audited Form 1 as at December 31, 2010 will be filed within the normal period of 7 weeks. The opening IFRS balance sheet as at January 1, 2011 *and* the January 2011 MFR under IFRS will be filed ***on or before*** March 15, 2011, which is approximately 10 weeks after the December 2010 year-end.

Management certification

Senior management of the Dealer Member will certify that they have planned and executed the changeover from CGAAP to IFRS in accordance with IFRS 1 and the prescribed regulatory accounting departures and treatments as described in the general notes and definitions of Form 1. The purpose of the management certification is to provide IIROC a basis for its reliance on the completeness and reasonability of adjustments in determining the opening retained earnings under IFRS and for subsequent MFR filings under IFRS.

The ultimate designated person (UDP) and the chief financial officer (CFO) must sign. If the CFO is not an executive or if the UDP and CFO are one, one other executive must sign.

The Dealer Member must submit a certificate with original signatures to IIROC.

Notes to the reconciliation

There will be two types of IFRS adjustments:

1. Presentation differences with no impact on total equity and

2. Adjustments that will impact retained earnings.

Adjustments made to restate the opening Statement A from previous CGAAP to IFRS are generally made to retained earnings (or if appropriate, another category of equity).

For material adjustments, Dealer Members will provide an explanation of the effect and implications of the transition to IFRS, including any accompanying material impact on risk adjusted capital (RAC). The explanations will be in the form of note disclosures.

A *material adjustment* means an adjustment – either individually or in the aggregate – that result in equal to or greater than 10% change (increase or decrease):

- in the retained earnings as filed on SIRFF with the audited Form 1 prepared under CGAAP and/or
- in the risk adjusted capital (RAC) as filed on SIRFF with the audited Form 1 prepared under CGAAP.

Mapping of the line items on Statement A

Statement A has been reformatted to accommodate the required IFRS changes, including new terminology and the addition (as well as the deletion) of line items. To assist Dealer Members in completing the opening IFRS Statement A, a mapping of the line items under the old CGAAP format to the new IFRS format is provided.

FORM 1, PART I – NOTES

_____

(Dealer Member Name)

NOTES TO THE FORM 1 FINANCIAL STATEMENTS

at _____

FORM 1, PART II

REPORT ON COMPLIANCE FOR INSURANCE, SEGREGATION OF SECURITIES, AND GUARANTEE/GUARANTOR RELATIONSHIPS RELIED UPON TO REDUCE MARGIN REQUIREMENTS DURING THE YEAR

To: The Investment Industry Regulatory Organization of Canada (the Corporation) and the Canadian Investor Protection Fund (CIPF).

We have performed the following procedures in connection with the regulatory requirements for <Dealer Member> to maintain minimum insurance, segregate client securities, and maintain guarantee relationships as outlined in the Rules of the Corporation. Compliance with the Corporation Rules with respect to maintaining minimum insurance, the segregation of client securities, and maintaining guarantee relationships is the responsibility of the management of the Dealer Member. Our responsibility is to perform the procedures requested by you.

1. We have read the Dealer Member's written internal control policies and procedures with respect to maintaining insurance coverage and segregation of client securities to determine whether such policies and procedures meet the minimum required under Corporation Rules in regards to establishing and maintaining adequate internal controls.

2. a) We obtained representation from appropriate senior management of the Dealer Member that the Dealer Member's internal control policies and procedures with respect to insurance and segregation of client securities meet the minimum required under Corporation Rules in regards to establishing and maintaining adequate internal controls and that they have been implemented.

   b) We obtained written representation from appropriate senior management of the Dealer Member that the Dealer Member's guarantor agreements comply with the minimum requirements of IIROC Dealer Member Rule 100.15(h).

3. We read the Financial Institution Bond Form #14 (the "FIB") insurance policy(s) to determine whether the FIB policy(s) includes the minimum required clauses and coverage limits as prescribed in the Rules of the Corporation.

4. We requested and obtained confirmation from the Dealer Member's Insurance Broker(s) as at <period end date> as to the FIB coverage maintained with the Insurance Underwriter(s) including:

   a) clauses
   b) aggregate and single loss limits
   c) deductible amounts
   d) name of insurer and insured
   e) claims made on the policy since last audit
   f) details of losses/claims outstanding

5. We selected account statements for 10 clients. For each, we calculated the Client Net Equity amount. We traced the Client Net Equity amount to the Total Client Net Equity Report as at the audit date produced by the Dealer Member to check that the compilation of Client Net Equity is in accordance with the Notes and Instructions to Schedule 10 of Form 1. We agreed Total Client Net Equity from the report to Schedule 10.

6. We obtained a listing of all segregation locations used by the Dealer Member and determined that each location met the definition of "acceptable securities locations" as defined in the General Notes and Definitions to Form 1.

7. We selected a sample of 10 client account statements. For each we re-calculated the segregation requirements and compared the result to the Dealer Member's Segregation Report.

8. We selected _____ positions[1] reported as being undersegregated at various dates throughout the year and determined the date on which the undersegregation was corrected. We obtained explanations from the Dealer Member and reviewed them for reasonableness. Undersegregated positions not corrected in accordance with Corporation Rules are reported below.

[1] The sample selected must consist of the greater of: (i) 10 securities or, (ii) the total sample items selected by the auditor to support the audit opinion provided on the Statements of Form 1.

9. We obtained the lists of hypothecated securities at _____<period end date>_____ and compared a sample of _____ securities to the Segregation Report to determine if there were securities used to secure call loans which should have been in segregation.

10. We selected 10 securities positions from the Stock Record and Position Report ("SRP") to identify a customer holding a position. We compared the securities positions to the customers' statements to check whether the stock message properly reported whether the positions were held in segregation. We also selected a sample of segregated securities from customer accounts and traced those back to the SRP and to the Segregation Report.

11. We obtained a list of guarantee relationships used by the Dealer Member to reduce the margin required during the year for monthly financial reporting purposes. We performed no procedures to verify the accuracy or completeness of this list.

12. We selected a sample of 10 guarantee relationships used to reduce margin required during the year and performed the following procedures:

    a) Obtained written confirmation from the guarantor of the account(s) guaranteed; and that the guarantee was in place during the year ended ___<year end>___.

    b) Compared the wording of the guarantee agreements to the minimum requirements of IIROC Dealer Member Rule 100.15(h).

As a result of applying the above procedures, there were no exceptions except as follows:

_____

_____

_____

These procedures do not constitute an audit and therefore we express no opinion on the adequacy of the Dealer Member's insurance coverage, segregation of client securities, maintenance of guarantee relationships, or internal control policies and procedures. This report is for use solely by the Corporation and CIPF to assist in their assessment of the Dealer Member's compliance with the requirements regarding maintaining minimum insurance, segregating client securities, and maintaining guarantee relationships as outlined in the Rules of the Corporation and not for any other purpose.

_____	_____
(auditing firm)	(date)
_____	_____
(signature)	(place of issue)

FORM 1, PART II – SCHEDULE 1

DATE: _____

_____
(Dealer Member Name)

ANALYSIS OF LOANS RECEIVABLE, SECURITIES BORROWED AND RESALE AGREEMENTS

		AMOUNT OF LOAN RECEIVABLE OR CASH DELIVERED AS COLLATERAL C$'000 [see note 3]	MARKET VALUE OF SECURITIES DELIVERED AS COLLATERAL C$'000 [see note 4]	MARKET VALUE OF SECURITIES RECEIVED AS COLLATERAL OR BORROWED C$'000 [see note 4]	REQUIRED TO MARGIN C$'000
	LOANS RECEIVABLE:				
1.	*Acceptable institutions*		N/A		Nil
2.	*Acceptable counterparties*		N/A		
3.	*Regulated entities*		N/A		
4.	Others [see note 12]		N/A		
	SECURITIES BORROWED:				
5.	*Acceptable institutions*				Nil
6.	*Acceptable counterparties*				
7.	*Regulated entities*				
8.	Others [see note 12]				
	RESALE AGREEMENTS:				
9.	*Acceptable institutions*		N/A		Nil
10.	*Acceptable counterparties*		N/A		
11.	*Regulated entities*		N/A		
12.	Others [see note 12]		N/A		
13.	**TOTAL** [Lines 1 through 12]	A-6			B-9

[See notes and instructions]

FORM 1, PART II – SCHEDULE 1

NOTES AND INSTRUCTIONS

1. This schedule is to be completed for secured loan receivable transactions whereby the stated purpose of the transaction is to lend excess cash. All security borrowing transactions and resale (i.e. reverse repo) agreements, including financing transactions done via 2 trade tickets and those with related parties, should also be disclosed on this schedule.

2. For the purpose of this schedule, "excess collateral deficiency" is defined as the actual collateral provided to the counterparty less the collateral required to be received by the counterparty pursuant to regulatory or legislative requirements. A list of current collateralization rates for each category of *acceptable counterparties* is published on a regular basis.

3. Include accrued interest in amount of loan receivable.

4. Market value of securities delivered or received as collateral should include accrued interest.

5. In the case of either a cash loan and securities borrowing or a resale transaction, if a written agreement between the Dealer Member and the counterparty has been entered into containing the terms described below, the instructions in Notes 7, 8, 9, and 10 are applicable, as the case may be. Each such written agreement shall include terms which provide (i) for the rights of either party to retain or realize on securities held by it from the other party on default, (ii) for events of default, (iii) for the treatment of the value of securities held by a non-defaulting party in excess of amounts which may be owed by a defaulting party, (iv) either for set-off or, in the case of secured loans of securities, continuous segregation of collateral and the requirement for the lender to perfect a security interest in collateral giving the highest priority, and (v) if set-off rights or security interests are created in securities sold or loaned by one party to another, that the securities are endorsed for transfer and free of any trading restrictions. In addition, in the case of a resale transaction such written agreement shall contain an acknowledgement by the parties that either has the right, upon notice, to call for any shortfall in the difference between the collateral and the securities at any time. Such agreements are not mandatory and if not used are to be margined as provided below.

   In the case of a cash loan and securities borrowing transaction, if no such written agreement has been entered into in respect of the transaction, then 100% of the *market value* must be provided as margin by the Dealer Member on the collateral given to the lender except in the case where the lender is an *acceptable institution* in which case no margin need be provided.

   In the case of a resale transaction, if no such written agreement has been entered into in respect of the transaction, the position shall be margined as follows:

Counterparty	Written Repurchase/Reverse Repurchase Agreement	NO Written Repurchase/Reverse Repurchase Agreement Calendar days after regular settlement (Note 1)	
		30 days or less	Greater than 30 days
Acceptable institution	No margin	No margin (Note 2)	
Acceptable counterparty	Excess collateral deficiency	Excess collateral deficiency (Note 2)	
Regulated entity	Market deficiency	Market deficiency (Note 2)	Margin
Other	Margin	Margin	200% of margin (to a maxi-mum of the *market value* of the underlying securities)
Note 1: Regular settlement means the settlement dates or delivery date generally accepted according to industry practice for the relevant security in the market in which the transaction occurs. Margin is calculated from the date of regular settlement. Calendar days refers to the original term of the repurchase/reverse repurchase. Note 2: Any transaction which has not been confirmed by an *acceptable institution*, *acceptable counterparty* or *regulated entity* within 15 business days of the trade shall be margined.			

6. For any given counterparty a deficiency in one type of loan may be offset by an excess in another type of loan provided that there are written agreements for each type of loan which provide for the right of offset between each type of loan. In such case, the balances may also be offset for margin calculation purposes.

7. **Lines 1, 5 and 9 –** In a cash loan and securities borrow or resale transaction between a Dealer Member and an *acceptable institution*, no capital need be provided in the case where a deficiency exists between the *market value* of the cash loaned or securities borrowed or resold and the *market value* of the collateral or cash pledged.

   In order for a pension fund to be treated as an *acceptable institution* for purposes of this Schedule, it must not only meet the *acceptable institution* criteria outlined in General Notes and Definitions, but the Dealer Member must also have received representation that the pension fund is legally able to enter into the obligations of the transaction. If such representation has not been received, the pension fund which otherwise meets the *acceptable institution* criteria must be treated as an *acceptable counterparty*.

   WHERE AN AGREEMENT HAS BEEN EXECUTED, THEN:

8. **Lines 2, 6 and 10 –** In a cash loan and securities borrow or resale transaction between a Dealer Member and an *acceptable counterparty*, where an *excess collateral deficiency* exists, action must be taken to correct the deficiency. If no action is taken the amount of *excess collateral deficiency* must be immediately provided out of the Dealer Member's capital. In any case, where the deficiency exists for more than one business day, it must be provided out of the Dealer Member's capital.

9. **Lines 3, 7 and 11 –** In a cash loan and securities borrow or resale transaction between a Dealer Member and a *regulated entity*, where a deficiency exists between the *market value* of the cash loaned or securities borrowed or resold and the *market value* of the collateral or cash pledged, action must be taken to correct the deficiency. If no action is taken the amount of *market value* deficiency must be immediately provided out of the Dealer Member's capital. In any case, where the deficiency exists for more than one business day, it must be provided out of the Dealer Member's capital.

10. **Lines 4, 8 and 12 –** In a cash loan and securities borrow or resale transaction between a Dealer Member and a party other than an *acceptable institution*, *acceptable counterparty* or *regulated entity*, where a deficiency exists between the loan value of the cash loaned or securities borrowed or resold and the loan value of the collateral or cash pledged, action must be taken to correct the deficiency. If no action is taken the amount of loan value deficiency must be immediately provided out of the Dealer Member's capital. The margin required may be reduced by any margin already provided on the collateral (e.g. in inventory). Where the collateral is either held by the Dealer Member on a fully segregated basis or held in escrow on its behalf by an Acceptable Depository or a bank or trust company qualifying as either an *acceptable institution* or *acceptable counterparty*, only the amount of *market value* deficiency need be provided out of the Dealer Member's capital. In any case, where the deficiency exists for more than one business day, it must be provided out of the Dealer Member's capital.

11. **Lines 5, 6 and 7 –** In a securities borrowed transaction between a Dealer Member and an *acceptable institution*, *acceptable counterparty*, or *regulated entity*, where a letter of credit issued by a Schedule 1 Bank is used as collateral for the securities borrowed, there shall be no charge to the Dealer Member's capital for any excess of the value of the letter of credit pledged as collateral over the *market value* of the securities borrowed.

12. **Lines 4, 8 and 12 –** Transactions whereby an *acceptable institution*, *acceptable counterparty*, or *regulated entity* are only acting as agents (on behalf of an "other" party) should be reported and margined as "Others".

FORM 1, PART II – SCHEDULE 2

DATE: _____

_____
(Dealer Member Name)

ANALYSIS OF SECURITIES OWNED AND SOLD SHORT AT MARKET VALUE

	CATEGORY	MARKET VALUE LONG C$'000	MARKET VALUE SHORT C$'000	MARGIN REQUIRED C$'000
1.	Money market			
	Accrued interest			NIL
	TOTAL MONEY MARKET			
2.	Debt			
	Accrued interest			NIL
	TOTAL DEBT			
3.	Equities			
	Accrued interest on convertible debentures			NIL
	TOTAL EQUITIES			
4.	Options			
5.	Futures	NIL	NIL	
6.	OTC derivatives			
7.	Registered traders, specialists and market makers	NIL	NIL	
8.	TOTAL		A-52	B-10
9.	**LESS**: Securities, including accrued interest, segregated for client free credit ratio calculation	A-8 and D-8		
10.	Adjusted TOTAL	A-7		

SUPPLEMENTARY INFORMATION

11.	Market value of securities included above but held on deposit as variable base deposits or margin deposits with *acceptable clearing corporations* or *regulated entities* or as a comfort deposit with a carrying broker	
12.	Margin reduction from offsets against Trader reserves and PDO guarantees	

[See notes and instructions]

FORM 1, PART II – SCHEDULE 2

NOTES AND INSTRUCTIONS

Valuation and margin rates

All securities are to be valued at market (see General Notes and Definitions) as of the reporting date. The margin rates to be used are those outlined in the Corporation rules.

All securities owned and sold short

Schedule 2 summarizes **all** securities owned and sold short by the categories indicated. Details that must be included for each category are total long *market value*, total short *market value* and total margin required as indicated.

Margining of option positions

Where the Dealer Member utilizes the computerized options margining program of a recognized Exchange operating in Canada, the margin requirement produced by such program may be used provided the positions in the Dealer Member's records agree with the positions in the Exchange computer. No details of such positions are to be reported if the programs are employed. Details of any adjustments made to the margin calculated by an Exchange computer-margining program must be provided. For the purposes of this paragraph, recognized Exchange means The Montreal Exchange.

Request for detailed information

The Examiners and/or Auditors of the Corporation may request additional details of securities owned or sold short as they, in their discretion, believe necessary.

Margin offsets

Where there are margin offsets between categories, the residual should be shown in the category with the larger initial margin required before offsets.

Line 1 – Money market is to include Canadian & US Treasury Bills, Bankers Acceptances, Bank paper (Domestic & Foreign), Municipal and Commercial Paper or other similar instruments.

Supplementary instructions for reporting money market commitments:

"Market Price" for money market commitments [fixed-term repurchases, calls, etc.] shall be calculated as follows:

(i) Fixed date repurchases [no borrower call feature] – the market price is the price determined by applying the current yield for the security to the term of maturity from the repurchase date. This will permit calculation of any profit or loss based on the market conditions at the reporting date. Exposure due to future changes in market conditions is covered by the margin rate.

(ii) Open repurchases [no borrower call feature] – prices are to be determined as of the reporting date or the date the commitment first becomes open, whichever is the later. Market price is to be determined as in (i) and commitment price is to be determined in the same manner using the yield stated in the repurchase commitment.

(iii) Repurchase with borrower call features – the market price is the borrower call price. No margin is required where the total consideration for which the holder can put the security back to the dealer is less than the total consideration for which the dealer may put the security back to the issuer. However, where a holder consideration exceeds dealer consideration [the dealer has a loss], the margin required is the lesser of:

  (a) the prescribed rate appropriate to the term of the security, and

  (b) the spread between holder consideration and dealer consideration [the loss] based on the call features subject to a minimum of 1/4 of 1% margin.

Line 7 – Registered traders, specialists and market makers margin requirements are:

(i) The minimum margin requirement for each TSX registered trader is $50,000.

(ii) The minimum margin requirement for each MX registered specialist is the lesser of $50,000 or an amount sufficient to assume a position of twenty board lots of each security in which such specialist is registered, subject to a maximum of $25,000 per issuer.

(iii) The market maker minimum margin requirement is for the TSX $50,000 for each specialist appointed and for the MX $10,000 for each security and/or class of options appointed (not to exceed $25,000 for each market maker in each preceding case). No minimum margin is required where the market maker does not have an appointment.

The above-noted minimum margin for each registered trader, specialist, or market maker may be applied as an offset to reduce any margin on positions held long or short in the registered trading account of such registered trader, specialist or market maker. It cannot be used to offset margin required for any other registered trader, specialist or market maker or for any other security positions of the Dealer Member.

The *market value*s related to positions in registered traders, specialists and market maker accounts should be included in the appropriate categories in the preceding lines of the Schedule. Related margin in excess of the minimum margin reported on this line should also be included in the preceding lines.

Line 9 – The securities to be included are bonds, debentures, treasury bills and other securities with a term of 1 year or less, or guaranteed by the Government of Canada or a Province of Canada, the United Kingdom, the United States of America and any other national foreign government (provided such other foreign government is a party to the Basel Accord), which are segregated and held separate and apart as the Dealer Member's property.

Line 12 – Include margin reductions from offsets against IA reserves only to the extent there is a written agreement between the Dealer Member and the trader permitting the Dealer Member to recover realized or unrealized losses from the IA reserve account. Include margin reductions arising from guarantees relating to inventory accounts by Partners, Directors, and Officers of the Dealer Member (PDO Guarantees).

FORM 1, PART II – SCHEDULE 2A

DATE: _____

_____
(Dealer Member Name)

MARGIN FOR CONCENTRATION IN UNDERWRITING COMMITMENTS

INDIVIDUAL CONCENTRATION:

Description [see note 3]	Market Value C$'000	Normal Margin C$'000	40% of Net Allowable Assets C$'000	Excess C$'000	Margin already provided C$'000 [see note 2]	Concentration Margin C$'000
1. SUBTOTAL						

OVERALL CONCENTRATION:

Description [see note 5]	Market Value C$'000	Normal Margin C$'000	100% of Net Allowable Assets C$'000	Excess C$'000	Margin already provided C$'000 [see note 4]	Concentration Margin C$'000
2. SUBTOTAL						
3. CONCENTRATION MARGIN [Lines 1 plus 2]						

NOTES:

1. This schedule need only be completed for underwriting commitments requiring concentration margin.

2. INDIVIDUAL COMMITMENT CONCENTRATION:

   Where the normal margin required on any one commitment is reduced due to either:

   (a) the use of a new issue letter; or

   (b) qualifying expressions of interest received from exempt list customers that have been verbally confirmed but not yet contracted [the margin reduction is only permitted once the final allocation has been made to the exempt purchasers and the entire allotment to exempt purchasers has been verbally confirmed]

   and the normal margin on the commitment exceeds 40% of the Dealer Member's net allowable assets, such excess shall be provided as margin. The amount to be added may be reduced by the amount of margin already provided on the individual underwriting position to which such excess relates.

3. Report details by individual commitments.

4. OVERALL COMMITMENT CONCENTRATION:

Where the normal margin required on some or all commitments is reduced due to either:

(a) the use of a new issue letter; or

(b) qualifying expressions of interest received from exempt list customers that have been verbally confirmed but not yet contracted [the margin reduction is only permitted once the final allocation has been made to the exempt purchasers and the entire allotment to exempt purchasers has been verbally confirmed]

and the aggregate normal margin on these commitments exceeds 100% of the Dealer Member's net allowable assets, such excess shall be provided as margin. The amount to be added may be reduced by the amount of margin already provided on such commitments and by the amount, if any, already provided for individual concentration.

5. It is not necessary to report details of individual commitments. Report the aggregate totals.

FORM 1, PART II – SCHEDULE 2B

DATE: _____

_____
(Dealer Member Name)

UNDERWRITING ISSUES MARGINED AT LESS THAN THE NORMAL MARGIN RATES

Description	Maturity date	Par value or number of shares		Market price	Market value		Effective margin rate %	Margin required	Expiry date
		Long C$'000	Short C$'000		Long C$'000	Short C$'000		C$'000	
TOTALS									

NOTES:

1. The purpose of this schedule is to disclose all unsold portions of new and secondary issues held by underwriters that are margined at less than the normal margin rates applicable to those securities as permitted in the rules of the Corporation. Expiry date refers to the date of any out clause or the expiry date on a bank letter.

2. For positions in this schedule, the margin rate shall give effect to any bank letters or out clauses, and the margin required shall indicate the margin remaining after offsets and/or hedging strategies.

FORM 1, PART II – SCHEDULE 4

DATE: _____

_____
(Dealer Member Name)

ANALYSIS OF CLIENTS' TRADING ACCOUNTS LONG AND SHORT

	CATEGORY	BALANCES DEBIT C$'000	BALANCES CREDIT C$'000	AMOUNT REQUIRED TO FULLY MARGIN C$'000
1.	*Acceptable institutions*			
2.	*Acceptable counterparties*			
3.	Other clients:			
	(a) Margin accounts			
	(b) Cash accounts			
	(c) Futures accounts			
	(d) Unsecured debits and shorts		N/A	
4.	Margin on extended settlements	N/A	N/A	
5.	Free credits	N/A		N/A
			D-4	
5.	(a) Free credits, pending trades [if applicable]	N/A		N/A
6.	RRSP and other similar accounts			
7.	**Less** – allowance for bad debts			
8.	TOTAL	A-9	A-53	B-12

9. **SUPPLEMENTARY DISCLOSURE:**

(a) NAME OF RRSP TRUSTEE(S)

1. _____
2. _____
3. _____

(b) Total margin reductions from offsets against IA reserves and PDO guarantees

[See notes and instructions]

FORM 1, PART II, SCHEDULE 4

NOTES AND INSTRUCTIONS

1. EACH DEALER MEMBER SHALL OBTAIN FROM CLIENTS, PARTNERS, SHAREHOLDERS, AND CLIENTS CARRIED FOR AN INTRODUCING BROKER, SUCH MINIMUM MARGIN IN SUCH AMOUNT AND IN ACCORDANCE WITH SUCH REQUIREMENTS AS PRESCRIBED BY THE CORPORATION.

2. **"extended settlement date"** transaction shall mean a transaction (other than a mutual fund security redemption) in respect of which the arranged settlement date is a date after regular settlement date.

   "regular settlement date" means the settlement date generally accepted according to industry practice for the relevant security in the market in which the transaction occurs, including foreign jurisdictions. For margin purposes, if such settlement date exceeds 15 business days past trade date, settlement date will be deemed to be 15 business days past trade date. In the case of new issue trades, regular settlement date means the contracted settlement date as specified for that issue.

3. **Lines 1 to 3 –** Balances including extended settlement date transactions should be reported on these lines. However, the margin related to such extended settlements should be calculated as described in Note 13 and reported on Line 4.

4. **Line 1 –** No mark to market or margin is required on accounts with *acceptable institutions* in the case of either regular or extended settlement date transactions EXCEPT any transaction which has not been confirmed by an *acceptable institution* within 15 business days of the trade date shall be margined.

   This line is to include all trading balances with *acceptable institutions* except free credit balances, which should be included on Line 5.

5. **Line 2 –** In the case of a regular settlement date transaction in the account of an *acceptable counterparty* the amount of margin to be provided, commencing on regular settlement date, shall be the equity deficiency calculated by determining the difference between (a) the net *market value* of all settlement date security positions in the customer's account(s) and (b) the net money balance on a settlement date basis in the same account(s).

   Any transaction, which has not been confirmed by an *acceptable counterparty* within 15 business days of the trade date, shall be margined.

   This line is to include all trading balances with *acceptable counterparties* except free credit balances, which should be included on Line 5.

6. **Line 3(a) – "margin accounts"** means accounts which operate according to the following rules:

   1. Settlement of each transaction in a margin account of a customer shall be made on or before the settlement date by payment of the amount required to complete the transaction or by delivery of the required securities, as the case may be.

   2. Payment by a customer in respect of any margin account transaction may be by:

      a) cash or other immediately available funds;

      b) applying the loan value of securities to be deposited;

      c) applying the excess loan value in the account or in a guarantor's account.

   3. Each margin account of a customer, which has become undermargined, shall within 20 business days of the account becoming undermargined be restricted only to trades, which reduce the margin deficiency in the account. Such restriction shall apply until the account is fully margined.

   4. Advancing funds or delivering securities from the account of a customer shall not be permitted as long as the account is undermargined or if such advance or delivery would cause the account to become undermargined.

7. **Line 3(a) –** In the case of a regular settlement date transaction in the margin account of a person other than a *regulated entity*, *acceptable counterparty* or *acceptable institution*, the amount of margin to be provided, commencing on regular settlement date, shall be the margin deficiency at not less than prescribed rates, if any, that exists.

TRADE DATE MARGINING

For Dealer Members determining margin deficiencies for clients on a trade date basis, (a) any amount of margin required to be provided under this subsection shall be determined using money balances and security positions as of trade date, and (b) the amount referred to in the previous paragraph shall be determined and provided commencing on trade date.

8. **Line 3(b) – "cash accounts"** means accounts which operate according to the following rules:

1. CASH ACCOUNTS

Settlement of each transaction in a cash account (other than DAP or RAP transactions referred to below) of a customer should be made by payment or delivery on the settlement date. In the event the account does not settle as required, capital will be provided as prescribed in Note 9.

2. DELIVERY AGAINST PAYMENT (DAP)

Settlement of a purchase transaction in an account for which the customer has made arrangements with the Dealer Member on or before settlement date for delivery by the Dealer Member against payment in full by the customer shall be settled on the later of (i) settlement date or (ii) the date on which the Dealer Member gives notice to the customer that the securities purchased are available for delivery.

3. RECEIPT AGAINST PAYMENT (RAP)

Settlement of a sale transaction in an account for which the customer has made arrangements with the Dealer Member on or before settlement date for receipt of securities by the Dealer Member against payment to the customer shall be settled on the settlement date.

4. PAYMENT

Payment by a customer in respect of any cash account transaction may be by:

a) cash or other immediately available funds;

b) the application of the proceeds of the sale of the same or other securities held long in any cash account of the customer with the Dealer Member provided that the equity (trade date brokers include unsettled transactions) in such account exceeds the amount of the transaction;

c) the transfer of funds from a margin account of the customer with the Dealer Member provided adequate margin is maintained in such account immediately before and after the transfer.

5. ISOLATED TRANSACTIONS

A customer shall be permitted in an isolated instance to:

a) settle, when the equity (excluding all unsettled transactions) in such account does not exceed the amount of the transaction, a regular or DAP cash account transaction by the sale of the same security in any cash account of the customer with the Dealer Member;

b transfer a transaction in a cash account to a margin account prior to payment in full; or

c) transfer a transaction in a DAP account to a margin account within 10 business days after settlement date.

6. ACCOUNT RESTRICTIONS

a) Cash accounts

When any portion of the money balance for a cash account of a customer is outstanding 20 business days or more after settlement date the customer shall be restricted from entering into any other transactions (other than liquidating transactions) in any account of the customer with the Dealer Member, unless and until (i) payment of any such money balance outstanding for 20 business days or more shall have been made, (ii) all open and unsettled transactions in any cash account of the

customer with the Dealer Member have been transferred in accordance with subsection 7, or (iii) the customer has executed a liquidating transaction in the account with the effect that no portion of the money balance in the account is outstanding 20 business days or more after settlement date.

b) DAP accounts

When any portion of the money balance for a DAP account transaction of a customer is outstanding 5 business days or more (or, in the case of transactions of customers situated other than in continental North America, 15 business days) from the date on which the transaction is required to be settled in accordance with subsection 2. the customer shall be restricted from entering into any other transaction (other than liquidating transactions) in any other account of the customer with the Dealer Member, unless and until (i) such transaction has been settled in full or (ii) all open and unsettled transactions in any cash account of the customer with the Dealer Member have been transferred in accordance with subsection 7.

7. TRANSFER TO MARGIN ACCOUNT

The account restrictions in subsection 6 (a) and (b) shall not apply to the accounts of a customer who (i) do not have a margin account with the Dealer Member, and (ii) on or after the accounts becoming so restricted, transfers all open and unsettled transactions in any cash account of the customer with the Dealer Member to one or more newly established margin accounts of the customer with the Dealer Member, provided such margin accounts have been properly established by the completion of all necessary documentation and action and adequate margin is maintained in such account(s) immediately after such transfer.

8. ACCEPTABLE INSTITUTIONS AND OTHERS

Subsection 6 does not apply to the accounts of *acceptable institutions*, *acceptable counterparties*, non-Dealer Member brokers, or *regulated entities*.

9. **Line 3(b)** – Margin must be provided as follows:

CASH ACCOUNTS

a) When any portion of the money balance in a cash account of a person other than a *regulated entity*, *acceptable counterparty* or *acceptable institution* is overdue for a period of less than 6 business days past regular settlement date, in the case of regular settlement transactions, the amount of margin to be provided, commencing on regular settlement date, shall be the equity deficiency, if any, calculated by determining the difference between (a) the net weighted *market value* of all settlement date security positions in the customer's cash account(s) and (b) the net money balance on a settlement date basis in the same account(s).

For the purposes of calculating weighted *market value*, the following weightings will apply:

- Securities that currently have a margin rate of 60% or less, are weighted at 1.000
- Listed securities with a margin rate greater than 60% are weighted as 0.333
- Nasdaq National Market® and Nasdaq SmallCap Market[SM] securities with a margin rate of more than 60% are weighted as 0.333
- All other unlisted securities with a margin rate of more than 60% are weighted as 0.000

b) Commencing on 6 business days or more past regular settlement date, the amount of margin to be provided shall be the margin deficiency, if any, that would exist if all of the customer's cash accounts were margin accounts;

c) The amounts provided in (a) or (b) above may be reduced by the amount of excess margin in the customer's margin accounts and any equity surplus in the customer's DAP and RAP accounts, if any.

DAP AND RAP ACCOUNTS

a) When any portion of the money balance in a DAP account or RAP account of a person other than a *regulated entity*, *acceptable counterparty* or *acceptable institution* is overdue for a period of less than 10 business days past regular settlement date, in the case of regular settlement transactions, the amount of margin to be

provided, commencing on regular settlement date, shall be the equity deficiency, if any, of (a) the net *market value* of all settlement date security positions in the customer's DAP, or RAP account(s) and (b) the net money balance on a settlement date basis in the same account(s).

b) For each transaction in a DAP or RAP account which is unsettled, or any money portion in respect of such transaction is outstanding, in either case for a period of 10 business days or more past regular settlement date, the amount of margin to be provided shall be the margin deficiency calculated in respect of each such transaction as if such transaction was in a margin account.

c) For a customer whose accounts are restricted, the amount to be provided shall be the margin deficiency, if any, that would exist if all of the customer's DAP and RAP accounts were margin accounts;

d) The amount to be provided in (a), (b) or (c) above may also be reduced by the amount of excess margin in the customer's margin accounts and any equity surplus in the customer's cash accounts, if any.

CONFIRMATIONS AND COMMITMENT LETTERS

The margin requirements outlined in the previous paragraphs of Note 9 do not apply if a customer has provided the Dealer Member on or before settlement date with an irrevocable and unconditional confirmation from an *acceptable clearing corporation* or letter of commitment from an *acceptable institution* to the effect that such corporation or institution will accept delivery from the Dealer Member and pay for the securities to be delivered, and in such event settlement shall be considered provided for by the customer.

TRADE DATE MARGINING

For Dealer Members determining margin deficiencies for clients on a trade date basis, the amount of margin required between trade date and settlement date shall be the equity deficiency, if any, calculated by determining the difference between (a) the net *market value* of all trade date security positions in the customer's cash, DAP or RAP account(s) and (b) the trade date net money balance in the same account(s). Commencing on regular settlement date, the amount of margin to be provided shall be the margin requirement outlined in the previous paragraphs of Note 9.

10. Any transactions in open cash accounts at the report date which, subsequent to that date, become in violation of the cash account requirements and have resulted in either a material loss or a material deficit – equity position, must either be fully margined or the total amount to margin such items must be reported as a footnote to Form 1.

11. **Line 3(c) –** Client accounts shall be marked to market and margined daily using as a minimum the margin requirements of the Clearing House of the Futures Exchange on which the futures contract is traded or at the rate required by the Dealer Member's clearing broker, whichever is the greater.

12. **Line 3(d) –** The amount required to fully margin should be the aggregate of unsecured debits plus the margin required on any short security positions in such accounts or in accounts with no money balance. Any account that is partly secured should be included on Line 3(a) – Margin Accounts.

13. **Line 4 –** Report only the margin related to extended settlements in cash, DAP, RAP or margin accounts on this line. In the case of an extended settlement transaction between a Dealer Member and either an *acceptable counterparty* or any other counterparty (other than an *acceptable institution* (see Note 4) or *regulated entity* (see Schedule 5)), the position shall be margined as follows, commencing on regular settlement date:

CALENDAR DAYS AFTER REGULAR SETTLEMENT (Note 1)		
Counterparty	**30 days or less**	**Greater than 30 days**
Acceptable counterparty	Market deficiency (Note 2)	Margin
Other	Margin	200% of margin (to a maximum of the *market value* of the underlying securities)
Note 1: Calendar days refers to the original term of the extended settlement transaction. Note 2: Any transaction which has not been confirmed by an *acceptable counterparty* within 15 business days of the trade shall be margined.		

14. **Line 5** – Free credit balances in all accounts except RRSP and other similar accounts should be included. Dealer Members margining on a trade date basis will generally calculate free credit balances on a trade date basis and should

report this trade date figure on Line 5. However, for those Dealer Members margining on a settlement date basis, their free credit balances will generally be calculated on a settlement date basis and this settlement date figure should be reported on Line 5. Note that a consistent basis of calculating free credit balances must be used from month to month.

For cash and margin accounts, a free credit is: “the credit balance less an amount equal to the aggregate of the *market value* of short positions and regulatory margin on those shorts”.

For futures accounts, a free credit is: “any credit balance less an amount equal to the aggregate of margin required to carry open futures contracts and/or futures contracts option positions less equity in those contracts plus deficits in those contracts, provided that such aggregate amount may not exceed the dollar amount of the credit balance.”

15. **Line 5(a)** – For those Dealer Members reporting free credit balances on a settlement date basis on Line 5, report the free credit balances arising as a result of pending trades on this line.

16. **Line 7** – Deduct the allowance for bad debts recorded in the accounts in order that the totals in Line 8 are shown "net".

17. **Line 9(b)** – Include margin reductions from offsets against IA reserves only to the extent there is a written agreement between the Dealer Member and the IA permitting the Dealer Member to recover the unsecured balances of the IA's client accounts from the IA reserve account. Include margin reductions arising from guarantees relating to customers' accounts by Partners, Directors, and Officers of the Dealer Member (PDO Guarantees). Include margin reductions arising from offsets against non-specific allowances of the Dealer Member.

FORM 1, PART II – SCHEDULE 4A

DATE: _____

_____
(Firm Name)

LIST OF TEN LARGEST VALUE DATE TRADING BALANCES
WITH ACCEPTABLE INSTITUTIONS AND ACCEPTABLE COUNTERPARTIES

[excluding balances less than 20% of Risk Adjusted Capital or $250,000, whichever is the smaller]

Name of Institution	On approved *acceptable institutions*/*acceptable counterparty* list Yes/No	*Acceptable institution*	*Acceptable counterparty*	Debits C$'000	Credits C$'000	Margin C$'000
TOTALS						

NOTES:

1. This schedule is to report only ten balances with an indication whether each balance is with an *acceptable institution* or an *acceptable counterparty*.

2. For balances with *acceptable institutions* and *acceptable counterparties* not on the approved lists, as published by the Corporation, please provide their latest audited financial statements.

FORM 1, PART II – SCHEDULE 5

DATE: _____

_____
(Dealer Member Name)

ANALYSIS OF BROKERS' AND DEALERS' TRADING BALANCES

	CATEGORY	BALANCES		AMOUNT REQUIRED TO FULLY MARGIN
		DEBIT C$'000	CREDIT C$'000	C$'000
1.	*Acceptable clearing corporations* trading balances [see notes]			
2.	*Regulated entities* [see notes]			
3.	(a) Dealer Member's own affiliated/related partnerships or corporations duly approved and audited under the capital requirements of the Corporation			
	(b) Dealer Member's own affiliated/related partnerships or corporations – not approved [see note 6 – give details]			
4.	(a) Other brokers and dealers not qualifying as *regulated entities* but qualifying as acceptable *counterparties* [see note 7 – give details]			
	(b) Other brokers and dealers not qualifying as *regulated entities* or *acceptable* counterparties [see note 8 – give details]			
5.	Mutual Funds or their agents [see note 9]			
6.	TOTAL	A-10	A-54	B-13

FORM 1, PART II – SCHEDULE 5

NOTES AND INSTRUCTIONS

1. This schedule is only to include ordinary security trading transactions. All security borrowing or lending transactions should be disclosed on Schedules 1 or 7.

2. **Lines 1, 2, 3 and 4 where applicable –** Balances may be reported on a "net" basis (broker by broker) or on a "gross" basis. Balances with a broker or dealer must not be netted against those with its affiliated company.

3. **Line 1 –** For definition, see General Notes and Definitions.

   Margin on such balances should be provided as follows:

   (i) Trades settling through a Net Settlement system should be treated as if the other party to the trade was an *acceptable institution*. For example, CNS balances with CDS, and CNS balances with National Securities Clearing Corporation.

   (ii) All transactions done through CDS outside of the CNS system should be treated as if with a single counterparty to be classified as an *acceptable counterparty* (even if some or all of the other parties qualify as an *acceptable institution*).

   (iii) Other trades settling on a transaction by transaction basis should be treated as if they were to be settled directly with the other party to the trade. For example, balances arising from trades settled through National Securities Clearing Corporation's Netted Balance Order or Trade-for-Trade Services, and balances arising from trades settled through Euroclear and Cedel.

4. **Line 2 –** This line is not to include non-arms' length transactions which are to be reported on Line 3. For definition of "*regulated entities*", see General Notes and Definitions. Margin on balances with *regulated entities* must be provided as follows:

   (i) In the case of a regular settlement date transaction in the account of a *regulated entity* the amount of margin to be provided, commencing on regular settlement date, shall be the equity deficiency of (a) the net *market value* of all settlement date security positions in the broker's accounts, and (b) the net money balance on a settlement date basis in the same accounts. In the case of an extended settlement date transaction between a Member and a *regulated entity*, commencing on regular settlement date the position shall be marked to market if the original term of the extended settlement transaction is 30 days or less, otherwise the position should be margined at applicable rates.

   (ii) Any transaction which has not been confirmed by a *regulated entity* within 15 business days of the trade date shall be margined.

5. **Line 3(a) –** Margin must be provided as outlined for *regulated entities* in note 4 above.

6. **Line 3(b) –** If the affiliated/related company qualifies as a *regulated entity*, then margin must be provided as outlined for *regulated entities* in note 4 above.

   If the affiliated/related company qualifies as an *acceptable counterparty*, then margin must be provided in the manner outlined in Schedule 4 Notes and Instructions for *acceptable counterparties*.

   If neither of the above, then margin must be provided in the manner outlined in Schedule 4 Notes and Instructions for regular clients' accounts.

7. **Line 4(a) –** All balances must be margined in the same way as accounts of *acceptable counterparties* (see Schedule 4 Notes and Instructions). Balances, or portions thereof, arising from trading transactions such as futures, options and short sale deposits should also be reported on this line. This line should also include balances with approved inter-dealer bond brokers.

   Approved inter-dealer bond brokers are those inter-dealer bond dealers that are approved by the Corporation and the Bourse de Montréal Inc. The list of approved inter-dealer bond brokers will be published from time to time through the issuance of a regulatory notice.

8. **Line 4(b)** – All balances must be margined in the same way as regular clients' accounts (see Schedule 4 Notes and Instructions). Balances, or portions thereof, arising from trading transactions such as futures, options and short sale deposits should also be reported on this line. This line should also include balances with inter-dealer bond brokers which are not on the list of approved inter-dealer bond brokers.

9. **Line 5** – This line is to include balances arising from mutual fund redemptions or purchase transactions. All balances must be margined in the same way as accounts of *acceptable counterparties*, or as regular client accounts.

FORM 1, PART II – SCHEDULE 6

DATE: _____

_____
(Dealer Member Name)

CURRENT INCOME TAXES

				C$'000
INCOME TAX LIABILITY (ASSET)				
1.		Balance payable (recoverable) at last year-end		
2.	(a)	Payments (made) or received relating to above balance		
	(b)	Adjustments, including reassessments, relating to prior periods [give details if significant]		
3.		Total adjustment to prior years' payable (recoverable) taxes during current year		
4.		Subtotal [add or subtract Line 3 from Line 1]		
5.		Income tax expense (recovery)	E-37	
6.		less: Current installments		
7.		Other adjustments [give details if significant]		
8.		Total adjustment for current year's taxes		
9.		TOTAL LIABILITY (ASSET) [add or subtract Line 8 from Line 4]		A-13, if asset A-56, if liability

FORM 1, PART II – SCHEDULE 6A

DATE: _____

_____
(Dealer Member Name)

TAX RECOVERIES

				C$'000
A.		**TAX RECOVERY FOR RISK ADJUSTED CAPITAL**		
1.	Sch. 6, Line 5	Income tax expense (recovery) [must be greater than 0, else N/A]		
2.	A-21	Commission and/or fees receivable (non allowable assets) of $_____ multiplied by an effective corporate tax rate of _____%		
3.		TAX RECOVERY – ASSETS [100% of lesser of Lines 1 and 2]		
4.		Balance of current income tax expense available for margin and securities concentration charge tax recovery [Line 1 minus Line 3]		
5.		Recoverable taxes from preceding three years of $_____ net of current year tax recovery (if applicable) of $_____		
6.		Total available for margin tax recovery [Line 4 plus Line 5]		
7.	B-24	Total margin required of $_____ multiplied by an effective corporate tax rate of _____%		
8.		TAX RECOVERY – MARGIN [75% of lesser of Lines 6 and 7]		
9.		TOTAL TAX RECOVERY BEFORE TAX RECOVERY ON SECURITIES CONCENTRATION CHARGE [Line 3 plus Line 8]		B-26
10.		Balance of taxes available for securities concentration charge tax recovery [Line 6 minus Line 8, must be greater than 0, else N/A]		
11.	Sch. 9	Total securities concentration charge of $_____ multiplied by an effective corporate tax rate of _____%		
12.		TAX RECOVERY – SECURITIES CONCENTRATION CHARGE [75% of lesser of Lines 10 and 11]		B-28
13.		TOTAL TAX RECOVERY RAC [Line 3 plus Line 8 plus Line 12]		C-3
B.		**TAX RECOVERY FOR EARLY WARNING CALCULATION:**		
1.	Sch. 6, Line 5	Income tax expense (recovery) [must be greater than 0, else N/A]		
2.	A-15	Commission and/or fees receivable (allowable assets)		
3.	A-21	Commission and/or fees receivable (non allowable assets)		
4.		SUBTOTAL [Line 2 plus Line 3]		
5.		Line 4 multiplied by an effective corporate tax rate of _____%		
6.		TAX RECOVERY – INCOME ACCRUALS [100% of lesser of Lines 1 and 5]		C-9

[See notes and instructions]

FORM 1, PART II – SCHEDULE 6A

NOTES AND INSTRUCTIONS

SECTION A – ASSETS: The purpose of this calculation is to tax effect identifiable revenue related receivables which have been classified as non allowable assets for capital purposes. In other words, the calculation gives recognition to the fact that in recording the receivable the Dealer Member generated revenue against which a tax provision has been set up.

SECTION A – MARGIN: The purpose of this calculation is to reduce the provision for contingent market losses on client and inventory positions (i.e. margin) by the appropriate allowance for taxes recoverable in the event of realization of such a market loss.

Line A1 – If the Dealer Member has no income tax expense due to being in a net tax recovery position, then no tax recovery on assets is allowed for RAC purposes.

Line A3 – If the Dealer Member has no income tax expense, then insert N/A on this line.

Line A5 – The balance reported as the recoverable taxes from preceding three years should be the total taxes paid in the three preceding years, hence available for recovery. If the Dealer Member has reported a balance on Line A1 above, then no balance should be reported as the current year tax recovery on this line.

Line B1 – If the Dealer Member has no income tax expense due to being in a net tax recovery position, then no tax recovery on income accruals is allowed for Early Warning purposes.

FORM 1, PART II – SCHEDULE 7

DATE: _____

_____
(Dealer Member Name)

ANALYSIS OF OVERDRAFTS, LOANS, SECURITIES LOANED AND REPURCHASE AGREEMENTS

	AMOUNT OF LOAN PAYABLE OR CASH RECEIVED AS COLLATERAL C$'000 [see note 3]	MARKET VALUE OF SECURITIES RECEIVED AS COLLATERAL C$'000 [see note 4]	MARKET VALUE OF SECURITIES DELIVERED AS COLLATERAL OR LOANED C$'000 [see note 4]	REQUIRED TO MARGIN C$'000
1. Bank overdrafts		N/A	N/A	Nil
LOANS PAYABLE:				
2. *Acceptable institutions*		N/A		Nil
3. *Acceptable counterparties*		N/A		
4. *Regulated entities*		N/A		
5. Others		N/A		
SECURITIES LOANED:				
6. *Acceptable institutions*				Nil
7. *Acceptable counterparties*				
8. *Regulated entities*				
9. Others				
REPURCHASE AGREEMENTS:				
10. *Acceptable institutions*		N/A		Nil
11. *Acceptable counterparties*		N/A		
12. *Regulated entities*		N/A		
13. Others		N/A		
14. **TOTAL** [Lines 1 through 13]				

A-51 B-14

FORM 1, PART II – SCHEDULE 7

NOTES AND INSTRUCTIONS

1. This schedule is to be completed for loan payable transactions whereby the stated purpose of the transaction is to borrow cash. All security lending transactions and securities repurchases, including financing transactions done via 2 trade tickets and those with related parties, should also be disclosed on this schedule.

2. For the purpose of this schedule, "excess collateral deficiency" is defined as the actual collateral provided to the counterparty less the collateral required to be received by the counterparty pursuant to regulatory or legislative requirements. A list of current collateralization rates for each category of acceptable counterparties is published on a regular basis.

3. Include accrued interest in amount of loan payable.

4. Market value of securities received or delivered as collateral should include accrued interest.

5. In the case of either a cash borrow and securities loan or a repurchase transaction, if a written agreement between the Dealer Member and the counterparty has been entered into containing the terms described below, the instructions in Notes 7, 8, 9 and 10 are applicable, as the case may be. Each such written agreement shall include terms which provide (i) for the rights of either party to retain or realize on securities held by it from the other party on default, (ii) for events of default, (iii) for the treatment of the value of securities held by a non-defaulting party in excess of amounts which may be owed by a defaulting party, (iv) either for set-off or, in the case of secured loans of securities, continuous segregation of collateral and the requirement for the lender to perfect a security interest in collateral giving the highest priority, and (v) if set-off rights or security interests are created in securities sold or loaned by one party to another, that the securities are endorsed for transfer and free of any trading restrictions. In addition, in the case of a repurchase transaction such written agreement shall contain an acknowledgement by the parties that either has the right, upon notice, to call for any difference between the collateral and the securities at any time. Such agreements are not mandatory and if not used are to be margined as provided below.

   In the case of a cash borrow and securities loan transaction, if no such written agreement has been entered into in respect of the transaction, then 100% of the market value must be provided as margin by the Dealer Member on the collateral given to the lender except in the case where the lender is an acceptable institution in which case no margin need be provided.

   In the case of a repurchase transaction, if no such written agreement has been entered into in respect of the transaction, the position shall be margined as follows:

Counterparty	Written Repurchase/Reverse Repurchase Agreement	NO Written Repurchase/Reverse Repurchase Agreement Calendar days after regular settlement (Note 1)	
		30 days or less	Greater than 30 days
Acceptable institution	No margin	No margin (Note 2)	
Acceptable counterparty	Excess collateral deficiency	Excess collateral deficiency (Note 2)	
Regulated entity	Market deficiency	Market deficiency (Note 2)	Margin
Other	Margin	Margin	200% of margin (to a maximum of the *market value* of the underlying securities)
Note 1: Regular settlement means the settlement dates or delivery date generally accepted according to industry practice for the relevant security in the market in which the transaction occurs. Margin is calculated from the date of regular settlement. Calendar days refers to the original term of the repurchase/reverse repurchase. Note 2: Any transaction which has not been confirmed by an *acceptable institution*, *acceptable counterparty* or *regulated entity* within 15 business days of the trade shall be margined.			

6. For any given counterparty a deficiency in one type of loan may be offset by an excess in another type of loan provided that there are written agreements for each type of loan which provide for the right of offset between each type of loan. In such case, the balances may also be offset for margin calculation purposes.

7. **Lines 2, 6, and 10 –** In a cash borrowed and securities loan or repurchase transaction between a Dealer Member and an *acceptable institution*, no capital need be provided in the case where a deficiency exists between the *market value* of the cash borrowed or securities loaned or repurchased and the *market value* of the collateral or cash pledged.

   In order for a pension fund to be treated as an *acceptable institution* for purposes of this Schedule, it must not only meet the *acceptable institution* criteria outlined in General Notes and Definitions, but the Dealer Member must also have received representation that the pension fund is legally able to enter into the obligations of the transaction. If such representation has not been received, the pension fund which otherwise meets the *acceptable institution* criteria must be treated as an *acceptable counterparty*.

WHERE AN AGREEMENT HAS BEEN EXECUTED, THEN:

8. **Lines 3, 7, and 11 –** In a cash borrowed and securities loan or repurchase transaction between a Dealer Member and an *acceptable counterparty*, where an *excess collateral deficiency* exists, action must be taken to correct the deficiency. If no action is taken, the amount of *excess collateral deficiency* must be immediately provided out of the Dealer Member's capital. In any case, where the deficiency exists for more than one business day it must be provided out of the Dealer Member's capital.

9. **Lines 4, 8, and 12 –** In a cash borrowed and securities loan or repurchase transaction between a Dealer Member and a *regulated entity*, where a deficiency exists between the *market value* of the cash borrowed or securities loaned or repurchased and the *market value* of the collateral or cash pledged, action must be taken to correct the deficiency. If no action is taken, the amount of *market value* deficiency must be immediately provided out of the Dealer Member's capital. In any case, where the deficiency exists for more than one business day it must be provided out of the Dealer Member's capital.

10. **Lines 5, 9, and l3 –** In a cash borrowed and securities loan or repurchase transaction between a Dealer Member and a party other than an *acceptable institution*, *acceptable counterparty* or *regulated entity*, where a deficiency exists between the loan value of the cash borrowed or securities loaned or repurchased and the loan value of the collateral or cash pledged, action must be taken to correct the deficiency. If no action is taken, the amount of loan value deficiency must be immediately provided out of the Dealer Member's capital. The margin required may be reduced by any margin already provided on the collateral (e.g. in inventory). Where the collateral is either held by the Dealer Member on a fully segregated basis or held in escrow on its behalf by an Acceptable Depository or a bank or trust company qualifying as either an *acceptable institution* or *acceptable counterparty*, only the amount of *market value* deficiency need be provided out of the Dealer Member's capital. In any case, where the deficiency exists for more than one business day, it must be provided out of the Dealer Member's capital.

11. **Lines 2, 3 and 4 –** In a cash borrowed transaction between a Dealer Member and an *acceptable institution*, *acceptable counterparty*, or *regulated entity*, where a letter of credit issued by a Schedule 1 Bank is used as collateral for the cash borrowed, there shall be no charge to the Dealer Member's capital for any excess of the value of the letter of credit pledged as collateral over the cash borrowed.

12. **Lines 5, 9, and l3 –** Transactions whereby an *acceptable institution*, *acceptable counterparty*, or *regulated entity* are only acting as agents (on behalf of an "other" party) should be reported and margined as "Others".

FORM 1, PART II – SCHEDULE 7A

DATE: _____

_____
(Dealer Member Name)

ACCEPTABLE COUNTERPARTIES FINANCING ACTIVITIES CONCENTRATION CHARGE

			C$'000
1.	Sch. 1, Line 2	Market value deficiency amount relating to loans receivable from *acceptable counterparties*, net of legal offsets and margin already provided	
2.	Sch. 1, Line 6	Market value deficiency amount relating to securities borrowed from *acceptable counterparties*, net of legal offsets and margin already provided	
3.	Sch. 1, Line 10	Market value deficiency amount relating to resale agreements with *acceptable counterparties*, net of legal offsets and margin already provided	
4.	Sch. 7, Line 3	Market value deficiency amount relating to loans payable to *acceptable counterparties*, net of legal offsets and margin already provided	
5.	Sch. 7, Line 7	Market value deficiency amount relating to securities lent to *acceptable counterparties*, net of legal offsets and margin already provided	
6.	Sch. 7, Line 11	Market value deficiency amount relating to repurchase agreements with *acceptable counterparties*, net of legal offsets and margin already provided	
7.		TOTAL MARKET VALUE DEFICIENCY EXPOSURE WITH ACCEPTABLE COUNTERPARTIES, NET OF LEGAL OFFSETS AND MARGIN ALREADY PROVIDED [Sum of Lines 1 to 6]	
8.		CONCENTRATION THRESHOLD – 100% OF NET ALLOWABLE ASSETS	
9.		FINANCING ACTIVITIES CONCENTRATION CHARGE [Excess of Line 7 over Line 8, otherwise NIL]	

FORM 1, PART II – SCHEDULE 9

DATE: _____

_____
(Dealer Member Name)

CONCENTRATION OF SECURITIES

[excluding securities required to be in segregation or safekeeping & debt securities with a margin rate of 10% or less (see note 5)]

Description of Security	Client position long/ (short) C$'000	Dealer Member's own long/ (short) C$'000	Unit Price	Market value C$'000	Effective margin rate	Loan value of securities C$'000	Adjust-ments in arriving at amount loaned C$'000	"Amount loaned" C$'000	Amount cleared within five business days C$'000	Adjusted amount loaned C$'000	Concen-tration charge C$'000
[note 6]	[note 7]	[note 8]				[note 2]		[note 9]			[note 10]

[See notes and instructions]

FORM 1, PART II – SCHEDULE 9

NOTES AND INSTRUCTIONS

General

1. The purpose of this schedule is to disclose the largest ten issuer positions and precious metal positions that are being relied upon for loan value whether or not a concentration charge applies. If there are more than ten issuer positions and precious metal positions where a concentration exposure exists, then all such positions must be listed on the schedule.

2. For the purpose of this schedule, an issuer position must include all classes of securities for an issuer (i.e. all long and short positions in equity, convertibles, debt or other securities of an issuer other than debt securities with a normal margin requirement of 10% or less), a precious metal position must include all certificates and bullion of the particular precious metal (gold, platinum or silver) where:

   - loan value is being extended in a margin account, cash account, delivery against payment account, receipt against payment account; or
   - an inventory position is being held.

3. Securities and precious metals that are required to be in segregation or safekeeping should not be included in the issuer position or precious metal position. Securities and precious metals that have been segregated, but are not required to be, can still be relied on by the Dealer Member for loan value, and must be included in the issuer position and precious metal position.

4. For the purpose of this schedule, an amount loaned exposure to *broad based index* positions may be treated as an amount loaned exposure to each of the individual securities comprising the index basket. These amount loaned exposures may be reported by breaking down the *broad based index* position into its constituent security positions and adding these constituent security positions to other amount loaned exposures for the same issuer to arrive at the combined amount loaned exposure.

   To calculate the combined amount loaned exposure for each index constituent security position held, sum

   a) the individual security positions held, and

   b) the constituent security position held.

   [For example, if ABC security has a 7.3% weighting in a *broad based index*, the number of securities that represents 7.3% of the value of the *broad based index* position shall be reported as the constituent security position.]

5. For the purpose of this schedule only, stripped coupons and residuals, [if they are held on a book based system, and are in respect of federal and provincial debt instruments], should be margined at the same rate as the underlying security.

6. For short positions, the loan value is the *market value* of the short position.

Client position

7. (a) Client positions are to be reported on a settlement date basis for client accounts including positions in margin accounts, regular cash accounts [when any transaction in the account is outstanding after settlement date] and delivery against payment and receipt against payment accounts [when any transaction in the account is outstanding after settlement date]. Within each client account, security positions and precious metal positions that qualify for a margin offset may be eliminated.

   (b) Positions in delivery against payment and receipt against payment accounts with *acceptable institutions*, *acceptable counterparties*, or *regulated entities* resulting from transactions that are outstanding less than ten business days past settlement date are not to be included in the positions reported. If the transaction has been outstanding ten business days or more past settlement and is not confirmed for clearing through an *acceptable clearing corporation* or not confirmed by the *acceptable institution*, *acceptable counterparty* or *regulated entity*, then the position must be included in the position reported.

Dealer Member's own position

8. (a) Dealer Member's own inventory positions are to be reported on a trade date basis, including new issue positions carried in inventory twenty business days after new issue settlement date. All security positions that qualify for a margin offset may be eliminated.

(b) The amount reported must include uncovered stock positions in market-maker accounts.

Amount Loaned

9. The client and Dealer Member's own positions reported are to be determined based on the combined client/Dealer Member's own long or short position that results in the largest amount loaned exposure.

(a) To calculate the combined amount loaned on the long position exposure, combine:

- the loan value of the gross long client position (if any) contained within client margin accounts;
- the weighted *market value* (calculated pursuant to the weighted *market value* calculation set out in Schedule 4, Note 9, Cash Accounts Instruction (a)) and/or loan value (calculated pursuant to the loan value calculation set out in Schedule 4, Note 9, Cash Accounts Instruction (b)) of the gross long client position (if any) contained within client cash accounts;
- the *market value* (calculated pursuant to the *market value* calculation set out in Schedule 4, Note 9, DAP and RAP Accounts Instruction (a)) and/or loan value (calculated pursuant to the loan value calculation set out in Schedule 4, Note 9, DAP and RAP Accounts Instruction (b)) of the gross long client position (if any) contained within client delivery against payment accounts; and
- the loan value (calculated pursuant to the Notes and Instructions to Schedule 2) of the net long Dealer Member's own position (if any).

(b) To calculate the combined amount loaned on the short position exposure, combine

- the *market value* of the gross short client position (if any) contained within client margin, cash and receipt against payment accounts; and
- the *market value* of the net short Dealer Member's own position (if any).

(c) If the loan value of an issuer position or a precious metal position (net of issuer securities or precious metal position required to be in segregation/safekeeping) does not exceed one-half (one-third in the case of an issuer position or precious metal position which qualifies under either Note 10(a) or 10(b) below) of the sum of the Dealer Member's Risk Adjusted Capital before securities concentration charge and minimum capital (Stmt. B, Line 7) as most recently calculated, the completion of the column titled "Adjustments in arriving at Amount Loaned" is optional. However, nil should be reflected for the concentration charge.

(d) In determining the amount loaned on either a long, or short position exposure, the following adjustments may be made:

(i) Security positions and precious metal positions that qualify for a margin offset may be excluded, as previously discussed in notes 7(a) and 8(a);

(ii) Security positions and precious metal positions that represent excess margin in the client's account may be excluded. (Note if the starting point of the calculations is securities or precious metal positions not required to be in segregation/safekeeping, this deduction has already been included in the loan value calculation of Column 6.);

(iii) In the case of margin accounts, 25% of the *market value* of long positions in any: (a) non-marginable securities or, (b) securities with a margin rate of 100%, in the account may be deducted from the amount loaned calculation, provided that such securities are carried in readily saleable quantities only;

(iv) In the case of cash accounts, 25% of the *market value* of long positions in any securities whose *market value* weighting is 0.000 (pursuant to Schedule 4, Note 9, Cash Accounts Instruction (a)) in

the account may be deducted from the amount loaned calculation, provided that such securities are carried in readily saleable quantities only;

(v) The amount loaned values of trades made with financial institutions that are not *acceptable institutions*, *acceptable counterparties* or *regulated entities*, if the trades are outstanding less than 10 business days past settlement date, and the trades were confirmed on or before settlement date with a settlement agent that is an *acceptable institution* may be deducted from the amount loaned calculation; and

(vi) Any security positions or precious metal positions in the client's (the "Guarantor") account, which are used to reduce the margin required in another account pursuant to the terms of a guarantee agreement, shall be included in calculating the amount loaned on each security for the purposes of the Guarantor's account.

(e) Amount Loaned is the position exposure (either long or short) with the largest calculated amount loaned.

Concentration Charge

10. (a) Where the Amount Loaned reported relates to securities issued by

(i) the Dealer Member, or

(ii) a company, where the accounts of a Dealer Member are included in the consolidated financial statements and where the assets and revenue of the Dealer Member constitute more than 50% of the consolidated assets and 50% of the consolidated revenue, respectively, of the company, based on the amounts shown in the audited consolidated financial statements of the company and the Dealer Member for the preceding fiscal year and the total Amount Loaned by a Dealer Member on such issuer securities exceeds one-third of the sum of the Dealer Member's Risk Adjusted Capital before securities concentration charge and minimum capital (Stmt. B, Line 7), as most recently calculated, a concentration charge of an amount equal to 150% of the excess of the Amount Loaned over one-third of the sum of the Dealer Member's Risk Adjusted Capital before securities concentration charge and minimum capital (Stmt. B, Line 7) is required unless the excess is cleared within five business days of the date it first occurs. For long positions, the concentration charge as calculated herein shall not exceed the loan value of the issuer security(ies) for which such charge is incurred.

(b) Where the Amount Loaned reported relates to non-marginable securities of an issuer held in a cash account(s), where loan value has been extended pursuant to the weighted *market value* calculation set out in Schedule 4, Note 9, and the total Amount Loaned by a Dealer Member on such issuer securities exceeds one-third of the sum of the Dealer Member's Risk Adjusted Capital before securities concentration charge and minimum capital (Stmt. B, Line 7), as most recently calculated, a concentration charge of an amount equal to 150% of the excess of the Amount Loaned over one-third of the sum of the Dealer Member's Risk Adjusted Capital before securities concentration charge and minimum capital (Stmt. B, Line 7) is required unless the excess is cleared within five business days of the date it first occurs. For long positions, the concentration charge as calculated herein shall not exceed the loan value of the issuer security(ies) for which such charge is incurred.

(c) Where the Amount Loaned reported relates to arm's length marginable securities of an issuer (i.e., securities other than those described in note 10(a), or 10(b)) or a precious metal position, and the total Amount Loaned by a Dealer Member on such issuer securities or precious metal position exceeds two-thirds of the sum of the Dealer Member's Risk Adjusted Capital before securities concentration charge and minimum capital (Stmt. B, Line 7), as most recently calculated, a concentration charge of an amount equal to 150% of the excess of the Amount Loaned over two-thirds of the sum of the Dealer Member's Risk Adjusted Capital before securities concentration charge and minimum capital (Stmt. B, Line 7) is required unless the excess is cleared within five business days of the date it first occurs. For long positions, the concentration charge as calculated herein shall not exceed the loan value of the issuer security(ies) or precious metal position for which such charge is incurred.

(d) Where:

(i) The Dealer Member has incurred a concentration charge for an issuer position under either note 10(a) or 10(b) or 10(c); or

(ii) The Amount Loaned by a Dealer Member on any one issuer (other than issuers whose securities may be subject to a concentration charge under either Note 10(a) or 10(b) above) or a precious metal position exceeds one-half of the sum of the Dealer Member's Risk Adjusted Capital before securities concentration charge and minimum capital (Stmt. B, Line 7), as most recently calculated; and

(iii) The Amount Loaned on any other issuer or precious metal position exceeds one-half (one-third in the case of issuers whose securities may be subject to a concentration charge under either Note 10(a) or 10(b) above) of the sum of Risk Adjusted Capital before securities concentration charge and minimum capital (Stmt. B, Line 7); then

(iv) A concentration charge on such other issuer position or precious metal position of an amount equal to 150% of the excess of the Amount Loaned on the other issuer or precious metal position over one-half (one-third in the case of issuers whose securities may be subject to a concentration charge under either Note 10(a) or 10(b) above) of the sum of the Dealer Member's Risk Adjusted Capital before securities concentration charge and minimum capital (Stmt. B, Line 7) is required unless the excess is cleared within five business days of the date it first occurs. For long positions, the concentration charge as calculated herein shall not exceed the loan value of the security(ies) or precious metal position for which such charge is incurred.

(e) For the purpose of calculating the concentration charges as required by notes 10(a), 10(b), 10(c) and 10(d) above, such calculations shall be performed for the largest five issuer positions and precious metal positions by Amount Loaned in which there is a concentration exposure.

Other

11. (a) Where there is an over exposure in a security or a precious metal position and the concentration charge as referred to above would produce either a capital deficiency or a violation of the Early Warning Rule, the Dealer Member must report the over exposure situation to the Corporation on the date the over exposure first occurs.

(b) A measure of discretion is left with the Corporation in dealing with the resolution of concentration situations, particularly as regards to time requirements for correcting any over exposure, as well as whether securities or precious metal positions are carried in “readily saleable quantities”.

FORM 1, PART II – SCHEDULE 10

DATE: _____

_____
(Dealer Member Name)

INSURANCE

A. FINANCIAL INSTITUTION BOND (FIB) CLAUSES (A) TO (E)

			C$'000			
1.	Coverage required for FIB					
	(a)	Client Net Equity:				
		i) Dealer Member's own				
		ii) Carrying brokers' introducing brokers				
		Total		x 1%*		[Note 3]
	(b)	Total Liquid Assets (A-12)				
		Total Other Allowable Assets (A-18)				
		Total		x 1%*		
	The actual coverage required for each clause is the Greater of (a) and (b), with a Minimum Requirement of $500,000 ($200,000 for a Type 1 Introducing Broker), and a Maximum Requirement of $25,000,000.					
	*based on one half of one percent for Types 1 and 2 Introducing Brokers					
2.	Coverage maintained per FIB					[Notes 4 and 8]
3.	Excess / (Deficiency) in coverage					[Note 5]
4.	Amount deductible under FIB (if any)					[Note 6]

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B. REGISTERED MAIL INSURANCE

1.	Coverage per mail policy		[Note 7]

C. FIB AND REGISTERED MAIL POLICY INFORMATION [Note 9]

Insurance company	Name of the insured	FIB/ registered mail	Expiry date	Coverage	Type of aggregate limit	Provision for full reinstate-ment	Premium

D. LOSSES AND CLAIMS [Note 10]

Date of loss	Date of discovery	Amount of loss	Deductible applying to loss	Description	Claim made?	Settlement	Date settled

[See notes and instructions]

FORM 1, PART II – SCHEDULE 10

NOTES AND INSTRUCTIONS

1. Dealer Members must maintain minimum insurance in type and amounts as outlined in the rules of the Corporation and the Canadian Investor Protection Fund.

2. Schedule 10 must be completed at the audit date and monthly as part of the Monthly Financial Report.

3. Net equity for each client is the total value of cash, securities, and other acceptable property owed to the client by the Dealer Member less the value of cash, securities, and other acceptable property owed by the client to the Dealer Member. In determining net equity, accounts of a client such as cash, margin, short sale, options, futures, foreign currency and Quebec Stock Savings Plans are combined and treated as one account. Accounts such as RRSP, RRIF, RESP, Joint accounts are not combined with other accounts and are treated as separate accounts. Other acceptable property means London Bullion Market Association good delivery bars of gold and silver bullion that are acceptable for margin purposes as defined in Dealer Member Rule 100.2(i)(ii).

   Net equity is determined on a client by client basis on either a settlement date basis or trade date basis. Schedule 10 Part A, Line 1(a) is the aggregate net equity for each client. Negative client net equity, (i.e. total deficiency in net equity owed to the Dealer Member by the client) is not included in the aggregate.

   For Schedule 10, guarantee/guarantor agreements should not be considered in the calculation of net equity.

   The Client Net Equity calculation should include all retail and institutional client accounts, as well as accounts of broker dealers, repos, loan post, broker syndicates, affiliates and other similar accounts.

4. The amounts of insurance required to be maintained by a Dealer Member shall as a minimum be by way of a Financial Institution Bond with a double aggregate limit or a provision for full reinstatement.

   For Financial Institution Bond policies containing an “aggregate limit” coverage, the actual coverage maintained should be reduced by the amount of reported loss claims, if any, during the policy period.

5. The Certificate of UDP and CFO in Form 1 contains a question pertaining to the adequacy of insurance coverage. The Auditors’ Report requires the auditor to state that the question has been fairly answered. The rules also state: “Should there be insufficient coverage, a Dealer Member shall be deemed to be complying with Rule 17.5 and this Rule 400 provided that any such deficiency does not exceed 10 percent of the insurance requirement and that evidence is furnished within two months of the dates of completion of the monthly financial report and the annual audit that the deficiency has been corrected. If the deficiency is 10% or more of the insurance requirement, action must be taken by the Dealer Member to correct the deficiency within 10 days of its determination and the Dealer Member shall immediately notify the Corporation.”

6. A Financial Institution Bond maintained pursuant to the rules may contain a clause or rider stating that all claims made under the bond are subject to a deductible, provided that the Dealer Member’s margin requirement is increased by the amount of the deductible.

7. Unless specifically exempted within the rules of the Corporation, every Dealer Member shall effect and keep in force mail insurance against loss arising by reason of any outgoing shipments of money or securities, negotiable or non-negotiable, by first-class mail, registered mail, registered air mail, express or air express, such insurance to provide at least 100% cover.

8. The aggregate value of securities in transit in the custody of any employee or any person acting as a messenger shall not at any time exceed the coverage per the Financial Institution Bond (Statement 10, Line 2).

9. List all Financial Institution Bond and Registered Mail underwriters, policies, coverage and premiums indicating their expiry dates. State type of aggregate limits, if applicable, or note that provision for full reinstatement exists.

10. List all losses reported to the insurers or their authorized representatives including those losses that are less than the amount of the deductible. Do not include lost document bond claims. Indicate in the “Amount of Loss” column if the amount of the loss is estimated or unknown as at the reporting date.

    Losses should continue to be reported on Schedule 10 Part D until resolved. In the reporting period where a claim has been settled or a decision has been made not to pursue a claim, the loss should be listed along with the amount of the settlement, if any.

At the annual audit date, list all unsettled claims, whether or not the claims were initiated in the period under audit. In addition, list all losses and claims identified in the current or previous periods that have been settled during the period under audit.

FORM 1, PART II – SCHEDULE 11

DATE: _____

_____
(Dealer Member Name)

UNHEDGED FOREIGN CURRENCIES CALCULATION

SUMMARY			**C$'000**
A.	Total foreign exchange margin requirement		B-17
B.	Details for individual currencies with margin requirement greater than or equal to $5,000:		
	Foreign Currency with margin requirement ≥ $5,000 (For each foreign currency, a schedule 11A must be completed)	Margin Group	Required Margin
	Subtotal		
	All other foreign exchange margin requirement		
	TOTAL		

[See notes and instructions]

FORM 1, PART II – SCHEDULE 11A

DATE: _____

_____
(Dealer Member Name)

DETAILS OF UNHEDGED FOREIGN CURRENCIES CALCULATION
FOR INDIVIDUAL CURRENCIES WITH MARGIN REQUIRED GREATER THAN OR EQUAL TO $5,000

Foreign Currency: ----------
Margin Group: ----------

		AMOUNT C$'000	WEIGHTED VALUE C$'000	MARGIN REQUIRED C$'000
BALANCE SHEET ITEMS AND FORWARD/FUTURE COMMITMENTS <= TWO YEARS TO MATURITY				
1.	Total monetary assets	----------	----------	----------
2.	Total long forward / futures contract positions	----------	----------	----------
3.	Total monetary liabilities	----------	----------	----------
4.	Total (short) forward / futures contract positions	----------	----------	----------
5.	Net long (short) foreign exchange positions	==========		
6.	Net weighted value		==========	
7.	Net weighted value multiplied by term risk for Group ___ of _____%			==========
BALANCE SHEET ITEMS AND FORWARD/FUTURE COMMITMENTS > TWO YEARS TO MATURITY				
8.	Total monetary assets	----------	----------	----------
9.	Total long forward / futures contract positions	----------	----------	----------
10.	Total monetary liabilities	----------	----------	----------
11.	Total (short) forward / futures contract positions	----------	----------	----------
12.	Net long (short) foreign exchange positions	==========		
13.	Net weighted value		==========	
14.	Net weighted value multiplied by term risk for Group ___ of _____%			==========
FOREIGN EXCHANGE MARGIN REQUIREMENTS				
15.	Net long (short) foreign exchange positions	==========		
16.	Net foreign exchange position multiplied by spot risk for Group ___ of _____%			----------
17.	Total term risk and spot risk margin requirement			==========
18.	Spot rate at reporting date			----------
19.	Margin requirement converted to Canadian dollars			==========
FOREIGN EXCHANGE CONCENTRATION CHARGE				----------
20.	Total foreign exchange margin (Line 19) in excess of 25% of net allowable assets less minimum capital [not applicable to Group 1]			----------
TOTAL FOREIGN EXCHANGE MARGIN FOR (Currency):				==========

Sch. 11

[See notes and instructions]

FORM 1, PART II – SCHEDULES 11 AND 11A

NOTES AND INSTRUCTIONS

1. The purpose of this Schedule is to measure the balance sheet exposure a Dealer Member has to foreign currency risk. Schedule 11A must be completed for each foreign currency that has margin requirement greater than or equal to $5,000.

2. The following is a summary of the quantitative and qualitative criteria for Currency Groups 1-4. Dealer Members should refer to the most recently published listing by SROs of currency groupings.

   - **Currency Group 1** consists of the US dollar.
   - **Currency Group 2** consists of all countries whose currencies have a historical volatility of less than 3% relative to the Canadian dollar, are quoted on a daily basis by a Canadian Schedule 1 chartered bank, and are either a member of the European Monetary System and a participant of the Exchange Rate Mechanism or there is a listed future for the currency on a recognized futures exchange such as the Chicago Mercantile Exchange (CME) or Philadelphia Board of Trade (PBOT).
   - **Currency Group 3** consists of all countries whose currencies have a historical volatility of less than 10% relative to the Canadian dollar, are quoted on a daily basis by a Canadian Schedule 1 chartered bank and are a full member of the International Monetary Fund (IMF).
   - **Currency Group 4** consists of all countries, which do not satisfy the quantitative and qualitative criteria for Currency Groups 1-3.

3. Reference should be made to the applicable rules and interpretation notices of the Corporation for definitions and calculations.

4. Monetary assets and liabilities are money or claims to money, the values of which, whether denominated in foreign or domestic currency are fixed by contract or otherwise.

5. All monetary assets and liabilities as well as the Dealer Member's own foreign currency future and forward commitments are to be reported on a trade date basis.

6. Monetary liabilities and the Dealer Member's own foreign currency future and forward commitments should be disclosed by maturity dates i.e. less than or equal to two (2) years and greater than two (2) years.

7. Weighted value is calculated for foreign exchange positions with terms to maturity of greater than three (3) days. The weighted value is derived by taking the term to maturity of the foreign exchange position divided by 365 (weighting factor) and multiplying it by the unhedged foreign exchange amount.

8. The total margin requirement is the sum of the spot risk margin and the term risk margin requirements. The spot risk margin rates apply to all unhedged foreign exchange positions regardless of term to maturity. The term risk margin rates apply to all unhedged foreign exchange positions with a term to maturity of greater than three (3) days. The following summarizes the margin rates by Currency Group:

	Currency Group			
	1	**2**	**3**	**4**
Spot Risk Margin Rate (Note 1)	1.0%	3.0%	10%	25%
Term Risk Margin Rate (Note 2)	1.0% to a maximum of 4%	3.0% to a maximum of 7%	5.0% to a maximum of 10%	12.5% to a maximum of 25%
Total Maximum Margin Rates (Note 1)	5%	10%	20%	50%

Note 1: Spot risk margin rates may be subject to the Foreign Exchange Margin Surcharge

Note 2: If the weighting factor described in 7 above exceeds the maximum term risk margin rate in the above table, the weighting factor should be adjusted to the maximum.

9. Dealer Members may elect to exclude non-allowable monetary assets from the total monetary assets reported on Schedule 11A for purposes of the foreign exchange margin calculation. The reason underlying this proviso is that a Dealer Member should not have to provide foreign exchange margin on a non-allowable asset which is already fully provided for in the determination of the capital position of the Dealer Member unless it serves as an economic hedge against a monetary liability.

10. For Dealer Members offsetting an inventory futures contract/forward contract position in which there is a futures contract for the currency listed on a recognized exchange, an alternative margin calculation may be used (refer to rules and interpretation notices of the Corporation). Any contract positions for which the margin is calculated under the alternative method must be reported as part of the inventory margin calculations on Schedule 2 and should be excluded from Schedule 11A.

11. Line 20 – The Foreign Exchange Concentration Charge applies only to currencies in Groups 2 to 4.

FORM 1, PART II – SCHEDULE 12

DATE: _____

_____
(Dealer Member Name)

MARGIN ON FUTURES CONCENTRATIONS AND DEPOSITS
(refer to instructions)

		C$'000
1.	Margin on total positions	
2.	Margin regarding concentration in individual accounts	
3.	Margin regarding concentration in individual futures contracts	
4.	Margin on futures contract deposits – correspondent brokers	
5.	TOTAL	

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[See notes and instructions]

FORM 1, PART II – SCHEDULE 12

NOTES AND INSTRUCTIONS

Line 1 – General margin provision. The margin requirement for futures contracts and options on futures contracts shall be 15% of the maintenance margin requirements, as required by the Commodity Futures Exchange on which such futures contracts were entered into, for the greater of the total long or total short futures contracts per commodity or financial futures carried for all client and Dealer Member accounts. For the purpose of this general margin provision, short futures contracts positions include futures contracts underlying the short call options on futures contracts and long futures contracts positions include futures contracts underlying the short put options on futures contracts.

The following positions are excluded from this calculation:

(a) positions in *acceptable institution*, *acceptable counterparty* and *regulated entity* accounts;

(b) hedge positions (as opposed to speculative positions), provided that the underlying interest is held in the client's account at the Dealer Member or that the Dealer Member has a document giving the Dealer Member an irrevocable right to take possession of the underlying interest and deliver it at the location designated by the appropriate clearing corporation. All other hedge positions are treated as speculative positions for the purpose of this calculation;

(c) client and Dealer Member spreads in the same futures contract entered into on the same futures exchange. All other spread positions are treated as speculative positions for the purpose of this calculation;

(d) The following options on futures contracts positions:

(i) short options on futures contracts which are out-of-the-money by more than two maintenance margin requirements; and

(ii) spreads in the same options on futures contracts.

Line 2 – Concentration in individual accounts. The Dealer Member must provide for the amount by which;

(a) the aggregate of the maintenance margin requirements of the commodity or financial futures or underlying interest of option on futures contracts held both long and short for any client (including without limitation groups of clients or related clients) or in inventory, except for positions mentioned in Note 1 below, less any excess margin provided

exceeds

(b) 15% of the Dealer Member's net allowable assets.

The excess margin must be based on the maintenance margin. However, spread positions in the same product or different product on the same exchange and an inter-exchange or inter-commodity spread could be included using the maintenance margin as set by the exchange, provided that the spread is acceptable for margin purposes by a recognized exchange.

If the excess is not eliminated within three (3) trading days after it first occurs, the Dealer Member's capital shall be charged the lesser of:

(a) the excess calculated when the concentration first occurred; and

(b) the excess, if any, that exists on the close of the third trading day.

For the purpose of the concentration calculation, short futures contracts positions include futures contracts underlying the short call options on futures contracts and long futures contracts positions include futures contracts underlying the short put options on futures contracts.

Line 3 – Concentration in individual open futures contracts and short options on futures contract positions. The Dealer Member must provide for the amount by which;

(a) the aggregate of two maintenance margin requirements on the greater of the long or the short commodity or financial futures contracts position held for clients and in inventory, except for positions mentioned in Note 1 below,

exceeds

(b) 40% of the Dealer Member's net allowable assets.

There may be deducted from this difference, on a per client basis, the excess margin available in all accounts of the client up to two maintenance margin requirements of the client's positions in the futures contracts.

The excess margin must be based on the maintenance margin. However, spread positions in the same product or different product on the same exchange and an inter-exchange or inter-commodity spread could be included in both the long and short side using the maintenance margin as set by the exchange, provided that the spread is acceptable for margin purposes by a recognized exchange.

If the excess is not eliminated within three (3) trading days after it first occurs, the Dealer Member's capital shall be charged the lesser of:

(a) the excess calculated when the concentration first occurred; and

(b) the excess, if any, that exists on the close of the third trading day.

For the purpose of the concentration calculation, short futures contracts positions include futures contracts underlying the short call options on futures contracts and long futures contracts positions include futures contracts underlying the short put options on futures contracts.

Line 4 – Where assets, including cash, open trade equity and securities, owing to a Dealer Member from a Commodity Futures Correspondent Broker exceed 50% of the Dealer Member's net allowable assets, any excess over this amount shall be provided as a charge in computing the Dealer Member's margin required.

Where the net worth of the Commodity Futures Correspondent Broker, as determined from its latest published audited financial statements, exceeds $50,000,000, no margin is required under this rule.

Where the net worth of the Commodity Futures Correspondent Broker, as determined from its latest published financial statements, is less than $50,000,000, the Dealer Member may use a confirmed unconditional and irrevocable letter of credit issued by a US bank qualifying as an *acceptable institution* on behalf of the Commodity Futures Correspondent Broker to offset any margin requirement calculated above. The amount of the offset is limited to the amount of the letter of credit.

No exemption from this requirement is permitted for Dealer Members who operate their commodity futures contracts and commodity option on futures contracts business on a fully disclosed basis with a correspondent broker.

Note 1: For the purpose of the calculation of the concentration margin on individual client accounts (Line 2) and for open futures contracts and short options on futures contracts positions (Line 3), the following positions are excluded:

1.1 positions held in *acceptable institution*, *acceptable counterparty* and *regulated entity* accounts;

1.2 hedge positions (as opposed to speculative positions) provided that the underlying interest is held in the client's account at the Dealer Member or that the Dealer Member has a document giving the Dealer Member an irrevocable right to take possession of the underlying interest and deliver it at the location designated by the appropriate clearing corporation. All other hedge positions are treated as speculative positions and are thereby not excluded;

1.3 the following short Options on Futures Contracts Positions:

(i) either the short call or the short put where a client or Dealer Member account is short a call and short a put on the same futures contract with the same exercise price and same expiration month;

(ii) a futures contract paired with an in-the-money option provided that this pairing is acceptable for margin purposes by a recognized exchange;

(iii) a short option paired with a long in-the-money option provided that this pairing is acceptable for margin purposes by a recognized exchange;

(iv) a short option paired with a futures contract provided that this pairing is acceptable for margin purposes by a recognized exchange;

(v) an out-of-the-money short call option paired with an out-of-the-money long call option, where the strike price

of the short call exceeds the strike price of the long call, provided that this pairing is acceptable for margin purposes by a recognized exchange;

(vi) an out-of-the-money short put option paired with an out-of-the-money long put option provided that this pairing is acceptable for margin purposes by a recognized exchange; and

(vii) short option, which is out-of-the-money by more than two maintenance margin requirements.

FORM 1, PART II – SCHEDULE 13

DATE: _____

_____
(Dealer Member Name)

EARLY WARNING TESTS – LEVEL 1

C$'000

A. LIQUIDITY TEST

Is Early Warning Reserve (Stmt. C, Line 12) **less than 0?**

YES/NO

B. CAPITAL TEST

1 Risk Adjusted Capital (RAC) [Stmt. B, Line 29]

2 Total Margin Required [Stmt. B, Line 24] multiplied by 5%

Is Line 1 less than Line 2?

YES/NO

C. PROFITABILITY TEST #1

		Months	Profit or loss for 6 months ending with current month [note 2] **C$'000**	Profit or loss for 6 months ending with preceding month [note 2] **C$'000**
1.	Current month			
2.	Preceding month			
3.	3rd month			
4.	4th month			
5.	5th month			
6.	6th month			
7.	7th month			
8.	TOTAL [note 3]			
9.	AVERAGE multiplied by -1			
10A.	RAC [at Form 1 date]			
10B.	RAC [at preceding month end]			
11A.	Line 10A divided by Line 9			
11B.	Line 10B divided by Line 9			

Are both of the following conditions true:

1. Line 11A is greater than or equal to 3 but less than 6, and

2. Line 11B less than 6?

YES/NO

D. PROFITABILITY TEST #2

1. Loss for current month [notes 2 and 4} multiplied by -6 _____
2. RAC [at Form 1 date] _____

Is Line 2 less than Line 1? ----------
YES/NO

[See notes and instructions]

FORM 1, PART II – SCHEDULE 13A

DATE: _____

_____
(Dealer Member Name)

EARLY WARNING TESTS – LEVEL 2

C$'000

A. LIQUIDITY TEST

Is Early Warning Excess (Stmt. C, Line 10) **less than 0?** ---------- **YES/NO**

B. CAPITAL TEST

1. Risk Adjusted Capital (RAC) [Stmt. B, Line 29] _____
2. Total Margin Required [Stmt. B, Line 24] multiplied by 2% _____

Is Line 1 less than Line 2? ---------- **YES/NO**

C. PROFITABILITY TEST #1

Is Schedule 13, Line 11A less than 3 AND

Schedule 13, Line 11B less than 6? ---------- **YES/NO**

D. PROFITABILITY TEST #1

1. Loss for current month [notes 2 and 4} multiplied by -3 _____
2. RAC [at Form 1 date] _____

Is Line 2 less than Line 1? ---------- **YES/NO**

E. PROFITABILITY TEST #3

		Months	Profit or loss for 3 months ending with current month [note 2] **C$'000**
1.	Current month	----------	----------
2.	Preceding month	----------	----------
3.	3rd month	----------	----------
4.	TOTAL [note 5]		_____
5.	RAC [at Form 1 date]		_____

Is loss on Line 4 greater than Line 5? ---------- **YES/NO**

F. FREQUENCY PENALTY

Has Dealer Member:

1. Triggered Early Warning at least 3 times in the past 6 months or is RAC less than 0? ---------- **YES/NO**

2. Triggered Liquidity or Capital Tests on Schedule 13? ---------- YES/NO

3. Triggered Profitability Tests on Schedule 13? ---------- YES/NO

4. Are Lines 2 and 3 <u>both</u> YES? ---------- **YES/NO**

[See notes and instructions]

FORM 1, PART II – SCHEDULES 13 AND 13A

NOTES AND INSTRUCTIONS

1. The objective of the various Early Warning Tests is to measure characteristics likely to identify a Dealer Member heading into financial trouble and to impose restrictions and sanctions to reduce further financial deterioration and prevent a subsequent capital deficiency. “Yes” answers indicate Early Warning has been triggered.

   If the Dealer Member is currently capital deficient (i.e. risk adjusted capital is negative), only Part F of Schedule 13A need be completed. Schedule 13 and the remainder of Schedule 13A need not be completed.

2. The profit or loss figures to be used are before asset revaluation income and expense, interest on internal subordinated debt, bonuses, and income taxes [Statement E, Line 31 – Profit (loss) for Early Warning test]. Note that the “current month” figure must also reflect any audit adjustments made subsequent to the filing of the Monthly Financial Report (MFR). These adjustments must be reported on Schedule 13M.

3. If either or both of the calculated totals is a profit, no further calculation under this section C need be done.

4. If the balance is a profit, no further calculation under this section D need be done.

5. If the total is a profit, no further calculation under this section E need be done.

FORM 1, PART II – SCHEDULE 14

DATE: _____

_____
(Dealer Member Name)

PROVIDER OF CAPITAL CONCENTRATION CHARGE

		C$'000
A.	**CALCULATION OF CASH AND UNDERSECURED LOANS WITH PROVIDER OF CAPITAL**	
1.	Cash on deposit with *provider of capital*	
2.	Cash, held in trust with *provider of capital*, due to free credit ratio calculation	
3.	Loans receivable – undersecured loans receivable from *provider of capital* relative to normal commercial terms	
4.	Loans receivable – secured loans receivable from *provider of capital* that are secured by investments in securities issued by the *provider of capital*	
5.	Securities borrowed – securities borrowing agreements with the *provider of capital* that are undersecured relative to normal commercial terms	
6.	Securities borrowed – secured securities borrowing agreements with the *provider of capital* that are secured by investments in securities issued by the *provider of capital*	
7.	Resale agreements – agreements with the *provider of capital* that are undersecured relative to normal commercial terms	
8.	Commissions and fees receivable from the *provider of capital*	
9.	Interest and dividends receivable from the *provider of capital*	
10.	Other receivables from the *provider of capital*	
11.	Loans payable – loans payable to the *provider of capital* that are overcollateralized relative to normal commercial terms	
12.	Securities lent – agreements with the *provider of capital* that are overcollateralized relative to normal commercial terms	
13.	Repurchase agreements – agreements with the *provider of capital* that are overcollateralized relative to normal commercial terms	
LESS:		
14.	Bank overdrafts with the *provider of capital*	
15.	TOTAL CASH DEPOSITS AND UNDERSECURED LOANS WITH PROVIDER OF CAPITAL	
B.	**CALCULATION OF INVESTMENTS IN SECURITIES ISSUED BY THE PROVIDER OF CAPITAL**	
1.	Investments in securities issued by the *provider of capital* (net of margin provided)	
LESS:		
2.	Loans payable to *provider of capital* that are linked to the assets above and are limited recourse	
3.	Securities issued by the *provider of capital* sold short provided they are used as part of a valid offset with the investments reported in Section B, Line 1 above	
4.	TOTAL INVESTMENTS IN SECURITIES ISSUED BY THE PROVIDER OF CAPITAL	

				C$'000
C.	**CALCULATION OF FINANCIAL STATEMENT CAPITAL PROVIDED BY THE PROVIDER OF CAPITAL**			
1.		*Regulatory financial statement capital provided by the provider of capital* (including pro-rata share of reserves and retained earnings)		
D.	**NET ALLOWABLE ASSETS**			
1.		Net Allowable Assets		
E.	**EXPOSURE TEST #1 – DOLLAR CAP ON CASH DEPOSITS AND UNDERSECURED LOANS**			
1.	Sec. C, Line 1	*Regulatory financial statement capital provided by the provider of capital*		
2.	Sec. A, Line 15	Cash deposits and undersecured loans with *provider of capital*		
3.		*Regulatory financial statement capital* redeposited or lent back on an undersecured basis [Minimum of Section E, Line 1 and Section E, Line 2]		
4.		Exposure threshold		$50,000
5.		Capital requirement [Excess of Section E, Line 3 over Section E, Line 4]		
F.	**EXPOSURE TEST #2 – OVERALL CAP ON CASH DEPOSITS AND UNDERSECURED LOANS AND INVESTMENTS**			
1.	Sec. C, Line 1	*Regulatory financial statement capital provided by the provider of capital*		
2.	Sec. A, Line 15	Cash deposits and undersecured loans with *provider of capital*		
3.	Sec. B, Line 4	Investments in securities issued by the *provider of capital*		
4.		Total cash deposits and undersecured loans and investments [Section F, Line 2 plus Section F, Line 3]		
5.		*Regulatory financial statement capital* redeposited or lent back on an undersecured basis or invested in securities issued by the *provider of capital* [Minimum of Section F, Line 1 and Section F, Line 4]		
LESS:				
6.	Sec. E, Line 5	Capital charge incurred under Exposure Test #1		
7.		Net financial statement capital redeposited or lent back on an undersecured basis or invested in securities issued by the *provider of capital* [Section F, Line 5 minus Section F, Line 6]		
8.		Exposure threshold being the greater of:		
		(a) Ten million dollars	$10,000	
		(b) 20% of Net Allowable Assets [20% of Section D, Line 1]		
9.		Capital requirement [Excess of Section F, Line 7 over Section F, Line 8]		
10.	TOTAL PROVIDER OF CAPITAL CONCENTRATION CHARGE [Section E, Line 5 plus Section F, Line 9]			

[See notes and instructions]

FORM 1, PART II – SCHEDULE 14

NOTES AND INSTRUCTIONS

1. The purpose of this schedule is to measure the exposure a Dealer Member has to each of its providers of capital (as defined below). As such is the case, a separate copy of this schedule should be completed for each *provider of capital* where the capital provided is in excess of $10 million.

2. For the purposes of this schedule:

   (a) A "provider of capital" is an individual or entity and its affiliates that provides capital to a Dealer Member

   (b) "Regulatory financial statement capital" is comprised of:

   - Total Capital (Statement A, Line 73); plus
   - Finance leases – leasehold inducements (Statement A, Line 65); plus
   - Subordinated loans (Statement A, Line 67).

(c) "Regulatory financial statement capital provided by the provider of capital" is the portion of the *regulatory financial statement capital* that has been provided to the Dealer Member by the *provider of capital*

CALCULATION OF CASH AND UNDERSECURED LOANS WITH PROVIDER OF CAPITAL

Section A, Line 3 – The undersecured amount to be reported on this line refers to any deficiency between the *market value* of the collateral received for the loan and the amount of the loan receivable that is greater than the percentage [the percentage is determined by dividing the deficiency by the *market value* of the collateral received] deficiency required under normal commercial terms.

Section A, Line 4 – The amount to be reported on this line refers to the entire loan receivable balance if the only collateral received for the loan is securities issued by the *provider of capital*.

Section A, Line 5 – The undersecured amount to be reported on this line refers to any deficiency between the *market value* of the collateral received for the loan and the amount of the loan receivable or the *market value* of the securities delivered as collateral that is greater than the percentage [the percentage is determined by dividing the deficiency by the *market value* of the collateral received] deficiency required under normal commercial terms.

Section A, Line 6 – The amount to be reported on this line refers to the entire loan receivable balance or the *market value* of the securities delivered as collateral if the only collateral received for the loan is securities issued by the *provider of capital*.

Section A, Line 7 – The undersecured amount to be reported on this line refers to any deficiency between the *market value* of the security received pursuant to the resale agreement and the amount of the loan receivable that is greater than the percentage [the percentage is determined by dividing the deficiency by the *market value* of the security received] deficiency required under normal commercial terms. If the security received is a security issued by the *provider of capital* the collateral is assumed to have no value for the purposes of the above calculation.

Section A, Lines 8, 9 and 10 – The amount to be reported on these lines refers to the amount of the loan receivable less any collateral provided other than securities issued by the *provider of capital*.

Section A, Line 11 – The overcollateralized amount to be reported on this line refers to any deficiency between the *market value* of the collateral delivered for the loan and the amount of the loan payable that is greater than the percentage [the percentage is determined by dividing the deficiency by the amount of the loan payable] deficiency required under normal commercial terms.

Section A, Line 12 – The overcollateralized amount to be reported on this line refers to any deficiency between the *market value* of the collateral delivered pursuant to the securities lending agreement and the amount of the loan payable or the *market value* of the securities received as collateral that is greater than the percentage [the percentage is determined by dividing the deficiency by the amount of the loan payable] deficiency required under normal commercial terms.

Section A, Line 13 – The overcollateralized amount to be reported on this line refers to any deficiency between the *market value* of the collateral delivered pursuant to the repurchase agreement and the amount of the loan payable that is greater than

the percentage [the percentage is determined by dividing the deficiency by the amount of the loan payable] deficiency required under normal commercial terms.

CALCULATION OF INVESTMENTS IN SECURITIES ISSUED BY THE PROVIDER OF CAPITAL

Section B, Line 1 – Include all investments in securities issued by the *provider of capital*.

Section B, Line 2 – Include only those loans where the agreement executed includes the industry standard wording set out in the Limited Recourse Call Loan Agreement.

Section B, Line 3 – Include only those security positions that are otherwise eligible for offset pursuant to the Corporation's capital requirements.

CALCULATION OF FINANCIAL STATEMENT CAPITAL PROVIDED BY THE PROVIDER OF CAPITAL

Section C, Line 1 – Include the face amount of subordinated debt provided by the *provider of capital*, plus the book amount of equity capital provided by the *provider of capital* plus a pro-rata share of reserves and retained earnings.

FORM 1, PART II – SCHEDULE 15

DATE: _____

_____
(Dealer Member Name)

SUPPLEMENTARY INFORMATION
(Figures not subject to audit)

		C$'000
A.	**SEGREGATION**:	
1.	Aggregate *market value* of securities required to be recalled from call loans	
B.	**NUMBER OF EMPLOYEES**:	
1.	Number of employees – registered	
2.	Number of employees – other	
C.	**NUMBER OF TRADES EXECUTED DURING THE MONTH:**	
1.	Bonds	
2.	Money Market	
3.	Equities – Listed Canadian	
4.	Equities – Foreign	
5.	Options	
6.	Futures Contracts	
7.	Mutual Funds	
8.	New Issues	
9.	Other	
	TOTAL	

NOTE:

1. Trade tickets, not fills, for all markets should be counted.

APPENDIX B

SUMMARY OF THE COMMENTS RECEIVED AND IIROC'S RESPONSES

#	Commenter		Comment	IIROC response	IIROC action
1.	Citigroup Global Markets Canada Inc.	Dealer Member	Statement G requires that we roll forward our equity position from the December 31, 2010 audited annual Form 1 as filed under CGAAP to opening retained earnings using IFRS for our January 2011 Form 1 (MFR). The issue is that January 2011 MFR will use December 2010 MFR closing equity as its opening balance which often would be different from the audited annual 2010 Form 1 because there are often income statement adjustments made between the December MFR and annual Form 1 as there is more time available to file the latter. Such adjustments are made to true up the balances that were not known at the time of filing of December 2010 MFR. If we take the retained earnings reported in the December 2010 MFR and simply add IFRS adjustments, the numbers will not reconcile to the new, IFRS compliant Form 1 set of numbers. We would suggest making appropriate changes to allow users to include above noted adjustments as well to ensure that the CGAAP retained earnings tie out to audited Statement A as at December 2010 prior to making any IFRS related adjustments. We would ask that you please advise in the revised set of instructions how we should be addressing this issue.	As this is a SIRFF IT implementation issue, any instruction should not be part of the amended Form 1. Instead, any instruction will be part of the SIRFF filing instructions. At the IFRS conversion date, a Dealer Member will move from the current (CGAAP-based) SIRFF platform to the new (IFRS-based) SIRFF platform. There is no need to reflect the year-end audit adjustments to the first MFR under IFRS. This is because the opening IFRS retained earnings would have incorporated all adjustments – both the IFRS adjustments and the year-end audit CGAAP adjustments.	To communicate to the Dealer Member and panel auditor

#	Commenter		Comment	IIROC response	IIROC action
2.	National Bank Financial (NBF)	Dealer Member	IIROC had proposed several amendments which have been classified as minor because they do not impact on the calculation of RAC and early warning tests. Given the nature of these amendments we propose that the following amendments become in effect as of immediately: • List of unresponsive brokers to year-end audit confirmation requires: the Dealer Members are already required to reconcile broker account statement balances on a monthly basis and capital penalties arise if there are unreconciled differences. • List of unresponsive guarantors to year-end audit confirmation request: the Dealer Members are already required to obtain a confirmation from guarantors and capital penalties arise if there is an unconfirmed balance. • Lists of other acceptable foreign securities locations: given that Dealer Members are required to reconcile their custody holdings on a monthly basis with all custodial locations and to provide 100% margin for any unresolved differences • Statement of Changes in Subordinated Loans in its entirety. This statement is no longer needed as IIROC obtains all necessary details of the subordinated loans outstanding at each Dealer Member at the time IIROC approves changes to such loans.	No. Any early implementation will require a separate rule change proposal to the current CGAAP-based Form 1.	No further action required
			We have noticed a typo with regards to Form 1- Part I – Statement F line 6 “closing balance” it is referenced to A-73 “total reserves”, when in fact should be referenced to A-71.	Noted	To correct **Status: Done**
3.	Casgrain & Company Limited	Dealer Member	Under IFRS (IAS 39), we may use the trade-date or settlement date accounting method for reporting purposes. Therefore, Note 6 under GENERAL NOTES in Form 1	No. AG 53 of IAS 39 paragraph 38 specifically refers to *regular way purchase or sale of a financial asset*.	No further action required

#	Commenter		Comment	IIROC response	IIROC action
			"General Notes and Definitions" which requires the selection of trade date reporting should be reclassified in Note 3 (Prescribed Accounting Treatment).		
			The word "are only required at the audit date" in Note 8 under GENERAL NOTES in Form 1 "General Notes and Definitions" should be removed as the audit date is the only date where Form 1 filing is mandatory.	No. Other than the fiscal year-end date, Form 1 can be filed in certain situations, such as an amalgamation or resignation.	No further action required
			The definition of market value of securities as defined under paragraph (g) DEFINITIONS in Form 1 "General Notes and Definitions" refers to "In a fully transparent market place". It is not clear what is meant by transparent marketplace. Does it mean an active market as defined under IFRS? If such, the terminology should then be modified for "In an active market".	The "market value of securities" definition remains unchanged from the pre-IFRS changeover Joint Regulatory Financial Questionnaire and Report (i.e. the CGAAP-based Form 1)	No further action required
			In FORM 1 "CERTIFICATE OF UDP AND CFO" and FORM 1 "SEPARATE CERTIFICATE OF UDP AND CFO ON STATEMENT G OF PART I OPENING IFRS STATEMENT OF FINANCIAL POSITION AND RECONCILIATION OF EQUITY', it is our understanding that these certificates require mandatory signatures by at least two designated persons. Therefore, the reference to "my" in both certifications should be removed.	Noted	To edit text **Status: Done**
			In FORM 1, Part I – Statement A "Notes and Instructions", the reference to the use of accrual basis accounting is superfluous, as it is understood that the accrual basis of accounting is mandated under CGAAP or IFRS. In addition, QST (Quebec sales tax) should also be added to Line 14. We would also suggest that rather than identifying GST, HST, and QST separately, we may sue the terminology "*any Federal or Provincial recoverable sales taxes"* which would cover any government changes with	This apparent redundancy was intended to ensure that all Dealer Members understand that accrual basis is applicable for regulatory accounting and reporting. Noted	No further action required To amend **Status: Done**

#	Commenter		Comment	IIROC response	IIROC action
			regards to adoption of sales taxes policies.		
	Casgrain & Company Limited (cont'd)		FORM 1, Part I – Statement E "Notes and Instructions", in which line, interest revenues on long debt inventory positions and interest expenses (cost of carrying short inventory) related to short debt inventory positions should be reported. In addition, instructions for line 18 with regards to "a specific liability" should be clarified: the reference to a "specific liability" should it be "Asset trading activity"? Clarification provided on Nov 30, 2010: As per the notes and instructions of statement E of je JRFQR, interest revenues on long debt inventory position and the cost of carrying short inventory positions are included in 10(Principal revenue-bonds), as well as the financing cost and revenues to finance the long and short inventory position (repo and reverse repo interest). Under IFRS, it is not clear if we can still offset these sources of interest. The intentions of the accounting authorities are also ambiguous regarding this matter. My intention is to through financial statements of Financial institutions prepared under IFRS GAAP to see if I could find any additional information's regarding the reporting of those sources of interests.	IAS1.32 states: *An entity shall not offset assets and liabilities or income and expenses, unless required or permitted by an IFRS.* Additional reference: IFRIC meeting dated September 2006 on the topic – *Presentation of "net finance costs" on the face of the income statement (Agenda Paper 8(ii))*	No further action required
4.	Broker Auditor Committee	External advisory group	*General Comments* One point that is not clear in the Notice is how IIROC intends to treat any further departures from IFRS in the future. Standards will continue to develop and there may be a need for further departures over time. You may want to consider the process for communicating this. For example, where IIROC intends to maintain a centralized list for all identified departures for members to reference.	When a need arises to prescribe additional regulatory accounting departures from IFRS or to prescribe additional regulatory accounting treatment, IIROC will go through the rule amendment process.	No further action required
			Other IFRS Departures General Note #2 of Form 1	Noted	To add text for greater clarity

#	Commenter		Comment	IIROC response	IIROC action
			states that "the Corporation allows the netting of receivables and payables to the same counterparty". It is unclear whether this is a policy choice you are permitting member to make or you expect that members should report on a net basis. You may wish to clarify this position.		**Status: Done**
			Reserves The Instructions for Statement A, Line 71 states that a "Reserve is an amount set aside for future use, expense, loss or claim. It includes an amount appropriated from retained earnings." We recommend that this definition be amended by adding "in accordance with statute or regulation" after both those sentences. As written, the definition could be confused with certain items which meet the IAS37 criteria for provisions or misconstrued as permitting an entity to "set aside" amounts which are not in accordance with IFRS.	Noted	To add recommended text **Status: Done**
			Statement F, Note and Instruction B, states: "General Reserve: A dealer member may want to transfer from retained earnings. The creation of a general reserved gives the dealer member an added measure of protection". If the intent is to be compliant with IFRS with regard to reserves, then we recommend that the wording of both of the above be clarified. For example, appropriation directly from the income statement is not permitted for general reserves. If there is no legal or regulatory distinction between Retained Earnings and a General Reserve, that fact should be disclosed. The existence or absence of any restrictions on the distribution of a General Reserve should be disclosed.	Noted	To rephrase for greater clarity **Status: Done**
			Reserve – Employee Benefits The Notice, Statement F Part B and the notes and instructions to that part all state that		

#	Commenter		Comment	IIROC response	IIROC action
			"Reserve – Employee Benefits" comprises 2 elements: 1. Defined benefit pension plan and 2. Stock option and stock award. We recommend that these be shown separately to comply with IAS1.79(b), or that this be included in the list of prescribed departures from IFRS. Also, it should be noted that IFRS2 requires that stock based compensation be recognized as an asset, rather than an expense, if it so qualifies. The wording of Statement F, Note B does not explicitly acknowledge this, though we note that this is unlikely to be an issue for members.	Noted Noted. The purpose of the instructions to Statement F is to provide a general definition of the new terms.	To amend accordingly **Status: Done** No further action required
			Opening Balance sheet and conversion to IFRS The instructions to Form 1 to identify that the conversion date for a December 31, 2011 year end is to be January 1, 2011 and therefore the opening balance sheet is to be prepared as at January 1, 2011. This is inconsistent with the guidance in IFRS 1 which would indicate an opening balance sheet should be prepared as at January 1, 2010 and that the 2010 comparative information should be presented under IFRS in its 2011 statements. Therefore this should be discussed as an IFRS departure.	Noted	To add as a prescribed departure **Status: Done**
			It should be noted that members also prepare standalone financial statements for general purposes. As these statements are for general use, they will be prepared under IFRS with no permitted departures. As a result, members will be required to use a conversion date of January 1, 2010 for the opening balance sheet in those standalone statements. This will likely involve additional work for member to prepare	IIROC is cognizant of the requirements for full IFRS compliance for purposes of the general purpose financial statements and of the one-time application of IFRS1. Form 1, the regulatory financial report, is a special purpose report, IIROC requires the Dealer Member to provide the opening balance sheet for the first annual Form 1 under IFRS.	To amend text **Status: Done**

#	Commenter		Comment	IIROC response	IIROC action
			two separate opening balance sheets, one for the Form 1 filing and one for the standalone general purpose statements. There will be significant issues to the extent that IFRS1 exemptions and elections, which are basically only permitted on a "one-time" basis, would have to be as at January 1, 2010 for the IFRS compliant standalone financial statements. Therefore they cannot be determined or measured at January 1, 2011. The instructions state that "the opening IFRS statement A provides a starting point for accounting under IFRS". This cannot work for an entity which already had a January 1, 2010 starting point. We recommend that the instructions and form be amended to address this situation.	For certainty, the first sentence of the instruction to Statement G will be amended as follows: *The opening IFRS statement of financial position, Statement A of Form 1, provides a starting point for regulatory accounting under IFRS.*	

APPENDIX C

FORM 1 – TABLE OF CONTENTS

_____
(Dealer Member Name)

_____
(Date)

14	Provider of capital concentration charge	~~Jan~~Feb-2011
15	Supplementary information	~~Jan~~Feb-2011

* Note: Schedules 2C, 2D, 3, 3A, 4B, 8 and 12A have been eliminated.

FORM 1 – GENERAL NOTES AND DEFINITIONS

GENERAL NOTES:

1. Each Dealer Member must comply with the requirements in Form 1 as approved and amended from time to time by the board of directors of the Investment Industry Regulatory Organization of Canada (the Corporation).

   Form 1 is a special purpose report that includes financial statements and schedules, and is to be prepared in accordance with International Financial Reporting Standards (IFRS), except as prescribed by the Corporation.

   Each Dealer Member must complete and file all of these statements and schedules.

   The pre-IFRS changeover Joint Regulatory Financial Questionnaire and Report must be used by Dealer Members who have elected to defer the adoption of IFRS and have received written approval of the deferral from the Corporation.

2. The following are Form 1 IFRS departures as prescribed by the Corporation:

	Prescribed IFRS departure
Client and broker trading balances	For client and broker trading balances, the Corporation allows the netting of receivables from and payables to the same counterparty. A Dealer Member may choose to report client and broker trading balances in accordance with IFRS.
Preferred shares	Preferred shares issued by the Dealer Member and approved by the Corporation are classified as shareholders' capital.
Presentation	Statements A and E contain terms and classifications (such as allowable and non-allowable assets) that are not defined under IFRS. For Statement E, the profit (loss) for the year on discontinued operations is presented on a pre-tax basis (as opposed to after-tax). In addition, specific balances may be classified or presented on Statements A, E and F in a manner that differs from IFRS requirements. The General Notes and Definitions, and the applicable Notes and Instructions to the Statements of Form 1, should be followed in those instances where departures from IFRS presentation exist. Statements B, C, ~~D~~ and ~~F~~D are supplementary financial information, which are not statements contemplated under IFRS. As a one-time transitional relief for the first Form 1 prepared under the basis of IFRS with prescribed departures and prescribed accounting treatments, the Corporation does not require comparative financial data. As such, the preparation of the opening balance sheet is as at the conversion date (the first day of the first fiscal year under IFRS). A Dealer Member will file the opening balance sheet as Statement G and as stipulated by the Corporation, which is prior to the filing of the first monthly financial report (MFR) prepared under IFRS with prescribed departures and prescribed accounting treatments.
Separate financial statements on a non-consolidated basis	Consolidation of subsidiaries is not permitted for regulatory reporting purposes, except for related companies that meet the definition of a "related company" in Dealer Member Rule 1 and the Corporation has approved the consolidation. Because Statement E only reflects the operational results of the Dealer Member, a Dealer Member must not include the income (loss) of an investment accounted for by the equity method.
Statement of cash flow	A statement of cash flow is not required as part of Form 1.
Valuation	The "market value of securities" definition ~~has been retained. While the "market value" definition is similar in most respect to the IFRS "fair value" valuation approach there are differences that will result in the valuation of illiquid securities, whereby a value must be assigned under the IFRS "fair value" approach and a determination that the "value is not determinable" would be acceptable under the Corporation's "market value" valuation approach~~remains unchanged from the pre-IFRS changeover Joint Regulatory Financial Questionnaire and Report.

3. The following are Form 1 prescribed accounting treatments based on available IFRS alternatives:

	Prescribed accounting treatment
Hedge accounting	Hedge accounting is not permitted for regulatory reporting purposes. All security and derivative positions of a Dealer Member must be marked-to-market at the reporting date. Gains or losses of the hedge positions must not be deferred to a future point in time.
Securities owned and sold short as held-for-trading	A Dealer Member must categorize all inventory positions as held-for-trading financial instruments. These security positions must be marked-to-market. Because the Corporation does not permit the use of the available for sale and held-to-maturity categories, a Dealer Member must not include other comprehensive income (OCI) and will not have a corresponding reserve account relating to marking-to-market available for sale security positions.
Valuation of a subsidiary	A Dealer Member must value subsidiaries at cost.

4. These statements and schedules ~~should be read~~are prepared in ~~conjunction~~accordance with the Dealer Member rules.

5. For purposes of these statements and schedules, the accounts of related companies that meet the definition of a "related company" in Dealer Member Rule 1 may be consolidated.

6. For the purposes of the statements and schedules, the capital calculations must be on a trade date reporting basis unless specified otherwise in the Notes and Instructions to Form 1.

7. Dealer Members may determine margin deficiencies for clients, brokers and dealers on either a settlement date basis or trade date basis. Dealer Members may also determine margin deficiencies for *acceptable institutions*, *acceptable counterparties*, regulated entities and investment counselors' accounts as a block on either a settlement date basis or trade date basis and the remaining clients, brokers and dealer accounts on the other basis. In each case, Dealer Members must do so for all such accounts and consistently from period to period.

8. Comparative figures on all statements are only required at the audit date. As a transition exemption for the changeover to International Financial Reporting Standards (IFRS) from Canadian Generally Accepted Accounting Principles (CGAAP), Dealer Members are not required to file comparative information for the preceding financial year as part of the first audited Form ~~1 under IFRS.~~1, which is based on *IFRS except for prescribed departures and prescribed accounting treatments* stipulated in the general notes and definitions of Form 1.

9. All statements and schedules must be expressed in Canadian dollars and must be rounded to the nearest thousand.

10. Supporting details should be provided – as required – showing breakdown of any significant amounts that have not been clearly described on the statements and schedules.

11. **Mandatory security counts.** All securities except those held in segregation or safekeeping shall be counted once a month, or monthly on a cyclical basis. Those held in segregation and safekeeping must be counted once in the year in addition to the count as at the year-end audit date.

DEFINITIONS:

(a) **"acceptable clearing corporation"** means any clearing agency operating a central system for clearing of securities or derivatives transactions that is subject to legislation and oversight by a central or regional government authority in the country of operation. The legislation or oversight regime must provide for or recognize the clearing agency's powers of compliance and enforcement over its members or participants. The Corporation will maintain and regularly update a list of acceptable clearing corporations.

(b) **"acceptable counterparties"** means those entities with whom a Dealer Member may deal on a value for value basis, with mark to market imposed on outstanding transactions. The entities are as follows:

1. Canadian banks, Quebec savings banks, trust companies and loan companies licensed to do business in Canada or a province thereof. Each of the aforementioned entities must have paid up capital and surplus on the last audited balance sheet (plus such other forms of capital recognized as such in their regulatory regime as well as in this capital formula, e.g. subordinated debt) in excess of $10 million and less than or equal to $100 million to qualify, provided acceptable financial information with respect to such entities is available for inspection.

2. Credit and central credit unions and regional caisses populaires with paid up capital and surplus or net worth (excluding appraisal credits but including general reserves) on the last audited balance sheet in excess of $10 million and less than or equal to $100 million, provided acceptable financial information with respect to such entities is available for inspection.

3. Insurance companies licensed to do business in Canada or a province thereof with paid up capital and surplus or net worth on the last audited balance sheet in excess of $10 million and less than or equal to $100 million, provided acceptable financial information with respect to such companies is available for inspection.

4. Canadian provincial capital cities and all other Canadian cities and municipalities, or their equivalents, with populations of 50,000 and over.

5. Mutual funds subject to a satisfactory regulatory regime with total net assets in the fund in excess of $10 million.

6. Corporations (other than regulated entities) with a minimum net worth of $75 million on the last audited balance sheet, provided acceptable financial information with respect to such corporation is available for inspection.

7. Trusts and limited partnerships with minimum total net assets on the last audited balance sheet in excess of $100 million, provided acceptable financial information with respect to such trust or limited partnership is available for inspection.

8. Canadian pension funds which are regulated either by the Office of Superintendent of Financial Institutions or a provincial pension commission, with total net assets on the last audited balance sheet in excess of $10 million, provided that in determining net assets the liability of the fund for future pension payments shall not be deducted.

9. Foreign banks and trust companies subject to a satisfactory regulatory regime with paid up capital and surplus on the last audited balance sheet in excess of $15 million and less than or equal to $150 million, provided acceptable financial information with respect to such entities is available for inspection.

10. Foreign insurance companies subject to a satisfactory regulatory regime with paid up capital and surplus or net worth on the last audited balance sheet in excess of $15 million, provided acceptable financial information with respect to such companies is available for inspection.

11. Foreign pension funds subject to a satisfactory regulatory regime with total net assets on the last audited balance sheet in excess of $15 million, provided that in determining net assets the liability of the fund for future pension payments shall not be deducted.

12. Federal governments of foreign countries which do not qualify as a *Basel Accord country*.

For the purposes of this definition, a satisfactory regulatory regime will be one within *Basel Accord countries*.

Subsidiaries (excluding regulated entities) whose business falls in the category of any of the above enterprises and whose parent or affiliate qualifies as an acceptable counterparty may also be considered as an acceptable counterparty if the parent or affiliate provides a written unconditional irrevocable guarantee, subject to approval by the Corporation.

(c) **"acceptable institutions"** means those entities with which a Dealer Member is permitted to deal on an unsecured basis without capital penalty. The entities are as follows:

1. Government of Canada, the Bank of Canada and provincial governments.

2. All crown corporations, instrumentalities and agencies of the Canadian federal or provincial governments which are government guaranteed as evidenced by a written unconditional irrevocable guarantee or have a call on the consolidated revenue fund of the federal or provincial governments.

3. Canadian banks, Quebec savings banks, trust companies and loan companies licensed to do business in Canada or a province thereof. Each of the aforementioned entities must have paid up capital and surplus on the last audited balance sheet (plus such other forms of capital recognized as such in their regulatory regime as well as in this capital formula, e.g. subordinated debt) in excess of $100 million, provided acceptable financial information with respect to such entities is available for inspection.

4. Credit and central credit unions and regional caisses populaires with paid up capital and surplus (excluding appraisal credits but including general reserves) on the last audited balance sheet in excess of $100 million, provided acceptable financial information with respect to such entities is available for inspection.

5. Federal governments of *Basel Accord countries*.

6. Foreign banks and trust companies subject to a satisfactory regulatory regime with paid up capital and surplus on the last audited balance sheet in excess of $150 million, provided acceptable financial information with respect to such entities is available for inspection.

7. Insurance companies licensed to do business in Canada or a province thereof with paid up capital and surplus or net worth on the last audited balance sheet in excess of $100 million, provided acceptable financial information with respect to such companies is available for inspection.

8. Canadian pension funds which are regulated either by the Office of Superintendent of Financial Institutions or a provincial pension commission, and with total net assets on the last audited balance sheet in excess of $200 million, provided that in determining net assets the liability of the fund for future pension payments shall not be deducted.

9. Foreign pension funds subject to a satisfactory regulatory regime with total net assets on the last audited balance sheet in excess of $300 million, provided that in determining net assets the liability of the fund for future pension payments shall not be deducted.

For the purposes of this definition, a satisfactory regulatory regime will be one within *Basel Accord countries*.

Subsidiaries (other than regulated entities) whose business falls in the category of any of the above enterprises and whose parent or affiliate qualifies as an acceptable institution may also be considered as an acceptable institution if the parent or affiliate provides a written unconditional irrevocable guarantee, subject to approval by the Corporation.

(d) **"acceptable securities locations"** means those entities considered suitable to hold securities on behalf of a Dealer Member, for both inventory and client positions, without capital penalty, given that the locations meet the requirements outlined in the segregation rules of the Corporation including, but not limited to, the requirement for a written custody agreement outlining the terms upon which such securities are deposited and including provisions that no use or disposition of the securities shall be made without the prior written consent of the Dealer Member and the securities can be delivered to the Dealer Member promptly on demand. The entities are as follows:

1. Depositories and Clearing Agencies

   Any securities depository or clearing agency operating a central system for handling securities or equivalent book-based entries or for clearing of securities or derivatives transactions that is subject to legislation and oversight by a central or regional government authority in the country of operation. The legislation or oversight regime must provide for or recognize the securities depository's or clearing agency's powers of compliance and enforcement over its members or participants. The Corporation will maintain and regularly update a list of those depositories and clearing agencies that comply with these criteria.

2. *Acceptable institutions* and subsidiaries of *acceptable institutions* that satisfy the following criteria:

   (a) *Acceptable institutions* which in their normal course of business offer custodial security services; or

   (b) Subsidiaries of *acceptable institutions* provided that each such subsidiary, together with the *acceptable institution*, has entered into a custodial agreement with the Dealer Member containing a legally enforceable indemnity by the *acceptable institution* in favour of the Dealer Member covering all losses, claims, damages, costs and liabilities in respect of securities and other property held for the Dealer Member and its clients at the subsidiary's location.

3. Acceptable counterparties – with respect to security positions maintained as a book entry of securities issued by the *acceptable counterparty* and for which the *acceptable counterparty* is unconditionally responsible.

4. Banks and trust companies otherwise classified as *acceptable counterparties* – with respect to securities for which they act as transfer agent and for which custody services are not being provided (in such case, a written custody agreement is not required).

5. Mutual Funds or their Agents – with respect to security positions maintained as a book entry of securities issued by the mutual fund and for which the mutual fund is unconditionally responsible.

6. *Regulated entities*.

7. Foreign institutions and securities dealers that satisfy the following criteria:

   (a) the paid-up capital and surplus according to its most recent audited balance sheet is in excess of Canadian $150 million as evidenced by the audited financial statements of such entity;

   (b) in respect of which a foreign custodian certificate has been completed and signed in the prescribed form by the Dealer Member's board of directors or authorized committee thereof;

   provided that:

   (c) a formal application in respect of each such foreign location is made by the Dealer Member to the Corporation in the form of a letter enclosing the financial statements and certificate described above; and

   (d) the Dealer Member reviews each such foreign location annually and files a foreign custodian certificate with the Corporation annually.

8. For London Bullion Market Association (LBMA) gold and silver good delivery bars, means those entities considered suitable to hold these bars on behalf of a Dealer Member, for both inventory and client positions, without capital penalty. These entities must:

   - be a market making member, ordinary member or associate member of the LBMA;
   - be on the Corporation's list of entities considered suitable to hold LBMA gold and silver good delivery bars; and
   - have executed a written precious metals storage agreement with the Dealer Member, outlining the terms upon which such LBMA good delivery bars are deposited. The terms must include provisions that no use or disposition of these bars shall be made without the written prior consent of the Dealer Member, and these bars can be delivered to the Dealer Member promptly on demand. The precious metals storage agreement must provide equivalent rights and protection to the Dealer Member as the standard securities custodial agreement.

   and such other locations which have been approved as acceptable securities locations by the Corporation.

(e) **"Basel Accord countries"** means those countries that are members of the Basel Accord and those countries that have adopted the banking and supervisory rules set out in the Basel Accord. [The Basel Accord, which includes the regulating authorities of major industrial countries acting under the auspices of the Bank for International Settlements (B.I.S.), has developed definitions and guidelines that have become accepted standards for capital adequacy.] A list of current Basel Accord countries is included in the most recent list of foreign *acceptable institutions* and foreign *acceptable counterparties*.

(f) "**broad based index**" means an equity index whose underlying basket of securities is comprised of:

1. thirty or more securities;

2. the single largest security position by weighting comprises no more than 20% of the overall *market value* of the basket of equity securities;

3. the average market capitalization for each security position in the basket of equity securities underlying the index is at least $50 million;

4. the securities shall be from a broad range of industries and market sectors as determined by the Corporation to represent index diversification; and

5. in the case of foreign equity indices, the index is both listed and traded on an exchange that meets the criteria for being considered a recognized exchange, as set out in the definition of "regulated entities" in the General Notes and Definitions.

(g) **"market value of securities"** means:

1. ~~In a fully transparent marketplace, the published price quotation for the security using:(i)~~ for listed securities, the last bid price of a long security and, correspondingly, the last ask price of a short security, as shown on the exchange quotation sheets as of the close of business on the relevant date or last trading date prior to the relevant date, as the case may be, subject to an appropriate adjustment where an unusually large or unusually small quantity of securities is being valued. If not available, the last sale price of a board lot may be used. Where not readily marketable, no market value shall be assigned.

~~(ii)~~2. for unlisted and debt securities, and precious metals bullion, a value determined as reasonable from published market reports or inter-dealer quotation sheets on the relevant date or last trading day prior to the relevant date, or based on a reasonable yield rate. Where not readily marketable, no market value shall be assigned.

~~(iii)~~3. for commodity futures contracts, the settlement price on the relevant date or last trading day prior to the relevant date.

~~(iv)~~4. for money market fixed date repurchases (no borrower call feature), the market price is the price determined by applying the current yield for the security to the term of maturity from the repurchase date. This will permit calculation of any profit or loss based on the market conditions at the reporting date. Exposure due to future changes in market conditions is covered by the margin rate.

~~(v)~~5. for money market open repurchases (no borrower call feature), ~~the price~~prices are to be determined as of the reporting date or the date the commitment first becomes open, whichever is the later. ~~The value~~Market price is to be determined as in ~~(iv)~~4. and commitment price is to be determined in the same manner using the yield stated in the repurchase commitment.

~~(vi)~~6. for money market repurchases with borrower call features, the market price is the borrower call price.

~~2. Where a marketplace does not exist or is inactive, the value is determined by using a valuation technique that includes inputs other than published price quotations that are observable for the security, either directly or indirectly.~~

~~3. Where a marketplace does not exist or is inactive and there are no observable market data-related inputs for the security, the value determined by using unobservable inputs and assumptions.~~

~~4. Where insufficient recent information is available and/or there is a wide range of possible value measurements and cost represents the best estimate of market value within that range, cost.5. Where value cannot be reliably measured under Items 1 through 4 above (including where cost does not represent the best estimate of value), no value shall be assigned~~.

(h) **"regulated entities"** means those entities with whom a Dealer Member may deal on a value for value basis, with mark to market imposed on outstanding transactions. The entities are participating institutions in the Canadian Investor Protection Fund or members of recognized exchanges and associations. For the purposes of this definition recognized exchanges and associations mean those entities that meet the following criteria:

1. the exchange or association maintains or is a member of an investor protection regime equivalent to the Canadian Investor Protection Fund;

2. the exchange or association requires the segregation by its members of customers' fully paid for securities;

3. the exchange or association rules set out specific methodologies for the segregation of, or reserve for, customer credit balances;

4. the exchange or association has established rules regarding Dealer Member and customer account margining;

5. the exchange or association is subject to the regulatory oversight of a government agency or a self-regulatory organization under a government agency which conducts regular examinations of its members and monitors member's regulatory capital on an ongoing basis; and

6. the exchange or association requires regular regulatory financial reporting by its members.

A list of current recognized exchanges and associations is included in the most recent list of foreign *acceptable institutions* and foreign *acceptable counterparties*.

(i) **"settlement date – extended"** means a transaction (other than a mutual fund security redemption) in respect of which the arranged settlement date is a date after regular settlement date.

(j) **"settlement date – regular"** means the settlement date generally accepted according to industry practice for the relevant security in the market in which the transaction occurs, including foreign jurisdictions. For margin purposes, if such settlement date exceeds 15 business days past trade date, settlement date will be deemed to be 15 business days past trade date. In the case of new issue trades, regular settlement date means the contracted settlement date as specified for that issue.

FORM 1 – CERTIFICATE OF UDP AND CFO

_____
(Dealer Member Name)

~~I~~/We have examined the attached statements and schedules and certify that, to the best of ~~my~~/our knowledge, they present fairly the financial position and capital of the Dealer Member at _____ and the results of operations for the period then ended, and are in agreement with the books of the Dealer Member.

~~I~~/We certify that the following information is true and correct to the best of ~~my~~/our knowledge for the period from the last audit to the date of the attached statements which have been prepared in accordance with the current requirements of the Corporation:

		ANSWER
1.	Does the Dealer Member have adequate internal controls in accordance with the rules?	_____
2.	Does the Dealer Member maintain adequate books and records in accordance with the rules?	_____
3.	Does the Dealer Member monitor on a regular basis its adherence to early warning requirements in accordance with the rules?	_____
4.	Does the Dealer Member carry insurance of the type and in the amount required by the rules?	_____
5.	Does the Dealer Member determine on a regular basis its free credit segregation amount and act promptly to segregate assets as appropriate in accordance with the rules?	_____
6.	Does the Dealer Member promptly segregate clients' securities in accordance with the rules?	_____
7.	Does the Dealer Member follow the minimum required policies and procedures relating to security counts?	_____
8.	Have all "concentrations of securities" been identified on Schedule 9?	_____
Do the attached statements fully disclose all assets and liabilities including the following:		
9.	Participation in any underwriting or other agreement subject to future demands?	_____
10.	Outstanding puts, calls or other options?	_____
11.	All future purchase and sales commitments?	_____
12.	Writs issued against the Dealer Member or partners or any other litigation pending?	_____
13.	Income tax arrears?	_____
14.	Other contingent liabilities, guarantees, accommodation endorsements or commitments affecting the financial position of the Dealer Member?	_____

_____	_____
(Ultimate Designated Person)	(date)
_____	_____
(Chief Financial Officer)	(date)
_____	_____
(other Executive, if applicable)	(date)

[See notes and instructions]

FORM 1 – CERTIFICATE OF UDP AND CFO

NOTES AND INSTRUCTIONS

1. Details must be given for any “no” answers.

2. To be signed by:

   (a) Ultimate Designated Person (UDP);

   (b) Chief financial officer (CFO); and

   (c) at least one other executive if the CFO is not an executive or if the UDP and CFO are one.

3. A copy of the certificate with original signatures must be provided to both the Corporation and CIPF.

FORM 1 – SEPARATE CERTIFICATE OF UDP AND CFO ON STATEMENT G OF PART 1 – OPENING IFRS STATEMENT OF FINANCIAL POSITION AND RECONCILIATION OF EQUITY

_____
(Dealer Member Name)

We have examined the attached Statement G and certify that, to the best of ~~my/~~our knowledge, it has been prepared in accordance with its accompanying notes and instructions and represents the opening IFRS financial position and reconciliation of equity between Canadian Generally Accepted Accounting Principles (CGAAP) and International Financial Reporting Standards (IFRS), except for prescribed departures and prescribed accounting treatments as stipulated in the ~~Reporting Standards (IFRS)~~general notes and definitions of Form 1, of _____ at _____
(Dealer Member) (IFRS conversion date)

We acknowledge that as management we are responsible for the preparation and fair presentation of the opening IFRS financial position in accordance with our regulatory financial reporting obligations. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements. On this basis, certify the following statements are true and complete:

1. We updated the written accounting policies and procedures to reflect the adoption of IFRS, except for prescribed regulatory accounting departures and prescribed accounting treatments, where alternatives exist as stipulated in the general notes and instructions of Form 1.

2. ~~We~~Based on our knowledge and having exercised reasonable diligence, we performed an analysis and financial statement impact assessment of the changeover from CGAAP to IFRS to determine whether we have identified all accounting and reporting changes appropriate for our business and material adverse capital implications.

3. We selected and adopted the ~~accounting policy options to comply with IFRS 1,~~appropriate IFRS 1 optional exemptions and mandatory exceptions for a Dealer Member, including the prescribed ~~regulatory~~departures and prescribed accounting ~~requirements~~treatments as set out in the general notes and instructions of Form 1.

4. ~~We~~Based on our knowledge and having exercised reasonable diligence, we identified and disclosed all of the IFRS adjustments that impact retained earnings. For material adjustments, we provided an explanation of the effect and implications of the transition to IFRS, including any accompanying material impact on risk adjusted capital (RAC), by way of a note disclosure.

5. ~~We~~Based on our knowledge and having exercised reasonable diligence, we identified and disclosed all of the IFRS adjustments that are presentation differences with no impact on total equity. For material presentation adjustments to non-allowable assets, we considered any accompanying adverse capital implication. For material presentation adjustments, we provided an explanation by way of a note disclosure.

_____	_____
(Ultimate Designated Person)	(date)
_____	_____
(Chief Financial Officer)	(date)
_____	_____
(other Executive, if applicable)	(date)

[See notes and instructions]

FORM 1 – ~~SEPARATE CERTIFICATE OF UDP AND CFO ON STATEMENT G OF PART I –~~ INDEPENDENT AUDITOR'S REPORT FOR STATEMENTS A, E AND F
~~OPENING IFRS STATEMENT OF FINANCIAL POSITION AND RECONCILIATION OF EQUITY~~
~~NOTES AND INSTRUCTIONS~~

~~Instructions~~

~~One-time transitional reporting requirement~~

~~The opening IFRS Statement A provides a starting point for accounting under IFRS.~~

~~For regulatory reporting, a Dealer Member prepares the opening IFRS Statement of financial position (also known as either the opening IFRS Statement A or the opening balance sheet) as at the conversion date. *Example:* For Dealer Members with a December 2010 year end, the conversion date is January 1, 2011. Therefore, the opening IFRS Statement A is as at January 1, 2011.~~

~~Together with the opening IFRS Statement A, Dealer Members are to provide a reconciliation of the equity between previous CGAAP and IFRS. *Example*: For Dealer Members with a December 2010 year-end, the previous CGAAP Statement A is as at December 31, 2010 and as filed on SIRFF as part of the audited Form 1.~~

~~Date of the opening IFRS Statement A~~

~~For regulatory reporting, the opening IFRS Statement A is dated as at the conversion date. For example, a Dealer Member with a December 2010 year-end will file an opening Statement A as at January 1, 2011.~~

~~Due date to file the opening IFRS Statement A~~

~~A Dealer Member will file an opening Statement A ***on or before*** filing its first MFR for the first fiscal year under IFRS. To accommodate this filing requirement, Dealer Members will be provided 10 weeks following their fiscal year-end to file the opening IFRS Statement A and the first MFR under IFRS. The filing requirement for the fiscal year-end audited Form 1under CGAAP remains at 7 weeks.~~

~~*Example*: For Dealer Members with a December 2010 year-end, the opening IFRS Statement A and reconciliation of equity must be filed ***on or before*** the filing of the January 2011 MFR. The audited Form 1 as at December 31, 2010 will be filed within the normal period of 7 weeks. The opening IFRS balance sheet as at January 1, 2011 *and* the January 2011 MFR under IFRS will be filed ***on or before*** March 15, 2011, which is approximately 10 weeks after the December 2010 year-end.~~

~~Management certification~~

~~Senior management of the Dealer Member will certify that they have planned and executed the changeover from CGAAP to IFRS in accordance with IFRS 1 and the prescribed regulatory accounting departures and treatments as described in the general notes and definitions of Form 1. The purpose of the management certification is to provide IIROC a basis for its reliance on the completeness and reasonability of adjustments in determining the opening retained earnings under IFRS and for subsequent MFR filings under IFRS.~~

~~The ultimate designated person (UDP) and the chief financial officer (CFO) must sign. If the CFO is not an executive or if the UDP and CFO are one, one other executive must sign.~~

~~The Dealer Member must submit a certificate with original signatures to IIROC.~~

~~Notes to the reconciliation~~

~~There will be two types of IFRS adjustments:~~

~~1. Presentation differences with no impact on total equity and~~

~~2. Adjustments that will impact retained earnings.~~

~~Adjustments made to restate the opening Statement A from previous CGAAP to IFRS are generally made to retained earnings (or if appropriate, another category of equity).~~

~~For material adjustments, Dealer Members will provide an explanation of the effect and implications of the transition to IFRS, including any accompanying material impact on risk adjusted capital (RAC). The explanations will be in the form of note disclosures.~~

~~A *material adjustment* means an adjustment – either individually or in the aggregate – that result in equal to or greater than 10% change (increase or decrease):~~

- ~~in the retained earnings as filed on SIRFF with the audited Form 1 prepared under CGAAP and/or~~
- ~~in the risk adjusted capital (RAC) as filed on SIRFF with the audited Form 1 prepared under CGAAP.~~

~~Mapping of the line items on Statement A~~

~~Statement A has been reformatted to accommodate the required IFRS changes, including new terminology and the addition (as well as the deletion) of line items. To assist Dealer Members in completing the opening IFRS Statement A, a mapping of the line items under the old CGAAP format to the new IFRS format is provided.~~**To: Investment Industry Regulatory Organization of Canada and Canadian Investor Protection Fund**

~~We have audited the accompanying Statements of Form 1 (the "Statements") of~~ _____ ~~(Dealer Member)~~ ~~(the "Dealer Member") as at~~ _____ ~~(date)~~ ~~and for the year then ended. The Statements have been prepared for purposes of complying with the rules of the Investment Industry Regulatory Organization of Canada.~~

We have audited the accompanying Statements of _____ (Dealer Member), which comprise the statement of financial position (Statement A) as at _____ (date) and the statement of income and comprehensive Income (Statement E) and statement of changes in capital and retained earnings (Statement F) for the year then ended _____ (date) and a summary of significant accounting policies and other explanatory information. These Statements have been prepared by management based on the financial reporting provisions of the Notes and Instructions to Form 1 prescribed by the Investment Industry Regulatory Organization of Canada.

Management's responsibility for the Statements

Management is responsible for the preparation and fair presentation of ~~the~~these Statements ~~of Form 1 in accordance with its financial reporting obligations on the basis as described in Note~~ _____ ~~(note)~~. ~~This responsibility includes designing, implementing and maintaining internal control relevant to~~in accordance with the financial reporting provisions of the Notes and Instructions to Form 1 prescribed by the Investment Industry Regulatory Organization of Canada and for such internal control as management determines is necessary to enable the preparation ~~and fair presentation of financial statements~~of Statements that are free from material misstatement, whether due to fraud or error~~; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances~~.

~~Auditors~~Auditor's responsibility

Our responsibility is to express an opinion on ~~the accompanying statements~~these Statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statements are free ~~of~~from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Dealer Member's preparation and fair presentation of the Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Dealer Member's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

~~In our opinion, the accompanying Statements A, E and F of Form 1 present fairly, in all material respects, the financial position of the "Dealer Member" as at _____ and the "Dealer Member" financial performance for the period then ended in accordance with the basis as described in Note _____.~~
~~(date)~~ ~~(note)~~

~~Statements B, C and D of Form 1 present fairly, in all material respects the risk adjusted capital, early warning excess, early~~ In our opinion, the Statements present fairly, in all material respects, the financial position of _____ as at _____ and the results of its operations for the year then ended in accordance with the financial reporting provisions of the Notes and Instructions to Form 1 prescribed by the Investment Industry Regulatory Organization of Canada.
(Dealer Member) (date)

Going Concern

[Note: SIRFF to allow for auditor to include emphasis of matter paragraph for Going concern – this is an option for auditors but not part of the standard report]

~~warning reserve and client free credit segregation amounts as at~~Without modifying our opinion, we draw attention to Note _____ in ~~accordance with the~~ Statements which indicates that
(note)
_____ incurred a net loss of _____ during the year ended _____ and, as of that date, _____'s current liabilities exceeded its total assets by _____. These conditions, along with other matters as set forth in Note _____, indicate the existence of a material uncertainty that may cast significant doubt about _____ ability to continue as a going concern.
(Dealer Member) ($ amount) (date) (Dealer Member's) ($ amount) (note) (Dealer Member's)

~~applicable rules of the Investment Industry Regulatory Organization of Canada.~~

Basis of Accounting and Restriction on Use

~~Our audit was conducted for the purpose of forming an opinion on the accompanying statements taken as a whole. The accompanying supplemental information presented in Schedules 1 to 14 is presented for purposes of additional analysis and is not a required part of the Statements of Form 1, but is supplementary information required by the rules of the Investment Industry Regulatory Organization of Canada. Such information has been subjected to the auditing procedures applied in the audit of the Statements of Form 1 and, in our opinion, is fairly stated in all material respects in relation to the Statements taken as a whole.~~

~~**Emphasis of matter**~~

~~**[Note to draft: Going concern matter to be described, if any. Broker auditor committee to provide wording.]**~~

Without modifying our opinion, we draw attention to Note _____ to the Statements which describes the basis of accounting. The Statements are prepared to assist _____ to meet the requirements of the Investment Industry Regulatory Organization of Canada. As a result, the Statements may not be suitable for another purpose. Our report is intended solely for _____, the Investment Industry Regulatory Organization of Canada and the Canadian Investor Protection Fund and should not be used by parties other than _____, the Investment Industry Regulatory Organization of Canada and the Canadian Investor Protection Fund.
(note) (Dealer Member) (Dealer Member) (Dealer Member)

[Note ~~to draft~~: SIRFF to allow for auditor to ~~provide wording on~~include other potential Emphasis of Matter and Other Matter paragraphs should one be required under the CASs or determined appropriate by the auditor to be included in the ~~auditors'~~auditor's report. Such wording would be agreed upon with the Corporation prior to the filing of Form 1.]

~~Basis of Accounting~~

Unaudited Information

We have not audited the information in Schedules 13 and 15 of Part II of Form 1 and accordingly do not express an opinion on these schedules.

_____
(Audit Firm)

_____
(signature)

_____
(date)

_____
(address)

[See notes and instructions]

FORM 1 – INDEPENDENT AUDITOR'S REPORT FOR STATEMENTS B, C AND D

To: Investment Industry Regulatory Organization of Canada and Canadian Investor Protection Fund

We have audited the accompanying Statements of Form 1(the "Statements") of _____ (Dealer Member) as at _____ (date):

Statement B – Statement of Net Allowable Assets and Risk Adjusted Capital

Statement C – Statement of Early Warning Excess and Early Warning Reserve

Statement D – Statement of Free Credit Segregation Amount

~~Without modifying our opinion, we draw attention to Note _____ (note) to the Statements which describes the basis of accounting.~~ The These Statements ~~are prepared to meet the requirements of~~ have been prepared by management based on the financial reporting provisions of the Notes and Instructions to Form 1 prescribed by the Investment Industry Regulatory Organization of Canada. ~~As a result, the Statements may not be suitable for another purpose.~~

Management's Responsibility for the Statements

Management is responsible for the preparation of the Statements of Form 1 in accordance with the financial reporting provisions of the Notes and Instructions to Form 1 prescribed by the Investment Industry Regulatory Organization of Canada, and for such internal control as management determines is necessary to enable the preparation of Statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the Statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Dealer Member's preparation of the Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Dealer Member's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our audit opinion.

Opinion

In our opinion, the financial information in Statements B, C and D of Form 1 as at ____(year end)___ is prepared, in all material respects, in accordance with the financial reporting provisions of the Notes and Instructions to Form 1 prescribed by the Investment Industry Regulatory Organization of Canada.

Basis of Accounting and Restriction on Use

Without modifying our opinion, we draw attention to Note _____ (note) to the Statements which describes the basis of accounting. The Statements are prepared to assist _____ (Dealer Member) to meet the requirements of the Investment Industry Regulatory Organization of Canada. As a result, the Statements may not be suitable for another purpose. Our report is intended solely for _____ (Dealer Member), the Investment Industry Regulatory Organization of Canada and the Canadian Investor Protection Fund and should not be used by parties other than _____ (Dealer Member), the Investment Industry Regulatory Organization of Canada and the Canadian Investor Protection Fund.

_____
(Audit Firm)

_____
(signature)

_____
(date)

_____
(address)

[See notes and instructions]

FORM 1 – ~~AUDITORS' REPORT~~INDEPENDENT AUDITOR'S REPORTS
NOTES AND INSTRUCTIONS

A measure of uniformity in the form of the ~~auditors' report~~auditor's reports is desirable in order to facilitate identification of circumstances where the underlying conditions are different. Therefore, when auditors are able to express an unqualified opinion, their ~~report~~reports should take the form of the ~~auditors' report~~auditor's reports shown above.

Alternate forms of ~~Auditors~~Auditor's Reports are available ~~either~~ online from within the web-based Securities Industry Regulatory Financial Filings system (SIRFF) ~~or from the Corporation~~.

Any limitations in the scope of the audit must be discussed in advance with the Corporation. Discretionary scope limitations will not be accepted. Any other potential emphasis of matter and other matter paragraphs in the auditor's ~~report~~reports must be discussed in advance with the Corporation.

One copy of the auditor's reports with original signatures must be provided to the Corporation and another copy with original signatures must be provided to CIPF.

FORM 1, PART I – STATEMENT A

_____
(Dealer Member Name)

STATEMENT OF FINANCIAL POSITION
at _____

REFERENCE			NOTES	(CURRENT YEAR) C$'000	(PREVIOUS YEAR) C$'000
LIQUID ASSETS:					
1.		Cash on deposit with *acceptable institutions*			
2.		Funds deposited in trust for RRSP and other similar accounts			
3.	Stmt. D	Cash, held in trust with *acceptable institutions*, due to free credit ratio calculation			
4.		Variable base deposits and margin deposits with *acceptable clearing corporations* [cash balances only]			
5.		Margin deposits with regulated entities [cash balances only]			
6.	Sch. 1	Loans receivable, securities borrowed and resold			
7.	Sch. 2	Securities owned – at *market value*			
8.	Sch. 2	Securities owned and segregated due to free credit ratio calculation			
9.	Sch. 4	Client accounts			
10.	Sch. 5	Brokers and dealers trading balances			
11.		Receivable from carrying broker or mutual fund			
12.		TOTAL LIQUID ASSETS			
OTHER ALLOWABLE ASSETS (RECEIVABLES FROM ACCEPTABLE INSTITUTIONS):					
13.	Sch. 6	Current income tax assets			
14.		Recoverable and overpaid taxes			
15.		Commissions and fees receivable			
16.		Interest and dividends receivable			
17.		Other receivables [provide details]			
18.		TOTAL OTHER ALLOWABLE ASSETS			
NON ALLOWABLE ASSETS:					
19.		Other deposits with *acceptable clearing corporations* [cash or *market value* of securities lodged]			
20.		Deposits and other balances with non-*acceptable clearing corporations* [cash or *market value* of securities lodged]			
21.		Commissions and fees receivable			
22.		Interest and dividends receivable			
23.		Deferred tax assets			
24.		Intangible assets			
25.		Property, plant and equipment			

26.		Investments in subsidiaries and affiliates			
27.		Advances to subsidiaries and affiliates			
28.		Other assets [provide details]			
29.		TOTAL NON-ALLOWABLE ASSETS			
30.		Finance lease assets			
31.		TOTAL ASSETS			
CURRENT LIABILITIES:					
51.	Sch. 7	Overdrafts, loans, securities loaned and repurchases			
52.	Sch. 2	Securities sold short – at *market value*			
53.	Sch. 4	Client accounts			
54.	Sch. 5	Brokers and dealers			
55.		Provisions			
56.	Sch. 6	Current income tax liabilities			
57.		Bonuses payable			
58.		Accounts payable and accrued expenses			
59.		Finance leases and lease-related liabilities			
60.		Other current liabilities [provide details]			
61.		TOTAL CURRENT LIABILITIES			
NON-CURRENT LIABILITIES:					
62.		Provisions			
63.		Deferred tax liabilities			
64.		Finance leases and lease-related liabilities			
65.		Finance leases – leasehold inducements			
66.		Other non-current liabilities [provide details]			
67.		Subordinated loans			
68.		TOTAL NON-CURRENT LIABILITIES			
69.		TOTAL LIABILITIES [Line 61 plus Line 68]			
CAPITAL AND RESERVES:					
70.	Stmt. F	Issued capital			
71.	Stmt. F	Reserves			
72.	Stmt. F	Retained earnings or undivided profits			
73.		TOTAL CAPITAL			
74.		TOTAL LIABILITIES AND CAPITAL			

[See notes and instructions]

FORM 1, PART 1 – STATEMENT A

NOTES AND INSTRUCTIONS

Accrual basis of accounting

Dealer Members are required to use the accrual basis of accounting.

Line 2 – The trustee for RRSP or other similar accounts must qualify as an *acceptable institution*. Such accounts must be insured by the Canada Deposit Insurance Corporation (CDIC) or Autorité des marchés financiers (AMF) to the full extent insurance is available. If not, then the Dealer Member must report 100% of the balance held in trust as non-allowable assets on Line 28 (Non-allowable assets – other assets).

RRSP and other similar balances held at such trustee, but for which CDIC or the AMF insurance is not available, such as foreign currency accounts, can be classified as allowable assets.

The name of the RRSP trustee used by the Dealer Member must also be provided on Schedule 4.

Line 4 – For definition of "*acceptable clearing corporations"*, see General Notes and Definitions.

Securities on deposit (and related margin) should be included in balances reported on Inventory Schedule 2 and disclosed separately on the supplementary information Line 11 of Schedule 2.

Line 5 – For definition of *"regulated entities"*, see General Notes and Definitions.

Securities on deposit (and related margin) should be included in balances reported on Inventory Schedule 2 and disclosed separately on the supplementary information Line 11 of Schedule 2.

Line 11 – For an introducing broker (pursuant to an approved introducing/carrying broker agreement), unsecured balances receivable from its carrying broker, such as gross commissions and deposits in the form of cash, should be reported on this line.

Unsecured balances should only be included to the extent they are not being used by the carrying broker to reduce client margin requirements.

Securities on deposit (and related margin) should be included in balances reported on Inventory Schedule 2 and disclosed separately on the supplementary information Line 11 of Schedule 2.

In the case of the salesperson's portion of gross commissions and fees receivable, as recorded on Line 21 (Commissions and fees receivable), to the extent that there is written documentation that the broker does not have a liability to pay the salesperson's commission until it is received, the salesperson's portion of the gross commission receivable is an allowable asset.

Line 13 – Include only overpayment of prior years' income taxes or current year installments. Taxes recoverable due to current year losses may be included to the extent that they can be carried back and applied against taxes previously paid.

Line 14 – Include ~~GST and HST receivables,~~the recoverable portion of capital tax, Part VI tax, ~~sales and~~ property taxes and any federal or provincial sales taxes.

Include only to extent receivable from *acceptable institutions* (for definition, see General Notes and Definitions).

Line 18 – Allowable assets are those assets which due to their nature, location or source are either readily convertible into cash or from such creditworthy entities as to be allowed for capital purposes.

Include only to extent receivable from *acceptable institutions* (for definition see General Notes and Definitions).

Line 19 – Report the cash and *market value* of securities lodged with *acceptable clearing corporations* that represent fixed base deposits.

Line 20 – To the extent receivable from other than *acceptable clearing corporations*, include all deposits whether margin deposits or variable and fixed base deposits.

Line 21 – To the extent receivable from parties other than *acceptable institutions.*

Line 22 – To the extent receivable from parties other than *acceptable institutions.*

Line 24 – Start-up and organizational costs cannot be capitalized. Examples of intangible assets include goodwill and client lists**.**

Line 26 – Investments in subsidiaries and affiliates must be valued at cost.

Line 27 – A Dealer Member must report non-trading inter-company receivables on a gross basis unless the criteria for netting are met.

Line 28 – Including but not limited to such items as:

- prepaid expenses
- cash surrender value of life insurance
- advances to employees (gross)
- other receivables from other than *acceptable institutions*
- cash on deposit with non *acceptable institutions*

Line 29 – Non-allowable assets mean those assets that do not qualify as allowable assets.

Line 30 – Assets arising from a finance lease (also known as a capitalized lease).

Line 55 – Recognize a liability to cover specific expenditures relating to legal and constructive obligations.

A Dealer Member cannot hold provisions as a general reserve to be applied against some other unrelated expenditure.

Line 57 – Include discretionary bonuses payable and bonuses payable to shareholders in accordance with share ownership.

Line 59 – Include current portion of deferred lease inducements.

Line 60 – Include unclaimed dividends and interest.

Line 65 – In those cases where it can be demonstrated that the leasehold inducement presents no additional liability to the Dealer Member (i.e. if the Dealer Member does not “owe” the unamortized portion of the inducement back to the landlord, thereby qualifying the landlord as a creditor of the Dealer Member), the non-current portion can be reported as an adjustment to risk adjusted capital (RAC) on Statement B.

Line 67 – Subordinated loans mean approved loans, pursuant to an agreement in writing in a form satisfactory to the Corporation, obtained from a chartered bank or any other lending institution, industry investor approved as such by the Corporation, or non-industry investor subject to the Corporation’s approval, the payment of which is deferred in favor of other creditors and is subject to regulatory approval.

A Dealer Member must not pay a debt owed to any of its creditors contrary to any subordination or other agreement to which it and the Corporation are parties.

Line 71 – Reserve is an amount set aside for future use, expense, loss or claim – in accordance with statute or regulation. It includes an amount appropriated from retained earnings – in accordance with statute or regulation. It also includes accumulated other comprehensive income (OCI).

Line 72 – Retained earnings represent the accumulated balance of income less losses arising from the operation of the business, after taking into account dividends and other direct charges or credits.

FORM 1, PART I – STATEMENT B

_____
(Dealer Member Name)

STATEMENT OF NET ALLOWABLE ASSETS AND RISK ADJUSTED CAPITAL
at ._____

REFERENCE			NOTES	(CURRENT YEAR) C$'000	(PREVIOUS YEAR) C$'000
1.	A-73	Total Capital			
2.	A-65	**Add:** Finance leases – leasehold inducements			
3.	A-67	**Add:** Subordinated loans			
4.		REGULATORY FINANCIAL STATEMENT CAPITAL			
5.	A-29	**Deduct:** Total Non allowable assets			
6.		NET ALLOWABLE ASSETS			
7.		**Deduct:** Minimum capital			
8.		SUBTOTAL			
Deduct – Margin required:					
9.	Sch. 1	Loans receivable, securities borrowed and resold			
10.	Sch. 2	Securities owned and sold short			
11.	Sch. 2A	Underwriting concentration			
12.	Sch. 4	Client accounts			
13.	Sch. 5	Brokers and dealers			
14.	Sch. 7	Loans and repurchases			
15.		Contingent liabilities [provide details]			
16.	Sch. 10	Financial institution bond deductible [greatest under any clause]			
17.	Sch. 11	Unhedged foreign currencies			
18.	Sch. 12	Futures contracts			
19.	Sch. 14	Provider of capital concentration charge			
20.		Securities held at non-*acceptable securities locations*			
21.	Sch. 7A	Acceptable counterparties financing activities concentration charge			
22.		Unresolved differences [provide details]			
23.		Other [provide details]			
24.		TOTAL MARGIN REQUIRED [Lines 9 to 23]			
25.		SUBTOTAL [Line 8 less Line 24]			
26.	Sch. 6A	**Add:** Applicable tax recoveries			
27.		Risk Adjusted Capital before securities concentration charge [Line 25 plus Line 26]			
28.	Sch 9	**Deduct:** Securities concentration charge of _____			
	Sch. 6A	less tax recoveries of _____			
29.		RISK ADJUSTED CAPITAL [Line 27 less Line 28]			

[See notes and instructions]

FORM 1, PART I – STATEMENT B SUPPLEMENTAL

DATE: _____

_____
(Dealer Member Name)

Statement B – Line 22: Details of Unresolved Differences

	Reconciled as at Report Date (Yes/No)	Number of items	Debit/ Short value (Potential Losses)	Number of items	Credit/ Long value (Potential Gains)	Required to margin
(a) Clearing						
(b) Brokers and dealers						
(c) Bank accounts						
(d) Intercompany accounts						
(e) Mutual Funds						
(f) Security Counts						
(g) Other unreconciled differences						
TOTAL						Statement B, Line 22

[See notes and instructions]

FORM 1, PART I – STATEMENT B

NOTES AND INSTRUCTIONS

Capital adequacy

A DEALER MEMBER MUST HAVE AND MAINTAIN AT ALL TIMES RISK ADJUSTED CAPITAL IN AN AMOUNT NOT LESS THAN ZERO.

Netting for margin calculation

When applying Corporation margin rules, a Dealer Member can net allowable assets and liabilities as well as security positions. Except where there is a prescribed IFRS departure, netting is for regulatory margin purposes only (and not for presentation purposes).

Line 2 – Non- current liability – finance leases – lease hold inducements

In those cases where it can be demonstrated that the leasehold inducement presents no additional liability to the Dealer Member (i.e. the Dealer Member does not "owe" the unamortized portion of the inducement back to the landlord, thereby qualifying the landlord as a creditor of the Dealer Member), the non-current portion of the finance lease liability for leasehold inducements can be reported as an adjustment to risk adjusted capital.

Line 7 – Minimum Capital

"Minimum capital" is $250,000 except for a Type 1 introducing broker. For a Type 1 introducing broker, the minimum capital is $75,000.

Line 15 – Contingent liabilities

No Dealer Member may give, directly or indirectly, by means of a loan, guarantee, the provision of security or of a covenant or otherwise, any financial assistance to an individual and/or corporation unless the amount of the loan, guarantee, provision of security or of the covenant or any other assistance is limited to a fixed or determinable amount and the amount is provided for in computing Risk Adjusted Capital.

The margin required shall be the amount of the loan, guarantee, etc. less the loan value of any accessible collateral, calculated in accordance with Corporation rules.

A guarantee of payment is not acceptable collateral to reduce margin required.

The Dealer Member should maintain and retain the details of the margin calculations for contingencies, such as guarantees or returned cheques, for Corporation review.

Line 20 – Securities held at non-acceptable securities locations

Capital Requirements

In general, the capital requirements for securities held in custody at another entity are as follows:

(i) Where the entity qualifies as an acceptable securities location, there shall be no capital requirement, provided there are no unresolved differences between the amounts reported on the books of the entity acting as custodian and the amounts reported on the books of the Dealer Member. The capital requirements for unresolved differences are discussed separately in the notes and instructions for the completion of Statement B, Line 22 below.

(ii) Where the entity does not qualify as an acceptable securities location, the entity shall be considered a non-acceptable securities location and the Dealer Member shall be required to deduct 100% of the *market value* of the securities held in custody with the entity in the calculation of its Risk Adjusted Capital.

However, there is one exception to the above general requirements. Where the entity would otherwise qualify as an acceptable securities location except for the fact that the Dealer Member has not entered into a written custodial agreement with the entity, as required by Corporation rules, the capital requirement shall be determined as follows:

(a) Where setoff risk with the entity is present, the Dealer Member shall be required to deduct the lesser of:

(I) 100% of the setoff risk exposure to the entity; and

(II) 100% of the *market value* of the securities held in custody with the entity;

in the calculation of its Risk Adjusted Capital;

and;

(b) The Dealer Member shall be required to deduct 10% of the *market value* of the securities held in custody with the entity in the calculation of its Early Warning Reserve.

The sum of the requirements calculated in paragraphs (a) and (b) above shall be no greater than 100% of the *market value* of the securities held in custody with the entity. Where the sum amounts initially calculated in paragraphs (a) and (b) above are greater than 100%, the capital required under paragraph (b) and the amount reported as a deduction in the calculation of the Early Warning Reserve shall be reduced accordingly.

For the purposes of determining the capital requirement detailed in paragraph (a) above, the term “setoff risk” shall mean the risk exposure that results from the situation where the Dealer Member has other transactions, balances or positions with the entity, where the resultant obligations of the Dealer Member might be setoff against the value of the securities held in custody with the entity.

Client Waiver

Where the laws and circumstances prevailing in a foreign jurisdiction may restrict the transfer of securities from the jurisdiction and the Dealer Member is unable to arrange for the holding of client securities in the jurisdiction at an acceptable securities location, the Dealer Member may hold such securities at a location in that jurisdiction if (a) the Dealer Member has entered into a written custodial agreement with the location as required hereunder and (b) the client has consented to the arrangement, acknowledged the risks and waived any claims it may have against the Dealer Member, in a form approved by the Corporation. Such a consent and waiver must be obtained on a transaction by transaction basis.

Line 22 – Unresolved Differences

Items are considered unresolved unless:

(i) a written acknowledgement from the counterparty of a valid claim has been received

(ii) a journal entry to resolve the difference has been processed as of the Due Date of Form 1.

This does not include journal entries writing off the difference to profit or loss in the period subsequent to the date of Form 1.

Provision should be made for the *market value* and margin requirements at the Form 1 date on out-of-balance short securities and other adverse unresolved differences (such as, with banks, trust companies, brokers, clearing corporations) still unresolved as at a date one month subsequent to the Form 1 date or other applicable Due Date of Form 1.

The margin rate to be used is the one that is appropriate for inventory positions. For instance, if the calculation is for securities eligible for reduced margin, the margin rate is 25%, rather than 30%.

A separate schedule, in a form approved by the Corporation, must be prepared detailing all unresolved differences as at the report date.

The following guidelines should be followed when calculating the required to margin amount on unresolved items:

Type of Unresolved Difference	Amount Required to Margin
Money balance – credit (potential gains) Money balance – debit (potential losses)	None Money balance
Unresolved Long with Money on the Dealer Member's Book	[(Money Balance on the trade minus *market value* of the security)* plus the applicable inventory margin]
Unresolved Long without Money on the Dealer Member's Books	None
Unresolved Short with Money on the Dealer Member's Books	[(Market value of the security minus money balance on the trade)* plus the applicable inventory margin]
Unresolved Long/Short on the Other Broker's Books	None
Short Security Break (e.g. Mutual Funds, Stock Dividends) or Unresolved Short without Money on the Dealer Member's Books	[Market value of the security plus the applicable inventory margin]

* also referred to as the Mark-to-Market Adjustment.

Where mutual fund positions are not reconciled on a monthly basis, margin shall be provided equal to a percentage of the *market value* of such mutual funds held on behalf of clients. Where no transactions in the mutual fund, other than redemptions and transfers, have occurred for at least six months and no loan value has been associated with the mutual fund, the percentage shall be 10%. In all other cases, the percentage shall be 100%.

Unresolved Differences in Accounts:

Report all differences determined on or before the report date that have not been resolved as of the due date.

Month End **Month End + 20 Business Days**

(Report date) (Due date)

Include differences determined on or before the report date that have not been resolved as of the due date.

Do not include differences as of the report date that have been resolved on or before the due date.

For each account listed, set out the number of unresolved differences and the money value of both the debit and credit differences. The Debit/Short value column includes money differences and *market value* of security differences, which represent a potential loss. The Credit/Long value column includes money differences and *market value* of security differences, which represent a potential gain. In determining the potential gain or loss, the money balance and the security position *market value* of the same transaction should be netted. Debit/short and credit/long balances of different transactions cannot be netted.

All reconciliation must be properly documented and made available for review by Corporation examination staff and Dealer Member's Auditor.

Unresolved differences in Security Counts:

Report all security count differences determined on or before the report date that have not been resolved as of due date. The amount required to margin is the *market value* of short security differences plus the applicable inventory margin.

Line 23 – Other

This item should include all margin requirements not mentioned above as outlined in Corporation rules.

FORM 1, PART I – STATEMENT C

DATE: _____

_____
(Dealer Member Name)

STATEMENT OF EARLY WARNING EXCESS AND EARLY WARNING RESERVE
at _____

REFERENCE			NOTES	(CURRENT YEAR) C$'000
1.	B-29	**RISK ADJUSTED CAPITAL**		_____
LIQUIDITY ITEMS -				
		DEDUCT:		
2.	A-18	Other allowable assets	----------	----------
3.	Sch. 6A	Tax recoveries	----------	----------
4.		Securities held at non-*acceptable securities locations*	----------	----------
		ADD:		
5.	A-68	Non-current liabilities	----------	----------
6.	A-67	Less: Subordinated loans	----------	----------
7.	A-65	Less: Finance leases – leasehold inducements	----------	_____
8.		Adjusted non-current liabilities for Early Warning purposes	----------	_____
~~6.~~9.	Sch. 6A	Tax recoveries – income accruals	----------	----------
~~7.~~10.		**EARLY WARNING EXCESS**		_____
		DEDUCT: CAPITAL CUSHION -		
~~8.~~11.	B-24	Total margin required $_____ multiplied by 5%	----------	_____
~~9.~~12.		**EARLY WARNING RESERVE** [Line ~~7~~10 less Line ~~8~~11]		_____

[See notes and instructions]

FORM 1, PART I – STATEMENT C

NOTES AND INSTRUCTIONS

The Early Warning system is designed to provide advance warning of a Dealer Member encountering financial difficulties. It will anticipate capital shortages and/or liquidity problems and encourage Dealer Members to build a capital cushion.

Line 1 – If Risk Adjusted Capital of the Dealer Member is less than:

(a) 5% of total margin required (Line ~~8~~11 above), then the Dealer Member is designated as being in Early Warning category **Level 1**, or

(b) 2% of total margin required (Line ~~8~~11 above), then the Dealer Member is designated as being in Early Warning category **Level 2**,

and the applicable sanctions outlined in the Corporation rules will apply.

Lines 2 and 3 – These items are deducted from RAC because they are illiquid or the receipt is either out of the Dealer Member's control or contingent.

Line 4 – Pursuant to the Notes and Instructions for the completion of Statement B, Line 20, where the entity would otherwise qualify as an acceptable securities location except for the fact that the Dealer Member has not entered into a written custodial agreement with the entity, as required by Corporation rules, the Dealer Member will be required to deduct an amount up to 10% of the *market value* of the securities held in custody with the entity, in the calculation of its Early Warning Reserve. Please refer to the detailed calculation formula set out to the Notes and Instructions for the completion of Statement B, Line 20 to determine the capital requirement to be reported on Statement C, Line 4.

Line 5 – Non-current liabilities (other than subordinated loans and non-current portion of finance lease liabilities – leasehold inducements) are added back to RAC as they are not current obligations of the Dealer Member and can be used as financing.

Line 6~~9~~ – This add-back ensures that the Dealer Member is not penalized at the Early Warning level for accruing income.

Line ~~7~~10 – If Early Warning Excess is negative, the Dealer Member is designated as being in Early Warning category Level 2 and the sanctions outlined in the Corporation rules will apply.

Line ~~9~~12 – If the Early Warning Reserve is negative, the Dealer Member is designated as being in Early Warning category Level 1 and the sanctions outlined in the Corporation rules will apply.

FORM 1, PART I – STATEMENT D

_____
(Dealer Member Name)

STATEMENT OF FREE CREDIT SEGREGATION AMOUNT
at _____

	REFERENCE		NOTES	(CURRENT YEAR)
	AMOUNT REQUIRED TO SEGREGATE:			**C$'000**
1.	B-6	Net allowable assets of $_____ multiplied by 8		
2.	C-9<u>12</u>	Early warning reserve of $_____ multiplied by 4		
3.		**FREE CREDIT LIMIT** [Lines 1 plus 2]		
		Less client free credit balances:		
4.	Sch. 4	Dealer Member's own [see note]		
5.		Carried For Type 3 Introducers		
6.		**AMOUNT REQUIRED TO SEGREGATE** [NIL if Line 3 exceeds Line 4 plus Line 5, see note]		
		AMOUNT IN SEGREGATION:		
7.	A-3	Client funds held in trust in an account with an *acceptable institution* [see note]		
8.	Sch. 2	Market value of securities owned and in segregation [see note]		
9.		**TOTAL IN SEGREGATION** [Lines 7 plus 8]		
10.		**NET SEGREGATION EXCESS (DEFICIENCY)** [Line 6 less Line 9, see note]		

NOTES:

Line 3 – If negative, then Line 6 equals Line 4 plus Line 5, i.e. Dealer Member is required to segregate 100% of client free credits.

Lines 4 and 5 – Free credit balances in RRSP and other similar accounts should not be included. Refer to Schedule 4 – Notes and Instructions for discussion of trade versus settlement date reporting of free credit balances. For purposes of this statement, a free credit is:

(a) For cash and margin accounts – the credit balance less an amount equal to the aggregate of the *market value* of short positions and regulatory margin on those shorts.

(b) For futures accounts – any credit balance less an amount equal to the aggregate of margin required to carry open futures contracts and/or futures contracts option positions less equity in those contracts plus deficits in those contracts, provided that such aggregate amount may not exceed the dollar amount of the credit balance.

Line 6 – If Nil, no further calculation on this Statement need be done.

Line 7 – The trust must be an obligation binding the Dealer Member (the trustee) to deal with the free credits over which it has control (the trust property), for the benefit of the client (the beneficiary). The trust property must be clearly identified as such even if residing with an *acceptable institution*.

FUNDS HELD IN TRUST FOR RRSP AND OTHER SIMILAR ACCOUNTS ARE NOT TO BE INCLUDED IN THIS CALCULATION.

Line 8 – The securities to be included are bonds, debentures, treasury bills and other securities with a term of 1 year or less, of or guaranteed by the Government of Canada or a Province of Canada, the United Kingdom, the United States of America and any other national foreign government (provided such other foreign government is a party to the Basel Accord) which are segregated and held separate and apart as the Dealer Member's property.

Line 10 – If negative, then a segregation deficiency exists, and the Dealer Member must expeditiously take the most appropriate action required to settle the segregation deficiency. The Dealer Member must provide an explanation of how the deficiency was corrected as well as the date of correction.

FORM 1, PART I –STATEMENT E

_____

(Dealer Member Name)

STATEMENT OF INCOME AND COMPREHENSIVE INCOME
for the period ended _____

REFERENCE		NOTES	(CURRENT YEAR / MONTH) C$'000	(PREVIOUS YEAR / MONTH) C$'000
COMMISSION REVENUE				
1.	Listed Canadian securities			
2.	Other securities			
3.	Mutual funds			
4.	Listed Canadian options			
5.	Other listed options			
6.	Listed Canadian futures			
7.	Other futures			
8.	OTC derivatives			
PRINCIPAL REVENUE				
9.	Listed Canadian options and related underlying securities			
10.	Other Equities and options			
11.	Debt			
12.	Money market			
13.	Futures			
14.	OTC derivatives			
CORPORATE FINANCE REVENUE				
15.	New issues – equity			
16.	New issues – debt			
17.	Corporate advisory fees			
OTHER REVENUE				
18.	Interest			
19.	Fees			
20.	Other [provide details]			
21.	TOTAL REVENUE			
EXPENSES				
22.	Variable compensation			
23.	Commissions and fees paid to third parties			
24.	Bad debt expense			
25.	Interest expense on subordinated debt			
26.	Financing cost			
27.	Corporate finance cost			
28.	Unusual items [provide details]			
29.	~~Profit~~Pre-tax profit (loss) for the year from discontinued operations			
30.	Operating expenses			
31.	**Profit [loss] for Early Warning test**			

32.		Income – Asset revaluation			
33.		Expense – Asset revaluation			
34.		Interest expense on internal subordinated debt			
35.		Bonuses			
36.		**Net income/(loss) before income tax**			
37.	S-6(5)	Income tax expense (recovery), including taxes on profit (loss) from discontinued operations			
38.		PROFIT [LOSS] FOR PERIOD		F-11	
Other comprehensive income					
39.		Gain (loss) arising on revaluation of properties		F-5a	
40.		Actuarial gain (loss) on defined benefit pension plans		F-5b	
41		Other comprehensive income for the year, net of tax [Lines 39 plus 40]			
				For MFR reporting E-41 is the net change to A-71 Reserves	
42.		**Total comprehensive income for the year** [Lines 38 plus 41]			
Note: The following lines must also be completed when filing the MFR:					
43.		Payment of dividends or partners drawings			
44.		Other [provide details]			
45.		NET CHANGE TO RETAINED EARNINGS [Lines 38, 43 and 44]			

[See notes and instructions]

FORM 1, PART I – STATEMENT E

NOTES AND INSTRUCTIONS

Comprehensive income

Comprehensive income represents all changes in equity during a period~~, including~~ resulting from transactions and other events, other than changes resulting from transactions with owners in their capacity as owners. Comprehensive income includes profit and loss for the period and other comprehensive income (OCI). OCI captures certain gains and losses outside of net income. For regulatory financial reporting, two acceptable sources of other comprehensive income (OCI) are:

- the use of the revaluation model for plant, property and equipment (PPE) and intangible assets, and
- the actuarial gain (loss) on defined benefit pension plans.

Lines

1. Include all gross commissions earned on listed Canadian securities.

   Commissions earned on soft dollar deals with respect to the revenue source should also be included in the appropriate Lines 1 to 8.

   Commission paid to registered representatives must be reported on Line 22 (Expenses: variable compensation). Payouts to other brokers must be reported on Line 23 (Expenses: commissions and fees paid to third parties).

2. Include gross commissions earned on OTC transactions [equity or debt, foreign or Canadian], rights and offers, and other foreign securities.

   Commission paid to registered representatives must be reported on Line 22 (Expenses: variable compensation). Payouts to other brokers must be reported on Line 23 (Expenses: commissions and fees paid to third parties).

3. Include all gross commissions and trailer fees earned on mutual fund transactions.

   Commissions paid to registered representatives must be reported on Line 22 (Expenses: variable compensation). Payouts to the mutual funds must be reported on Line 23 (Expenses: commissions and fees paid to third parties).

4. Include all gross commissions earned on listed option contracts cleared through the Canadian Derivatives Clearing Corporation (CDCC).

   Commission paid to registered representatives must be reported on Line 22 (Expenses: variable compensation).

5. Include gross commissions on foreign listed option transactions.

   Commission paid to registered representatives must be reported on Line 22 (Expenses: variable compensation). Payouts to other brokers must be reported on Line 23 (Expenses: commissions and fees paid to third parties).

6. Include all gross commissions earned on listed futures contracts cleared through the CDCC.

   Commissions paid to registered representatives must be reported on Line 22 (Expenses: variable compensation).

7. Include all gross commissions earned on foreign listed futures contracts.

   Commission paid to registered representatives must be reported on Line 22 (Expenses: variable compensation).

8. Include gross commissions earned on OTC options, forwards, contracts-for-difference, FX spot, and swaps.

   Commission paid to registered representatives must be reported on Line 22 (Expenses: variable compensation).

9. Include all principal revenue [trading profits/losses, including dividends] from listed options cleared through CDCC and related underlying security transactions in market makers' and Dealer Member’s inventory accounts.

   Include adjustment of inventories to *market value*.

The financing cost must be reported separately on Line 26 (Expenses: financing cost).

10. Include all principal revenue [trading profits/losses, including dividends] from all other options and equities except those indicated on Line 9 (Principal revenue: listed Canadian options and related underlying securities).

    Include adjustment of inventories to *market value*.

    The financing cost must be reported separately on Line 26 (Expenses: financing cost).

11. Include revenue [trading profits/losses] on all debt instruments, other than money market instruments.

    Include adjustment of inventories to *market value*.

    The financing cost must be reported separately on Line 26 (Expenses: financing cost).

12. Include revenue on all money market activities. Money market commissions should also be shown here.

    Include any adjustment of inventories to *market value*.

    The cost of carry must be reported separately on Line 26 (Expenses: financing cost).

13. Include all principal revenue [trading profits/losses] on futures contracts.

14. Include revenues from OTC derivatives, such as forward contracts and swaps.

    Include adjustment of inventories to *market value*.

15. Include revenue relating to equity new issue business – underwriting and/or management fees, banking group profits, private placement fees, trading profits on new issue inventories [trading on an "if, as and when basis"], selling group spreads and/or commissions, and convertible debts.

    Syndicate expenses must be reported separately on Line 27 (Expenses: corporate finance cost).

16. Include revenue relating to debt new issue business – Corporate and government issues, and Canada Savings Bond (CSB) commissions.

    Amounts paid to CSB sub-agent fees and for syndicate expenses must be reported separately on Line 27 (Expenses: corporate finance cost).

17. Include revenue relating to corporate advisory fees, such as corporate restructuring, privatization, M&A fees.

    The related expenses must be reported separately on Line 27 (Expenses: corporate finance cost).

18. Include all interest revenue, which is not otherwise related to a specific liability trading activity [i.e. other than debt, money market, and derivatives].

    All interest revenue from carrying retail and institutional client account balances should be reported on this line. For example, interest revenue earned from client debit balances.

    The related interest cost for carrying retail and institutional client accounts should be reported separately on Line 26 (Expenses: financing cost).

19. Include proxy fees, portfolio service fees, segregation and safekeeping fees, RRSP fees, and any charges to clients that are not related to commission or interest.

20. Include foreign exchange profits/losses and all other revenue not reported above.

22. Include commissions, bonuses and other variable compensation of a contractual nature.

    Examples would encompass commission payouts to registered representatives (RRs) and payments to institutional and professional trading personnel.

    All contractual bonuses should be accrued monthly.

Discretionary bonuses should be reported separately on Line 35 (Expenses: bonuses).

23. Include payouts to other brokers and mutual funds.

25. Include all interest on external subordinated debt, as well as non-discretionary contractual interest on internal subordinated debt.

26. Include the financing cost for all inventory trading (related to Lines 9, 10, 11 and 12) and the cost of carrying client balances (related to Line 18).

27. Include syndicate expenses and any related corporate finance expenses, as well as CSB fees.

28. Unusual items result from transactions or events that are not expected to occur frequently over several years, or do not typify normal business activities.

Discontinued operations, such as a branch closure, should be reported separately on Line 29 (Expenses: profit (loss) for the year from discontinued operations).

29. A discontinued operation is a business component that has either been disposed or is classified as held for sale and represents (or is part of a plan to dispose) a separate significant line of business or geographical area of operations. For example, branch closure. The profit (loss) on discontinued operations for the year is on a pre-tax basis. The tax component is to be included as part of the income tax expense (recovery) on Line 37.

30. Include all operating expenses (including those related to soft dollar deals).

Over-certification cost relating to debt instruments should be reported on this line.

Transaction cost for inventory trading (specifically for inventory that are categorized as held-for-trading) should be included on this line.

The expense related to share-based payments (such as stock option or share reward) to employees and non-employees should be included on this line.

31. This is the profit (loss) number used for the Early Warning profitability tests.

32. When a Dealer Member uses the revaluation model for its PPE and intangible assets, changes to the fair value may result in recognizing income after considering accumulated depreciation (or amortization) and OCI surplus.

33. When a Dealer Member uses the revaluation model for its PPE and intangible assets, changes to the fair value may result in recognizing expense after considering accumulated depreciation (or amortization) and OCI surplus.

34. Include interest expense on subordinated debt with related parties for which the interest charges can be waived if required.

35. This category should include discretionary bonuses and all bonuses to shareholders in accordance with share ownership. These bonuses are in contrast to those reported on Line 22 (Expenses: variable compensation).

37. Include only income taxes and the tax component relating to the profit (loss) on discontinued operations for the year.

Realty and capital taxes should be included on Line 30 (Expenses: operating expenses).

39. When a Dealer Member uses the revaluation model to re-measure its PPE and intangible assets, changes to fair value may result in a change to shareholders' equity after considering accumulated depreciation (amortization) and income or expense from asset revaluation.

40. When a Dealer Member has a defined benefit pension plan and initially adopts a policy of recognizing actuarial gains and losses in full in OCI, the subsequent adjustments must be recognized in OCI.

43. **To be used for MFR filing only.**

44. **To be used for MFR filing only:** Include direct charges or credits to retained earnings.

Any adjustment required to reconcile the MFR's retained earnings to the audited Form 1 retained earnings must be posted to the individual Statement E line items on the first MFR that is filed after the adjustment is known.

FORM 1, PART I – STATEMENT F

_____
(Dealer Member Name)

STATEMENT OF CHANGES IN CAPITAL AND RETAINED EARNINGS (CORPORATIONS) OR UNDIVIDED PROFITS (PARTNERSHIPS)
for the year ended _____

A. CHANGES IN ISSUED CAPITAL

		NOTES	SHARE CAPITAL OR PARTNERSHIP CAPITAL [a] C$'000	SHARE PREMIUM [b] C$'000	ISSUED CAPITAL [c] = [a] + [b] C$'000
1.	Beginning balance				
2.	Increases (decreases) during the period [provide details]				
	(a)				
	(b)				
	(c)				
3.	Ending balance				

A-70

B. CHANGES IN RESERVES

		NOTES	GENERAL [a] C$'000	PROPERTIES REVALUATION [b] C$'000	EMPLOYEE BENEFITS [c] C$'000	EMPLOYEE DEFINED BENEFIT PENSION [d] C$'000	TOTAL RESERVES [de] = [a] + [b] + [c] + [d] C$'000
4.	Beginning balance						
5.	Changes during the period						
	(a) Other comprehensive income for the year – properties revaluation			E-39			
	(b) Other comprehensive income for the year – actuarial gain (loss) on defined benefit pension plans				~~E-40~~	E-40	
	(c) Recognition of share-based payments				E-30		

(d) Transfer from/to retained earnings		F-12				
(e) Other [provide details]						
6. Ending balance						A-~~73~~71

C. CHANGES IN RETAINED EARNINGS

		NOTES	RETAINED EARNINGS (CURRENT YEAR) C$'000	RETAINED EARNINGS (PREVIOUS YEAR) C$'000
7.	Beginning balance			
8.	Effect of change in accounting policy [provide details]			
	(a)		N/A	
	(b)		N/A	
9.	As restated		N/A	
10.	Payment of dividends or partners drawings			
11.	Profit or loss for the year			
			E-38	
12.	Other direct charges or credits to retained earnings [provide details]			
	(a)			
	(b)			
	(c)			
13.	Ending balance			
			A-72	

[See notes and instructions]

FORM 1, PART I – STATEMENT F

NOTES AND INSTRUCTIONS

A. Changes in Issued Capital

Change in share or partnership capital

Depending on the circumstances, a Dealer Member must either formally notify or obtain prior approval from the Corporation for any change in any class of common and preferred share or partnership capital.

Share premium

When the Dealer Member sells its shares (initial issuance or from treasury), share premium is the excess amount received by the Dealer Member over the par value (or nominal value) of its shares. Share premium cannot be used to pay out dividends.

B. Changes in Reserves

General reserve

~~A Dealer Member may want to transfer from retained earnings. The creation of a general reserve gives the Dealer Member an added measure of protection.~~

General reserve is an amount set aside for future use, expense, loss or claim – in accordance with statute or regulation. It includes an amount appropriated from retained earnings – in accordance with statute or regulation. Appropriation directly from the income statement is not permitted for general reserves.

Reserve – Employee benefits

When a Dealer Member has a defined benefit pension plan and initially adopts a policy of recognizing actuarial gains and losses in full in other comprehensive income (OCI), all subsequent adjustments must be recognized as other comprehensive income and will be accumulated in a reserve account.

When a Dealer Member has stock option or share award granted to its employees by issuing new shares, the Dealer Member recognizes the fair value of the option or new shares granted as an expense with a corresponding increase in a reserve account.

Reserve – properties revaluation

When using the revaluation model for certain non-allowable assets (PPE and intangibles), a Dealer Member will account the initial increase in value as other comprehensive income (OCI) and will accumulate the increase (and subsequent changes) in a revaluation reserve account.

C. Changes in Retained Earnings

Change in accounting policy and retroactive adjustment of prior year's retained earnings

A change in accounting policy in the current year requires retroactive adjustment of the prior year's retained earnings.* The beginning balance of the current year must be the ending balance of the prior year.

FORM 1, PART I – STATEMENT G

_____
(Dealer Member Name)

OPENING IFRS STATEMENT OF FINANCIAL POSITION AND RECONCILIATION OF EQUITY
at _____

CGAAP Line #	IFRS Line #	REFERENCE	NOTES	CGAAP (date) C$'000	IFRS ADJUSTMENTS C$'000	IFRS (date) C$'000
		LIQUID ASSETS:				
1.	1.	Cash on deposit with *acceptable institutions*				
2.	2.	Funds deposited in trust for RRSP and other similar accounts				
3.	3.	Cash, held in trust with *acceptable institutions*, due to free credit ratio calculation				
4.	4.	Variable base deposits and margin deposits with *acceptable clearing corporations* [cash balances only]				
5.	5.	Margin deposits with regulated entities [cash balances only]				
6.	6.	Loans receivable, securities borrowed and resold				
7.	7.	Securities owned – at *market value*				
8.	8.	Securities owned and segregated due to free credit ratio calculation				
10.	9.	Client accounts				
11.	10.	Brokers and dealers trading balances				
12.	11.	Receivable from carrying broker or mutual fund				
13.	12.	TOTAL LIQUID ASSETS				
		OTHER ALLOWABLE ASSETS (RECEIVABLES FROM ACCEPTABLE INSTITUTIONS):				
14.	13.	Current income tax assets				
15.	14.	Recoverable and overpaid taxes				
16.	15.	Commissions and fees receivable				
17.	16.	Interest and dividends receivable				
18.	17.	Other receivables [provide details]				
19.	18.	TOTAL OTHER ALLOWABLE ASSETS				
		NON ALLOWABLE ASSETS:				
20.	19.	Other deposits with *acceptable clearing corporations* [cash or *market value* of securities lodged]				
21.	20.	Deposits and other balances with non-*acceptable clearing corporations* [cash or *market value* of securities lodged]				
22.	21.	Commissions and fees receivable				
23.	22.	Interest and dividends receivable				
	23.	Deferred tax assets				
	24.	Intangible assets				

24.	25.	Property, plant and equipment				
27.	26.	Investments in subsidiaries and affiliates				
	27.	Advances to subsidiaries and affiliates				
28.	28.	Other assets [provide details]				
29.	29.	TOTAL NON-ALLOWABLE ASSETS				
26.	30.	Finance lease asset				
30.	31.	TOTAL ASSETS				
		CURRENT LIABILITIES:				
51.	51.	Overdrafts, loans, securities loaned and repurchases				
52.	52.	Securities sold short – at *market value*				
54.	53.	Client accounts				
55.	54.	Brokers and dealers				
	55.	Provisions				
56.	56.	Current income tax liabilities				
58.	57.	Bonuses payable				
59.	58.	Accounts payable and accrued expenses				
60.	59.	Finance leases and lease-related liabilities				
61.	60.	Other current liabilities [provide details]				
62.	61.	TOTAL CURRENT LIABILITIES				
		NON-CURRENT LIABILITIES:				
	62.	Provisions				
63.	63.	Deferred tax liabilities				
64.	64.	Finance leases and lease-related liabilities				
68.	65.	Finance leases – leasehold inducements				
65.	66.	Other non-current liabilities [provide details]				
69., 70.	67.	Subordinated loans				
66.	68.	TOTAL NON-CURRENT LIABILITIES				
67.	69.	TOTAL LIABILITIES				
		CAPITAL AND RESERVES:				
71.	70.	Issued capital				
	71.	Reserves				
72.	72.	Retained earnings or undivided profits				
73.	73.	TOTAL CAPITAL				
74.	74.	TOTAL LIABILITIES AND CAPITAL				

[See notes and instructions]

FORM 1, PART I – STATEMENT G

NOTES TO THE RECONCILIATION

Note #	Adjustment explanation

FORM 1, PART I – STATEMENT G

NOTES AND INSTRUCTIONS

Instructions

One-time transitional reporting requirement

The opening IFRS ~~statement of financial position,~~ Statement A ~~of Form 1,~~ provides a starting point for regulatory accounting under IFRS.

For regulatory reporting, a Dealer Member prepares the opening IFRS Statement of financial position (also known as either the opening IFRS Statement A or the opening balance sheet) as at the conversion date. *Example:* For Dealer Members with a December 2010 year end, the conversion date is January 1, 2011. Therefore, the opening IFRS Statement A is as at January 1, 2011.

Together with the opening IFRS Statement A, Dealer Members are to provide a reconciliation of the equity between previous CGAAP and IFRS. *Example*: For Dealer Members with a December 2010 year-end, the previous CGAAP Statement A is as at December 31, 2010 and as filed on SIRFF as part of the audited Form 1.

Date of the opening IFRS Statement A

For regulatory reporting, the opening IFRS Statement A is dated as at the conversion date. For example, a Dealer Member with a December 2010 year-end will file an opening Statement A as at January 1, 2011.

Due date to file the opening IFRS Statement A

A Dealer Member will file an opening Statement A ***on or before*** filing its first MFR for the first fiscal year under IFRS. To accommodate this filing requirement, Dealer Members will be provided 10 weeks following their fiscal year-end to file the opening IFRS Statement A and the first MFR under IFRS. The filing requirement for the fiscal year-end audited Form 1under CGAAP remains at 7 weeks.

Example: For Dealer Members with a December 2010 year-end, the opening IFRS Statement A and reconciliation of equity must be filed ***on or before*** the filing of the January 2011 MFR. The audited Form 1 as at December 31, 2010 will be filed within the normal period of 7 weeks. The opening IFRS balance sheet as at January 1, 2011 *and* the January 2011 MFR under IFRS will be filed ***on or before*** March 15, 2011, which is approximately 10 weeks after the December 2010 year-end.

~~**Special procedures to be performed by the panel auditor**~~

Management certification

~~The panel auditor of the Dealer Member will perform special compliance procedures on the opening IFRS Statement A and the reconciliation of equity between CGAAP and IFRS. The purpose of the special compliance procedures is to provide the Corporation appropriate assurance for its reliance on the~~Senior management of the Dealer Member will certify that they have planned and executed the changeover from CGAAP to IFRS in accordance with IFRS 1 and the prescribed regulatory accounting departures and treatments as described in the general notes and definitions of Form 1. The purpose of the management certification is to provide IIROC a basis for its reliance on the completeness and reasonability of adjustments in determining the opening retained earnings under IFRS and for subsequent MFR filings under IFRS.

The ultimate designated person (UDP) and the chief financial officer (CFO) must sign. If the CFO is not an executive or if the UDP and CFO are one, one other executive must sign.

The Dealer Member must submit a certificate with original signatures to IIROC.

Notes to the reconciliation

There will be two types of IFRS adjustments:

1. ~~1.~~ Presentation differences with no impact on total equity and

2. ~~2.~~ Adjustments that will impact retained earnings.

Adjustments made to restate the opening Statement A from previous CGAAP to IFRS are generally made to retained earnings (or if appropriate, another category of equity).

For material adjustments, Dealer Members will provide an explanation of the effect and implications of the transition to IFRS, including any accompanying material impact on risk adjusted capital (RAC). The explanations will be in the form of note disclosures.

A *material adjustment* means an adjustment – either individually or in the aggregate – that result in equal to or greater than 10% change (increase or decrease):

- in the retained earnings as filed on SIRFF with the audited Form 1 prepared under CGAAP and/or
- in the risk adjusted capital (RAC) as filed on SIRFF with the audited Form 1 prepared under CGAAP.

Mapping of the line items on Statement A

Statement A has been reformatted to accommodate the required IFRS changes, including new terminology and the addition (as well as the deletion) of line items. To assist Dealer Members in completing the opening IFRS Statement A, a mapping of the line items under the old CGAAP format to the new IFRS format is provided.

FORM 1, PART I – NOTES

_____

(Dealer Member Name)

NOTES TO THE FORM 1 FINANCIAL STATEMENTS

at _____

FORM 1, PART II

REPORT ON COMPLIANCE FOR INSURANCE, SEGREGATION OF SECURITIES, AND GUARANTEE/GUARANTOR RELATIONSHIPS RELIED UPON TO REDUCE MARGIN REQUIREMENTS DURING THE YEAR

To: The Investment Industry Regulatory Organization of Canada (the Corporation) and the Canadian Investor Protection Fund (CIPF).

We have performed the following procedures in connection with the regulatory requirements for _____<Dealer Member>_____ to maintain minimum insurance, segregate client securities, and maintain guarantee relationships as outlined in the Rules of the Corporation. Compliance with the Corporation Rules with respect to maintaining minimum insurance, the segregation of client securities, and maintaining guarantee relationships is the responsibility of the management of the Dealer Member. Our responsibility is to perform the procedures requested by you.

1. We have read the Dealer Member's written internal control policies and procedures with respect to maintaining insurance coverage and segregation of client securities to determine whether such policies and procedures meet the minimum required under Corporation Rules in regards to establishing and maintaining adequate internal controls.

2. a) We obtained representation from appropriate senior management of the Dealer Member that the Dealer Member's internal control policies and procedures with respect to insurance and segregation of client securities meet the minimum required under Corporation Rules in regards to establishing and maintaining adequate internal controls and that they have been implemented.

   b) We obtained written representation from appropriate senior management of the Dealer Member that the Dealer Member's guarantor agreements comply with the minimum requirements of IIROC Dealer Member Rule 100.15(h).

3. We read the Financial Institution Bond Form #14 (the "FIB") insurance policy(s) to determine whether the FIB policy(s) includes the minimum required clauses and coverage limits as prescribed in the Rules of the Corporation.

4. We requested and obtained confirmation from the Dealer Member's Insurance Broker(s) as at <period end date> as to the FIB coverage maintained with the Insurance Underwriter(s) including:

   a) clauses
   b) aggregate and single loss limits
   c) deductible amounts
   d) name of insurer and insured
   e) claims made on the policy since last audit
   f) details of losses/claims outstanding

5. We selected account statements for 10 clients. For each, we calculated the Client Net Equity amount. We traced the Client Net Equity amount to the Total Client Net Equity Report as at the audit date produced by the Dealer Member to check that the compilation of Client Net Equity is in accordance with the Notes and Instructions to Schedule 10 of Form 1. We agreed Total Client Net Equity from the report to Schedule 10.

6. We obtained a listing of all segregation locations used by the Dealer Member and determined that each location met the definition of "*acceptable securities locations*" as defined in the General Notes and Definitions to Form 1.

7. We selected a sample of 10 client account statements. For each we re-calculated the segregation requirements and compared the result to the Dealer Member's Segregation Report.

8. We selected _____ positions[1] reported as being undersegregated at various dates throughout the year and determined the date on which the undersegregation was corrected. We obtained explanations from the Dealer Member and reviewed them for reasonableness. Undersegregated positions not corrected in accordance with Corporation Rules are reported below.

9. We obtained the lists of hypothecated securities at <period end date> and compared a sample of _____ securities[1] to the Segregation Report to determine if there were securities used to secure call loans which should have been in segregation.

[1] The sample selected must consist of the greater of: (i) 10 securities or, (ii) the total sample items selected by the auditor to support the audit opinion provided on the Statements of Form 1.

10. We selected 10 securities positions from the Stock Record and Position Report ("SRP") to identify a customer holding a position. We compared the securities positions to the customers' statements to check whether the stock message properly reported whether the positions were held in segregation. We also selected a sample of segregated securities from customer accounts and traced those back to the SRP and to the Segregation Report.

11. We obtained a list of guarantee relationships used by the Dealer Member to reduce the margin required during the year for monthly financial reporting purposes. We performed no procedures to verify the accuracy or completeness of this list.

12. We selected a sample of 10 guarantee relationships used to reduce margin required during the year and performed the following procedures:

    a) Obtained written confirmation from the guarantor of the account(s) guaranteed; and that the guarantee was in place during the year ended ___<year end>___.

    b) Compared the wording of the guarantee agreements to the minimum requirements of IIROC Dealer Member Rule 100.15(h).

As a result of applying the above procedures, there were no exceptions except as follows:

_____

_____

_____

These procedures do not constitute an audit and therefore we express no opinion on the adequacy of the Dealer Member's insurance coverage, segregation of client securities, maintenance of guarantee relationships, or internal control policies and procedures. This report is for use solely by the Corporation and CIPF to assist in their assessment of the Dealer Member's compliance with the requirements regarding maintaining minimum insurance, segregating client securities, and maintaining guarantee relationships as outlined in the Rules of the Corporation and not for any other purpose.

_____	_____
(auditing firm)	(date)
_____	_____
(signature)	(place of issue)

FORM 1, PART II – SCHEDULE 1

DATE: _____

_____
(Dealer Member Name)

ANALYSIS OF LOANS RECEIVABLE, SECURITIES BORROWED AND RESALE AGREEMENTS

	AMOUNT OF LOAN RECEIVABLE OR CASH DELIVERED AS COLLATERAL C$'000 [see note 3]	MARKET VALUE OF SECURITIES DELIVERED AS COLLATERAL C$'000 [see note 4]	MARKET VALUE OF SECURITIES RECEIVED AS COLLATERAL OR BORROWED C$'000 [see note 4]	REQUIRED TO MARGIN C$'000
LOANS RECEIVABLE:				
1. *Acceptable institutions*		N/A		Nil
2. *Acceptable counterparties*		N/A		
3. *Regulated entities*		N/A		
4. Others [see note 12]		N/A		
SECURITIES BORROWED:				
5. *Acceptable institutions*				Nil
6. *Acceptable counterparties*				
7. *Regulated entities*				
8. Others [see note 12]				
RESALE AGREEMENTS:				
9. *Acceptable institutions*		N/A		Nil
10. *Acceptable counterparties*		N/A		
11. *Regulated entities*		N/A		
12. Others [see note 12]		N/A		
13. **TOTAL** [Lines 1 through 12]	A-6			B-9

[See notes and instructions]

FORM 1, PART II – SCHEDULE 1

NOTES AND INSTRUCTIONS

1. This schedule is to be completed for secured loan receivable transactions whereby the stated purpose of the transaction is to lend excess cash. All security borrowing transactions and resale (i.e. reverse repo) agreements, including financing transactions done via 2 trade tickets and those with related parties, should also be disclosed on this schedule.

2. For the purpose of this schedule, "excess collateral deficiency" is defined as the actual collateral provided to the counterparty less the collateral required to be received by the counterparty pursuant to regulatory or legislative requirements. A list of current collateralization rates for each category of *acceptable counterparties* is published on a regular basis.

3. Include accrued interest in amount of loan receivable.

4. Market value of securities delivered or received as collateral should include accrued interest.

5. In the case of either a cash loan and securities borrowing or a resale transaction, if a written agreement between the Dealer Member and the counterparty has been entered into containing the terms described below, the instructions in Notes 7, 8, 9, and 10 are applicable, as the case may be. Each such written agreement shall include terms which provide (i) for the rights of either party to retain or realize on securities held by it from the other party on default, (ii) for events of default, (iii) for the treatment of the value of securities held by a non-defaulting party in excess of amounts which may be owed by a defaulting party, (iv) either for set-off or, in the case of secured loans of securities, continuous segregation of collateral and the requirement for the lender to perfect a security interest in collateral giving the highest priority, and (v) if set-off rights or security interests are created in securities sold or loaned by one party to another, that the securities are endorsed for transfer and free of any trading restrictions. In addition, in the case of a resale transaction such written agreement shall contain an acknowledgement by the parties that either has the right, upon notice, to call for any shortfall in the difference between the collateral and the securities at any time. Such agreements are not mandatory and if not used are to be margined as provided below.

   In the case of a cash loan and securities borrowing transaction, if no such written agreement has been entered into in respect of the transaction, then 100% of the *market value* must be provided as margin by the Dealer Member on the collateral given to the lender except in the case where the lender is an *acceptable institution* in which case no margin need be provided.

   In the case of a resale transaction, if no such written agreement has been entered into in respect of the transaction, the position shall be margined as follows:

Counterparty	Written Repurchase/Reverse Repurchase Agreement	NO Written Repurchase/Reverse Repurchase Agreement Calendar days after regular settlement (Note 1)	
		30 days or less	Greater than 30 days
Acceptable institution	No margin	No margin (Note 2)	
Acceptable counterparty	Excess collateral deficiency	Excess collateral deficiency (Note 2)	
Regulated entity	Market deficiency	Market deficiency (Note 2)	Margin
Other	Margin	Margin	200% of margin (to a maxi-mum of the *market value* of the underlying securities)

Note 1: Regular settlement means the settlement dates or delivery date generally accepted according to industry practice for the relevant security in the market in which the transaction occurs. Margin is calculated from the date of regular settlement. Calendar days refers to the original term of the repurchase/reverse repurchase.

Note 2: Any transaction which has not been confirmed by an *acceptable institution*, *acceptable counterparty* or *regulated entity* within 15 business days of the trade shall be margined.

6. For any given counterparty a deficiency in one type of loan may be offset by an excess in another type of loan provided that there are written agreements for each type of loan which provide for the right of offset between each type of loan. In such case, the balances may also be offset for margin calculation purposes.

7. **Lines 1, 5 and 9 –** In a cash loan and securities borrow or resale transaction between a Dealer Member and an *acceptable institution*, no capital need be provided in the case where a deficiency exists between the *market value* of the cash loaned or securities borrowed or resold and the *market value* of the collateral or cash pledged.

   In order for a pension fund to be treated as an *acceptable institution* for purposes of this Schedule, it must not only meet the *acceptable institution* criteria outlined in General Notes and Definitions, but the Dealer Member must also have received representation that the pension fund is legally able to enter into the obligations of the transaction. If such representation has not been received, the pension fund which otherwise meets the *acceptable institution* criteria must be treated as an *acceptable counterparty*.

   WHERE AN AGREEMENT HAS BEEN EXECUTED, THEN:

8. **Lines 2, 6 and 10 –** In a cash loan and securities borrow or resale transaction between a Dealer Member and an *acceptable counterparty*, where an *excess collateral deficiency* exists, action must be taken to correct the deficiency. If no action is taken the amount of *excess collateral deficiency* must be immediately provided out of the Dealer Member's capital. In any case, where the deficiency exists for more than one business day, it must be provided out of the Dealer Member's capital.

9. **Lines 3, 7 and 11 –** In a cash loan and securities borrow or resale transaction between a Dealer Member and a *regulated entity*, where a deficiency exists between the *market value* of the cash loaned or securities borrowed or resold and the *market value* of the collateral or cash pledged, action must be taken to correct the deficiency. If no action is taken the amount of *market value* deficiency must be immediately provided out of the Dealer Member's capital. In any case, where the deficiency exists for more than one business day, it must be provided out of the Dealer Member's capital.

10. **Lines 4, 8 and 12 –** In a cash loan and securities borrow or resale transaction between a Dealer Member and a party other than an *acceptable institution*, *acceptable counterparty* or *regulated entity*, where a deficiency exists between the loan value of the cash loaned or securities borrowed or resold and the loan value of the collateral or cash pledged, action must be taken to correct the deficiency. If no action is taken the amount of loan value deficiency must be immediately provided out of the Dealer Member's capital. The margin required may be reduced by any margin already provided on the collateral (e.g. in inventory). Where the collateral is either held by the Dealer Member on a fully segregated basis or held in escrow on its behalf by an Acceptable Depository or a bank or trust company qualifying as either an *acceptable institution* or *acceptable counterparty*, only the amount of *market value* deficiency need be provided out of the Dealer Member's capital. In any case, where the deficiency exists for more than one business day, it must be provided out of the Dealer Member's capital.

11. **Lines 5, 6 and 7 –** In a securities borrowed transaction between a Dealer Member and an *acceptable institution*, *acceptable counterparty*, or *regulated entity*, where a letter of credit issued by a Schedule 1 Bank is used as collateral for the securities borrowed, there shall be no charge to the Dealer Member's capital for any excess of the value of the letter of credit pledged as collateral over the *market value* of the securities borrowed.

12. **Lines 4, 8 and 12 –** Transactions whereby an *acceptable institution*, *acceptable counterparty*, or *regulated entity* are only acting as agents (on behalf of an "other" party) should be reported and margined as "Others".

FORM 1, PART II – SCHEDULE 2

DATE: _____

_____
(Dealer Member Name)

ANALYSIS OF SECURITIES OWNED AND SOLD SHORT AT MARKET VALUE

	CATEGORY	MARKET VALUE LONG C$'000	MARKET VALUE SHORT C$'000	MARGIN REQUIRED C$'000
1.	Money market			
	Accrued interest			NIL
	TOTAL MONEY MARKET			
2.	Debt			
	Accrued interest			NIL
	TOTAL DEBT			
3.	Equities			
	Accrued interest on convertible debentures			NIL
	TOTAL EQUITIES			
4.	Options			
5.	Futures	NIL	NIL	
6.	OTC derivatives			
7.	Registered traders, specialists and market makers	NIL	NIL	
8.	TOTAL		A-52	B-10
9.	**LESS**: Securities, including accrued interest, segregated for client free credit ratio calculation	A-8 and D-8		
10.	Adjusted TOTAL	A-7		

SUPPLEMENTARY INFORMATION

11.	Market value of securities included above but held on deposit as variable base deposits or margin deposits with *acceptable clearing corporations* or *regulated entities* or as a comfort deposit with a carrying broker	
12.	Margin reduction from offsets against Trader reserves and PDO guarantees	

[See notes and instructions]

FORM 1, PART II – SCHEDULE 2

NOTES AND INSTRUCTIONS

Valuation and margin rates

All securities are to be valued at market (see General Notes and Definitions) as of the reporting date. The margin rates to be used are those outlined in the Corporation rules.

All securities owned and sold short

Schedule 2 summarizes **all** securities owned and sold short by the categories indicated. Details that must be included for each category are total long *market value*, total short *market value* and total margin required as indicated.

Margining of option positions

Where the Dealer Member utilizes the computerized options margining program of a recognized Exchange operating in Canada, the margin requirement produced by such program may be used provided the positions in the Dealer Member's records agree with the positions in the Exchange computer. No details of such positions are to be reported if the programs are employed. Details of any adjustments made to the margin calculated by an Exchange computer-margining program must be provided. For the purposes of this paragraph, recognized Exchange means The Montreal Exchange.

Request for detailed information

The Examiners and/or Auditors of the Corporation may request additional details of securities owned or sold short as they, in their discretion, believe necessary.

Margin offsets

Where there are margin offsets between categories, the residual should be shown in the category with the larger initial margin required before offsets.

Line 1 – Money market is to include Canadian & US Treasury Bills, Bankers Acceptances, Bank paper (Domestic & Foreign), Municipal and Commercial Paper or other similar instruments.

Supplementary instructions for reporting money market commitments:

"Market Price" for money market commitments [fixed-term repurchases, calls, etc.] shall be calculated as follows:

(i) Fixed date repurchases [no borrower call feature] – the market price is the price determined by applying the current yield for the security to the term of maturity from the repurchase date. This will permit calculation of any profit or loss based on the market conditions at the reporting date. Exposure due to future changes in market conditions is covered by the margin rate.

(ii) Open repurchases [no borrower call feature] – prices are to be determined as of the reporting date or the date the commitment first becomes open, whichever is the later. Market price is to be determined as in (i) and commitment price is to be determined in the same manner using the yield stated in the repurchase commitment.

(iii) Repurchase with borrower call features – the market price is the borrower call price. No margin is required where the total consideration for which the holder can put the security back to the dealer is less than the total consideration for which the dealer may put the security back to the issuer. However, where a holder consideration exceeds dealer consideration [the dealer has a loss], the margin required is the lesser of:

  (a) the prescribed rate appropriate to the term of the security, and

  (b) the spread between holder consideration and dealer consideration [the loss] based on the call features subject to a minimum of 1/4 of 1% margin.

Line 7 – Registered traders, specialists and market makers margin requirements are:

(i) The minimum margin requirement for each TSX registered trader is $50,000.

(ii) The minimum margin requirement for each MX registered specialist is the lesser of $50,000 or an amount sufficient to assume a position of twenty board lots of each security in which such specialist is registered, subject to a maximum of $25,000 per issuer.

(iii) The market maker minimum margin requirement is for the TSX $50,000 for each specialist appointed and for the MX $10,000 for each security and/or class of options appointed (not to exceed $25,000 for each market maker in each preceding case). No minimum margin is required where the market maker does not have an appointment.

The above-noted minimum margin for each registered trader, specialist, or market maker may be applied as an offset to reduce any margin on positions held long or short in the registered trading account of such registered trader, specialist or market maker. It cannot be used to offset margin required for any other registered trader, specialist or market maker or for any other security positions of the Dealer Member.

The *market value*s related to positions in registered traders, specialists and market maker accounts should be included in the appropriate categories in the preceding lines of the Schedule. Related margin in excess of the minimum margin reported on this line should also be included in the preceding lines.

Line 9 – The securities to be included are bonds, debentures, treasury bills and other securities with a term of 1 year or less, or guaranteed by the Government of Canada or a Province of Canada, the United Kingdom, the United States of America and any other national foreign government (provided such other foreign government is a party to the Basel Accord), which are segregated and held separate and apart as the Dealer Member's property.

Line 12 – Include margin reductions from offsets against IA reserves only to the extent there is a written agreement between the Dealer Member and the trader permitting the Dealer Member to recover realized or unrealized losses from the IA reserve account. Include margin reductions arising from guarantees relating to inventory accounts by Partners, Directors, and Officers of the Dealer Member (PDO Guarantees).

FORM 1, PART II – SCHEDULE 2A

DATE: _____

_____
(Dealer Member Name)

MARGIN FOR CONCENTRATION IN UNDERWRITING COMMITMENTS

INDIVIDUAL CONCENTRATION:

Description [see note 3]	Market Value C$'000	Normal Margin C$'000	40% of Net Allowable Assets C$'000	Excess C$'000	Margin already provided C$'000 [see note 2]	Concentration Margin C$'000
1. SUBTOTAL						

OVERALL CONCENTRATION:

Description [see note 5]	Market Value C$'000	Normal Margin C$'000	100% of Net Allowable Assets C$'000	Excess C$'000	Margin already provided C$'000 [see note 4]	Concentration Margin C$'000
2. SUBTOTAL						
3. CONCENTRATION MARGIN [Lines 1 plus 2]						

B-11

NOTES:

1. This schedule need only be completed for underwriting commitments requiring concentration margin.

2. INDIVIDUAL COMMITMENT CONCENTRATION:

   Where the normal margin required on any one commitment is reduced due to either:

   (a) the use of a new issue letter; or

   (b) qualifying expressions of interest received from exempt list customers that have been verbally confirmed but not yet contracted [the margin reduction is only permitted once the final allocation has been made to the exempt purchasers and the entire allotment to exempt purchasers has been verbally confirmed]

   and the normal margin on the commitment exceeds 40% of the Dealer Member's net allowable assets, such excess shall be provided as margin. The amount to be added may be reduced by the amount of margin already provided on the individual underwriting position to which such excess relates.

3. Report details by individual commitments.

4. OVERALL COMMITMENT CONCENTRATION:

Where the normal margin required on some or all commitments is reduced due to either:

(a) the use of a new issue letter; or

(b) qualifying expressions of interest received from exempt list customers that have been verbally confirmed but not yet contracted [the margin reduction is only permitted once the final allocation has been made to the exempt purchasers and the entire allotment to exempt purchasers has been verbally confirmed]

and the aggregate normal margin on these commitments exceeds 100% of the Dealer Member's net allowable assets, such excess shall be provided as margin. The amount to be added may be reduced by the amount of margin already provided on such commitments and by the amount, if any, already provided for individual concentration.

5. It is not necessary to report details of individual commitments. Report the aggregate totals.

FORM 1, PART II – SCHEDULE 2B

DATE: _____

_____
(Dealer Member Name)

UNDERWRITING ISSUES MARGINED AT LESS THAN THE NORMAL MARGIN RATES

Description	Maturity date	Par value or number of shares		Market price	Market value		Effective margin rate %	Margin required C$'000	Expiry date
		Long C$'000	Short C$'000		Long C$'000	Short C$'000			
TOTALS									

NOTES:

1. The purpose of this schedule is to disclose all unsold portions of new and secondary issues held by underwriters that are margined at less than the normal margin rates applicable to those securities as permitted in the rules of the Corporation ~~and the CIPF~~. Expiry date refers to the date of any out clause or the expiry date on a bank letter.

2. For positions in this schedule, the margin rate shall give effect to any bank letters or out clauses, and the margin required shall indicate the margin remaining after offsets and/or hedging strategies.

FORM 1, PART II – SCHEDULE 4

DATE: _____

_____
(Dealer Member Name)

ANALYSIS OF CLIENTS' TRADING ACCOUNTS LONG AND SHORT

	CATEGORY	BALANCES DEBIT C$'000	BALANCES CREDIT C$'000	AMOUNT REQUIRED TO FULLY MARGIN C$'000
1.	*Acceptable institutions*			
2.	*Acceptable counterparties*			
3.	Other clients:			
	(a) Margin accounts			
	(b) Cash accounts			
	(c) Futures accounts			
	(d) Unsecured debits and shorts		N/A	
4.	Margin on extended settlements	N/A	N/A	
5.	Free credits	N/A		N/A
			D-4	
5.	(a) Free credits, pending trades [if applicable]	N/A		N/A
6.	RRSP and other similar accounts			
7.	**Less** – allowance for bad debts			
8.	TOTAL			
		A-9	A-53	B-12

9. **SUPPLEMENTARY DISCLOSURE:**

(a) NAME OF RRSP TRUSTEE(S)

1.	
2.	
3.	

(b) Total margin reductions from offsets against IA reserves, and PDO guarantees ~~or general allowances~~

[See notes and instructions]

FORM 1, PART II – SCHEDULE 4

NOTES AND INSTRUCTIONS

1. EACH DEALER MEMBER SHALL OBTAIN FROM CLIENTS, PARTNERS, SHAREHOLDERS, AND CLIENTS CARRIED FOR AN INTRODUCING BROKER, SUCH MINIMUM MARGIN IN SUCH AMOUNT AND IN ACCORDANCE WITH SUCH REQUIREMENTS AS PRESCRIBED BY THE CORPORATION.

2. **"extended settlement date"** transaction shall mean a transaction (other than a mutual fund security redemption) in respect of which the arranged settlement date is a date after regular settlement date.

   "regular settlement date" means the settlement date generally accepted according to industry practice for the relevant security in the market in which the transaction occurs, including foreign jurisdictions. For margin purposes, if such settlement date exceeds 15 business days past trade date, settlement date will be deemed to be 15 business days past trade date. In the case of new issue trades, regular settlement date means the contracted settlement date as specified for that issue.

3. **Lines 1 to 3 –** Balances including extended settlement date transactions should be reported on these lines. However, the margin related to such extended settlements should be calculated as described in Note 13 and reported on Line 4.

4. **Line 1 –** No mark to market or margin is required on accounts with *acceptable institutions* in the case of either regular or extended settlement date transactions EXCEPT any transaction which has not been confirmed by an *acceptable institution* within 15 business days of the trade date shall be margined.

   This line is to include all trading balances with *acceptable institutions* except free credit balances, which should be included on Line 5.

5. **Line 2 –** In the case of a regular settlement date transaction in the account of an *acceptable counterparty* the amount of margin to be provided, commencing on regular settlement date, shall be the equity deficiency calculated by determining the difference between (a) the net *market value* of all settlement date security positions in the customer's account(s) and (b) the net money balance on a settlement date basis in the same account(s).

   Any transaction, which has not been confirmed by an *acceptable counterparty* within 15 business days of the trade date, shall be margined.

   This line is to include all trading balances with *acceptable counterparties* except free credit balances, which should be included on Line 5.

6. **Line 3(a) – "margin accounts"** means accounts which operate according to the following rules:

   1. Settlement of each transaction in a margin account of a customer shall be made on or before the settlement date by payment of the amount required to complete the transaction or by delivery of the required securities, as the case may be.

   2. Payment by a customer in respect of any margin account transaction may be by:

      a) cash or other immediately available funds;

      b) applying the loan value of securities to be deposited;

      c) applying the excess loan value in the account or in a guarantor's account.

   3. Each margin account of a customer, which has become undermargined, shall within 20 business days of the account becoming undermargined be restricted only to trades, which reduce the margin deficiency in the account. Such restriction shall apply until the account is fully margined.

   4. Advancing funds or delivering securities from the account of a customer shall not be permitted as long as the account is undermargined or if such advance or delivery would cause the account to become undermargined.

7. **Line 3(a) –** In the case of a regular settlement date transaction in the margin account of a person other than a *regulated entity*, *acceptable counterparty* or *acceptable institution*, the amount of margin to be provided, commencing on regular settlement date, shall be the margin deficiency at not less than prescribed rates, if any, that exists.

TRADE DATE MARGINING

For Dealer Members determining margin deficiencies for clients on a trade date basis, (a) any amount of margin required to be provided under this subsection shall be determined using money balances and security positions as of trade date, and (b) the amount referred to in the previous paragraph shall be determined and provided commencing on trade date.

8. **Line 3(b) – "cash accounts"** means accounts which operate according to the following rules:

1. CASH ACCOUNTS

Settlement of each transaction in a cash account (other than DAP or RAP transactions referred to below) of a customer should be made by payment or delivery on the settlement date. In the event the account does not settle as required, capital will be provided as prescribed in Note 9.

2. DELIVERY AGAINST PAYMENT (DAP)

Settlement of a purchase transaction in an account for which the customer has made arrangements with the Dealer Member on or before settlement date for delivery by the Dealer Member against payment in full by the customer shall be settled on the later of (i) settlement date or (ii) the date on which the Dealer Member gives notice to the customer that the securities purchased are available for delivery.

3. RECEIPT AGAINST PAYMENT (RAP)

Settlement of a sale transaction in an account for which the customer has made arrangements with the Dealer Member on or before settlement date for receipt of securities by the Dealer Member against payment to the customer shall be settled on the settlement date.

4. PAYMENT

Payment by a customer in respect of any cash account transaction may be by:

a) cash or other immediately available funds;

b) the application of the proceeds of the sale of the same or other securities held long in any cash account of the customer with the Dealer Member provided that the equity (trade date brokers include unsettled transactions) in such account exceeds the amount of the transaction;

c) the transfer of funds from a margin account of the customer with the Dealer Member provided adequate margin is maintained in such account immediately before and after the transfer.

5. ISOLATED TRANSACTIONS

A customer shall be permitted in an isolated instance to:

a) settle, when the equity (excluding all unsettled transactions) in such account does not exceed the amount of the transaction, a regular or DAP cash account transaction by the sale of the same security in any cash account of the customer with the Dealer Member;

b) transfer a transaction in a cash account to a margin account prior to payment in full; or

c) transfer a transaction in a DAP account to a margin account within 10 business days after settlement date.

6. ACCOUNT RESTRICTIONS

a) Cash accounts

When any portion of the money balance for a cash account of a customer is outstanding 20 business days or more after settlement date the customer shall be restricted from entering into any other transactions (other than liquidating transactions) in any account of the customer with the Dealer Member, unless and until (i) payment of any such money balance outstanding for 20 business days or more shall have been made, (ii) all open and unsettled transactions in any cash account of the

customer with the Dealer Member have been transferred in accordance with subsection 7, or (iii) the customer has executed a liquidating transaction in the account with the effect that no portion of the money balance in the account is outstanding 20 business days or more after settlement date.

b) DAP accounts

When any portion of the money balance for a DAP account transaction of a customer is outstanding 5 business days or more (or, in the case of transactions of customers situated other than in continental North America, 15 business days) from the date on which the transaction is required to be settled in accordance with subsection 2. the customer shall be restricted from entering into any other transaction (other than liquidating transactions) in any other account of the customer with the Dealer Member, unless and until (i) such transaction has been settled in full or (ii) all open and unsettled transactions in any cash account of the customer with the Dealer Member have been transferred in accordance with subsection 7.

7. TRANSFER TO MARGIN ACCOUNT

The account restrictions in subsection 6 (a) and (b) shall not apply to the accounts of a customer who (i) do not have a margin account with the Dealer Member, and (ii) on or after the accounts becoming so restricted, transfers all open and unsettled transactions in any cash account of the customer with the Dealer Member to one or more newly established margin accounts of the customer with the Dealer Member, provided such margin accounts have been properly established by the completion of all necessary documentation and action and adequate margin is maintained in such account(s) immediately after such transfer.

8. ACCEPTABLE INSTITUTIONS AND OTHERS

Subsection 6 does not apply to the accounts of *acceptable institutions*, *acceptable counterparties*, non-Dealer Member brokers, or *regulated entities*.

9. **Line 3(b)** – Margin must be provided as follows:

CASH ACCOUNTS

a) When any portion of the money balance in a cash account of a person other than a *regulated entity*, *acceptable counterparty* or *acceptable institution* is overdue for a period of less than 6 business days past regular settlement date, in the case of regular settlement transactions, the amount of margin to be provided, commencing on regular settlement date, shall be the equity deficiency, if any, calculated by determining the difference between (a) the net weighted *market value* of all settlement date security positions in the customer's cash account(s) and (b) the net money balance on a settlement date basis in the same account(s).

For the purposes of calculating weighted *market value*, the following weightings will apply:

- Securities that currently have a margin rate of 60% or less, are weighted at 1.000
- Listed securities with a margin rate greater than 60% are weighted as 0.333
- Nasdaq National Market® and Nasdaq SmallCap Market℠ securities with a margin rate of more than 60% are weighted as 0.333
- All other unlisted securities with a margin rate of more than 60% are weighted as 0.000

b) Commencing on 6 business days or more past regular settlement date, the amount of margin to be provided shall be the margin deficiency, if any, that would exist if all of the customer's cash accounts were margin accounts;

c) The amounts provided in (a) or (b) above may be reduced by the amount of excess margin in the customer's margin accounts and any equity surplus in the customer's DAP and RAP accounts, if any.

DAP AND RAP ACCOUNTS

a) When any portion of the money balance in a DAP account or RAP account of a person other than a *regulated entity*, *acceptable counterparty* or *acceptable institution* is overdue for a period of less than 10 business days past regular settlement date, in the case of regular settlement transactions, the amount of margin to be

provided, commencing on regular settlement date, shall be the equity deficiency, if any, of (a) the net *market value* of all settlement date security positions in the customer's DAP, or RAP account(s) and (b) the net money balance on a settlement date basis in the same account(s).

b) For each transaction in a DAP or RAP account which is unsettled, or any money portion in respect of such transaction is outstanding, in either case for a period of 10 business days or more past regular settlement date, the amount of margin to be provided shall be the margin deficiency calculated in respect of each such transaction as if such transaction was in a margin account.

c) For a customer whose accounts are restricted, the amount to be provided shall be the margin deficiency, if any, that would exist if all of the customer's DAP and RAP accounts were margin accounts;

d) The amount to be provided in (a), (b) or (c) above may also be reduced by the amount of excess margin in the customer's margin accounts and any equity surplus in the customer's cash accounts, if any.

CONFIRMATIONS AND COMMITMENT LETTERS

The margin requirements outlined in the previous paragraphs of Note 9 do not apply if a customer has provided the Dealer Member on or before settlement date with an irrevocable and unconditional confirmation from an *acceptable clearing corporation* or letter of commitment from an *acceptable institution* to the effect that such corporation or institution will accept delivery from the Dealer Member and pay for the securities to be delivered, and in such event settlement shall be considered provided for by the customer.

TRADE DATE MARGINING

For Dealer Members determining margin deficiencies for clients on a trade date basis, the amount of margin required between trade date and settlement date shall be the equity deficiency, if any, calculated by determining the difference between (a) the net *market value* of all trade date security positions in the customer's cash, DAP or RAP account(s) and (b) the trade date net money balance in the same account(s). Commencing on regular settlement date, the amount of margin to be provided shall be the margin requirement outlined in the previous paragraphs of Note 9.

10. Any transactions in open cash accounts at the report date which, subsequent to that date, become in violation of the cash account requirements and have resulted in either a material loss or a material deficit – equity position, must either be fully margined or the total amount to margin such items must be reported as a footnote to Form 1.

11. **Line 3(c) –** Client accounts shall be marked to market and margined daily using as a minimum the margin requirements of the Clearing House of the Futures Exchange on which the futures contract is traded or at the rate required by the Dealer Member's clearing broker, whichever is the greater.

12. **Line 3(d) –** The amount required to fully margin should be the aggregate of unsecured debits plus the margin required on any short security positions in such accounts or in accounts with no money balance. Any account that is partly secured should be included on Line 3(a) – Margin Accounts.

13. **Line 4 –** Report only the margin related to extended settlements in cash, DAP, RAP or margin accounts on this line. In the case of an extended settlement transaction between a Dealer Member and either an *acceptable counterparty* or any other counterparty (other than an *acceptable institution* (see Note 4) or *regulated entity* (see Schedule 5)), the position shall be margined as follows, commencing on regular settlement date:

CALENDAR DAYS AFTER REGULAR SETTLEMENT (Note 1)		
Counterparty	**30 days or less**	**Greater than 30 days**
Acceptable counterparty	Market deficiency (Note 2)	Margin
Other	Margin	200% of margin (to a maximum of the *market value* of the underlying securities)
Note 1: Calendar days refers to the original term of the extended settlement transaction. Note 2: Any transaction which has not been confirmed by an *acceptable counterparty* within 15 business days of the trade shall be margined.		

14. **Line 5** – Free credit balances in all accounts except RRSP and other similar accounts should be included. Dealer Members margining on a trade date basis will generally calculate free credit balances on a trade date basis and should report this trade date figure on Line 5. However, for those Dealer Members margining on a settlement date basis, their

free credit balances will generally be calculated on a settlement date basis and this settlement date figure should be reported on Line 5. Note that a consistent basis of calculating free credit balances must be used from month to month.

For cash and margin accounts, a free credit is: “the credit balance less an amount equal to the aggregate of the *market value* of short positions and regulatory margin on those shorts”.

For futures accounts, a free credit is: “any credit balance less an amount equal to the aggregate of margin required to carry open futures contracts and/or futures contracts option positions less equity in those contracts plus deficits in those contracts, provided that such aggregate amount may not exceed the dollar amount of the credit balance.”

15. **Line 5(a)** – For those Dealer Members reporting free credit balances on a settlement date basis on Line 5, report the free credit balances arising as a result of pending trades on this line.

16. **Line 7** – Deduct the allowance for bad debts recorded in the accounts in order that the totals in Line 8 are shown "net".

17. **Line 9(b)** – Include margin reductions from offsets against IA reserves only to the extent there is a written agreement between the Dealer Member and the IA permitting the Dealer Member to recover the unsecured balances of the IA's client accounts from the IA reserve account. Include margin reductions arising from guarantees relating to customers' accounts by Partners, Directors, and Officers of the Dealer Member (PDO Guarantees). Include margin reductions arising from offsets against non-specific allowances of the Dealer Member.

FORM 1, PART II – SCHEDULE 4A

DATE: _____

_____
(Firm Name)

LIST OF TEN LARGEST VALUE DATE TRADING BALANCES
WITH ACCEPTABLE INSTITUTIONS AND ACCEPTABLE COUNTERPARTIES
[excluding balances less than 20% of Risk Adjusted Capital or $250,000, whichever is the smaller]

Name of Institution	On approved *acceptable institutions*/*acceptable counterparty* list Yes/No	*Acceptable institution*	*Acceptable counterparty*	Debits C$'000	Credits C$'000	Margin C$'000
TOTALS						

NOTES:

1. This schedule is to report only ten balances with an indication whether each balance is with an *acceptable institution* or an *acceptable counterparty*.

2. For balances with *acceptable institutions* and *acceptable counterparties* not on the approved lists, as published by the Corporation, please provide their latest audited financial statements.

FORM 1, PART II – SCHEDULE 5

DATE: _____

_____
(Dealer Member Name)

ANALYSIS OF BROKERS' AND DEALERS' TRADING BALANCES

	CATEGORY	BALANCES		AMOUNT REQUIRED TO FULLY MARGIN
		DEBIT	CREDIT	
		C$'000	C$'000	C$'000
1.	*Acceptable clearing corporations* trading balances [see notes]			
2.	*Regulated entities* [see notes]			
3.	(a) Dealer Member's own affiliated/related partnerships or corporations duly approved and audited under the capital requirements of the Corporation			
	(b) Dealer Member's own affiliated/related partnerships or corporations – not approved [see note 6 – give details]			
4.	(a) Other brokers and dealers not qualifying as *regulated entities* but qualifying as *acceptable counterparties* [see note 7 – give details]			
	(b) Other brokers and dealers not qualifying as *regulated* entities or *acceptable counterparties* [see note 8 – give details]			
5.	Mutual Funds or their agents [see note 9]			
6.	TOTAL	A-10	A-54	B-13

[See notes and instructions]

FORM 1, PART II – SCHEDULE 5

NOTES AND INSTRUCTIONS

1. This schedule is only to include ordinary security trading transactions. All security borrowing or lending transactions should be disclosed on Schedules 1 or 7.

2. **Lines 1, 2, 3 and 4 where applicable –** Balances may be reported on a "net" basis (broker by broker) or on a "gross" basis. Balances with a broker or dealer must not be netted against those with its affiliated company.

3. **Line 1 –** For definition, see General Notes and Definitions.

   Margin on such balances should be provided as follows:

   (i) Trades settling through a Net Settlement system should be treated as if the other party to the trade was an *acceptable institution*. For example, CNS balances with CDS, and CNS balances with National Securities Clearing Corporation.

   (ii) All transactions done through CDS outside of the CNS system should be treated as if with a single counterparty to be classified as an *acceptable counterparty* (even if some or all of the other parties qualify as an *acceptable institution*).

   (iii) Other trades settling on a transaction by transaction basis should be treated as if they were to be settled directly with the other party to the trade. For example, balances arising from trades settled through National Securities Clearing Corporation's Netted Balance Order or Trade-for-Trade Services, and balances arising from trades settled through Euroclear and Cedel.

4. **Line 2 –** This line is not to include non-arms' length transactions which are to be reported on Line 3. For definition of "*regulated entities*", see General Notes and Definitions. Margin on balances with *regulated entities* must be provided as follows:

   (i) In the case of a regular settlement date transaction in the account of a *regulated entity* the amount of margin to be provided, commencing on regular settlement date, shall be the equity deficiency of (a) the net *market value* of all settlement date security positions in the broker's accounts, and (b) the net money balance on a settlement date basis in the same accounts. In the case of an extended settlement date transaction between a Member and a *regulated entity*, commencing on regular settlement date the position shall be marked to market if the original term of the extended settlement transaction is 30 days or less, otherwise the position should be margined at applicable rates.

   (ii) Any transaction which has not been confirmed by a *regulated entity* within 15 business days of the trade date shall be margined.

5. **Line 3(a) –** Margin must be provided as outlined for *regulated entities* in note 4 above.

6. **Line 3(b) –** If the affiliated/related company qualifies as a *regulated entity*, then margin must be provided as outlined for *regulated entities* in note 4 above.

   If the affiliated/related company qualifies as an *acceptable counterparty*, then margin must be provided in the manner outlined in Schedule 4 Notes and Instructions for *acceptable counterparties*.

   If neither of the above, then margin must be provided in the manner outlined in Schedule 4 Notes and Instructions for regular clients' accounts.

7. **Line 4(a) –** All balances must be margined in the same way as accounts of *acceptable counterparties* (see Schedule 4 Notes and Instructions). Balances, or portions thereof, arising from trading transactions such as futures, options and short sale deposits should also be reported on this line. This line should also include balances with approved inter-dealer bond brokers.

   Approved inter-dealer bond brokers are those inter-dealer bond dealers that are approved by the Corporation and the Bourse de Montréal Inc. The list of approved inter-dealer bond brokers will be published from time to time through the issuance of a regulatory notice.

8. **Line 4(b)** – All balances must be margined in the same way as regular clients' accounts (see Schedule 4 Notes and

Instructions). Balances, or portions thereof, arising from trading transactions such as futures, options and short sale deposits should also be reported on this line. This line should also include balances with inter-dealer bond brokers which are not on the list of approved inter-dealer bond brokers.

9. **Line 5** – This line is to include balances arising from mutual fund redemptions or purchase transactions. All balances must be margined in the same way as accounts of *acceptable counterparties*, or as regular client accounts.

FORM 1, PART II – SCHEDULE 6

DATE: _____

_____
(Dealer Member Name)

CURRENT INCOME TAXES

				C$'000
INCOME TAX LIABILITY (ASSET)				
1.		Balance payable (recoverable) at last year-end		
2.	(a)	Payments (made) or received relating to above balance		
	(b)	Adjustments, including reassessments, relating to prior periods [give details if significant]		
3.		Total adjustment to prior years' payable (recoverable) taxes ~~prior periods [give details if significant]~~during current year		
4.		Subtotal [add or subtract Line 3 from Line 1]		
5.		Income tax expense (recovery)	E-37	
6.		less: Current installments		
7.		Other adjustments [give details if significant]		
8.		Total adjustment for current year's taxes		
9.		TOTAL LIABILITY (ASSET) [add or subtract Line 8 from Line 4]		A-13, if asset A-56, if liability

FORM 1, PART II –SCHEDULE 6A

DATE: _____

_____
(Dealer Member Name)

TAX RECOVERIES

			C$'000
A.		**TAX RECOVERY FOR RISK ADJUSTED CAPITAL**	
1.	Sch. 6 ~~A~~ 6, Line 5	Income tax expense (recovery) [must be greater than 0, else N/A]	
2.	A-21	Commission and/or fees receivable (non allowable assets) of $_____ multiplied by an effective corporate tax rate of _____%	
3.		TAX RECOVERY – ASSETS [100% of lesser of Lines 1 and 2]	
4.		Balance of current income tax expense available for margin and securities concentration charge tax recovery [Line 1 minus Line 3]	
5.		Recoverable taxes from preceding three years of $_____ net of current year tax recovery (if applicable) of $_____	
6.		Total available for margin tax recovery [Line 4 plus Line 5]	
7.	B-24	Total margin required of $_____ multiplied by an effective corporate tax rate of _____%	
8.		TAX RECOVERY – MARGIN [75% of lesser of Lines 6 and 7]	
9.		TOTAL TAX RECOVERY BEFORE TAX RECOVERY ON SECURITIES CONCENTRATION CHARGE [Line 3 plus Line 8]	B-26
10.		Balance of taxes available for securities concentration charge tax recovery [Line 6 minus Line 8, must be greater than 0, else N/A]	
11.	Sch. 9	Total securities concentration charge of $_____ multiplied by an effective corporate tax rate of _____%	
12.		TAX RECOVERY – SECURITIES CONCENTRATION CHARGE [75% of lesser of Lines 10 and 11]	B-28
13.		TOTAL TAX RECOVERY RAC [Line 3 plus Line 8 plus Line 12]	C-3
B.		**TAX RECOVERY FOR EARLY WARNING CALCULATION:**	
1.	Sch. 6 ~~A~~ 6, Line 5	Income tax expense (recovery) [must be greater than 0, else N/A]	
2.	A-15	Commission and/or fees receivable (allowable assets)	
3.	A-21	Commission and/or fees receivable (non allowable assets)	
4.		SUBTOTAL [Line 2 plus Line 3]	
5.		Line 4 multiplied by an effective corporate tax rate of _____%	
6.		TAX RECOVERY – INCOME ACCRUALS [100% of lesser of Lines 1 and 5]	C-~~6~~9

[See notes and instructions]

FORM 1, PART II – SCHEDULE 6A

NOTES AND INSTRUCTIONS

SECTION A – ASSETS: The purpose of this calculation is to tax effect identifiable revenue related receivables which have been classified as non allowable assets for capital purposes. In other words, the calculation gives recognition to the fact that in recording the receivable the Dealer Member generated revenue against which a tax provision has been set up.

SECTION A – MARGIN: The purpose of this calculation is to reduce the provision for contingent market losses on client and inventory positions (i.e. margin) by the appropriate allowance for taxes recoverable in the event of realization of such a market loss.

Line A1 – If the Dealer Member has no income tax expense due to being in a net tax recovery position, then no tax recovery on assets is allowed for RAC purposes.

Line A3 – If the Dealer Member has no income tax expense, then insert N/A on this line.

Line A5 – The balance reported as the recoverable taxes from preceding three years should be the total taxes paid in the three preceding years, hence available for recovery. If the Dealer Member has reported a balance on Line A1 above, then no balance should be reported as the current year tax recovery on this line.

Line B1 – If the Dealer Member has no income tax expense due to being in a net tax recovery position, then no tax recovery on income accruals is allowed for Early Warning purposes.

FORM 1, PART II – SCHEDULE 7

DATE: _____

_____
(Dealer Member Name)

ANALYSIS OF OVERDRAFTS, LOANS, SECURITIES LOANED AND REPURCHASE AGREEMENTS

		AMOUNT OF LOAN PAYABLE OR CASH RECEIVED AS COLLATERAL C$'000 [see note 3]	MARKET VALUE OF SECURITIES RECEIVED AS COLLATERAL C$'000 [see note 4]	MARKET VALUE OF SECURITIES DELIVERED AS COLLATERAL OR LOANED C$'000 [see note 4]	REQUIRED TO MARGIN C$'000
1.	Bank overdrafts		N/A	N/A	Nil
	LOANS PAYABLE:				
2.	*Acceptable institutions*		N/A		Nil
3.	*Acceptable counterparties*		N/A		
4.	*Regulated entities*		N/A		
5.	Others		N/A		
	SECURITIES LOANED:				
6.	*Acceptable institutions*				Nil
7.	*Acceptable counterparties*				
8.	*Regulated entities*				
9.	Others				
	REPURCHASE AGREEMENTS:				
10.	*Acceptable institutions*		N/A		Nil
11.	*Acceptable counterparties*		N/A		
12.	*Regulated entities*		N/A		
13.	Others		N/A		
14.	**TOTAL** [Lines 1 through 13]	A-51			B-14

[See notes and instructions]

FORM 1, PART II – SCHEDULE 7

NOTES AND INSTRUCTIONS

1. This schedule is to be completed for loan payable transactions whereby the stated purpose of the transaction is to borrow cash. All security lending transactions and securities repurchases, including financing transactions done via 2 trade tickets and those with related parties, should also be disclosed on this schedule.

2. For the purpose of this schedule, "excess collateral deficiency" is defined as the actual collateral provided to the counterparty less the collateral required to be received by the counterparty pursuant to regulatory or legislative requirements. A list of current collateralization rates for each category of *acceptable counterparties* is published on a regular basis.

3. Include accrued interest in amount of loan payable.

4. Market value of securities received or delivered as collateral should include accrued interest.

5. In the case of either a cash borrow and securities loan or a repurchase transaction, if a written agreement between the Dealer Member and the counterparty has been entered into containing the terms described below, the instructions in Notes 7, 8, 9 and 10 are applicable, as the case may be. Each such written agreement shall include terms which provide (i) for the rights of either party to retain or realize on securities held by it from the other party on default, (ii) for events of default, (iii) for the treatment of the value of securities held by a non-defaulting party in excess of amounts which may be owed by a defaulting party, (iv) either for set-off or, in the case of secured loans of securities, continuous segregation of collateral and the requirement for the lender to perfect a security interest in collateral giving the highest priority, and (v) if set-off rights or security interests are created in securities sold or loaned by one party to another, that the securities are endorsed for transfer and free of any trading restrictions. In addition, in the case of a repurchase transaction such written agreement shall contain an acknowledgement by the parties that either has the right, upon notice, to call for any difference between the collateral and the securities at any time. Such agreements are not mandatory and if not used are to be margined as provided below.

   In the case of a cash borrow and securities loan transaction, if no such written agreement has been entered into in respect of the transaction, then 100% of the *market value* must be provided as margin by the Dealer Member on the collateral given to the lender except in the case where the lender is an *acceptable institution* in which case no margin need be provided.

   In the case of a repurchase transaction, if no such written agreement has been entered into in respect of the transaction, the position shall be margined as follows:

Counterparty	Written Repurchase/Reverse Repurchase Agreement	NO Written Repurchase/Reverse Repurchase Agreement Calendar days after regular settlement (Note 1)	
		30 days or less	Greater than 30 days
Acceptable institution	No margin	No margin (Note 2)	
Acceptable counterparty	Excess collateral deficiency	Excess collateral deficiency (Note 2)	
Regulated entity	Market deficiency	Market deficiency (Note 2)	Margin
Other	Margin	Margin	200% of margin (to a maximum of the *market value* of the underlying securities)

Note 1: Regular settlement means the settlement dates or delivery date generally accepted according to industry practice for the relevant security in the market in which the transaction occurs. Margin is calculated from the date of regular settlement. Calendar days refers to the original term of the repurchase/reverse repurchase.

Note 2: Any transaction which has not been confirmed by an *acceptable institution*, *acceptable counterparty* or *regulated entity* within 15 business days of the trade shall be margined.

6. For any given counterparty a deficiency in one type of loan may be offset by an excess in another type of loan provided that there are written agreements for each type of loan which provide for the right of offset between each type of loan.

In such case, the balances may also be offset for margin calculation purposes.

7. **Lines 2, 6, and 10 –** In a cash borrowed and securities loan or repurchase transaction between a Dealer Member and an *acceptable institution*, no capital need be provided in the case where a deficiency exists between the *market value* of the cash borrowed or securities loaned or repurchased and the *market value* of the collateral or cash pledged.

   In order for a pension fund to be treated as an *acceptable institution* for purposes of this Schedule, it must not only meet the *acceptable institution* criteria outlined in General Notes and Definitions, but the Dealer Member must also have received representation that the pension fund is legally able to enter into the obligations of the transaction. If such representation has not been received, the pension fund which otherwise meets the *acceptable institution* criteria must be treated as an *acceptable counterparty*.

WHERE AN AGREEMENT HAS BEEN EXECUTED, THEN:

8. **Lines 3, 7, and 11 –** In a cash borrowed and securities loan or repurchase transaction between a Dealer Member and an *acceptable counterparty*, where an *excess collateral deficiency* exists, action must be taken to correct the deficiency. If no action is taken, the amount of *excess collateral deficiency* must be immediately provided out of the Dealer Member's capital. In any case, where the deficiency exists for more than one business day it must be provided out of the Dealer Member's capital.

9. **Lines 4, 8, and 12 –** In a cash borrowed and securities loan or repurchase transaction between a Dealer Member and a *regulated entity*, where a deficiency exists between the *market value* of the cash borrowed or securities loaned or repurchased and the *market value* of the collateral or cash pledged, action must be taken to correct the deficiency. If no action is taken, the amount of *market value* deficiency must be immediately provided out of the Dealer Member's capital. In any case, where the deficiency exists for more than one business day it must be provided out of the Dealer Member's capital.

10. **Lines 5, 9, and I3 –** In a cash borrowed and securities loan or repurchase transaction between a Dealer Member and a party other than an *acceptable institution*, *acceptable counterparty* or *regulated entity*, where a deficiency exists between the loan value of the cash borrowed or securities loaned or repurchased and the loan value of the collateral or cash pledged, action must be taken to correct the deficiency. If no action is taken, the amount of loan value deficiency must be immediately provided out of the Dealer Member's capital. The margin required may be reduced by any margin already provided on the collateral (e.g. in inventory). Where the collateral is either held by the Dealer Member on a fully segregated basis or held in escrow on its behalf by an Acceptable Depository or a bank or trust company qualifying as either an *acceptable institution* or *acceptable counterparty*, only the amount of *market value* deficiency need be provided out of the Dealer Member's capital. In any case, where the deficiency exists for more than one business day, it must be provided out of the Dealer Member's capital.

11. **Lines 2, 3 and 4 –** In a cash borrowed transaction between a Dealer Member and an *acceptable institution*, *acceptable counterparty*, or *regulated entity*, where a letter of credit issued by a Schedule 1 Bank is used as collateral for the cash borrowed, there shall be no charge to the Dealer Member's capital for any excess of the value of the letter of credit pledged as collateral over the cash borrowed.

12. **Lines 5, 9, and I3 –** Transactions whereby an *acceptable institution*, *acceptable counterparty*, or *regulated entity* are only acting as agents (on behalf of an "other" party) should be reported and margined as "Others".

FORM 1, PART II – SCHEDULE 7A

DATE: _____

_____
(Dealer Member Name)

ACCEPTABLE COUNTERPARTIES FINANCING ACTIVITIES CONCENTRATION CHARGE

			C$'000
1.	Sch. 1, Line 2	Market value deficiency amount relating to loans receivable from *acceptable counterparties*, net of legal offsets and margin already provided	
2.	Sch. 1, Line 6	Market value deficiency amount relating to securities borrowed from *acceptable counterparties*, net of legal offsets and margin already provided	
3.	Sch. 1, Line 10	Market value deficiency amount relating to resale agreements with *acceptable counterparties*, net of legal offsets and margin already provided	
4.	Sch. 7, Line 3	Market value deficiency amount relating to loans payable to *acceptable counterparties*, net of legal offsets and margin already provided	
5.	Sch. 7, Line 7	Market value deficiency amount relating to securities lent to *acceptable counterparties*, net of legal offsets and margin already provided	
6.	Sch. 7, Line 11	Market value deficiency amount relating to repurchase agreements with *acceptable counterparties*, net of legal offsets and margin already provided	
7.	TOTAL MARKET VALUE DEFICIENCY EXPOSURE WITH ACCEPTABLE COUNTERPARTIES, NET OF LEGAL OFFSETS AND MARGIN ALREADY PROVIDED [Sum of Lines 1 to 6]		
8.	CONCENTRATION THRESHOLD – 100% OF NET ALLOWABLE ASSETS		
9.	FINANCING ACTIVITIES CONCENTRATION CHARGE [Excess of Line 7 over Line 8, otherwise NIL]		

FORM 1, PART II – SCHEDULE 9

DATE: _____

_____
(Dealer Member Name)

CONCENTRATION OF SECURITIES
[excluding securities required to be in segregation or safekeeping & debt securities with a margin rate of 10% or less (see note 5)]

Description of Security [note 6]	Client position long/ (short) C$'000 [note 7]	Dealer Member's own long/ (short) C$'000 [note 8]	Unit Price	Market value C$'000	Effective margin rate	Loan value of securities C$'000 [note 2]	Adjust-ments in arriving at amount loaned C$'000	"Amount loaned" C$'000 [note 9]	Amount cleared within five business days C$'000	Adjusted amount loaned C$'000	Concen-tration charge C$'000 [note 10]

B-2728

[See notes and instructions]

FORM 1, PART II – SCHEDULE 9

NOTES AND INSTRUCTIONS

General

1. The purpose of this schedule is to disclose the largest ten issuer positions and precious metal positions that are being relied upon for loan value whether or not a concentration charge applies. If there are more than ten issuer positions and precious metal positions where a concentration exposure exists, then all such positions must be listed on the schedule.

2. For the purpose of this schedule, an issuer position must include all classes of securities for an issuer (i.e. all long and short positions in equity, convertibles, debt or other securities of an issuer other than debt securities with a normal margin requirement of 10% or less), a precious metal position must include all certificates and bullion of the particular precious metal (gold, platinum or silver) where:

   - loan value is being extended in a margin account, cash account, delivery against payment account, receipt against payment account; or
   - an inventory position is being held.

3. Securities and precious metals that are required to be in segregation or safekeeping should not be included in the issuer position or precious metal position. Securities and precious metals that have been segregated, but are not required to be, can still be relied on by the Dealer Member for loan value, and must be included in the issuer position and precious metal position.

4. For the purpose of this schedule, an amount loaned exposure to *broad based index* positions may be treated as an amount loaned exposure to each of the individual securities comprising the index basket. These amount loaned exposures may be reported by breaking down the *broad based index* position into its constituent security positions and adding these constituent security positions to other amount loaned exposures for the same issuer to arrive at the combined amount loaned exposure.

   To calculate the combined amount loaned exposure for each index constituent security position held, sum

   a) the individual security positions held, and

   b) the constituent security position held.

   [For example, if ABC security has a 7.3% weighting in a *broad based index*, the number of securities that represents 7.3% of the value of the *broad based index* position shall be reported as the constituent security position.]

5. For the purpose of this schedule only, stripped coupons and residuals, [if they are held on a book based system, and are in respect of federal and provincial debt instruments], should be margined at the same rate as the underlying security.

6. For short positions, the loan value is the *market value* of the short position.

Client position

7. (a) Client positions are to be reported on a settlement date basis for client accounts including positions in margin accounts, regular cash accounts [when any transaction in the account is outstanding after settlement date] and delivery against payment and receipt against payment accounts [when any transaction in the account is outstanding after settlement date]. Within each client account, security positions and precious metal positions that qualify for a margin offset may be eliminated.

   (b) Positions in delivery against payment and receipt against payment accounts with *acceptable institutions*, *acceptable counterparties*, or *regulated entities* resulting from transactions that are outstanding less than ten business days past settlement date are not to be included in the positions reported. If the transaction has been outstanding ten business days or more past settlement and is not confirmed for clearing through an *acceptable clearing corporation* or not confirmed by the *acceptable institution*, *acceptable counterparty* or *regulated entity*, then the position must be included in the position reported.

Dealer Member's own position

8. (a) Dealer Member's own inventory positions are to be reported on a trade date basis, including new issue positions carried in inventory twenty business days after new issue settlement date. All security positions that qualify for a margin offset may be eliminated.

(b) The amount reported must include uncovered stock positions in market-maker accounts.

Amount Loaned

9. The client and Dealer Member's own positions reported are to be determined based on the combined client/Dealer Member's own long or short position that results in the largest amount loaned exposure.

(a) To calculate the combined amount loaned on the long position exposure, combine:

- the loan value of the gross long client position (if any) contained within client margin accounts;
- the weighted *market value* (calculated pursuant to the weighted *market value* calculation set out in Schedule 4, Note 9, Cash Accounts Instruction (a)) and/or loan value (calculated pursuant to the loan value calculation set out in Schedule 4, Note 9, Cash Accounts Instruction (b)) of the gross long client position (if any) contained within client cash accounts;
- the *market value* (calculated pursuant to the *market value* calculation set out in Schedule 4, Note 9, DAP and RAP Accounts Instruction (a)) and/or loan value (calculated pursuant to the loan value calculation set out in Schedule 4, Note 9, DAP and RAP Accounts Instruction (b)) of the gross long client position (if any) contained within client delivery against payment accounts; and
- the loan value (calculated pursuant to the Notes and Instructions to Schedule 2) of the net long Dealer Member's own position (if any).

(b) To calculate the combined amount loaned on the short position exposure, combine

- the *market value* of the gross short client position (if any) contained within client margin, cash and receipt against payment accounts; and
- the *market value* of the net short Dealer Member's own position (if any).

(c) If the loan value of an issuer position or a precious metal position (net of issuer securities or precious metal position required to be in segregation/safekeeping) does not exceed one-half (one-third in the case of an issuer position or precious metal position which qualifies under either Note 10(a) or 10(b) below) of the sum of the Dealer Member's Risk Adjusted Capital before securities concentration charge and minimum capital (Stmt. B, Line 7) as most recently calculated, the completion of the column titled "Adjustments in arriving at Amount Loaned" is optional. However, nil should be reflected for the concentration charge.

(d) In determining the amount loaned on either a long, or short position exposure, the following adjustments may be made:

(i) Security positions and precious metal positions that qualify for a margin offset may be excluded, as previously discussed in notes 7(a) and 8(a);

(ii) Security positions and precious metal positions that represent excess margin in the client's account may be excluded. (Note if the starting point of the calculations is securities or precious metal positions not required to be in segregation/safekeeping, this deduction has already been included in the loan value calculation of Column 6.);

(iii) In the case of margin accounts, 25% of the *market value* of long positions in any: (a) non-marginable securities or, (b) securities with a margin rate of 100%, in the account may be deducted from the amount loaned calculation, provided that such securities are carried in readily saleable quantities only;

(iv) In the case of cash accounts, 25% of the *market value* of long positions in any securities whose *market value* weighting is 0.000 (pursuant to Schedule 4, Note 9, Cash Accounts Instruction (a)) in

the account may be deducted from the amount loaned calculation, provided that such securities are carried in readily saleable quantities only;

(v) The amount loaned values of trades made with financial institutions that are not *acceptable institutions*, *acceptable counterparties* or *regulated entities*, if the trades are outstanding less than 10 business days past settlement date, and the trades were confirmed on or before settlement date with a settlement agent that is an *acceptable institution* may be deducted from the amount loaned calculation; and

(vi) Any security positions or precious metal positions in the client's (the "Guarantor") account, which are used to reduce the margin required in another account pursuant to the terms of a guarantee agreement, shall be included in calculating the amount loaned on each security for the purposes of the Guarantor's account.

(e) Amount Loaned is the position exposure (either long or short) with the largest calculated amount loaned.

Concentration Charge

10. (a) Where the Amount Loaned reported relates to securities issued by

(i) the Dealer Member, or

(ii) a company, where the accounts of a Dealer Member are included in the consolidated financial statements and where the assets and revenue of the Dealer Member constitute more than 50% of the consolidated assets and 50% of the consolidated revenue, respectively, of the company, based on the amounts shown in the audited consolidated financial statements of the company and the Dealer Member for the preceding fiscal year and the total Amount Loaned by a Dealer Member on such issuer securities exceeds one-third of the sum of the Dealer Member's Risk Adjusted Capital before securities concentration charge and minimum capital (Stmt. B, Line 7), as most recently calculated, a concentration charge of an amount equal to 150% of the excess of the Amount Loaned over one-third of the sum of the Dealer Member's Risk Adjusted Capital before securities concentration charge and minimum capital (Stmt. B, Line 7) is required unless the excess is cleared within five business days of the date it first occurs. For long positions, the concentration charge as calculated herein shall not exceed the loan value of the issuer security(ies) for which such charge is incurred.

(b) Where the Amount Loaned reported relates to non-marginable securities of an issuer held in a cash account(s), where loan value has been extended pursuant to the weighted *market value* calculation set out in Schedule 4, Note 9, and the total Amount Loaned by a Dealer Member on such issuer securities exceeds one-third of the sum of the Dealer Member's Risk Adjusted Capital before securities concentration charge and minimum capital (Stmt. B, Line 7), as most recently calculated, a concentration charge of an amount equal to 150% of the excess of the Amount Loaned over one-third of the sum of the Dealer Member's Risk Adjusted Capital before securities concentration charge and minimum capital (Stmt. B, Line 7) is required unless the excess is cleared within five business days of the date it first occurs. For long positions, the concentration charge as calculated herein shall not exceed the loan value of the issuer security(ies) for which such charge is incurred.

(c) Where the Amount Loaned reported relates to arm's length marginable securities of an issuer (i.e., securities other than those described in note 10(a), or 10(b)) or a precious metal position, and the total Amount Loaned by a Dealer Member on such issuer securities or precious metal position exceeds two-thirds of the sum of the Dealer Member's Risk Adjusted Capital before securities concentration charge and minimum capital (Stmt. B, Line 7), as most recently calculated, a concentration charge of an amount equal to 150% of the excess of the Amount Loaned over two-thirds of the sum of the Dealer Member's Risk Adjusted Capital before securities concentration charge and minimum capital (Stmt. B, Line 7) is required unless the excess is cleared within five business days of the date it first occurs. For long positions, the concentration charge as calculated herein shall not exceed the loan value of the issuer security(ies) or precious metal position for which such charge is incurred.

(d) Where:

(i) The Dealer Member has incurred a concentration charge for an issuer position under either note 10(a) or 10(b) or 10(c); or

(ii) The Amount Loaned by a Dealer Member on any one issuer (other than issuers whose securities may be subject to a concentration charge under either Note 10(a) or 10(b) above) or a precious metal position exceeds one-half of the sum of the Dealer Member's Risk Adjusted Capital before securities concentration charge and minimum capital (Stmt. B, Line 7), as most recently calculated; and

(iii) The Amount Loaned on any other issuer or precious metal position exceeds one-half (one-third in the case of issuers whose securities may be subject to a concentration charge under either Note 10(a) or 10(b) above) of the sum of Risk Adjusted Capital before securities concentration charge and minimum capital (Stmt. B, Line 7); then

(iv) A concentration charge on such other issuer position or precious metal position of an amount equal to 150% of the excess of the Amount Loaned on the other issuer or precious metal position over one-half (one-third in the case of issuers whose securities may be subject to a concentration charge under either Note 10(a) or 10(b) above) of the sum of the Dealer Member's Risk Adjusted Capital before securities concentration charge and minimum capital (Stmt. B, Line 7) is required unless the excess is cleared within five business days of the date it first occurs. For long positions, the concentration charge as calculated herein shall not exceed the loan value of the security(ies) or precious metal position for which such charge is incurred.

(e) For the purpose of calculating the concentration charges as required by notes 10(a), 10(b), 10(c) and 10(d) above, such calculations shall be performed for the largest five issuer positions and precious metal positions by Amount Loaned in which there is a concentration exposure.

Other

11. (a) Where there is an over exposure in a security or a precious metal position and the concentration charge as referred to above would produce either a capital deficiency or a violation of the Early Warning Rule, the Dealer Member must report the over exposure situation to the Corporation on the date the over exposure first occurs.

(b) A measure of discretion is left with the Corporation in dealing with the resolution of concentration situations, particularly as regards to time requirements for correcting any over exposure, as well as whether securities or precious metal positions are carried in “readily saleable quantities”.

FORM 1, PART II – SCHEDULE 10

DATE: _____

_____
(Dealer Member Name)

INSURANCE

A. FINANCIAL INSTITUTION BOND (FIB) CLAUSES (A) TO (E)

		C$'000			
1.	Coverage required for FIB				
	(a) Client Net Equity:				
	i) Dealer Member's own				
	ii) ~~Carriers~~Carrying brokers' introducing brokers				
	Total		x 1%*		[Note 3]
	(b) Total Liquid Assets (A-12)				
	Total Other Allowable Assets (A-18)				
	Total		x 1%*		

The actual coverage required for each clause is the Greater of (a) and (b), with a Minimum Requirement of $500,000 ($200,000 for a Type 1 Introducing Broker), and a Maximum Requirement of $25,000,000.

*based on one half of one percent for Types 1 and 2 Introducing Brokers

2.	Coverage maintained per FIB		[Notes 4 and 8]
3.	Excess / (Deficiency) in coverage		[Note 5]
4.	Amount deductible under FIB (if any)		[Note 6]

B. REGISTERED MAIL INSURANCE

1.	Coverage per mail policy		[Note 7]

C. FIB AND REGISTERED MAIL POLICY INFORMATION [Note 9]

Insurance company	Name of the insured	FIB/ registered mail	Expiry date	Coverage	Type of aggregate limit	Provision for full reinstatement	Premium

D. LOSSES AND CLAIMS [Note 10]

Date of loss	Date of discovery	Amount of loss	Deductible applying to loss	Description	Claim made?	Settlement	Date settled

[See notes and instructions]

FORM 1, PART II – SCHEDULE 10

NOTES AND INSTRUCTIONS

1. Dealer Members must maintain minimum insurance in type and amounts as outlined in the rules of the Corporation and the Canadian Investor Protection Fund.

2. Schedule 10 must be completed at the audit date and monthly as part of the Monthly Financial Report.

3. Net equity for each client is the total value of cash, securities, and other acceptable property owed to the client by the Dealer Member less the value of cash, securities, and other acceptable property owed by the client to the Dealer Member. In determining net equity, accounts of a client such as cash, margin, short sale, options, futures, foreign currency and Quebec Stock Savings Plans are combined and treated as one account. Accounts such as RRSP, RRIF, RESP, Joint accounts are not combined with other accounts and are treated as separate accounts. Other acceptable property means London Bullion Market Association good delivery bars of gold and silver bullion that are acceptable for margin purposes as defined in Dealer Member Rule 100.2(i)(ii).

   Net equity is determined on a client by client basis on either a settlement date basis or trade date basis. Schedule 10 Part A, Line 1(a) is the aggregate net equity for each client. Negative client net equity, (i.e. total deficiency in net equity owed to the Dealer Member by the client) is not included in the aggregate.

   For Schedule 10, guarantee/guarantor agreements should not be considered in the calculation of net equity.

   The Client Net Equity calculation should include all retail and institutional client accounts, as well as accounts of broker dealers, repos, loan post, broker syndicates, affiliates and other similar accounts.

4. The amounts of insurance required to be maintained by a Dealer Member shall as a minimum be by way of a Financial Institution Bond with a double aggregate limit or a provision for full reinstatement.

   For Financial Institution Bond policies containing an “aggregate limit” coverage, the actual coverage maintained should be reduced by the amount of reported loss claims, if any, during the policy period.

5. The Certificate of UDP and CFO in Form 1 contains a question pertaining to the adequacy of insurance coverage. The Auditors’ Report requires the auditor to state that the question has been fairly answered. The rules also state: “Should there be insufficient coverage, a Dealer Member shall be deemed to be complying with Rule 17.5 and this Rule 400 provided that any such deficiency does not exceed 10 percent of the insurance requirement and that evidence is furnished within two months of the dates of completion of the monthly financial report and the annual audit that the deficiency has been corrected. If the deficiency is 10% or more of the insurance requirement, action must be taken by the Dealer Member to correct the deficiency within 10 days of its determination and the Dealer Member shall immediately notify the Corporation.”

6. A Financial Institution Bond maintained pursuant to the rules may contain a clause or rider stating that all claims made under the bond are subject to a deductible, provided that the Dealer Member’s margin requirement is increased by the amount of the deductible.

7. Unless specifically exempted within the rules of the Corporation, every Dealer Member shall effect and keep in force mail insurance against loss arising by reason of any outgoing shipments of money or securities, negotiable or non-negotiable, by first-class mail, registered mail, registered air mail, express or air express, such insurance to provide at least 100% cover.

8. The aggregate value of securities in transit in the custody of any employee or any person acting as a messenger shall not at any time exceed the coverage per the Financial Institution Bond (Statement 10, Line 2).

9. List all Financial Institution Bond and Registered Mail underwriters, policies, coverage and premiums indicating their expiry dates. State type of aggregate limits, if applicable, or note that provision for full reinstatement exists.

10. List all losses reported to the insurers or their authorized representatives including those losses that are less than the amount of the deductible. Do not include lost document bond claims. Indicate in the “Amount of Loss” column if the amount of the loss is estimated or unknown as at the reporting date.

    Losses should continue to be reported on Schedule 10 Part D until resolved. In the reporting period where a claim has been settled or a decision has been made not to pursue a claim, the loss should be listed along with the amount of the settlement, if any.

At the annual audit date, list all unsettled claims, whether or not the claims were initiated in the period under audit. In addition, list all losses and claims identified in the current or previous periods that have been settled during the period under audit.

FORM 1, PART II – SCHEDULE 11

DATE: _____

_____
(Dealer Member Name)

UNHEDGED FOREIGN CURRENCIES CALCULATION

SUMMARY		**C$'000**
A. Total foreign exchange margin requirement		B-17
B. Details for individual currencies with margin requirement greater than or equal to $5,000:		
Foreign Currency with margin requirement ≥ $5,000 (For each foreign currency, a schedule 11A must be completed)	Margin Group	Required Margin
Subtotal		
All other foreign exchange margin requirement		
TOTAL		

[See notes and instructions]

FORM 1, PART 2 – SCHEDULE 11A

DATE: _____

_____
(Dealer Member Name)

DETAILS OF UNHEDGED FOREIGN CURRENCIES CALCULATION FOR INDIVIDUAL CURRENCIES WITH MARGIN REQUIRED GREATER THAN OR EQUAL TO $5,000

Foreign Currency: ----------
Margin Group: ----------

		AMOUNT	WEIGHTED VALUE	MARGIN REQUIRED
		C$'000	C$'000	C$'000
BALANCE SHEET ITEMS AND FORWARD/FUTURE COMMITMENTS <= TWO YEARS TO MATURITY				
1.	Total monetary assets	----------	----------	----------
2.	Total long forward / futures contract positions	----------	----------	----------
3.	Total monetary liabilities	----------	----------	----------
4.	Total (short) forward / futures contract positions	----------	----------	----------
5.	Net long (short) foreign exchange positions	==========		
6.	Net weighted value		==========	
7.	Net weighted value multiplied by term risk for Group ___ of _____%			==========
BALANCE SHEET ITEMS AND FORWARD/FUTURE COMMITMENTS > TWO YEARS TO MATURITY				
8.	Total monetary assets	----------	----------	----------
9.	Total long forward / futures contract positions	----------	----------	----------
10.	Total monetary liabilities	----------	----------	----------
11.	Total (short) forward / futures contract positions	----------	----------	----------
12.	Net long (short) foreign exchange positions	==========		
13.	Net weighted value		==========	
14.	Net weighted value multiplied by term risk for Group ___ of _____%			==========
FOREIGN EXCHANGE MARGIN REQUIREMENTS				
15.	Net long (short) foreign exchange positions	==========		
16.	Net foreign exchange position multiplied by spot risk for Group ___ of _____%			----------
17.	Total term risk and spot risk margin requirement			==========
18.	Spot rate at reporting date			----------
19.	Margin requirement converted to Canadian dollars			==========
FOREIGN EXCHANGE CONCENTRATION CHARGE				----------
20.	Total foreign exchange margin (Line 19) in excess of 25% of net allowable assets less minimum capital [not applicable to Group 1]			----------
TOTAL FOREIGN EXCHANGE MARGIN FOR (Currency):				==========

Sch. 11

[See notes and instructions]

FORM 1, PART II – SCHEDULES 11 AND 11A

NOTES AND INSTRUCTIOSN

1. The purpose of this Schedule is to measure the balance sheet exposure a Dealer Member has to foreign currency risk. Schedule 11A must be completed for each foreign currency that has margin requirement greater than or equal to $5,000.

2. The following is a summary of the quantitative and qualitative criteria for Currency Groups 1-4. Dealer Members should refer to the most recently published listing by SROs of currency groupings.

   - **Currency Group 1** consists of the US dollar.
   - **Currency Group 2** consists of all countries whose currencies have a historical volatility of less than 3% relative to the Canadian dollar, are quoted on a daily basis by a Canadian Schedule 1 chartered bank, and are either a member of the European Monetary System and a participant of the Exchange Rate Mechanism or there is a listed future for the currency on a recognized futures exchange such as the Chicago Mercantile Exchange (CME) or Philadelphia Board of Trade (PBOT).
   - **Currency Group 3** consists of all countries whose currencies have a historical volatility of less than 10% relative to the Canadian dollar, are quoted on a daily basis by a Canadian Schedule 1 chartered bank and are a full member of the International Monetary Fund (IMF).
   - **Currency Group 4** consists of all countries, which do not satisfy the quantitative and qualitative criteria for Currency Groups 1-3.

3. Reference should be made to the applicable rules and interpretation notices of the Corporation for definitions and calculations.

4. Monetary assets and liabilities are money or claims to money, the values of which, whether denominated in foreign or domestic currency are fixed by contract or otherwise.

5. All monetary assets and liabilities as well as the Dealer Member's own foreign currency future and forward commitments are to be reported on a trade date basis.

6. Monetary liabilities and the Dealer Member's own foreign currency future and forward commitments should be disclosed by maturity dates i.e. less than or equal to two (2) years and greater than two (2) years.

7. Weighted value is calculated for foreign exchange positions with terms to maturity of greater than three (3) days. The weighted value is derived by taking the term to maturity of the foreign exchange position divided by 365 (weighting factor) and multiplying it by the unhedged foreign exchange amount.

8. The total margin requirement is the sum of the spot risk margin and the term risk margin requirements. The spot risk margin rates apply to all unhedged foreign exchange positions regardless of term to maturity. The term risk margin rates apply to all unhedged foreign exchange positions with a term to maturity of greater than three (3) days. The following summarizes the margin rates by Currency Group:

	Currency Group			
	1	**2**	**3**	**4**
Spot Risk Margin Rate (Note 1)	1.0%	3.0%	10%	25%
Term Risk Margin Rate (Note 2)	1.0% to a maximum of 4%	3.0% to a maximum of 7%	5.0% to a maximum of 10%	12.5% to a maximum of 25%
Total Maximum Margin Rates (Note 1)	5%	10%	20%	50%

Note 1: Spot risk margin rates may be subject to the Foreign Exchange Margin Surcharge

Note 2: If the weighting factor described in 7 above exceeds the maximum term risk margin rate in the above table, the weighting factor should be adjusted to the maximum.

9. Dealer Members may elect to exclude non-allowable monetary assets from the total monetary assets reported on Schedule 11A for purposes of the foreign exchange margin calculation. The reason underlying this proviso is that a

Dealer Member should not have to provide foreign exchange margin on a non-allowable asset which is already fully provided for in the determination of the capital position of the Dealer Member unless it serves as an economic hedge against a monetary liability.

10. For Dealer Members offsetting an inventory futures contract/forward contract position in which there is a futures contract for the currency listed on a recognized exchange, an alternative margin calculation may be used (refer to rules and interpretation notices of the Corporation). Any contract positions for which the margin is calculated under the alternative method must be reported as part of the inventory margin calculations on Schedule 2 and should be excluded from Schedule 11A.

11. Line 20 – The Foreign Exchange Concentration Charge applies only to currencies in Groups 2 to 4.

FORM 1, PART II – SCHEDULE 12

DATE: _____

_____
(Dealer Member Name)

MARGIN ON FUTURES CONCENTRATIONS AND DEPOSITS
(refer to instructions)

		C$'000
1.	Margin on total positions	
2.	Margin regarding concentration in individual accounts	
3.	Margin regarding concentration in individual futures contracts	
4.	Margin on futures contract deposits – correspondent brokers	
5.	TOTAL	

B-18

[See notes and instructions]

FORM 1, PART II – SCHEDULE 12

NOTES AND INSTRUCTIONS

Line 1 – General margin provision. The margin requirement for futures contracts and options on futures contracts shall be 15% of the maintenance margin requirements, as required by the Commodity Futures Exchange on which such futures contracts were entered into, for the greater of the total long or total short futures contracts per commodity or financial futures carried for all client and Dealer Member accounts. For the purpose of this general margin provision, short futures contracts positions include futures contracts underlying the short call options on futures contracts and long futures contracts positions include futures contracts underlying the short put options on futures contracts.

The following positions are excluded from this calculation:

(a) positions in *acceptable institution*, *acceptable counterparty* and *regulated entity* accounts;

(b) hedge positions (as opposed to speculative positions), provided that the underlying interest is held in the client's account at the Dealer Member or that the Dealer Member has a document giving the Dealer Member an irrevocable right to take possession of the underlying interest and deliver it at the location designated by the appropriate clearing corporation. All other hedge positions are treated as speculative positions for the purpose of this calculation;

(c) client and Dealer Member spreads in the same futures contract entered into on the same futures exchange. All other spread positions are treated as speculative positions for the purpose of this calculation;

(d) The following options on futures contracts positions:

  (i) short options on futures contracts which are out-of-the-money by more than two maintenance margin requirements; and

  (ii) spreads in the same options on futures contracts.

Line 2 – Concentration in individual accounts. The Dealer Member must provide for the amount by which;

  (a) the aggregate of the maintenance margin requirements of the commodity or financial futures or underlying interest of option on futures contracts held both long and short for any client (including without limitation groups of clients or related clients) or in inventory, except for positions mentioned in Note 1 below, less any excess margin provided

exceeds

  (b) 15% of the Dealer Member's net allowable assets.

The excess margin must be based on the maintenance margin. However, spread positions in the same product or different product on the same exchange and an inter-exchange or inter-commodity spread could be included using the maintenance margin as set by the exchange, provided that the spread is acceptable for margin purposes by a recognized exchange.

If the excess is not eliminated within three (3) trading days after it first occurs, the Dealer Member's capital shall be charged the lesser of:

(a) the excess calculated when the concentration first occurred; and

(b) the excess, if any, that exists on the close of the third trading day.

For the purpose of the concentration calculation, short futures contracts positions include futures contracts underlying the short call options on futures contracts and long futures contracts positions include futures contracts underlying the short put options on futures contracts.

Line 3 – Concentration in individual open futures contracts and short options on futures contract positions. The Dealer Member must provide for the amount by which;

  (a) the aggregate of two maintenance margin requirements on the greater of the long or the short commodity or financial futures contracts position held for clients and in inventory, except for positions mentioned in Note 1 below,

exceeds

(b) 40% of the Dealer Member's net allowable assets.

There may be deducted from this difference, on a per client basis, the excess margin available in all accounts of the client up to two maintenance margin requirements of the client's positions in the futures contracts.

The excess margin must be based on the maintenance margin. However, spread positions in the same product or different product on the same exchange and an inter-exchange or inter-commodity spread could be included in both the long and short side using the maintenance margin as set by the exchange, provided that the spread is acceptable for margin purposes by a recognized exchange.

If the excess is not eliminated within three (3) trading days after it first occurs, the Dealer Member's capital shall be charged the lesser of:

(a) the excess calculated when the concentration first occurred; and

(b) the excess, if any, that exists on the close of the third trading day.

For the purpose of the concentration calculation, short futures contracts positions include futures contracts underlying the short call options on futures contracts and long futures contracts positions include futures contracts underlying the short put options on futures contracts.

Line 4 – Where assets, including cash, open trade equity and securities, owing to a Dealer Member from a Commodity Futures Correspondent Broker exceed 50% of the Dealer Member's net allowable assets, any excess over this amount shall be provided as a charge in computing the Dealer Member's margin required.

Where the net worth of the Commodity Futures Correspondent Broker, as determined from its latest published audited financial statements, exceeds $50,000,000, no margin is required under this rule.

Where the net worth of the Commodity Futures Correspondent Broker, as determined from its latest published financial statements, is less than $50,000,000, the Dealer Member may use a confirmed unconditional and irrevocable letter of credit issued by a US bank qualifying as an *acceptable institution* on behalf of the Commodity Futures Correspondent Broker to offset any margin requirement calculated above. The amount of the offset is limited to the amount of the letter of credit.

No exemption from this requirement is permitted for Dealer Members who operate their commodity futures contracts and commodity option on futures contracts business on a fully disclosed basis with a correspondent broker.

Note 1: For the purpose of the calculation of the concentration margin on individual client accounts (Line 2) and for open futures contracts and short options on futures contracts positions (Line 3), the following positions are excluded:

1.1 positions held in *acceptable institution*, *acceptable counterparty* and *regulated entity* accounts;

1.2 hedge positions (as opposed to speculative positions) provided that the underlying interest is held in the client's account at the Dealer Member or that the Dealer Member has a document giving the Dealer Member an irrevocable right to take possession of the underlying interest and deliver it at the location designated by the appropriate clearing corporation. All other hedge positions are treated as speculative positions and are thereby not excluded;

1.3 the following short Options on Futures Contracts Positions:

(i) either the short call or the short put where a client or Dealer Member account is short a call and short a put on the same futures contract with the same exercise price and same expiration month;

(ii) a futures contract paired with an in-the-money option provided that this pairing is acceptable for margin purposes by a recognized exchange;

(iii) a short option paired with a long in-the-money option provided that this pairing is acceptable for margin purposes by a recognized exchange;

(iv) a short option paired with a futures contract provided that this pairing is acceptable for margin purposes by a recognized exchange;

(v) an out-of-the-money short call option paired with an out-of-the-money long call option, where the strike price

of the short call exceeds the strike price of the long call, provided that this pairing is acceptable for margin purposes by a recognized exchange;

(vi) an out-of-the-money short put option paired with an out-of-the-money long put option provided that this pairing is acceptable for margin purposes by a recognized exchange; and

(vii) short option, which is out-of-the-money by more than two maintenance margin requirements.

FORM 1, PART II – SCHEDULE 13

DATE: _____

_____
(Dealer Member Name)

EARLY WARNING TESTS – LEVEL 1

C$'000

A. LIQUIDITY TEST

Is Early Warning Reserve (Stmt. C, Line ~~9~~12) **less than 0?** **YES/NO**

B. CAPITAL TEST

1. Risk Adjusted Capital (RAC) [Stmt. B, Line 29]
2. Total Margin Required [Stmt. B, Line 24] multiplied by 5%

Is Line 1 less than Line 2? **YES/NO**

C. PROFITABILITY TEST #1

	Months	Profit or loss for 6 months ending with current month [note 2] **C$'000**	Profit or loss for 6 months ending with preceding month [note 2] **C$'000**
1. Current month			
2. Preceding month			
3. 3rd month			
4. 4th month			
5. 5th month			
6. 6th month			
7. 7th month			
8. TOTAL [note 3]			
9. AVERAGE multiplied by -1			
10A RAC [at Form 1 date]			
10B RAC [at preceding month end]			
11A Line 10A divided by Line 9			
11B Line 10B divided by Line 9			

Are both of the following conditions true:

1. Line 11A is greater than or equal to 3 but less than 6, and

2. Line 11B less than 6? **YES/NO**

D. PROFITABILITY TEST #2

1. Loss for current month [notes 2 and 4} multiplied by -6
2. RAC [at Form 1 date]

Is Line 2 less than Line 1? **YES/NO**

[See notes and instructions]

FORM 1, PART II – SCHEDULE 13A

DATE: _____

_____
(Dealer Member Name)

EARLY WARNING TESTS – LEVEL 2

C$'000

A. LIQUIDITY TEST
Is Early Warning Excess (Stmt. C, Line ~~7~~10) **less than 0?** ---------- **YES/NO**

B. CAPITAL TEST
1. Risk Adjusted Capital (RAC) [Stmt. B, Line 29] _____
2. Total Margin Required [Stmt. B, Line 24] multiplied by 2% _____

Is Line 1 less than Line 2? ---------- **YES/NO**

C. PROFITABILITY TEST #1
Is Schedule 13, Line 11A less than 3 AND

Schedule 13, Line 11B less than 6? ---------- **YES/NO**

D. PROFITABILITY TEST #1
1. Loss for current month [notes 2 and 4} multiplied by -3 _____
2. RAC [at Form 1 date] _____

Is Line 2 less than Line 1? ---------- **YES/NO**

E. PROFITABILITY TEST #3

	Months	Profit or loss for 3 months ending with current month [note 2] **C$'000**
1. Current month	----------	----------
2. Preceding month	----------	----------
3. 3rd month	----------	----------
4. TOTAL [note 5]		_____
5. RAC [at Form 1 date]		_____

Is loss on Line 4 greater than Line 5? ---------- **YES/NO**

F. FREQUENCY PENALTY
Has Dealer Member:
1. **Triggered Early Warning at least 3 times in the past 6 months or is RAC less than 0?** ---------- **YES/NO**
2. **Triggered Liquidity or Capital Tests on Schedule 13?** ---------- YES/NO
3. **Triggered Profitability Tests on Schedule 13?** ---------- YES/NO
4. **Are Lines 2 and 3 <u>both</u> YES?** ---------- **YES/NO**

[See notes and instructions]

FORM 1, PART II – SCHEDULES 13 AND 13A

NOTES AND INSTRUCTIONS

1. The objective of the various Early Warning Tests is to measure characteristics likely to identify a Dealer Member heading into financial trouble and to impose restrictions and sanctions to reduce further financial deterioration and prevent a subsequent capital deficiency. “Yes” answers indicate Early Warning has been triggered.

   If the Dealer Member is currently capital deficient (i.e. risk adjusted capital is negative), only Part F of Schedule 13A need be completed. Schedule 13 and the remainder of Schedule 13A need not be completed.

2. The profit or loss figures to be used are before asset revaluation income and expense, interest on internal subordinated debt, bonuses, and income taxes [Statement E, Line 31 – Profit (loss) for Early Warning test]. Note that the “current month” figure must also reflect any audit adjustments made subsequent to the filing of the Monthly Financial Report (MFR). These adjustments must be reported on Schedule 13M.

3. If either or both of the calculated totals is a profit, no further calculation under this section C need be done.

4. If the balance is a profit, no further calculation under this section D need be done.

5. If the total is a profit, no further calculation under this section E need be done.

FORM 1, PART II – SCHEDULE 14

DATE: _____

_____
(Dealer Member Name)

PROVIDER OF CAPITAL CONCENTRATION CHARGE

		C$'000
A.	**CALCULATION OF CASH AND UNDERSECURED LOANS WITH PROVIDER OF CAPITAL**	
1.	Cash on deposit with *provider of capital*	
2.	Cash, held in trust with *provider of capital*, due to free credit ratio calculation	
3.	Loans receivable – undersecured loans receivable from *provider of capital* relative to normal commercial terms	
4.	Loans receivable – secured loans receivable from *provider of capital* that are secured by investments in securities issued by the *provider of capital*	
5.	Securities borrowed – securities borrowing agreements with the *provider of capital* that are undersecured relative to normal commercial terms	
6.	Securities borrowed – secured securities borrowing agreements with the *provider of capital* that are secured by investments in securities issued by the *provider of capital*	
7.	Resale agreements – agreements with the *provider of capital* that are undersecured relative to normal commercial terms	
8.	Commissions and fees receivable from the *provider of capital*	
9.	Interest and dividends receivable from the *provider of capital*	
10.	Other receivables from the *provider of capital*	
11.	Loans payable – loans payable to the *provider of capital* that are overcollateralized relative to normal commercial terms	
12.	Securities lent – agreements with the *provider of capital* that are overcollateralized relative to normal commercial terms	
13.	Repurchase agreements – agreements with the *provider of capital* that are overcollateralized relative to normal commercial terms	
LESS:		
14.	Bank overdrafts with the *provider of capital*	
15.	TOTAL CASH DEPOSITS AND UNDERSECURED LOANS WITH PROVIDER OF CAPITAL	
B.	**CALCULATION OF INVESTMENTS IN SECURITIES ISSUED BY THE PROVIDER OF CAPITAL**	
1.	Investments in securities issued by the *provider of capital* (net of margin provided)	
LESS:		
2.	Loans payable to *provider of capital* that are linked to the assets above and are limited recourse	
3.	Securities issued by the *provider of capital* sold short provided they are used as part of a valid offset with the investments reported in Section B, Line 1 above	
4.	TOTAL INVESTMENTS IN SECURITIES ISSUED BY THE PROVIDER OF CAPITAL	

			C$'000
C.	**CALCULATION OF FINANCIAL STATEMENT CAPITAL PROVIDED BY THE PROVIDER OF CAPITAL**		
1.		*Regulatory financial statement capital provided by the provider of capital* (including pro-rata share of reserves and retained earnings)	
D.	**NET ALLOWABLE ASSETS**		
1.		Net Allowable Assets	
E.	**EXPOSURE TEST #1 – DOLLAR CAP ON CASH DEPOSITS AND UNDERSECURED LOANS**		
1.	Sec. C, Line 1	*Regulatory financial statement capital provided by the provider of capital*	
2.	Sec. A, Line 15	Cash deposits and undersecured loans with *provider of capital*	
3.		*Regulatory financial statement capital* redeposited or lent back on an undersecured basis [Minimum of Section E, Line 1 and Section E, Line 2]	
4.		Exposure threshold	$50,000
5.		Capital requirement [Excess of Section E, Line 3 over Section E, Line 4]	
F.	**EXPOSURE TEST #2 – OVERALL CAP ON CASH DEPOSITS AND UNDERSECURED LOANS AND INVESTMENTS**		
1.	Sec. C, Line 1	*Regulatory financial statement capital provided by the provider of capital*	
2.	Sec. A, Line 15	Cash deposits and undersecured loans with *provider of capital*	
3.	Sec. B, Line 4	Investments in securities issued by the *provider of capital*	
4.		Total cash deposits and undersecured loans and investments [Section F, Line 2 plus Section F, Line 3]	
5.		*Regulatory financial statement capital* redeposited or lent back on an undersecured basis or invested in securities issued by the *provider of capital* [Minimum of Section F, Line 1 and Section F, Line 4]	
LESS:			
6.	Sec. E, Line 5	Capital charge incurred under Exposure Test #1	
7.		Net financial statement capital redeposited or lent back on an undersecured basis or invested in securities issued by the *provider of capital* [Section F, Line 5 minus Section F, Line 6]	
8.		Exposure threshold being the greater of:	
		(a) Ten million dollars	$10,000
		(b) 20% of Net Allowable Assets [20% of Section D, Line 1]	
9.		Capital requirement [Excess of Section F, Line 7 over Section F, Line 8]	
10.		TOTAL PROVIDER OF CAPITAL CONCENTRATION CHARGE [Section E, Line 5 plus Section F, Line 9]	

[See notes and instructions]

FORM 1, PART II – SCHEDULE 14

NOTES AND INSTRUCTIONS

1. The purpose of this schedule is to measure the exposure a Dealer Member has to each of its providers of capital (as defined below). As such is the case, a separate copy of this schedule should be completed for each *provider of capital* where the capital provided is in excess of $10 million.

2. For the purposes of this schedule:

   (a) A "provider of capital" is an individual or entity and its affiliates that provides capital to a Dealer Member

   (b) "Regulatory financial statement capital" is comprised of:

   - Total Capital (Statement A, Line 73); plus
   - Finance leases – leasehold inducements (Statement A, Line 65); plus
   - Subordinated loans (Statement A, Line 67).

   (c) "Regulatory financial statement capital provided by the provider of capital" is the portion of the *regulatory financial statement capital* that has been provided to the Dealer Member by the *provider of capital*

CALCULATION OF CASH AND UNDERSECURED LOANS WITH PROVIDER OF CAPITAL

Section A, Line 3 – The undersecured amount to be reported on this line refers to any deficiency between the *market value* of the collateral received for the loan and the amount of the loan receivable that is greater than the percentage [the percentage is determined by dividing the deficiency by the *market value* of the collateral received] deficiency required under normal commercial terms.

Section A, Line 4 – The amount to be reported on this line refers to the entire loan receivable balance if the only collateral received for the loan is securities issued by the *provider of capital*.

Section A, Line 5 – The undersecured amount to be reported on this line refers to any deficiency between the *market value* of the collateral received for the loan and the amount of the loan receivable or the *market value* of the securities delivered as collateral that is greater than the percentage [the percentage is determined by dividing the deficiency by the *market value* of the collateral received] deficiency required under normal commercial terms.

Section A, Line 6 – The amount to be reported on this line refers to the entire loan receivable balance or the *market value* of the securities delivered as collateral if the only collateral received for the loan is securities issued by the *provider of capital*.

Section A, Line 7 – The undersecured amount to be reported on this line refers to any deficiency between the *market value* of the security received pursuant to the resale agreement and the amount of the loan receivable that is greater than the percentage [the percentage is determined by dividing the deficiency by the *market value* of the security received] deficiency required under normal commercial terms. If the security received is a security issued by the *provider of capital* the collateral is assumed to have no value for the purposes of the above calculation.

Section A, Lines 8, 9 and 10 – The amount to be reported on these lines refers to the amount of the loan receivable less any collateral provided other than securities issued by the *provider of capital*.

Section A, Line 11 – The overcollateralized amount to be reported on this line refers to any deficiency between the *market value* of the collateral delivered for the loan and the amount of the loan payable that is greater than the percentage [the percentage is determined by dividing the deficiency by the amount of the loan payable] deficiency required under normal commercial terms.

Section A, Line 12 – The overcollateralized amount to be reported on this line refers to any deficiency between the *market value* of the collateral delivered pursuant to the securities lending agreement and the amount of the loan payable or the *market value* of the securities received as collateral that is greater than the percentage [the percentage is determined by dividing the deficiency by the amount of the loan payable] deficiency required under normal commercial terms.

Section A, Line 13 – The overcollateralized amount to be reported on this line refers to any deficiency between the *market value* of the collateral delivered pursuant to the repurchase agreement and the amount of the loan payable that is greater than

the percentage [the percentage is determined by dividing the deficiency by the amount of the loan payable] deficiency required under normal commercial terms.

CALCULATION OF INVESTMENTS IN SECURITIES ISSUED BY THE PROVIDER OF CAPITAL

Section B, Line 1 – Include all investments in securities issued by the *provider of capital*.

Section B, Line 2 – Include only those loans where the agreement executed includes the industry standard wording set out in the Limited Recourse Call Loan Agreement.

Section B, Line 3 – Include only those security positions that are otherwise eligible for offset pursuant to the Corporation's capital requirements.

CALCULATION OF FINANCIAL STATEMENT CAPITAL PROVIDED BY THE PROVIDER OF CAPITAL

Section C, Line 1 – Include the face amount of subordinated debt provided by the *provider of capital*, plus the book amount of equity capital provided by the *provider of capital* plus a pro-rata share of reserves and retained earnings.

FORM 1, PART II – SCHEDULE 15

DATE: _____

_____
(Dealer Member Name)

SUPPLEMENTARY INFORMATION
(Figures not subject to audit)

		C$'000
A.	**SEGREGATION**:	
1.	Aggregate *market value* of securities required to be recalled from call loans	
B.	**NUMBER OF EMPLOYEES**:	
1.	Number of employees – registered	
2.	Number of employees – other	
C.	**NUMBER OF TRADES EXECUTED DURING THE MONTH:**	
1.	Bonds	
2.	Money Market	
3.	Equities – Listed Canadian	
4.	Equities – Foreign	
5.	Options	
6.	Futures Contracts	
7.	Mutual Funds	
8.	New Issues	
9.	Other	
	TOTAL	

NOTE:

1. Trade tickets, not fills, for all markets should be counted.

13.2 Marketplaces

13.2.1 TMX Select Inc. – Notice of Initial Operations Report and Request for Feedback

TMX SELECT INC.

NOTICE OF INITIAL OPERATIONS REPORT AND REQUEST FOR FEEDBACK

TMX Select has announced its plans to begin operations as an Alternative Trading System (ATS). It is publishing this Notice of Initial Operations Report in accordance with the requirements set out in OSC Staff Notice 21-703 –*Transparency of the Operations of Stock Exchanges and Alternative Trading Systems*. Pursuant to OSC Staff Notice 21-703, market participants are invited to provide feedback on the information provided in the Notice.

Feedback on the Initial Operations Notice should be in writing and submitted by April 4, 2011 to:

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

And to:

Gary Knight
Chief Executive Officer
TMX Select
Exchange Tower, 130 King Street West,
Toronto, ON M5K1J2
Email: gary.knight@tmx.com

Comments received will be made public on the OSC website. Upon completion of the review by OSC staff, and in the absence of any regulatory concerns, notice will be published to confirm the completion of Commission staff's review and to outline the intended start date for operation of the ATS.

TMX Select Inc.

NOTICE OF INITIAL OPERATIONS REPORT AND REQUEST FOR FEEDBACK

Overview

Owned and operated by TMX Group, TMX Select Inc. is a new Canadian ATS, offering a transparent, continuous, electronic auction marketplace. TMX Select is a distinct marketplace from Toronto Stock Exchange and TSX Venture Exchange (the "Exchanges"). As is the case with other ATSs, TMX Select will be registered as an investment dealer with the OSC and will be an IIROC member. TMX Select will initially facilitate the order matching and trade execution of securities listed and posted for trading on the Exchanges.

Recognizing the increasing diversity of trading strategies and participants, TMX Select has been designed to allow TMX Group greater flexibility in responding to evolving customer needs, and to offer participants additional execution and liquidity seeking opportunities through a differentiated marketplace and pricing model.

Subscribers to TMX Select must be IIROC member firms in good standing. TMX Select is accessible through the same order entry gateway and FIX and STAMP protocols as the Exchanges. Unlike trading on the Exchanges, TMX Select offers a single continuous trading session from 8am to 5pm EST where orders are matched in strict price-time priority. TMX Select is supported and operated by the same infrastructure (trading technology, customer service and management teams) that supports the Exchanges. This infrastructure, including services provided to TMX Select by other TMX Group employees that also support the Exchanges, is made available to TMX Select pursuant to a formal services agreement between TSX Inc. and TMX Select.

Hours of Operation

Continuous trading is available Monday to Friday from 8am-5pm EST (excluding statutory holidays). There will be no 'opening call'. Trading begins as quotes are posted and orders are matched.

Technology and Operations

Information systems management and maintenance for TMX Select's technology infrastructure, and operational support for execution and trading are provided to TMX Select by TSX Inc. TMX Select operates on the same high performance and reliable technology platform as the Exchanges, including the same order entry and data feeds gateway.

TMX Select operates with primary and secondary data center facilities to provide redundancy and back-up, thereby reducing the risk of disruption and the recovery time of critical systems at TMX Select. TMX Select is supported by the same high availability, business continuity, and disaster recovery processes and systems as the Exchanges.

Trading Support for TMX Select is available through TMX Trading and Vendor services from 7am – 5pm EST.

Securities Traded

TMX Select trades securities that are listed by exchanges that are recognized in a Canadian jurisdiction. TMX Select will initially support trading in all securities listed and posted for trading on the Toronto Stock Exchange and TSX Venture Exchange.

Eligible Subscribers

Only IIROC member firms in good standing are eligible to become TMX Select Subscribers.

Access and Connectivity

To become a Subscriber, a dealer must execute a TMX Select Subscriber agreement.

TMX Select is accessed by all Subscribers for order entry via a single front-end gateway using either a FIX or STAMP protocol. As a result of TMX Select using the order entry gateway and existing FIX and STAMP protocols of the Exchanges, Participating Organizations ("PO") and Access Vendors of either Exchange can use existing connections to access TMX Select. New connections to TMX Select can also be requested if required.

To send orders to TMX Select, a Subscriber must trade through an Approved Trader with an assigned trader identifier, and have access to the TMX order entry gateway through a provider (either through their proprietary trading system or through an ISV) that has been certified by TMX Select to demonstrate compliance with the designated order entry protocol of TMX Select.

All entities that operate systems which qualify for order entry access (whether a Subscriber's proprietary system or ISV system) must also sign a connectivity (gateway) agreement with TMX Select.

Orders received by the order entry gateway are directed to TMX Select as opposed to the Exchanges through a new order entry protocol tag designation. The default, if this tag is not sent or is blank, is to send orders to the Exchanges.

TMX Select will permit eligible clients to trade via sponsored Direct Market Access (DMA) on TMX Select through a Subscriber in the same manner as permitted by the Exchanges.

Order Matching and Trade Execution

TMX Select features a transparent, continuous matching platform where trading occurs in a single Central Limit Order Book (CLOB) from 8:00am to 5:00pm EST.

TMX Select accepts buy, sell, and short sell orders and matches orders in real-time continuously throughout the trading day, from the time of opening to closing. Trades are executed by matching orders in price-time priority sequence, with the exception that orders that are part of a cross will execute prior to all other orders at that price. Displayed portions of orders are given trading priority based on price-time priority. At any given price level after all displayed portions are exhausted the non-displayed portions of icebergs and then non-displayed orders are given priority based on time. Orders that are not matched are booked in the CLOB for subsequent matching, subject to any special handling instructions.

All remaining orders in the system expire and are cancelled at the end of the trading day (5:00pm EST).

General trading terms, including minimum tick sizes and standard trading units, are as defined in UMIR.

Market Data and Trade Reporting

TMX Select disseminates trade and order data electronically in real-time. Data feeds provided include a public real-time market depth feed that contains full depth of all TMX Select trades and orders, and a private real-time market depth feed that contains

full depth of all TMX Select trades and orders, including a Subscriber's encrypted private data. All market data feeds will be in the same format as existing Exchange feeds.

Trades are also reported directly to the Information Processor for dissemination in the IP's standard data format and to IIROC in the standard regulatory STEP format.

Order Types and Features

The following order types and features are supported during TMX Select operating hours:

Market order

An order for immediate execution at the best available price.

Limit order

An order to buy a security to be executed at a specified maximum price, and an order to sell a security to be executed at a specified minimum price.

Change former order instruction (CFO)

An order instruction to cancel the former order's version by replacing it with a new version. Such orders will retain relative priority only if the change is limited to a decrease in the displayed size of the order, an increase or decrease in the undisplayed portion of an iceberg, a change from sell long to sell short or vice-versa, or any change to other non-public markers that are incidental. Any other modification to an order, including an increase in the displayed size of the order a price change, or a change from a regular order to an iceberg order will result in such order losing time priority relative to other orders at the same price.

Anonymous

When an order is entered on TMX Select, the identity of the Subscriber will be disclosed unless the Subscriber designates the order as anonymous. The anonymous designation allows the Subscriber to execute a trade under an anonymous Subscriber number which is designated as 001.

Iceberg

An order that replenishes the displayed order size as executions are received. A minimum size of one standard trading unit must be displayed and only the displayed volume will have priority at the given price level.

Short

An order to sell shares that are not owned directly or indirectly by the seller. The UMIR short sale tick rule will be system-enforced by TMX Select, where short orders will only execute at a price equal to or greater than the last sale price. TMX Select will book limit priced short orders at the best possible execution price and then continuously adjust that price downward towards the short order's original limit if/when the last sale price permits the downward adjustment of the short sale order. Market priced short sales will also be adjusted where necessary, but only once upon entry, not continuously. To determine the last sale price for each security for this purpose, TMX Select will reference the last sale price from the listing Exchange, or the last sale price from TMX Select if the TMX Select trade occurred after and is lower than the trade on the listing exchange.

Short exempt

An order designation for short sale orders that will permit the short sale order to execute without being subject to TMX Select's system-enforced short sale rules.

Crosses

A cross is a trade resulting from the entry by a Subscriber of both the order to purchase and the order to sell a security, but does not include a trade in which the Subscriber has entered one of the orders as a jitney order.

Crosses are not subject to interference from orders in the book, and must be entered at a price that is at or inside TMX Select's best bid price and best ask price, unless otherwise noted.

The following cross types are supported:

Basis cross - A trade designated by the Subscriber whereby a basket of securities or an index participation unit is transacted at prices achieved through the execution of related exchange-traded derivative instruments which may include index futures, index options and index participation units in an amount that will correspond to an equivalent market exposure. A basis cross can be executed outside the TMX Select best bid price and best ask price. A basis cross will not set the TMX Select last sale price.

VWAP (Volume-Weighted Average Price) cross - A transaction for the purpose of executing a trade at a volume-weighted average price of a security traded for a continuous period on or during a Trading Day. A VWAP cross can be executed outside of the TMX Select best bid price and best ask price. A VWAP cross will not set the TMX Select last sale price.

Contingent cross - A trade resulting from a paired order placed by a Subscriber on behalf of a client to execute an order on a security that is contingent on the execution of a second order placed by the same client for an offsetting volume of a related security.

Intentional Cross - A trade resulting from the entry by a Subscriber of both the order to purchase and the order to sell a security, but does not include a trade in which the Subscriber has entered one of the orders as a jitney order. Intentional crosses must be entered at a price that is at or inside TMX Select's best bid price and best ask price.

Internal Cross - An Intentional Cross between two client accounts of a Subscriber which are managed by a single firm acting as portfolio manager with discretionary authority to manage the investment portfolio granted by each of the clients and includes a trade where the Subscriber is acting as a portfolio manager in authorizing the trade between the two client accounts.

Bypass Cross - A cross that will trade intact even when outside the TMX Select best bid price and best ask price, without setting the TMX Select last sale price and without being rejected.

Dark Limit Order

The Dark Limit order is a hidden order where the price and volume is not displayed and is executable at or inside the best bid or ask. This order can execute against visible orders in the continuous book, other Dark Limit orders, or Dark Mid-point orders. A displayed order shall be executed prior to a non-displayed order or any undisclosed portion of an order at the same price.

Dark Mid-point Order

Dark Mid-point orders are non-displayed orders continuously pegged to the mid-point of the national best bid or offer. Dark Mid point orders are pegged to execute at the floating midpoint of the CBBO (Canadian Best Bid/Offer) with an optional limit price. This order can execute against visible orders in the continuous book, Dark Limit orders, or other Dark Mid-point orders. A displayed order shall be executed prior to a non-displayed order or any undisclosed portion of an order at the same price.

Post-only order

An order that will be rejected if immediately executable.

Self trade prevention order

An optional order feature that prevents two orders from the same Subscriber from executing based on unique trading keys defined by the Subscriber. An active order is rejected instead of trading against a resting order with the same unique trading key from the same Subscriber.

Bypass order

A Fill or Kill order that executes only against passive displayed orders, bypassing all non-displayed interest, including non-displayed iceberg order volume.

Time in Force Conditions

Day Orders, which expire at the end of the Trading Day. All orders on TMX Select by default are considered day orders and will expire at the end of the continuous session.

Immediate Or Cancel (IOC), which is eligible to receive a full or partial fill. Any portion of an IOC order that is not filled is cancelled immediately.

Fill Or Kill (FOK), which is eligible to receive a full fill. If a FOK order is not fully filled, the entire order is cancelled immediately.

Order Protection Rule (OPR) Features:

The following features are supported by TMX Select to comply with the Order Protection Rule obligation.

Directed Action Order (DAO)

The private DAO marker is an implicit or explicit order instruction as defined in NI 23-101. Orders are assumed to be DAO by TMX Select for all TMX Select orders provided directly to the order entry gateway via FIX or STAMP from a Subscriber's system, or if the explicit DAO marker is provided. DAO orders trade or book without any attempt to protect better-priced orders on away markets. The responsibility to prevent trade-throughs for orders considered DAO is assumed by the Subscriber.

OPR Route Out Service

Subscribers not prepared to accept the default designation of orders as DAO can have their orders intermediated by the OPR Route Out Service made available through the TSX Smart Order Router. The use of this service, which will route orders to other marketplaces with better-priced orders, requires Subscribers to send orders to the TSX SOR through a separate SOR connection. The OPR Route Out Service will be provided free to Subscribers.

Price Volatility Parameters

TMX Select has established the same price parameters that are applied to all trades throughout the trading day as those in operation on the Exchanges. There are two types of price parameters:

Freeze limits are configurable for each security and are referenced based on the number of price increments (ticks) a tradable order has initiated relative to the most recent independent TMX Select trade. If an order were to execute causing the price of the security to exceed the freeze limit relative to the TMX Select last sale price, a temporary suspension of trading on the security will result. When a security freezes, TMX Select staff assesses and determine whether the order will be allowed, and whether to resume trading in the security. While the security is frozen, further order entry is prevented and existing orders cannot be cancelled or modified.

Bid/Ask Tick Limits are configurable across the market based on the security's quoted price, and apply automatically to market and better price limit orders. This mechanism limits the number of ticks past the best bid price or best ask price an order can trade through. If an incoming tradable order hits the bid/ask limit and still has volume remaining, the remaining volume is booked at the bid/ask limit.

Erroneous Trade and Trade Amendment Policy

In the event that a Subscriber executes an order in error ("erroneous trade") the Subscriber will be asked to contact the TMX Select Trading Services desk. The Trading Services desk may, upon request of the Subscriber, contact the other party to the trade to request cancellation of the trade. Both parties to the trade must agree to the trade cancellation or they may elect to contact IIROC for assistance.

In the event of a technical, systems, or access problem that has substantially impaired or impacted access or trading, TMX Select has the discretion to cancel an impacted trade without the consent of both parties and will notify IIROC of the decision. Otherwise, TMX Select cannot unilaterally cancel a trade without the consent of both parties and without consultation with and approval of IIROC.

In the event of a trade that requires a change or amendment to price and/or quantity the Subscriber will contact IIROC for approval. If IIROC approves the amendment, they will then contact the TMX Select Trading Services Desk to instruct TMX Select to make the change.

This policy excludes any requests received by IIROC or other securities regulator to cancel or amend a trade.

In the event of a dispute between two Subscribers, TMX Select will make available any information required to settle the dispute, subject to any confidentiality restrictions on the disclosure of such information.

Clearing and Settlement

All transactions executed are reported to CDS at day end for clearing. The CDS Participant Rules govern the operation of CDS clearing and settlement services.

All trades done on TMX Select will settle by default on a T+3 basis. In the case of a special direction for clearing and settlement from the primary exchange, TMX Select will make the appropriate adjustments to indicate the special clearing to TMX Select's end of day file before the file is sent to CDS.

Internal Policies – Managing Perceived Conflicts of Interest

TMX Group has established over time an Employee Code of Conduct ("Code") that, among other things, instills and ensures positive behaviours in TMX Group employees. The application of this Code enables TMX Group to maintain public confidence in the integrity of TMX Group operations. All TMX Select employees, as well as any TMX Group employees that support TMX Select, are governed by the Code. The Code requires, among other things, that confidential information be kept confidential by employees and that no advantage is taken of such confidential information. This ensures that non-public information of TMX Select Subscribers will be protected and not used inappropriately by TMX Select. TMX Select employees are also subject to additional policies that exist to ensure appropriate employee activities that are consistent with TMX Group's reputation of ensuring market quality.

13.3 Clearing Agencies

13.3.1 CLS Bank International and CLS Services Ltd. – Application for Exemptive Relief – Notice of Commission Order

CLS BANK INTERNATIONAL AND CLS SERVICES LTD.

APPLICATION FOR EXEMPTIVE RELIEF

NOTICE OF COMMISSION ORDER

On March 1, 2011, the Commission granted CLS Bank International (CLS) and CLS Services Ltd. an exemption from the requirement in subsection 21.2(0.1) of the *Securities Act* (Ontario) to be recognized as a clearing agency.

The Commission published the CLS application and proposed exemption order for a 30-day comment period on January 21, 2011. No comments were received.

A copy of the exemption order is published in Chapter 2 of this Bulletin.

13.3.2 CDS – Notice of Effective Date – Technical Amendments to CDS Procedures – Housekeeping Items

CDS CLEARING AND DEPOSITORY SERVICES INC. (CDS®)

TECHNICAL AMENDMENTS TO CDS PROCEDURES

HOUSEKEEPING ITEMS

NOTICE OF EFFECTIVE DATE

A. DESCRIPTION OF THE CDS PROCEDURE AMENDMENT

Please find attached proposed amendments to CDS Participant Procedures concerning Housekeeping items.

Access the proposed amendments to the CDS Procedures on the User documentation revisions web page (http://www.cds.ca/cdsclearinghome.nsf/Pages/-EN-blacklined?Open) and to the CDS Forms (if applicable) on Forms online (Click View by Form Category and in the Select a Form Category list, click External review) on the CDS Services web page (www.cdsservices.ca).

Description of Proposed Amendments

The proposed amendments are housekeeping amendments made in the ordinary course of review of CDS's Participant Procedures. They include the following:

- Updated CDSX procedures to include changes to NASDAQ/FINRA rule changes
- Updated CDSX procedures to include the removal of discontinued NSCC reports
- Updated CDSX forms to include Quebec sales tax (QST) updates
    - Form #CDSX166 – Notice of Record & Meetings Dates
    - Form #CDSX796 – Application for Participation: Appendix F, Calculation of Entrance Fees (page 32)
- Updated CDSX form to include 1042-S reporting – detail file update
    - Form #CDSX218 – Data Transmission Request

CDS Procedure Amendments are reviewed and approved by CDS's Strategic Development Review Committee ("SDRC"). The SDRC determines or reviews, prioritizes and oversees CDS-related systems development and other changes proposed by participants and CDS. The SRDC's membership includes representatives from the CDS Participant community and it meets on a monthly basis.

These amendments were reviewed and approved by the SDRC on January 27, 2011.

B. REASONS FOR TECHNICAL CLASSIFICATION

The amendments proposed pursuant to this Notice are considered technical amendments as they are matters of a technical nature in routine operating procedures and administrative practices relating to the settlement services.

C. EFFECTIVE DATE OF THE CDS PROCEDURE AMENDMENT

Pursuant to Appendix A ("Rule Protocol Regarding The Review And Approval Of CDS Rules By The OSC") of the Recognition and Designation Order, as amended on November 1, 2006, and Annexe A ("Protocole d'examen et d'approbation des Règles de Services de Dépot et de Compensation CDS Inc. par l'Autorité des marchés financiers") of AMF Decision 2006-PDG-0180, made effective on November 1, 2006, CDS has determined that the proposed amendments will become effective on March 7, 2011.

D. QUESTIONS

Questions regarding this notice may be directed to:

Laura Ellick
Manager, Business Systems
CDS Clearing and Depository Services Inc.
85 Richmond Street West
Toronto, Ontario M5H 2C9

Telephone: 416-365-3872
Fax: 416-365-0842
e-mail: lellick@cds.ca

13.3.3 Notice of Commission Approval – Material Amendments to CDS Procedures – Elimination of ACV to Entitlement Processors for Maturing Securities

CDS CLEARING AND DEPOSITORY SERVICES INC.

MATERIAL AMENDMENTS TO CDS PROCEDURES

ELIMINATION OF ACV TO ENTITLEMENT PROCESSORS FOR MATURING SECURITIES

NOTICE OF COMMISSION APPROVAL

In accordance with the Rule Protocol between the Ontario Securities Commission (Commission) and CDS Clearing and Depository Services Inc. (CDS), the Commission approved on February 25, 2011, amendments filed by CDS to its procedures relating to the elimination of aggregate collateral value (ACV) to Entitlement Processors for maturing securities. The amendments address the risks associated with providing ACV for maturing securities to Entitlement Processors when acting as paying agents in CDSX. A copy and description of the procedural amendments were published for comment on December 24, 2010 at (2010) 33 OSCB 12231. No comments were received.

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