

The Ontario Securities Commission

OSC Bulletin

March 25, 2011

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

The Ontario Securities Commission

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Chapter 1

Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

March 25, 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
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Margot C. Howard	—	MCH
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Paulette L. Kennedy	—	PLK
Edward P. Kerwin	—	EPK
Vern Krishna	—	VK
Christopher Portner	—	CP
Charles Wesley Moore (Wes) Scott	—	CWMS

SCHEDULED OSC HEARINGS

March 28, 2011	QuantFX Asset Management Inc., Vadim Tsatskin, Lucien Shtromvasser and Rostislav Zemlinsky
10:00 a.m.	

s.127

C. Rossi in attendance for Staff

Panel: JDC

March 28, March 30-31 and April 4-7, 2011	Paul Donald
	s. 127

10:00 a.m.	C. Price in attendance for Staff
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March 29, 2011	Panel: CP/PLK
----------------	---------------

2:30 p.m.

March 28, 2011	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 Basingdale
11:00 a.m.	
March 29, 2011	
2:30 p.m.	

March 30, 2011	s. 127
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10:00 a.m.	H. Craig/C. Rossi in attendance for Staff
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March 31, 2011	Panel: VK/EPK
----------------	---------------

2:30 p.m.

May 2-9 and May 11-13, 2011	
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10:00 a.m.	
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March 30, 2011	Oversea Chinese Fund Limited Partnership, Weizhen Tang and Associates Inc., Weizhen Tang Corp., and Weizhen Tang
10:00 a.m.	

s. 127 and 127.1

M. Britton in attendance for Staff

Panel: JDC

March 30, 2011	David M. O'Brien	April 11, April 13-21, and April 27-29, 2011	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
11:30 a.m.	s. 37, 127 and 127.1	10:00 a.m.	
	B. Shulman in attendance for Staff		
	Panel: JDC		
March 31, 2011	Peter Sbaraglia		
10:00 a.m.	s. 127		
	S. Horgan/P. Foy in attendance for Staff		
	Panel: JDC		
April 4-7, April 11, April 13-18 and April 20, 2011	Uranium308 Resources Inc., Michael Friedman, George Schwartz, Peter Robinson, and Shafi Khan		s. 127
10:00 a.m.	s. 127		Y. Chisholm in attendance for Staff
	H. Craig/C.Rossi in attendance for Staff		Panel: CP/PLK
	Panel: VK/SOA	April 13, 2011	Peter Beck, Swift Trade Inc. (continued as 7722656 Canada Inc.), Biremis, Corp., Opal Stone Financial Services S.A., Barka Co. Limited, Trieme Corporation and a limited partnership referred to as "Anguilla LP"
April 4, 2011	Ameron Oil and Gas Ltd., MX-IV Ltd., Gaye Knowles, Giorgio Knowles, Anthony Howorth, Vadim Tsatskin, Mark Grinshpun, Oded Pasternak, and Allan Walker	10:00 a.m.	s. 127
11:00 a.m.	s. 37, 127 and 127.1		B. Shulman in attendance for Staff
	H. Craig/C. Rossi in attendance for Staff		Panel: JEAT
	Panel: JDC	April 18 and April 20, 2011	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, Network Financial Group Inc., and Network Marketing Solutions
April 5, 2011	Lehman Brothers & Associates Corp., Greg Marks, Kent Emerson Lounds and Gregory William Higgins	10:00 a.m.	s. 127 and 127.1
2:30 p.m.	s. 127		H. Daley in attendance for Staff
	H. Craig in attendance for Staff		Panel: JDC/MCH
	Panel: JEAT		

April 26, 2011 2:30 p.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	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: JDC
April 27, 2011 10:00 a.m.	QuantFX Asset Management Inc., Vadim Tsatskin, Lucien Shtromvaser and Rostislav Zemlinsky s. 127 H. Craig in attendance for Staff Panel: MGC	May 12, 2011 10:00 a.m.	Magna Partners Ltd. s. 21.7 M. Vaillancourt in attendance for Staff Panel: JEAT/CP
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 13, 2011 10:00 a.m.	Goldbridge Financial Inc., Wesley Wayne Weber and Shawn C. Lesperance s. 127 C. Johnson in attendance for Staff Panel: MCH/MGC
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 16, 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
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 16-19, May 25, May 27-31, 2011 10:00 a.m.	Nelson Financial Group Ltd., Nelson Investment Group Ltd., Marc D. Boutet, Stephanie Lockman Sobol, Paul Manuel Torres, H.W. Peter Knoll s. 127
		May 24, 2011 2:30 p.m.	P. Foy in attendance for Staff
		May 26, 2011 2:00 p.m.	Panel: EPK/MCH

May 17, 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	June 20 and June 22-30, 2011 10:00 a.m.	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
May 19, 2011 10:00 a.m.	Andrew Rankin s. 144 S. Fenton/K. Manarin in attendance for Staff Panel: JEAT/PLK/CP	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
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	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
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	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
June 1-2, 2011 10:00 a.m.	Hector Wong s. 21.7 A. Heydon 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
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		

September 14-23, September 28 – October 4, 2011	Juniper Fund Management Corporation, Juniper Income Fund, Juniper Equity Growth Fund and Roy Brown (a.k.a. Roy Brown-Rodrigues)	December 5 and December 7-16, 2011	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.
10:00 a.m.	s. 127 and 127.1 D. Ferris in attendance for Staff Panel: TBA	10:00 a.m.	s. 127 M. Britton in attendance for Staff Panel: TBA
October 12-24 and October 26-27, 2011	Helen Kuszper and Paul Kuszper	TBA	Yama Abdullah Yaqeen
10:00 a.m.	s. 127 and 127.1 U. Sheikh in attendance for Staff Panel: JDC/CWMS		s. 8(2) J. Superina in attendance for Staff Panel: TBA
October 17-24 and October 26-31, 2011	Richvale Resource Corp., Marvin Winick, Howard Blumenfeld, John Colonna, Pasquale Schiavone, and Shafi Khan	TBA	Microsourceonline Inc., Michael Peter Anzelmo, Vito Curalli, Jaime S. Lobo, Sumit Majumdar and Jeffrey David Mandell
10:00 a.m.	s. 127(7) and 127(8) H. Craig in attendance for Staff Panel: TBA		s. 127 J. Waechter in attendance for Staff Panel: TBA
November 7, November 9-21, November 23 – December 2, 2011	Majestic Supply Co. Inc., Suncastle Developments Corporation, Herbert Adams, Steve Bishop, Mary Kricfalusi, Kevin Loman and CBK Enterprises Inc.	TBA	Frank Dunn, Douglas Beatty, Michael Gollogly
10:00 a.m.	s. 37, 127 and 127.1 D. Ferris in attendance for Staff Panel: TBA		s. 127 K. Daniels in attendance for Staff Panel: TBA
November 14-21 and November 23-28, 2011	Shaun Gerard McErlean and Securus Capital Inc.	TBA	MRS Sciences Inc. (formerly Morningside Capital Corp.), Americo DeRosa, Ronald Sherman, Edward Emmons and Ivan Cavric
10:00 a.m.	s. 127 M. Britton in attendance for Staff Panel: TBA		s. 127 and 127(1) D. Ferris in attendance for Staff Panel: TBA

TBA	<p>Goldpoint Resources Corporation, Lino Novielli, Brian Moloney, Evanna Tomeli, Robert Black, Richard Wylie and Jack Anderson</p> <p>s. 127(1) and 127(5)</p> <p>M. Boswell in attendance for Staff</p> <p>Panel: TBA</p>	TBA	<p>Brilliante Brasilcan Resources Corp., York Rio Resources Inc., Brian W. Aidelman, Jason Georgiadis, Richard Taylor and Victor York</p> <p>s. 127</p> <p>H. Craig in attendance for Staff</p> <p>Panel: TBA</p>
TBA	<p>Gold-Quest International, 1725587 Ontario Inc. carrying on business as Health and Harmony, Harmony Club Inc., Donald Iain Buchanan, Lisa Buchanan and Sandra Gale</p> <p>s. 127</p> <p>H. Craig in attendance for Staff</p> <p>Panel: TBA</p>	TBA	<p>Abel Da Silva</p> <p>s. 127</p> <p>M. Boswell in attendance for Staff</p> <p>Panel: TBA</p>
TBA	<p>Lyndz Pharmaceuticals Inc., James Marketing Ltd., Michael Eatch and Rickey McKenzie</p> <p>s. 127(1) and (5)</p> <p>J. Feasby/C. Rossi in attendance for Staff</p> <p>Panel: TBA</p>	TBA	<p>Sextant Capital Management Inc., Sextant Capital GP Inc., Otto Spork, Robert Levack and Natalie Spork</p> <p>s. 127</p> <p>T. Center in attendance for Staff</p> <p>Panel: TBA</p>
TBA	<p>M P Global Financial Ltd., and Joe Feng Deng</p> <p>s. 127 (1)</p> <p>M. Britton in attendance for Staff</p> <p>Panel: TBA</p>	TBA	<p>Paul Azeff, Korin Bobrow, Mitchell Finkelstein, Howard Jeffrey Miller and Man Kin Cheng (a.k.a. Francis Cheng)</p> <p>s. 127</p> <p>T. Center/D. Campbell in attendance for Staff</p> <p>Panel: TBA</p>
TBA	<p>Shane Suman and Monie Rahman</p> <p>s. 127 and 127(1)</p> <p>C. Price in attendance for Staff</p> <p>Panel: JEAT/PLK</p>	TBA	<p>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</p> <p>s. 127</p> <p>A. Perschy/C. Rossi in attendance for Staff</p> <p>Panel: CP/PLK</p>
TBA	<p>Gold-Quest International, Health and Harmony, Iain Buchanan and Lisa Buchanan</p> <p>s. 127</p> <p>H. Craig in attendance for Staff</p> <p>Panel: TBA</p>		

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 **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

TBA **Alexander Christ Doulis (aka Alexander Christos Doulis, aka Alexandros Christodoulidis) and Liberty Consulting Ltd.**

s. 127

S. Horgan in attendance for Staff

Panel: TBA

TBA **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: TBA

TBA **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: TBA

TBA **North American Financial Group Inc., North American Capital Inc., Alexander Flavio Arconti, and Luigino Arconti**

s. 127

M. Britton in attendance for Staff

Panel: TBA

ADJOURNED SINE DIE

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

ADJOURNED SINE DIE

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. Boulton and Peter Y. Atkinson

1.1.2 OSC Staff Notice 81-713 – Focussed Disclosure Review – National Instrument 81-107 Independent Review Committee for Investment Funds

**ONTARIO SECURITIES COMMISSION
STAFF NOTICE 81-713**

**FOCUSSED DISCLOSURE REVIEW
NATIONAL INSTRUMENT 81-107
INDEPENDENT REVIEW COMMITTEE FOR INVESTMENT FUNDS**

INTRODUCTION

In March 2010, staff of the Ontario Securities Commission (OSC) (“Staff” or “we”) concluded a series of focussed reviews of independent review committee (IRC) related disclosure and informal discussions with IRC members. We recently compiled and analysed our findings from these reviews and discussions.

The scope of the reviews was limited to disclosure related to National Instrument 81-107 – *Independent Review Committee for Investment Funds* (NI 81-107 or the Rule). Overall, we noted a high level of compliance with the disclosure requirements related to NI 81-107. We also received generally positive feedback from IRC members regarding their experiences with NI 81-107.

This notice summarizes our findings and general observations in the following areas:

- IRC fees and compensation,
- IRC composition and interaction with the fund manager, and
- the use of standing instructions.

The notice concludes with a brief discussion regarding applications for exemptive relief from the conflict of interest prohibitions in securities legislation and next steps for NI 81-107.

1. BACKGROUND

1.1 NI 81-107

NI 81-107 requires every investment fund that is a reporting issuer in Canada to have a fully independent body, the IRC, whose role is to oversee all decisions involving an actual or perceived conflict of interest faced by the fund manager in the operation of the fund.

Prior to NI 81-107, there was no requirement for investment fund managers to have any type of independent oversight over how they manage or monitor conflicts of interest. Several reports on investment funds and fund governance had concluded that the structure of the fund industry – where the investor’s ownership of the fund is separate from the fund manager’s management and control of the fund – creates the potential for the interests of fund investors to diverge from the pecuniary interests of the fund manager. This structure has the potential to cause a fund manager to act contrary to its fiduciary duty to the investment fund, and ultimately, to investors. NI 81-107 imposed a minimum, consistent standard of independent oversight for all publicly offered investment funds in each of the jurisdictions represented by the Canadian Securities Administrators (the CSA).

The Rule captures two types of conflicts that arise in the operation of an investment fund: (i) ‘business’ or ‘operational’ conflicts i.e. those relating to the operation by the fund manager of its funds that are not specifically regulated under securities legislation, except through the general duties of loyalty and care imposed on the fund manager under securities legislation; and (ii) ‘structural’ conflicts i.e. those resulting from proposed transactions by the fund manager with related entities of the fund manager, fund or portfolio manager currently prohibited or restricted by securities legislation.

The Rule requires the fund manager to establish written policies and procedures that it must follow when making a decision involving a conflict of interest matter and to refer the matter to the IRC for its recommendation or approval, as appropriate, before proceeding.

A decision by the fund manager to engage in certain transactions that comprise ‘structural’ conflicts must be approved by the IRC before the transaction may proceed. Approval by the IRC of each transaction may be provided on a case-by-case basis or take the form of a standing instruction. For any other course of action not restricted by securities legislation, but which raises an actual or perceived conflict of interest for the fund manager, the fund manager is required to refer the conflict of interest matter

to the IRC, which must then provide the fund manager with a recommendation that must be considered by the fund manager before proceeding.

NI 81-107 came into force on November 1, 2006 and its transition period ended on November 1, 2007.

1.2 Continuous Disclosure Reviews

Between September 2009 and March 2010, staff reviewed NI 81-107 related disclosure of a sample of 141 investment funds managed by 41 different fund managers, covering annual financial periods ending in 2008 and 2009, including: (a) the prospectus (long form or simplified prospectus as applicable to the fund); (b) the annual information form; (c) annual financial statements of the fund; (d) the IRC Report to Securityholders; (e) the annual management report of fund performance; and (f) the website of the fund manager or funds as applicable.

Fund managers included in the sample were selected for review based on criteria designed to reflect a fair representation of fund family size and fund type. Of the 41 fund managers reviewed, 21 were fund managers of conventional mutual funds with assets under management representing approximately 83% of total assets under management of conventional mutual funds. These fund managers had assets under management ranging from \$46 million to \$95 billion.

Of the remaining managers in the sample, 12 were fund managers of exchange-traded funds (ETFs) representing approximately 66% of the total market capitalization of ETFs listed on the TSX. We also reviewed flow through limited partnerships managed by 3 fund managers, labour-sponsored investment funds managed by 2 fund managers, and scholarship plans managed by 3 fund managers. In total, we reviewed 82 conventional mutual funds, 42 exchange-traded funds, 7 flow through limited partnerships, 6 labour sponsored investment funds and 4 scholarship plans.

1.3 Meetings with IRCs

During 2009, we also met informally with twelve IRCs of fund managers with assets under management ranging from approximately \$950 million to \$95 billion. Staff from the Compliance and Registrant Regulation branch of the OSC accompanied Investment Funds staff at these meetings.

The purpose of the meetings was to obtain general feedback from IRCs on five broad topics: (i) the IRC's relationship with the fund manager; (ii) the IRC's initial and ongoing orientation to the fund manager's business; (iii) the IRC's involvement in the fund manager's decision to apply for exemptive relief; (iv) the IRC's experience with standing instructions; and (v) general comments from the IRC on NI 81-107.

2. FINDINGS AND COMMENTS

In the course of our disclosure reviews, we gathered information with a view to assessing some of the key concerns expressed by the fund industry when we published the Rule for comment. Specifically, that IRCs would be expensive; it would be difficult to attract and retain IRC members; and the IRCs could undermine the fund managers' ability to effectively manage its funds. Our reviews revealed that:

- IRC fees represent a minimal portion of a fund's total net assets,
- all funds reviewed were able to create and retain an IRC under the Rule, and
- standing instructions on conflict of interest matters enable the fund manager to effectively manage fund operations.

We noted only one recurring disclosure deficiency of significance. In a number of instances, funds failed to disclose IRC fees as a separate line item in the funds' financial statements as required under NI 81-106 – *Investment Fund Continuous Disclosure* (NI 81-106). We discuss this briefly as well as some general observations on other topics below.

All fund managers received notice of our reviews and were advised of any deficiencies specific to the funds they managed that we observed during the course of our review.

2.1 IRC Fees and Compensation

2.1.1 IRC Fees

During the course of the comment process in the development of NI 81-107, concern was expressed about the costs associated with establishing and maintaining IRCs. Specifically, we were told that higher costs to investors caused by an IRC would reduce the overall competitiveness of the fund industry.

We found in our reviews that IRC fees and compensation across different sizes and sectors of the investment fund industry generally represent a minimal portion of a fund's total net assets, significantly less than the approximate 1% to 3% of a fund's total net asset value represented by the typical fund manager fee.

For fund managers we reviewed with assets under management of less than \$500 million, IRC fees ranged between 0.000033% and 0.27% of total net assets of the fund. For fund managers with assets under management between \$500 million and \$5 billion, IRC fees ranged between 0.0005% and 0.096% of total net assets of the fund. IRC fees ranged between 0.000067% and 0.041% of total net assets of funds managed by fund managers with assets under management over \$5 billion.

2.1.2 IRC Compensation

IRC Members

Overall annual compensation amongst IRC members we reviewed ranged between \$0 and \$50,000 per annum. We found that annual compensation of IRC members was highest, on average, for IRCs of fund managers with assets under management over \$5 billion (i.e. \$26,500 per IRC member).

Annual IRC member compensation for fund managers with between \$0 and \$500 million in assets under management ranged between \$0 and \$30,000. For fund managers with assets under management between \$500 million and \$5 billion, annual IRC member compensation ranged between \$2,000 and \$40,000. Annual IRC member compensation for fund managers with over \$5 billion in assets under management, ranged between \$10,000 and \$50,000.

IRC Chairs

Overall annual compensation amongst IRC chairs we reviewed ranged between \$0 and \$75,000 per annum. Similar to IRC members, we observed that annual compensation of IRC chairs was highest, on average, for IRCs of fund managers with assets under management over \$5 billion (i.e. \$34,117 per IRC chair).

Annual IRC chair compensation for fund managers with between \$0 and \$500 million in assets under management ranged between \$0 and \$40,000. For fund managers with assets under management between \$500 million and \$5 billion, annual IRC chair compensation ranged between \$2,000 and \$50,000. Annual IRC chair compensation for fund managers with over \$5 billion in assets under management ranged between \$10,000 and \$75,000.

2.1.3 IRC Fees Disclosure

The majority of fund managers we reviewed disclosed IRC fees as a separate line item in the fund's Statement of Operations. In a number of instances, however, IRC fees were combined in the Statement of Operations with other fees such as directors' fees, administration fees, trustees' fees and administration costs. In a few instances, IRC fees were not disclosed at all in the Statement of Operations.

One explanation given for the absence of this information was the fund manager's view that the IRC fees accrued were not 'material'. We remind fund managers that all IRC fees paid by the fund must be appropriately disclosed in the fund's financial statements as a separate line item from directors' fees, trustees' fees and other expenses, in accordance with section 3.2, Item 8.1 of NI 81-106. This disclosure requirement is intended to provide transparency of the amount of IRC fees that were specifically charged to the investment fund.

2.1.4 General Comments and Observations Regarding IRC Compensation

We did not find any IRC members who received indemnities from the fund or the fund manager in their capacity as IRC members.

The factors used to assess the level of compensation of IRCs were generally consistent across the IRCs of all funds in our sample and typically included three or more of the following factors:

- the best interests of the funds,
- the number, nature and complexity of the funds,
- the number of funds overseen by the IRC,
- that compensation paid by each fund to the IRC should reflect the benefits accruing to that fund,
- the fund manager's recommendation on compensation,

- comparative compensation amongst other IRCs i.e. industry practice,
- comparative compensation amongst other IRCs that oversee similarly structured investment funds with similar conflicts of interest,
- the results of the IRC's annual self-assessment,
- frequency of meetings of the IRC, time devoted by each IRC member and the workload of each IRC member, and
- the breadth and depth of the relevant experience of each IRC member.

We observed that fund managers used four different methods for allocating IRC fees among the funds they manage: (1) proportionately based on the total net assets of the fund; (2) equally among their funds; (3) based on the average number of securityholders and the average number of transactions per fund and per series for the period; and (4) at least two fund managers used a complexity factor to proportionately allocate IRC fees to their funds i.e. the more complex the fund structure, the greater proportion of total IRC fees allocated to that fund.

We also observed that four fund managers absorbed IRC fees. These fund managers had assets under management of more than \$5 billion.

2.2 IRC Composition and Interaction with the Fund Manager

During the course of the comment process in the development of NI 81-107, concern was expressed about the availability of qualified candidates to serve as IRC members and that fund managers would face significant difficulty in finding qualified candidates. We did not observe any funds that were unable to create and retain an IRC with qualified members as required under the Rule.

2.2.1 IRC Composition

We found that a significant number of IRC members have expertise in the financial services industry. The size of the IRCs reviewed ranged between three members (the required number under the Rule) and nine members, with most of the IRCs reviewed having three members.

The mandate of almost all of the IRCs reviewed was limited to the Rule's mandate for the IRC to provide oversight of the fund manager's handling of conflict of interest matters. A few IRCs in the sample also act as advisory boards to the fund manager and/or to the funds more generally on a range of topics. In at least three instances, these latter IRCs were associated with fund managers with more than \$5 billion in assets under management.

The majority of IRCs consulted had IRC members who sat on only one IRC. A few IRCs had at least one member who sat on two IRCs.

Almost all of the IRCs reviewed had no changes in composition for the fiscal years ending in 2008 and 2009. For the few IRCs that did experience changes in composition, the disclosure indicated that these changes were typically due to one or more of the following factors: (a) a change in control of the fund manager; (b) one or more IRC members ceasing to be independent; (c) expiry of IRC member terms or reduction of IRC size; or (d) change of fund manager.

2.2.2 IRC Independence

We found only a few instances that caused us to question the independence of IRC members. Fund managers and IRCs are reminded that to be independent, a member of an IRC must not have a material relationship which could be perceived to interfere with the IRC member's judgment regarding a conflict of interest matter (see the definition of "independent" in section 1.4 of NI 81-107). For example, we have questioned whether counsel that acts for the fund manager and/or the funds should act as an IRC member, given the pecuniary relationship that exists. Staff will continue in the normal course of our prospectus and application reviews to monitor the independence of IRC members.

A few IRC Reports to Securityholders provided detailed explanations of instances where IRC member independence could be called into question due to: (a) a specific conflict of interest of an IRC member which arose at the time (in which case the member resigned from the IRC); (b) aggregate ownership of IRC members in a specific fund of the fund manager beyond 10%; or (c) ownership or other involvement by IRC members in companies that provide services to the fund manager or the applicable investment funds.

One IRC Report to Securityholders disclosed that as part of its annual assessment, IRC members are required to complete an annual declaration that the member is "independent" as defined in section 1.4 of NI 81-107. We think the practice of an annual certification of independence by IRC members is beneficial and consistent with section 4.2(2)(a) of NI 81-107. We encourage IRCs to consider this approach.

2.2.3 Interaction with Fund Manager

The IRCs we met with told us that IRC members generally engage in active, constructive discussions with fund managers. Differences of opinion between IRC members and the fund manager are typically resolved by active debate and ongoing discussion until IRC members are satisfied that a conflict of interest is appropriately addressed and a reasonable result will be achieved for the funds.

IRC members told us that their fund managers support the ongoing education of IRC members by:

- facilitating attendance at seminars sponsored by law firms and private entities,
- making executive officers, portfolio managers, and sub-advisors available as needed to provide more information on a topic,
- providing news articles and press releases of interest on conflict matters, and
- including an education component at regularly scheduled IRC meetings.

We were also told that fund managers typically orient new IRC members to the fund manager's business by:

- providing written materials,
- introducing IRC members to members of each of the fund manager's business units,
- reviewing the IRC charter, and
- reviewing the conditions of any exemptive relief previously granted in connection with structural conflicts.

We did not find any instances where a fund manager proceeded with a conflict of interest matter without the positive recommendation of the fund's IRC.

In our reviews, we noted some inconsistency in disclosure by IRCs in the IRC Report to Securityholders of transactions which did not comply with a term of a standing approval of the IRC. In one case, the IRC Report disclosed a breach of a standing approval which was a transactional error caused by a sub-advisor to the fund. However, staff reviewed a similar instance where an IRC did not disclose a breach of a term of a standing approval in its IRC Report to Securityholders. The explanation given to staff for the lack of disclosure in the IRC Report was the fund manager's view that the transactional error was caused by a sub-advisor, not the fund manager, and was not 'material'. We remind IRCs that any known breach of a term of a standing approval issued by the IRC is required to be disclosed in the IRC Report to Securityholders by section 4.4(1)(h) of NI 81-107.

2.2.4 Use of Legal Counsel

While the majority of IRCs we met with advised that they have independent external counsel on retainer, most told us that to date there has not been a need for them to obtain advice from external counsel.

A few IRCs specifically mentioned their reliance on independent external counsel only for establishing the IRC charter and issues related to the indemnities of IRC members.

2.3 Standing Instructions

When we published NI 81-107 for comment, concern was expressed about the IRC potentially undermining the ability of a fund manager to effectively manage its funds by requiring it to constantly seek an IRC recommendation or approval. To address this concern, NI 81-107 permits the IRC to issue standing instructions on specific conflict of interest matters. We observed that standing instructions have been used in a variety of conflict of interest matters.

In our reviews, we found that most fund managers have standing instructions related to the following matters:

- Trading with a Related Broker-Dealer,

- Trading Aggregation and Allocation,
- Client Brokerage Commissions/Soft Dollars/Best Execution,
- Proxy Voting/Voting Procedures,
- Fund Valuation,
- Net Asset Value/Error Correction,
- Trust Accounting,
- Allocation of Fund Expenses,
- Personal Trading,
- Business Entertainment and Gifts,
- Portfolio Management and Investment Decisions,
- Related Issuer Purchases/Inter-Fund Trading,
- Fund Expense Policy (including Related Party Expenses),
- Excessive Trading Policy, and
- Changing Subadvisors or Service Providers.

We further observed standing instructions in some cases on a number of other conflict of interest matters, including:

- Fund on Fund Arrangements,
- Sales Practices,
- Unitholder Activity,
- Custody,
- Launching, Merging or Closing Funds,
- Fundamental Changes,
- Fairness Policy,
- Role of the Head Trader,
- Trade Error Correction,
- Transfer Agency/Error Correction,
- Administration Errors,
- Management Fee Rebates,
- Lending to Affiliate Borrowers,
- Benchmark Selection,
- Seed Capital Withdrawal,
- Commingling of Cash,

- Complaint Management,
- Client Privacy,
- Dissemination of Portfolio Information,
- Dual Employment Policy, and
- Indemnities for Independent Directors.

At least four IRCs we met with indicated that they review standing instructions quarterly in addition to the annual assessment required by section 4.2(1)(b) of NI 81-107. Reporting to the IRC of 'each instance' of the fund manager's reliance on the IRC's standing instructions also occurred quarterly in these cases.

A number of IRC members told us that amendments to existing standing instructions occur as needed, in response to market developments and the fund manager's request.

The IRC Reports to Securityholders reviewed provided a list of standing instructions issued by the IRC, however, only a few of these reports provided a brief summary of the actual or perceived conflict of interest that each particular standing instruction was intended to address. We think this practice is beneficial and encourage IRCs to consider this approach.

3. APPLICATIONS FOR DISCRETIONARY EXEMPTIONS FROM THE CONFLICT OF INTEREST PROHIBITIONS

Since the Rule became fully effective in November 2007, we have received a number of applications for discretionary relief from the conflict of interest prohibitions in securities legislation. These applications generally fall into one of three groups:

- reissued relief, which has consisted of revoking and replacing exemptions that were granted by the CSA prior to NI 81-107 coming into force with the terms and conditions updated to reflect NI 81-107 and the role of the IRC;
- relief analogous to the codified exemptions in NI 81-107 and NI 81-102, which has generally consisted of new relief that is granted on the same terms and conditions as the exemptions codified under NI 81-107 and NI 81-102; and
- new requests for discretionary exemptions not previously granted and beyond the scope of the exemptions codified in NI 81-107 and NI 81-102.

In each instance, the applicant has sought to rely upon IRC approval of the transaction as the basis for requesting the exemption. Most IRCs we met with told us that they are advised by the fund manager of its intention to file an exemptive relief application. Staff continue to encourage fund managers to advise their IRCs prior to applying for any exemptive relief. Generally, we expect:

- the IRC has been informed about the fund manager's intention and reasons for applying for relief,
- the application indicates that the IRC has been consulted, and
- the application indicates the IRC's view of the relief requested.

In the limited instances when new exemptive relief has been granted, the fund manager has been able to demonstrate a compelling market need for the exemption. In each instance, the relief has generally been limited in scope, and has included conditions that address objective and transparent pricing.

NEXT STEPS

Overall, we received positive feedback from IRC members regarding their experiences working with fund managers under NI 81-107. We also noted a high level of compliance with disclosure requirements related to NI 81-107. We intend to continue to monitor fund manager and IRC practices under NI 81-107 with a view to providing further guidance and notices as needed.

Staff will continue in the normal course of our prospectus and application reviews to inquire about the process and criteria used by an IRC to arrive at a positive recommendation or approval of a particular conflict of interest matter. Occasionally, this will include requesting the minutes of an IRC's discussion or materials related to a matter subject to its review, or asking to speak with the IRC or IRC Chair to discuss a specific matter.

Finally, Staff will continue to consider new applications for exemptive relief from the conflict of interest prohibitions in securities legislation on a case by case basis. Generally, Staff's view is that fund managers must demonstrate a compelling need or market necessity for the exemptive relief. We encourage fund managers and their counsel to contact us before proceeding with applications for exemptive relief not previously granted and beyond the scope of the exemptions codified under NI 81-107.

For further information or questions concerning this staff notice, please contact:

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March 25, 2011

1.1.3 CSA Staff Notice 81-320 (Revised) – Update on International Financial Reporting Standards for Investment Funds

CSA STAFF NOTICE 81-320 (REVISED) UPDATE ON INTERNATIONAL FINANCIAL REPORTING STANDARDS FOR INVESTMENT FUNDS

First published October 8, 2010, revised March 23, 2011

Purpose

This notice updates investment funds and their advisers on the adoption of International Financial Reporting Standards (IFRS) by investment funds in Canada.

The Handbook of the Canadian Institute of Chartered Accountants (Handbook) refers to “investment companies”, the majority of which are “investment funds” for the purposes of securities legislation. This notice applies only to those investment companies that are investment funds as defined in securities legislation and are subject to National Instrument 81-106 *Investment Fund Continuous Disclosure* (NI 81-106).¹

The Canadian Securities Administrators (CSA) previously published proposals relating to the adoption of IFRS by investment funds on October 16, 2009.² These proposals were based on the Canadian Accounting Standards Board (AcSB) decision to transition financial reporting for Canadian publicly accountable enterprises to IFRS as issued by the International Accounting Standards Board (IASB) for financial years beginning on or after January 1, 2011.

The AcSB published amendments to the Handbook on October 1, 2010 that provided a one-year deferral of the transition to IFRS for investment companies. However, the AcSB issued subsequent amendments to the Handbook in March 2011, providing a two-year deferral of the changeover date to January 1, 2013.³

Background

Under International Accounting Standard 27 *Consolidated and Separate Financial Statements* (IAS 27), an entity is required to consolidate investments that it controls. As part of a project on consolidation, the IASB announced that it will propose that investment companies be exempt from consolidation and instead account for controlling interests in other entities at fair value.⁴ Based on the IASB's proposed work plan (as at February 1, 2011), while an exposure draft is expected to be published in Q2 2011, it appears that the IASB has not yet indicated when a final standard for investment companies will be available.

Following the IASB announcement, the AcSB amended Part I of the Handbook to require investment companies, as defined in and applying Accounting Guideline 18 *Investment Companies*, to adopt IFRS as issued by the IASB for annual periods beginning on or after January 1, 2013, with earlier adoption permitted. The deferral of the mandatory changeover from January 1, 2011 to January 1, 2013 is intended to allow the IASB's proposed exemption from consolidation for investment companies to be in place prior to the adoption of IFRS by investment companies in Canada.

Move to IFRS by investment funds

CSA staff are also of the view that it would be preferable for the IASB's proposed consolidation exemption to be in place when IFRS is adopted by investment funds in Canada. Accordingly, we will be reviewing and revising the proposed amendments to NI 81-106, and related consequential amendments, previously published for comment in light of the recent developments at both the IASB and AcSB.

The CSA comment period for the proposed amendments ended on January 14, 2010, and the majority of the comments related to the implications of IAS 27 to Canadian investment funds. Given the proposed exemption that the IASB is now considering, the issues raised by commenters relating to consolidation may no longer exist for the majority of investment funds. As a result, CSA staff anticipate that the proposed amendments to NI 81-106 related to the consolidation requirement may no longer be required.

In order to have more certainty about the scope and impact of the anticipated exemption from consolidation for investment companies that the IASB is considering, CSA staff will take additional time before seeking approval in each CSA jurisdiction to

¹ The IFRS-related amendments to CSA rules for issuers that are not investment funds came into force on January 1, 2011.

² These proposals were published in French on March 12, 2010 by the Autorité des marchés financiers and the New Brunswick Securities Commission.

³ The AcSB Decision Summary regarding the subsequent deferral is at www.acsbcanada.org/decision-summaries/2011/item46514.aspx.

⁴ The IASB work plan and projected timetable for this project can be found in the Standards Development section of the IASB/IFRS website (www.ifrs.org/Current+Projects/IASB+Projects/IASB+Work+Plan.htm).

either republish or finalize IFRS-related amendments to NI 81-106 and other instruments related to investment funds, with the goal of having the necessary IFRS-related amendments for investment funds in force by January 1, 2013.

Prior to the mandatory changeover to IFRS set out in the Handbook, CSA staff consider the standards in Part V of the Handbook to be Canadian generally accepted accounting principles (Canadian GAAP) as applicable to public enterprises for securities legislation purposes. CSA staff recognize that some investment funds may want to prepare their financial statements in accordance with IFRS as issued by the IASB for annual periods beginning prior to January 1, 2013. Therefore, an investment fund that wants to use IFRS for interim and annual financial statements relating to annual periods beginning prior to January 1, 2013 must apply for exemptive relief from the current requirement to prepare its financial statements in accordance with Canadian GAAP as applicable to public enterprises.⁵ Investment funds filing applications for exemptive relief from NI 81-106 should also identify any issues that early adoption may create with respect to their financial disclosure.

CSA Staff Notice 52-320 *Disclosure of Expected Changes in Accounting Policies Relating to Changeover to International Financial Reporting Standards*⁶ set out the CSA's views on the disclosure that investment funds should be providing in advance of the changeover to IFRS. Investment funds should continue to provide appropriate disclosure about the expected impacts of the changeover to IFRS in accordance with the guidance in CSA Staff Notice 52-320 in their annual and interim filings in advance of the January 1, 2013 changeover date.

Questions

Please refer your questions to any of:

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March 23, 2011

⁵ This requirement is found in section 2.6 of NI 81-106.

⁶ This CSA Staff Notice was published May 9, 2008.

1.2 Notices of Hearing

1.2.1 Skyline Apartment Real Estate Investment Trust et al. – s. 127(1)

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

AND

IN THE MATTER OF
SKYLINE APARTMENT REAL ESTATE
INVESTMENT TRUST, SKYLINE INCORPORATED,
AND SKYLINE ASSET MANAGEMENT INC.

NOTICE OF HEARING
(Subsections 127(1))

TAKE NOTICE THAT the Ontario Securities Commission (the “Commission”) will hold a hearing pursuant to section 127(1) and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “Act”) at its offices at 20 Queen Street West, 17th Floor, Toronto, Ontario on March 18, 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 for the Commission to consider whether it is in the public interest to approve the Settlement Agreement dated March 15, 2011 between Staff of the Commission and Skyline Apartment Real Estate Investment Trust, Skyline Incorporated and Skyline Asset Management Inc. (the “Respondents”);

BY REASON OF the allegations set out in the Statement of Allegations dated March 16, 2011 and such additional allegations as counsel may advise and the Commission may permit;

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

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

DATED at Toronto this 16,th day of March, 2011.

“John Stevenson”

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

AND

**IN THE MATTER OF
SKYLINE APARTMENT REAL ESTATE
INVESTMENT TRUST, SKYLINE INCORPORATED,
AND SKYLINE ASSET MANAGEMENT INC.**

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

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

1. Between February 2007 up to and including March 27, 2010 (the "Material Time"), the Respondents engaged in unregistered trading and illegal distribution of securities in breach of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") and in a manner that was contrary to the public interest.
2. During the Material Time, the Respondents sold units of the Skyline Apartment Real Estate Investment Trust in circumstances where the accredited investor exemption was improperly relied upon, where there was insufficient information for the Respondents to determine if the investors qualified as accredited investors, or where the requirements for other exemptions from prospectus and registration requirements found in National Instrument 45-106 were not met.
3. Staff reserve the right to make such other allegations as Staff may advise and the Commission may permit.

Dated at Toronto this 16th day of March, 2011

1.2.2 Peter Beck et al.

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

AND

**IN THE MATTER OF
PETER BECK,
SWIFT TRADE INC. (continued as 7722656 Canada Inc.), BIREMIS, CORP.,
OPAL STONE FINANCIAL SERVICES S.A., BARKA CO. LIMITED,
TRIEME CORPORATION and a limited partnership referred to as "Anguilla LP"**

NOTICE OF HEARING

TAKE NOTICE THAT the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to sections 127(1) and 127.1 of the Ontario *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") at the offices of the Commission at 20 Queen Street West, 17th Floor Hearing Room on Wednesday, April 13, 2011 at 10:00 a.m., or as soon thereafter as the hearing can be held:

TO CONSIDER whether, in the opinion of the Commission, it is in the public interest, pursuant to sections 127 and 127.1 of the Act, for the Commission to order that:

- (a) trading in any securities by the Respondents cease permanently or for such period as the Commission may order, pursuant to paragraph 2 of section 127(1);
- (b) acquisition of any securities by the Respondents is prohibited permanently or for such period as the Commission may order, pursuant to paragraph 2.1 of section 127(1);
- (c) any exemptions contained in Ontario securities law do not apply to the Respondents permanently or for such period as the Commission may order, pursuant to paragraph 3 of section 127(1);
- (d) the Respondents submit to a review of their practices and procedures and institute such changes as may be ordered by the Commission, pursuant to paragraph 4 of section 127(1);
- (e) the Respondents be reprimanded, pursuant to paragraph 6 of section 127(1);
- (f) Peter Beck resign any and all positions that he holds as a director or officer of an issuer or registrant pursuant to paragraph 7 and 8.1 of section 127(1);
- (g) Peter Beck be prohibited from becoming or acting as a director or officer of any issuer or registrant pursuant to paragraph 8 and 8.2 of section 127(1);
- (h) the Respondents be prohibited from becoming or acting as a registrant or as a promoter, pursuant to paragraph 8.5 of section 127(1);
- (i) each Respondent pay an administrative penalty of not more than \$1 million for each failure by that Respondent to comply with Ontario securities law, pursuant to paragraph 9 of section 127(1);
- (j) each Respondent disgorge to the Commission any amounts obtained as a result of non-compliance by that Respondent with Ontario securities law, pursuant to paragraph 10 of section 127(1);
- (k) the Respondents be ordered to pay the costs of the Commission investigation and hearing, pursuant to section 127.1; and
- (l) such other orders as the Commission deems appropriate.

BY REASON OF the allegations set out in the Statement of Allegations of Staff of the Commission dated March 23, 2011 and such additional allegations as counsel may advise and the Commission may permit;

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

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

DATED at Toronto this 23rd day of March, 2011.

“John Stevenson”
Secretary to the Commission

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

AND

IN THE MATTER OF
PETER BECK,
SWIFT TRADE INC. (continued as 7722656 Canada Inc.), BIREMIS, CORP.,
OPAL STONE FINANCIAL SERVICES S.A., BARKA CO. LIMITED,
TRIEME CORPORATION and a limited partnership referred to as "Anguilla LP"

STATEMENT OF ALLEGATIONS
OF STAFF OF THE ONTARIO SECURITIES COMMISSION

1. Staff of the Ontario Securities Commission ("**Staff**") make the following allegations with respect to Peter Beck ("**Beck**"); Swift Trade Inc. (continued as 7722656 Canada Inc.) ("**Swift Trade**"); Biremis, Corp. ("**Biremis**"); Opal Stone Financial Services S.A. ("**Opal Stone**"); Barka Co. Limited ("**Barka**"); Trieme Corporation ("**Trieme**"); and a limited partnership referred to as "Anguilla LP" (collectively, the "**Swift Trade Group**" or "**Group**").
 - I. **Overview of Allegations**
2. Beck is the directing mind of the Swift Trade Group which operates a high-volume, multi-national, securities day-trading business with a culture of regulatory non-compliance. Beck and his family incorporated or otherwise constituted each of the members of the Group, and organized their business operations using a complex, repeatedly changing structure. The organization of the Group's business operations inhibits transparency and impedes regulatory oversight of the Group's trading activities. The Group has operated with a deficient system of controls and supervision, and in breach of the requirement to be registered under Ontario securities law. Members of the Group have also failed to comply with other obligations applicable to them as registrants under Ontario securities law.
3. The Swift Trade Group has, according to Swift Trade, rapidly expanded the size of its day-trading operations. Beck started his day-trading operations in 1998, from a single office in Toronto. In 2008, the Group traded approximately 22 billion shares on global markets, using 4,500 (unregistered) individuals as its traders, operating from 190 offices around the world (including Canada, China, Europe, India, Israel, Kazakhstan, Nicaragua, Panama, and Russia). The Group directs its trading activities through technology located in Toronto. Key personnel in Toronto facilitate and support trading activities of the Group.
4. The lack of transparency in the Swift Trade Group's trading operations was exemplified in Swift Trade's interactions with Staff in connection with a compliance review by Staff (the "**Compliance Review**") and a review (the "**Consultant's Review**") by a consultant retained by Staff (the "**Consultant**"). Swift Trade failed to produce, or facilitate the production of, complete and accurate records pertaining to the trading operations of the Group, in response to repeated requests by Staff, and by the Consultant, even though it had been given lengthy periods of time to do so.
 - (i) The Compliance Review occurred in and around March, 2009 and related to compliance by Swift Trade, in 2008, with Ontario securities law. During the Compliance Review, Staff identified a number of significant deficiencies related to Swift Trade's compliance, many of which had the effect of obscuring Staff's regulatory oversight of Swift Trade's securities trading operations. These deficiencies included: instances where Swift Trade's records of fund transfers conflicted with Swift Trade's contractual arrangements for the flow of funds between members of the Swift Trade Group; failures by Swift Trade to reconcile its accounting records with the records of third-parties; and business transactions of Swift Trade that were incorrectly recorded.
 - (ii) The Consultant's Review was initiated in response to deficiencies identified in the Compliance Review and the lack of transparency in the Swift Trade Group's operations. The purpose of the Consultant's Review was to obtain a comprehensive understanding of the Group's business operations and affairs. The nature and scope of the Consultant's Review was specified in terms and conditions (the "**ST Terms and Conditions**") that were imposed on Swift Trade's registration by Staff, on December 21, 2009, for an aggregate period of 12 months. Pursuant to the ST Terms and Conditions, the Consultant repeatedly requested certain critical information about the Group's operations (detailed below) – but this information was not produced.
5. In December 2010, Swift Trade participated in a series of corporate actions that resulted in its dissolution one week prior to the expiry of the ST Terms and Conditions. It did so without giving Staff advance notice – and without completing the production of information requested by the Consultant pursuant to the ST Terms and Conditions.

6. The results of the Compliance Review, the Consultant's Review and the investigation conducted by Staff have disclosed that Beck and other members of the Swift Trade Group operate with a culture of non-compliance, in breach of Ontario securities law and contrary to the public interest as follows:
 - (i) Since at least 2008, and up to its dissolution, Swift Trade failed to establish, maintain and enforce policies and procedures necessary to establish a system of adequate controls and supervision to provide reasonable assurance that it complies with Ontario securities law, and to manage its risks in accordance with prudent business practices. The following deficiencies were specifically noted:
 - (a) In 2008, Swift Trade was deficient in the management of its financial affairs in that it failed to record its business transactions and financial affairs completely and accurately.
 - (b) Swift Trade failed to perform adequate monitoring of client trading activities for possible abusive or deceptive trading.
 - (c) Swift Trade failed to maintain or produce, upon request, complete and accurate financial records, including records which were necessary for Staff and the Consultant to complete their respective reviews.
 - (d) Swift Trade failed to implement adequate supervisory controls over the activities of its successive Directors of Finance, its designated compliance officer and its Chief Compliance Officer.
 - (ii) Since at least 2007, members of the Swift Trade Group have been engaging in extensive day-trading activities in breach of the dealer registration requirement (the "**Dealer Registration Requirement**") contained in section 25 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "**Act**")¹.
 - (iii) Since September 28, 2009, certain members of the Swift Trade Group have repeatedly extended credit or provided margin to their clients, contrary to section 13.12 of National Instrument 31-103 *Registration Requirements and Exemptions* ("**NI 31-103**").

II. The Respondents

7. What follows is a description of each of the members comprising the Swift Trade Group:

Peter Beck

8. From December, 2009 up until Swift Trade's dissolution in December, 2010, Beck was registered under the Act as the ultimate designated person (the "**UDP**") and dealing representative for Swift Trade.² Before that, Beck had been registered under the Act as the trading officer for Swift Trade since September, 2002, and he was also the designated compliance officer of Swift Trade from November 2004 to August 2006. Beck resides in Ontario.
9. Since 1998, Beck has been registered with the Financial Industry Regulatory Authority ("**FINRA**") or its predecessor, the National Association of Securities Dealers ("**NASD**"). Beck has been registered as a General Securities Representative and General Securities Principal of Biremis since 2004.
10. Beck has been the subject of two regulatory proceedings in the U.S. The first proceeding related to the involvement of Beck and an affiliate of Swift Trade (Swift Trade Securities USA Inc.) in certain "wash trading" activity. The second proceeding related to Beck's failure to investigate the employment history of an individual who was employed as the Controller for Biremis and who was subsequently convicted for crimes committed in Ontario. This individual also served as the Director of Finance for Swift Trade in 2008 (the "**2008 Director of Finance**").

Swift Trade Inc.

11. Swift Trade was a corporation incorporated under the laws of Ontario in 2002. Swift Trade was registered under the Act as an "exempt market dealer" (an "**EMD**") from September 28, 2009 until its dissolution in December, 2010. Before that, Swift Trade had been registered under the Act as a "limited market dealer" ("**LMD**") since September 18, 2002.

¹ Effective September 28, 2009, subsection 25(1) of the Act prohibits a person or company from engaging in the business of trading in securities unless the person or company is registered in accordance with Ontario securities law. Before that, subsection 25(1) of the Act prohibited a person or company from trading in a security unless the person or company was registered.

² The registration category of UDP came into effect on September 28, 2009 with the coming into force of NI 31-103. Swift Trade was first registered under its previous name, "Biremis Corporation", but subsequently changed its name to "Swift Trade Inc."

12. In December 2010, Swift Trade dissolved. Immediately prior to its dissolution, Swift Trade participated in a series of corporate actions which resulted in its continuation as 7722656 Canada Inc. On December 13, 2010, 7722656 Canada Inc. dissolved itself.
13. Until its dissolution, Swift Trade facilitated extensive day-trading operations from its office in Toronto (the "**ST Toronto Office**").³ Since at least March, 2007, Swift Trade has had only two clients, Barka and Trieme (collectively "**ST Related Clients**"), neither of whom was at arm's-length with Swift Trade. Swift Trade is a subsidiary of a holding company, BRMS Holdings Inc. ("**BRMS**"). Beck is the Director and majority shareholder of BRMS. Beck was also the President and Director of Swift Trade.

Biremis, Corp.

14. Biremis is a corporation incorporated under the laws of Massachusetts in 2004. It does not maintain a functioning office in the U.S. Instead, Biremis operates out of the ST Toronto Office.⁴ Biremis is registered with the U.S. Securities and Exchange Commission as a "broker-dealer" and is a licensed member of FINRA. Biremis day-trades large volumes of securities for its only client, Opal Stone, on Canadian marketplaces (the "**Canadian Marketplaces**"), and on marketplaces located outside of Canada (the "**International Marketplaces**"), which are predominantly located in the U.S. Swift Trade was a client of Biremis up until May, 2009. Biremis was an affiliate of Swift Trade prior to Swift Trade's dissolution. Biremis is a subsidiary of BRMS. Beck is the President and Director of Biremis. Beck and other senior officers of Biremis, including the current Controller and the current Chief Compliance Officer of Biremis, all reside in Ontario and maintain offices at the ST Toronto Office.
15. From 2008 to 2010, inclusive, Biremis has been the subject of four regulatory proceedings in the U.S. where it settled allegations made by FINRA. One of the proceedings related to the failure to investigate the employment history of its Controller as referred to in paragraph 10 above. The other three matters related to deficiencies in Biremis' transmission of certain electronic trade related data that it was required to send to FINRA.

Opal Stone Financial Services S.A.

16. Opal Stone is a corporation incorporated under the laws of Uruguay in 2007. It facilitates securities day-trading by clients who trade from locations in Ontario, across Canada and in countries around the world. Opal Stone is not registered under the Act or with any securities regulatory authority. Although it has an office located in Costa Rica, it retains the services of three non-arm's length administrative services companies that operate out of the ST Toronto Office (and also other locations): Orbixa, Omira Corporation S.A. (an affiliate of Biremis, incorporated in Costa Rica) and BlueChive. Swift Trade was a client of Opal Stone from May, 2009 up until its dissolution in December, 2010. Beck's father settled a private family trust which wholly owns Opal Stone. In or around 2007, Beck was the President of Opal Stone.

Barka Co. Limited

17. Barka is a corporation incorporated under the laws of Cyprus in 2004. Beck established Barka for his father. Barka was a non-arm's length client of Swift Trade. The sole purpose of Barka is to engage in the business of securities day-trading. In 2009, Barka retained 355 (unregistered) individual traders to trade on its behalf from 18 trading offices located in Ontario and across Canada. Beck's wife was the sole beneficial shareholder of Barka upon its incorporation. Since then, beneficial ownership of Barka has been held, at different times, by Beck's father, a trust that had no beneficiaries, and the estate of Beck's father.

Trieme Corporation

18. Trieme is a corporation incorporated under the laws of Ontario in 2005. Trieme was incorporated for the sole purpose of trading securities on its own behalf. It was a non-arm's length client of Swift Trade. Trieme has operated at least two trading offices and retained at least 24 individual (unregistered) traders to trade on its behalf. Trieme ceased all trading activities on November 30, 2010. Beck is the Director and sole shareholder of Trieme.

³ Swift Trade uses equipment located at the ST Toronto Office and elsewhere in Toronto. Swift Trade retained the services of two Ontario companies that also operate out of the ST Toronto Office: an affiliate, Orbixa Management Services Inc. ("Orbixa"), and BlueChive Processing Corporation ("BlueChive"). Orbixa is a subsidiary of BRMS Holdings Inc. Beck is the Director and the majority shareholder of BRMS Holdings Inc. Although his mother-in-law is its President and owner, Beck controls BlueChive.

⁴ Biremis used and continues to use equipment located at the ST Toronto Office and elsewhere in Toronto. Biremis retained and continues to retain the services of Orbixa, which operates out of the ST Toronto Office.

Anguilla LP

19. Anguilla LP is a limited partnership organized under the laws of Anguilla.⁵ Barka is a limited partner. Anguilla LP has retained the individual traders in Ontario who previously traded on behalf of Barka and Trieme, to trade on its behalf.

III. Breaches of Ontario Securities Law and Conduct Contrary to the Public Interest

20. The Swift Trade Group's culture of non-compliance exposes parties with whom it trades, and the capital markets in which it trades, to potential harm. In this regard, the results of the Compliance Review, the Consultant's Review and Staff's investigation have disclosed that, since at least 2008, members of the Swift Trade Group have operated contrary to Ontario securities law.

A. Financial Management Deficiencies

21. Since at least 2008, and up to its dissolution, Swift Trade failed to establish, maintain and enforce policies and procedures necessary to establish a system of adequate controls and supervision to provide reasonable assurance that it complies with Ontario securities law, and also to manage its risks in accordance with prudent business practices. In failing to establish, maintain and enforce such system of controls and supervision, Swift Trade breached Ontario securities law and acted contrary to the public interest.
22. Swift Trade's conduct was contrary to the requirements of Ontario securities law and in particular, sections 1.2, 1.3 and 3.1 of the then applicable OSC Rule 31-505 *Conditions of Registration* ("**OSC Rule 31-505**"). Since September 28, 2009, requirements for registered firms to establish, maintain and enforce adequate policies and procedures that establish a system of controls and supervision have been set out in section 11.1 of NI 31-103. Swift Trade's conduct was also contrary to the public interest.
23. In 2008, Swift Trade failed to properly record its business transactions and financial affairs completely and accurately and thereby inhibited regulatory oversight. These failures included:
- (i) Failure to reconcile its accounting records with those of third-party service providers. In particular, the 2008 Director of Finance failed to reconcile:
 - (a) Its records of settlement amounts for trades executed by it for its ST Related Clients with its own bank statements;
 - (b) Records of amounts actually paid to the individual traders, and their trade location managers, for ST Related Clients with internal records showing amounts owed to such traders and their managers;
 - (c) Its records of ST Related Client security deposits with the actual amounts shown in its bank statements;
 - (d) Bank balances recorded in its general ledger with the actual balances shown in its bank statements.
 - (ii) Incorrect accounting entries. In particular: investments totalling approximately \$550,000 actually belonging to Swift Trade's parent company, BRMS, were recorded in Swift Trade's accounting records as belonging to Swift Trade.
24. Until its dissolution, Swift Trade had a high rate of turn-over in its finance personnel. In the six years prior to its dissolution, Swift Trade had four different Directors of Finance.
25. In 2009 and 2010, Swift Trade's policies and procedures and supervisory controls remained deficient. In those two years, Swift Trade had two successive Directors of Finance. Neither of these Directors of Finance was able to provide complete or satisfactory responses when questioned about the Swift Trade Group's structure and operations by Staff and the Consultant during the Compliance Review and the Consultant's Review.
26. With respect to the matters referred to in paragraphs 23 to 25 above, Swift Trade and Beck also failed to adequately supervise Swift Trade's Directors of Finance.
27. Beck also failed to adequately supervise Swift Trade's process for hiring the 2008 Director of Finance, who had resigned from his previous employment where his conduct had been under investigation by his employer. This individual was subsequently convicted in Ontario of two counts of breach of public trust and one count of theft. At the

⁵ The General Counsel for members of the Swift Trade Group has referred to this entity as "Anguilla LP".

same time, Beck also hired this individual to act as the Controller for Biremis, without adequately investigating his employment history.

28. Beck's failure to investigate this individual's employment history before hiring him as Biremis' Controller was the subject of FINRA's proceedings against Beck in late 2010. FINRA alleged that Biremis, acting through Beck, failed to establish, maintain and enforce a supervisory system and/or written supervisory procedures that were reasonably designed to investigate the background of prospective employees, follow-up on any red flags and achieve compliance with its registration and reporting obligations.

B. Failure to Perform Adequate Trade Reviews

29. In 2008, Swift Trade failed to perform adequate reviews of trading by ST Related Clients for possible instances of manipulative or deceptive trading activities, contrary to the requirements of Ontario securities law, and in particular, the then applicable OSC Rule 31-505 – sections 1.2, 1.3 and 3.1 of the Rule – and contrary to the public interest. In particular:
 - (i) In 2008, Swift Trade's compliance personnel were inadequately staffed to monitor trade orders involving billions of shares submitted by hundreds of individual traders for execution on Canadian Marketplaces and International Marketplaces. The compliance personnel consisted of only two individuals, each with limited compliance experience. One of these individuals served as the designated compliance officer (the "2008 CCO") of Swift Trade, and also as the Chief Compliance Officer for Biremis.
 - (ii) Swift Trade's 2008 CCO performed inadequate trade reviews for potential illegal trades known as "wash trades".⁶ She relied upon reports with incorrect time stamps, despite the fact that such time stamps are critical for a wash trade analysis. She also limited her reviews by examining possible illegal trade patterns occurring within one trading day, instead of over multiple trading days.
 - (iii) Swift Trade's compliance personnel maintained unclear and insufficient records of trade review findings, including findings that may have suggested the occurrence of "spoofing", "layering"⁷ or other questionable trading being executed by Swift Trade on behalf of the hundreds of individual traders trading on behalf of its ST Related Clients.
30. Swift Trade had a high rate of turn-over in compliance personnel. In the six years preceding its dissolution, Swift Trade had six different individuals act as its designated or registered chief compliance officer.⁸
31. During the Compliance Review, the 2008 CCO (who continued in that role during the Compliance Review) could not demonstrate to Staff that she possessed adequate knowledge about the complex structure and operations of the Swift Trade Group or the trade supervision issues noted above.
32. For the period from 2009 to 2010, compliance personnel in Toronto performed certain trade reviews for Swift Trade and Biremis and, in some instances, Opal Stone. Again, these trade reviews were inadequate for the purpose of identifying possible illegal and abusive trading on Canadian Marketplaces. By failing to perform adequate trade reviews, Swift Trade was in breach of the requirements of Ontario securities law, and in particular, the provisions of the then applicable OSC Rule 31-505 (referred to in paragraph 29 above) and/or section 11.1 of NI 31-103.⁹ By failing to perform adequate trade reviews, Swift Trade also acted contrary to the public interest. Similarly, by failing to perform adequate trade reviews, Biremis and Opal Stone also acted contrary to the public interest.
33. In particular, in response to certain complaints received by Staff, Staff identified for Swift Trade patterns of irregular trading activity in relation to 11 securities originating from the Swift Trade Group on Canadian Marketplaces which occurred in the period from January, 2009 to March, 2010. This activity included possible spoofing and layering.
34. The compliance personnel in Toronto had failed to detect these patterns of irregular trading activity in 10 of the 11 securities identified by Staff. In the one instance where the compliance personnel had detected irregular trading, they limited the scope of their enquiries and also failed to adequately record the results of these limited enquiries.

⁶ "Wash trade" is the term commonly used to describe a trade where, following the trade, there is no change in beneficial or economic ownership of the securities traded, resulting in a misleading appearance of trading activity.

⁷ "Spoofing" and "layering" are terms commonly used to describe activities that aim to affect the "bid" and/or "offer" price for a security. Such activities are designed to temporarily manipulate the price of a security in order to deceive other market participants into executing disadvantageous trades.

⁸ The registration category of chief compliance officer came into force on September 28, 2009 with the coming into force of NI 31-103. Before that, registered dealers were required to designate a registered partner or officer of the dealer to perform this function.

⁹ Requirements for registered firms to establish and enforce adequate supervisory controls and policies and procedures are set out in Part 11 of NI 31-103, which came into effect on September 28, 2009.

35. Swift Trade was unable, upon the request of Staff, to demonstrate that it performed adequate trade reviews for specific periods in 2009 and 2010.
36. With respect to the matters referred to in paragraphs 29 to 35 above, Swift Trade and Beck also failed to supervise Swift Trade's designated compliance officer and registered compliance officer from 2008 to 2010.
37. By failing to perform adequate trade reviews, Swift Trade, and other members of the Swift Trade Group increase the risk that they also failed to detect and prevent possible abusive and illegal trading activity in the billions of shares that were traded annually, by the thousands of (unregistered) traders, on behalf of their clients. This risk, in turn, undermines the integrity of the capital markets in Ontario and elsewhere.

C. Failure to Maintain or Produce Complete and Accurate Records

38. Swift Trade was unable to produce any of the following records that were requested by Staff in their Compliance Review or by the Consultant in the Consultant's Review (the "**Missing Records**"):
 - (i) Any brokerage statements pertaining to trades on European and Asian Marketplaces, and certain brokerage statements pertaining to trades on Canadian Marketplaces;
 - (ii) Documents supporting or explaining fund transfers from and to bank accounts of the Swift Trade Group and payments to individual traders;
 - (iii) Records relating to the performance of accounting reconciliations of trading profits attributable to the individual traders and their trading office managers, who act on behalf of the ST Related Clients and clients of Opal Stone, as detailed above; and
 - (iv) Certain financial statements and general ledgers for Swift Trade, Barka, Trieme, Opal Stone, Orbixa and BlueChive.
39. By failing to produce the Missing Records, which it was required to keep under section 19 of the Act, Swift Trade failed to comply with subsection 19(3) of the Act.
40. Under the ST Terms and Conditions, Swift Trade was required to provide and facilitate access to the books, records and documents of the Swift Trade Group and also Orbixa and BlueChive. During the Consultant's Review, the Consultant was limited by Swift Trade's failure to provide the Missing Records that were requested by the Consultant.
41. With respect to the matters referred to in paragraph 38 above, during the corresponding periods from 2008 to 2010, Swift Trade and Beck also failed to supervise Swift Trade's designated compliance officer and chief compliance officer in the performance by these officers of their regulatory obligations.

D. Breach of the Dealer Registration Requirement in Section 25 of the Act

42. Since at least 2008, the Swift Trade Group has engaged, and certain members of the Group continue to engage in, the trading of billions of shares based on trade orders submitted by thousands of (unregistered) individual day-traders located around the world. All trade orders of these individual traders are transmitted and received electronically through servers in Toronto and routed for execution on Canadian Marketplaces and on International Marketplaces.
43. The allegations below concern the transmission and execution of sale orders by members of the Swift Trade Group on International Marketplaces, where such sale orders were not transmitted and executed through appropriately registered dealers under the Act. Such trading activity continues to be conducted by certain members of the Group. None of the members of the Group were then – or are now – appropriately registered under the Act to engage in these trading activities.

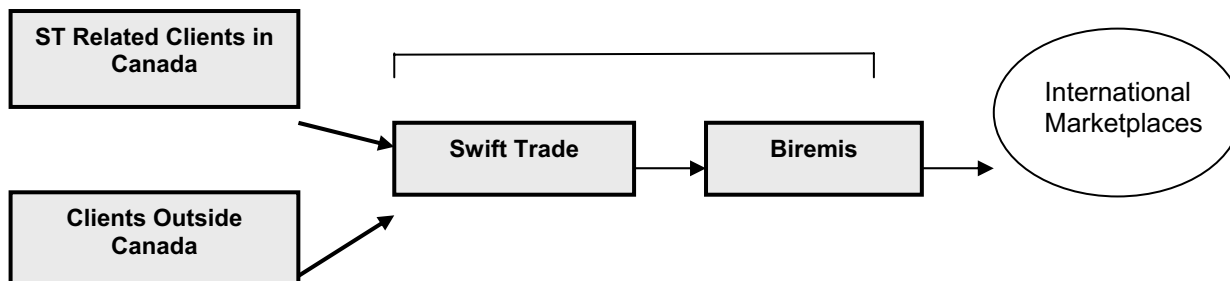
Changing Trade Flows

44. Members of the Swift Trade Group have entered into agreements setting out the relationships and responsibilities for the transmission and execution of trade orders (the "**Trade Flows**") on Canadian Marketplaces and on International Marketplaces. Through the technology involved, these Trade Flows happen on a virtually instantaneous basis. The diagrams below depict the Group's repeatedly changing Trade Flows.

Prior to September, 2007

45. Prior to September, 2007, all trade orders were transmitted by the individual traders for each client to Swift Trade (operating from the ST Toronto Office) and then by Swift Trade to Biremis (also operating from the ST Toronto Office) for execution on International Marketplaces, as follows:

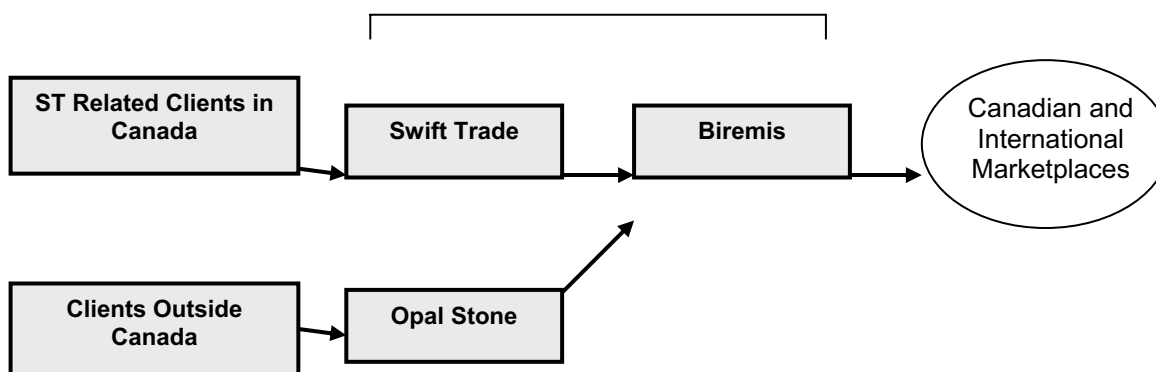
Trade routing technology operating in Ontario



September, 2007 to May, 2009

46. Between September, 2007 and May, 2009, the Trade Flows involved Opal Stone, and included trades that were executed on Canadian Marketplaces, as follows:

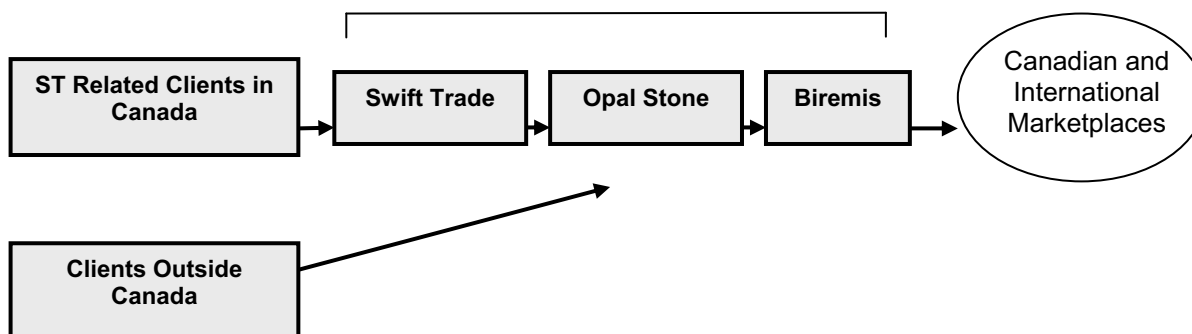
Trade routing technology operating in Ontario



May, 2009 to December, 2010

47. Between May, 2009 and December, 2010, the Trade Flows changed again, as follows:

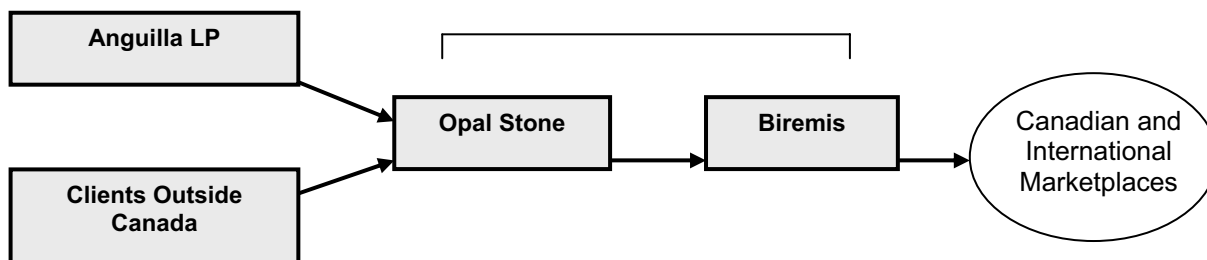
Trade routing technology operating in Ontario



Since December, 2010

48. In or about December, 2010, the ST Related Clients terminated their trading relationship with Swift Trade and entered into direct relationships with Opal Stone.
49. In or about December, 2010, Barka discontinued using individual traders to trade on its behalf and its former traders began trading on behalf of a new limited partnership, Anguilla LP. As noted above, Barka is a limited partner in Anguilla LP. Trieme also ceased its trading activities, and its former traders were retained by Anguilla LP to trade on its behalf.
50. Staff understands that, as of December, 2010, the Trade Flows changed again, as follows:

Trade routing technology operating in Ontario



51. In all of the above Trade Flows, regardless of the location of the traders submitting the trade orders, the trade orders were transmitted by traders to servers located in Ontario used by Biremis. Biremis then routed these trade orders for execution on either Canadian Marketplaces or International Marketplaces. In each case, Biremis attached its electronic identification marker on the trade orders.

Breaches of the Dealer Registration Requirement in Particular

52. The nature of the breaches of the Dealer Registration Requirement by the various members of the Swift Trade Group associated with the various Trade Flows are as follows:

(i) Biremis

- (a) Since at least 2007, Biremis has been receiving sale orders from clients, including clients with trading offices located in Ontario, using electronic day-trading systems located in Ontario. Biremis has then been executing these orders on International Marketplaces in circumstances for which it had no exemption from the Dealer Registration Requirement.
- (b) Biremis is not and has never been registered under the Act. By engaging in these trading activities, Biremis is in breach of the Dealer Registration Requirement.

(ii) Opal Stone

- (a) Since at least 2007, Opal Stone has been receiving sale orders from its clients, (including, since May, 2009, clients with trading offices located in Ontario), using electronic day-trading systems located in Ontario. Such sale orders have then been processed through Biremis in Ontario for execution over International Marketplaces in circumstances for which Opal Stone has had no exemption from the Dealer Registration Requirement.
- (b) Opal Stone is not and has never been registered under the Act. By engaging in these trading activities, Opal Stone is in breach of the Dealer Registration Requirement.

(iii) Swift Trade

- (a) From May, 2009 until its dissolution in December, 2010, Swift Trade was a client of Opal Stone. Swift Trade received and transmitted orders to sell securities from ST Related Clients for execution on International Marketplaces. Swift Trade then processed these orders through Opal Stone and

Biremis for execution on International Marketplaces in circumstances for which it had no exemption from the Dealer Registration Requirement.

- (b) By engaging in these trading activities, Swift Trade acted outside the scope of its registration and breached the Dealer Registration Requirement.

(iv) **ST Related Clients: Barka and Trieme**

- (a) From May, 2009 (when Swift Trade became a client of Opal Stone) until just prior to Swift Trade's dissolution in December, 2010, the ST Related Clients transmitted to Swift Trade orders to sell securities which were executed on International Marketplaces. Swift Trade processed these orders through Opal Stone and Biremis for execution on International Marketplaces in circumstances for which neither the ST Related Clients nor Swift Trade had any available exemption from the Dealer Registration Requirement.
- (b) Neither Barka nor Trieme has ever been registered under the Act. By engaging in these trading activities, these ST Related Clients breached the Dealer Registration Requirement.

(v) **Anguilla LP**

- (a) Since December, 2010, Anguilla LP has been transmitting orders to sell securities which are eventually executed through Biremis on International Marketplaces. Staff understands that Opal Stone has been processing these orders for execution through Biremis on International Marketplaces in circumstances for which Anguilla LP has no available exemption from the dealer registration requirement in the Act.
- (b) Anguilla LP has never been registered under the Act. By engaging in these trading activities, Anguilla LP is in breach of the Dealer Registration Requirement.

E. Prohibited Conduct in Extending Credit or Providing Margin to a Client

- 53. During the period from September 28, 2009 to November 30, 2010, shortly before Swift Trade's dissolution, Swift Trade, while registered as an EMD, extended credit or provided margin to clients on a frequent and daily basis. Such conduct is contrary to section 13.12 of NI 31-103, which prohibits a registrant from lending money, extending credit or providing margin to a client. This prohibition came into effect on September 28, 2009 and is intended to prevent registrants from exposing themselves to associated solvency risks. These solvency risks may detrimentally impact clients, counterparties and the integrity of the capital markets.
- 54. It is Staff's position, as detailed above, that Biremis and Opal Stone were required to be registered under the Act and, as such, were subject to the prohibition against extending credit or providing margin to clients contained in section 13.12 of NI 31-103.¹⁰ Since September 28, 2009, Biremis and Opal Stone have extended credit or provided margin to clients in breach of section 13.12 of NI 31-103.
- 55. For certain trades that were directed in accordance with the Trade Flow depicted in paragraph 47, above, Biremis extended credit to its client, Opal Stone, in breach of section 13.12 of NI 31-103. Opal Stone, in turn, extended credit to its client, Swift Trade, in breach of section 13.12 of NI 31-103. Swift Trade, in turn, extended credit to the ST Related Clients, in breach of section 13.12 of NI 31-103. They did so by allowing their respective clients to engage in trading activities that resulted in exposure to open security positions for each firm. In each case, this exposure was in excess of the value of amounts held on account of each of their respective clients.

F. Beck's Non-Compliance with Ontario Securities Law

- 56. Beck has not complied with Ontario securities law because:
 - (i) as a director or officer of each of Swift Trade, Biremis and Trieme, Beck authorized, permitted or acquiesced in the non-compliance with Ontario securities law by these companies in the circumstances described above, and as such is deemed by section 129.2 of the Act to also have not complied with Ontario securities law; and

¹⁰ Subsection 1(1) of the Act defines a "registrant" as a person or company registered or required to be registered under the Act. As a result, a person or company required to be registered under the Act is also subject to requirements of Ontario securities law that apply to registrants.

- (ii) as the registered UDP of Swift Trade, in the period from December, 2009 until the dissolution of Swift Trade in December, 2010, Beck failed to adequately supervise the activities of Swift Trade and each individual acting on its behalf to ensure their compliance with Ontario securities law, contrary to section 5.1 of NI 31-103.

IV. Conclusion

- 57. By reason of the foregoing, Beck, Swift Trade, Biremis, Opal Stone, Barka, Trieme and Anguilla LP engaged in significant breaches of Ontario securities law and engaged in conduct contrary to the public interest.
- 58. Staff reserve the right to make such other allegations as Staff may advise and the Commission may permit.

DATED AT TORONTO this 23rd day of March, 2011

1.3 News Releases

1.3.1 OSC Announces Small Business Advisory Committee Members for 2011-2012

March 17, 2011

**OSC ANNOUNCES SMALL BUSINESS ADVISORY
COMMITTEE MEMBERS FOR 2011-2012**

TORONTO – The Ontario Securities Commission (OSC) announced today the new membership of the Small Business Advisory Committee (SBAC).

OSC staff recognize the critical importance of consulting with market participants and other stakeholders. The SBAC will advise OSC staff on a range of projects, including the planning, implementation and communication of the OSC's review program, as well as policy and rule-making initiatives relevant to small issuers. The SBAC will also serve as a forum to advise OSC staff on the emerging issues and unique challenges faced by small issuers.

Effective immediately, the committee members are:

Tim Babcock	TSX Venture Exchange
Glenn Bowman	Capital Canada Limited
Martin Cairns	McGovern, Hurley, Cunningham, LLP
Paola Cipolla	KPMG LLP
Bill Gorman	Goodmans LLP
Prakash Hariharan	Front Street Capital
Joseph B. Maierovits	Goldman, Spring, Kichler & Sanders LLP
Carolyn McGill-Davidson	CNW Group
Robert Murphy	Davies Ward Phillips & Vineberg LLP
Maruf Raza	Collins Barrow
Mitchell Sanders	Goldman, Spring, Kichler & Sanders LLP
Ron Schwarz	UBS Global Asset Management
Pierre L. Soulard	Ogilvy Renault LLP
Janet Stockton	BDO Canada LLP
Steve Winokur	Canaccord Genuity Corp.
Lisa Enright (Chair)	Ontario Securities Commission

The SBAC will meet on average five times a year. Members will serve a one year term.

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1.3.2 Canadian Securities Regulators Update Proposal on Regulatory Regime for Credit Rating Organizations

FOR IMMEDIATE RELEASE
March 18, 2011

CANADIAN SECURITIES REGULATORS UPDATE PROPOSAL ON REGULATORY REGIME FOR CREDIT RATING ORGANIZATIONS

Toronto – The Canadian Securities Administrators (CSA) today republished for comment proposed National Instrument 25-101 *Designated Rating Organizations* and related consequential amendments, which would introduce securities regulatory oversight of credit rating organizations.

The Notice sets out revisions to the version of National Instrument 25-101 that was initially proposed in July 2010. The revised proposal takes into account feedback received from investors and marketplace participants on the initial proposal and was enhanced in order to maintain consistency with international standards.

In keeping with the initial publication, the CSA continues to require credit rating organizations to apply to become a “designated rating organization” (DRO) in order to allow its ratings to be used for various purposes within securities legislation. For example, certain debt securities will only have access to the short form prospectus system if they obtain a credit rating from a DRO.

Under the proposals, a DRO would be required to establish, maintain and comply with a code of conduct that includes a set of provisions developed in accordance with international standards. In addition, the proposal was revised to address board governance standards of a DRO and to provide clarification of the duties and responsibilities of a DRO’s compliance officer.

The CSA is seeking input from all stakeholders on the proposals. The comment period is open until May 17, 2011. Copies of the proposed instrument, consequential amendments to other instruments and additional background information are available on the websites of CSA members.

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

For more information:

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Mark Dickey
Alberta Securities Commission
403-297-4481

Sylvain Thériault
Autorité des marchés financiers
514-940-2176

Ken Gracey
British Columbia Securities Commission
604-899-6577

Ainsley Cunningham
Manitoba Securities Commission
204-945-4733

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

Natalie MacLellan
Nova Scotia Securities Commission
902-424-8586

Jennifer Anderson
Saskatchewan Financial Services Commission
306- 798-4160

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

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

Graham Lang
Yukon Securities Registry
867-667-5466

Louis Arki
Nunavut Securities Office
867-975-6587

Donn MacDougall
Northwest Territories
Securities Office
867-920-8984

1.4 Notices from the Office of the Secretary

1.4.1 Skyline Apartment Real Estate Investment Trust et al.

**FOR IMMEDIATE RELEASE
March 17, 2011**

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

AND

**IN THE MATTER OF
SKYLINE APARTMENT REAL ESTATE
INVESTMENT TRUST, SKYLINE INCORPORATED,
AND SKYLINE ASSET MANAGEMENT INC.**

TORONTO – The Office of the Secretary issued a Notice of Hearing in the above named matter for a hearing to consider whether it is in the public interest to approve a settlement agreement entered into by Staff of the Commission and Skyline Apartment Real Estate Investment Trust, Skyline Incorporated and Skyline Asset Management Inc.

The hearing will be held at the offices of the Commission located at 20 Queen Street West, Toronto, 17th Floor, commencing on March 18, 2011, at 10:00 a.m. or as soon thereafter as the hearing can be held.

A copy of the Notice of Hearing dated March 16, 2011 and Statement of Allegations of Staff of the Ontario Securities Commission dated March 16, 2011 are available at www.osc.gov.on.ca.

**OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY**

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1.4.2 Simply Wealth Financial Group Inc. et al.

**FOR IMMEDIATE RELEASE
March 17, 2011**

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

AND

**IN THE MATTER OF
SIMPLY WEALTH FINANCIAL GROUP INC.,
NAIDA ALLARDE, BERNARDO GIANGROSSO,
K&S GLOBAL WEALTH CREATIVE STRATEGIES INC.,
KEVIN PERSAUD, MAXINE LOBBAN AND WAYNE
LOBBAN**

TORONTO – Staff of the Ontario Securities Commission filed an Amended Statement of Allegations dated March 16, 2011 with the Office of the Secretary in the above noted matter.

A copy of the Amended Statement of Allegations dated March 16, 2011 is available at www.osc.gov.on.ca.

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

AND

**IN THE MATTER OF
SIMPLY WEALTH FINANCIAL GROUP INC.,
NAIDA ALLARDE, BERNARDO GIANGROSSO,
K&S GLOBAL WEALTH CREATIVE STRATEGIES INC.,
KEVIN PERSAUD, MAXINE LOBBAN AND WAYNE
LOBBAN**

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

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

I. THE RESPONDENTS

1. Simply Wealth Financial Group Inc. ("Simply Wealth") was incorporated in Ontario on January 14, 2003 and has its registered office in North York, Ontario. Simply Wealth has never been registered with the Ontario Securities Commission (the "Commission") in any capacity.
 2. Naida Allarde ("Allarde") is a director and officer of Simply Wealth. She resides in Woodbridge, Ontario. Allarde was registered with the Commission as a salesperson in the category of Scholarship Plan Dealer from May 1, 2000 to November 27, 2000, from December 22, 2000 to December 31, 2002 and from March 5, 2003 to July 30, 2004.
 3. Bernardo Giangrosso ("Giangrosso") is a director and officer of Simply Wealth. He resides in Woodbridge, Ontario. Giangrosso has never been registered with the Commission in any capacity.
 4. K&S Global Wealth Creative Strategies Inc. ("K&S") was incorporated in Ontario on September 7, 2005 and has its registered office in Pickering, Ontario. K&S has never been registered with the Commission in any capacity.
 5. Kevin Persaud ("Persaud") is the sole director of K&S and was at all material times the directing mind of K&S. He resides in Pickering, Ontario. Persaud has never been registered with the Commission in any capacity.
 6. Maxine Lobban resides in Brampton, Ontario. She was registered with the Commission as a salesperson in the category of Scholarship Plan Dealer from April 5, 2000 to November 14, 2001, from November 28, 2001 to September 4, 2002, from September 27, 2002 to December 31, 2003 and from March 29, 2004 to December 31, 2006.
 7. Wayne Lobban resides in Brampton, Ontario. He was registered with the Commission as a salesperson in the category of Scholarship Plan Dealer from February 28, 2003 to December 31, 2003.
- II. TRADING IN SECURITIES OF GOLD-QUEST**
- (i) The Gold-Quest Pyramid Scheme**
8. Gold-Quest International ("Gold-Quest") is a Panamanian corporation that was controlled by a number of individuals resident in the United States.
 9. From June 2006 to May 2008 (the "Material Time"), Gold-Quest accepted approximately \$29 million (U.S.) from investors, including investors in Ontario, through direct solicitations, an Internet website maintained by Gold-Quest and by referrals from existing investors.
 10. On May 6, 2008, the Securities and Exchange Commission of the United States (the "SEC") filed a complaint in the United States District Court, District of Nevada, alleging that Gold-Quest was operating a pyramid or "Ponzi" scheme. Gold-Quest has never been registered in any capacity with the SEC. The SEC further alleged that Gold-Quest used very little of the money that it raised for legitimate investments, but rather that the vast majority of new investor funds were used by Gold-Quest to make payments to current investors and commissions to participants in the Ponzi scheme.
 11. Investors entered into one-year investment contracts with Gold-Quest. Gold-Quest stated that investor funds would be invested in the foreign exchange or "forex" market. Gold-Quest informed investors that they would receive an annual return on investment of 87.5 percent. However, in order to receive this 87.5 percent annual return, investors were required to leave their funds with Gold-Quest for a year.
 12. Individuals who introduced an investor to Gold-Quest would receive the title "Administrative Manager" for the new investor. Administrative Managers would receive an up-front commission of ten percent of that investor's original investment and then a further four percent per month for a year (for a total commission of 58 percent of the principal invested). The individual who had introduced the Administrative Manager to Gold-Quest would receive the title "Managing Director" for the new investor and would receive a commission of 1.5 percent per month for a year (for a total of 18 percent of the principal invested). Lastly, the individual who introduced the Managing Director to Gold-Quest would receive the title "Supervisory Managing Director" for the new investor and would receive a commission of one percent per month for a year (for a total of 12 percent of the principal

invested). In sum, when a new investor sent funds to Gold-Quest, 88 percent of the investor's funds were earmarked for commissions to be paid to the investor's Administrative Manager, Managing Director and Supervisory Managing Director over the course of a year.

13. During the Material Time, despite receiving no income from its investments or business operations, Gold-Quest disbursed approximately \$20.3 million (U.S.) through distributions to investors and payment of commissions.
14. Gold-Quest has ceased to operate and has been put into receivership by order of the United States District Court. As of December 12, 2008, the receiver appointed by the United States District Court had only recovered \$273,475.85 (U.S.).
15. On January 14, 2010, the Alberta Securities Commission (the "ASC") released its decision in the matter of Gold-Quest International Corp. et al. following a hearing on the merits. The ASC found that Gold-Quest illegally traded in and distributed its securities in Alberta and that Gold-Quest was "a sham investment scheme, a classic Ponzi scheme and a classic pyramid scheme."

(ii) Trading in Gold-Quest Securities in Ontario

16. Gold-Quest has never been registered in any capacity with the Commission. No preliminary prospectus or prospectus has ever been filed with the Commission to attempt to qualify the trading of Gold-Quest securities.
17. During the Material Time, Simply Wealth, Allarde, Giangrosso, K&S, Persaud, Maxine Lobban and Wayne Lobban (collectively, the "Respondents") promoted securities in Gold-Quest to Ontario residents.
18. The Respondents invested personally in Gold-Quest and were Administrative Managers, Managing Directors and/or Supervisory Managing Directors for other Ontario investors.
19. During the Material Time, approximately 94 Ontario residents invested at least \$1.6 million (U.S.) with Gold-Quest as a result of promotional activities conducted by Allarde, Giangrosso and Simply Wealth (the "Allarde Investors"). These activities included recommending investment in Gold-Quest, providing information regarding the nature of the investment in Gold-Quest, facilitating the process of investing in Gold-Quest, and, in certain cases, facilitating the transfer of funds to Gold-Quest on behalf of investors.
20. Simply Wealth, Allarde and Giangrosso received payments from Gold-Quest for referring the Allarde Investors pursuant to the commission structure outlined in paragraph 12 above.

21. During the Material Time, approximately nine Ontario residents invested at least \$69,000 (U.S.) with Gold-Quest as a result of promotional activities conducted by K&S and Persaud (the "Persaud Investors"). These activities included recommending investment in Gold-Quest, providing information regarding the nature of the investment in Gold-Quest and providing the documents required to invest in Gold-Quest.
22. Among the Persaud Investors was Donald Iain Buchanan ("Buchanan"). Buchanan, both personally and through 1725587 Ontario Inc., carrying on business as Health and Harmony, subsequently promoted investment in Gold-Quest to Ontario residents, resulting in additional investments of approximately \$1,800,000 (U.S.) with Gold-Quest (the "Buchanan Investors"). The Ontario Securities Commission issued its Reasons and Decision with respect to Buchanan's conduct on November 26, 2010.
23. K&S and Persaud received payments from Gold-Quest for referring the Persaud Investors pursuant to the commission structure outlined in paragraph 12 above. In particular, K&S and Persaud were the Managing Directors and/or Supervisory Managing Directors for the Buchanan Investors.
24. During the Material Time, approximately 65 Ontario residents invested at least \$675,000 (U.S.) with Gold-Quest as a result of promotional activities conducted by Maxine Lobban and Wayne Lobban (the "Lobban Investors"). These activities included recommending investment in Gold-Quest, providing information regarding the nature of the investment in Gold-Quest and facilitating the process of investing in Gold-Quest.
25. Maxine Lobban and Wayne Lobban received payments from Gold-Quest for referring the Lobban Investors pursuant to the commission structure outlined in paragraph 12 above.
26. The Respondents were aware of the nature of the investment contract entered into by the investors they referred to Gold-Quest, as well as the terms of the commission structure outlined in paragraph 12 above.
27. However, Simply Wealth, Allarde and Giangrosso did not inform the Allarde Investors of the commission structure outlined in paragraph 12 above, nor did Maxine Lobban and Wayne Lobban inform all of the Lobban Investors of this structure.
28. There were no exemptions under the Act which allowed the Respondents to trade Gold-Quest securities in Ontario.

III. VIOLATIONS OF THE SECURITIES ACT AND CONDUCT CONTRARY TO THE PUBLIC INTEREST

29. The conduct of Simply Wealth, and its directors Allarde, and Giangrosso, was contrary to the public interest and constituted the following breaches of the Act:
- (i) trading without registration contrary to section 25 of the Act;
 - (ii) an illegal distribution of securities contrary to section 53 of the Act; and
 - (iii) as directors of Simply Wealth, Allarde and Giangrosso authorized, permitted or acquiesced in breaches of section 25 and 53 of the Act by Simply Wealth contrary to section 129.2 of the Act.
30. The conduct of K&S, and its director Persaud, was contrary to the public interest and constituted the following breaches of the Act:
- (i) trading without registration contrary to section 25 of the Act;
 - (ii) an illegal distribution of securities contrary to section 53 of the Act; and
 - (iii) as a director of K&S, Persaud authorized, permitted or acquiesced in breaches of sections 25 and 53 of the Act by K&S contrary to section 129.2 of the Act.
31. The conduct of Maxine Lobban and Wayne Lobban was contrary to the public interest and constituted the following breaches of the Act:
- (i) trading without registration contrary to section 25 of the Act; and
 - (ii) an illegal distribution of securities contrary to section 53 of the Act.
32. Staff reserve the right to make such other allegations as Staff may advise and the Commission may permit.

DATED at Toronto this 16th day of March, 2011.

1.4.3 Skyline Apartment Real Estate Investment Trust et al.

**FOR IMMEDIATE RELEASE
March 18, 2011**

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

AND

**IN THE MATTER OF
SKYLINE APARTMENT REAL ESTATE
INVESTMENT TRUST, SKYLINE INCORPORATED,
AND SKYLINE ASSET MANAGEMENT INC.**

TORONTO – Following a hearing held today, the Commission issued an Order in the above named matter approving the Settlement Agreement reached between Staff of the Commission and Skyline Apartment Real Estate Investment Trust, Skyline Incorporated and Skyline Asset Management Inc.

A copy of the Order dated March 18, 2011 and Settlement Agreement dated March 15, 2011 are available at www.osc.gov.on.ca.

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1.4.4 Ameron Oil and Gas Ltd. et al.

**FOR IMMEDIATE RELEASE
March 21, 2011**

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

AND

**IN THE MATTER OF
AMERON OIL AND GAS LTD., MX-IV LTD.,
GAYE KNOWLES, GIORGIO KNOWLES,
ANTHONY HOWORTH, VADIM TSATSKIN,
MARK GRINSHPUN, ODED PASTERNAK AND
ALLAN WALKER**

TORONTO – The Commission issued an Order in the above named matter which provides that, pursuant to subsections 127 (7) and (8) of the Act, the Temporary Order is extended to the conclusion of the hearing on the merits in this matter; and a status hearing to confirm dates for the hearing on the merits will take place on March 22, 2011 at 9:45a.m. or on such other date or time as provided by the Secretary's Office and agreed to by the parties.

A copy of the Order dated March 18, 2011 is available at www.osc.gov.on.ca.

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1.4.5 York Rio Resources Inc. et al.

**FOR IMMEDIATE RELEASE
March 22, 2011**

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

AND

**IN THE MATTER OF
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**

TORONTO – The Commission issued an Order pursuant to Section 152 of the *Securities Act* in the above named matter.

A copy of the Order dated March 21, 2011 is available at www.osc.gov.on.ca.

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1.4.6 Skyline Apartment Real Estate Investment Trust et al.

**FOR IMMEDIATE RELEASE
March 22, 2011**

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

AND

**IN THE MATTER OF
SKYLINE APARTMENT REAL ESTATE
INVESTMENT TRUST, SKYLINE INCORPORATED,
AND SKYLINE ASSET MANAGEMENT INC.**

TORONTO – Following a hearing held on March 18, 2011 in the above named matter, the Commission issued an order pursuant to S.144 which provides that paragraph (c) of the Initial Settlement Order be varied as set out herein to provide that the administrative penalty of \$300,000 payable by the Respondents on a joint and several basis shall be paid to or for the benefit of third parties designated by the Commission, pursuant to s.3.4(2) of the Act.

A copy of the Order dated March 22, 2011 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
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1.4.7 Ameron Oil and Gas Ltd. et al.

**FOR IMMEDIATE RELEASE
March 23, 2011**

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

AND

**IN THE MATTER OF
AMERON OIL AND GAS LTD., MX-IV LTD.,
GAYE KNOWLES, GIORGIO KNOWLES,
ANTHONY HOWORTH, VADIM TSATSKIN,
MARK GRINSHPUN, ODED PASTERNAK AND
ALLAN WALKER**

TORONTO – The Commission issued an Order in the above named matter which provides that,

- pursuant to clause 2 of subsection 127(1) of the Act, Gaye Knowles, Giorgio Knowles, Howorth, Tsatskin, Grinshpun, Pasternak and Walker shall cease trading in all securities;
- pursuant to clause 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Gaye Knowles, Giorgio Knowles, Howorth, Tsatskin, Grinshpun, Pasternak and Walker;
- the Temporary Order in respect of the Individual Respondents shall take effect immediately and shall expire on the fifteenth day after its making unless extended by the Commission;
- for clarity, the Temporary Order in respect of Ameron and MX-IV is extended to the conclusion of the hearing on the merits; and
- the hearing in this matter is adjourned to April 4th, 2011 at 11:00 a.m. or on such other date or time as provided by the Secretary's Office and agreed to by the parties.

A copy of the Order dated March 23, 2011 is available at **www.osc.gov.on.ca**.

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1.4.8 Goldbridge Financial Inc. et al.

**FOR IMMEDIATE RELEASE
March 23, 2011**

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

AND

**IN THE MATTER OF
GOLDBRIDGE FINANCIAL INC.,
WESLEY WAYNE WEBER AND
SHAWN C. LESPERANCE**

TORONTO – Following the release of the Panel's Reasons and Decision dated January 21, 2011 on the hearing on the merits, a sanctions hearing is scheduled to commence on Friday, May 13, 2011 at 10:00 a.m. in Hearing Room C, 17th Floor, 20 Queen Street West, Toronto, in the above named matter.

OFFICE OF THE SECRETARY
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1.4.9 Peter Beck et al.

**FOR IMMEDIATE RELEASE
March 23, 2011**

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

AND

**IN THE MATTER OF
PETER BECK,
SWIFT TRADE INC. (continued as
7722656 Canada Inc.), BIREMIS, CORP.,
OPAL STONE FINANCIAL SERVICES S.A.,
BARKA CO. LIMITED, TRIEME CORPORATION and
a limited partnership referred to as "Anguilla LP"**

TORONTO – The Office of the Secretary issued a Notice of Hearing setting the matter down to be heard on April 13, 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 March 23, 2011 and Statement of Allegations of Staff of the Ontario Securities Commission dated March 23, 2011 are available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Progress Energy Resources Corp.

Headnote

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

Applicable Legislative Provisions

National Instrument 52-110 Audit Committees, s. 1.5

Citation: Progress Energy Resources Corp., Re, 2011 ABASC 135

March 16, 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
PROGRESS ENERGY RESOURCES CORP.
(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**) exempting the Filer from the additional independence requirements of section 1.5 of National Instrument 52-110 *Audit Committees (NI 52-110)* so that an adult child (the **Intern**) of one of the directors of the Filer, who is also a member of the Filer's audit committee (the **Member**), can work in a clerk position in the Filer's finance department on a temporary basis (the **Exemption Sought**).

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

- (a) the Alberta Securities Commission is the principal regulator for this application;
- (b) the Filer has provided notice that subsection 4.7(1) of Multilateral Instrument 11-102 *Passport System (MI 11-102)* is intended to be relied upon in British Columbia, Saskatchewan, Manitoba, Québec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador; and
- (c) 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 herein.

Representations

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

1. The Filer, a corporation incorporated under the *Business Corporations Act* (Alberta) with its head office in Alberta, is a reporting issuer in each of the provinces of Canada and has its securities listed on the Toronto Stock Exchange.
2. To its knowledge, the Filer is not in default of applicable securities legislation in each of the provinces of Canada.
3. The Filer would like to offer the Intern a clerk position in the Filer's finance department on a temporary basis for a 20-week term of employment.
4. The Intern will not be involved in the preparation of financial information regarding the Filer, the Intern will not be authorized to make decisions on behalf of the Filer and, in carrying out his employment, the Intern will report directly to the manager of the finance department.
5. The remuneration that will be paid by the Filer to the Intern for his employment as a clerk with the Filer is consistent with the remuneration that the Filer is paying its other employees who have comparable positions.

6. The Intern lives part-time in the same home as the Member.
7. The payment to the Intern of the salary for the 20-week term of employment is deemed to be an indirect acceptance of compensation by the Member and creates a "material relationship", for the purposes of NI 52-110, between the Member and the Filer.
8. Consequently, the Member is no longer considered "independent" for the purposes of NI 52-110 and the Filer can no longer satisfy the audit committee composition requirements of subsection 3.1(3) NI 52-110, which requires every member of the audit committee to be "independent".
9. The Filer believes that the remuneration being paid by the Filer to the Intern for his employment as a clerk with the Filer is not a significant amount and therefore would not be expected to interfere with the exercise of the Member's independent judgment.
10. The board of directors of the Filer have considered the relationship between the Member and the Filer created by the temporary employment of the Member's adult child and have determined that such relationship is not reasonably expected to interfere with the exercise of the Member's independent judgment.

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.

For the Commission:

"Glenda Campbell, QC"
Vice-Chair

"Stephen Murison"
Vice-Chair

2.1.2 Pretium Resources Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Filer granted relief to file annual financial statements for year ended December 31, 2010 using IFRS-IASB – The issuer has assessed the readiness of its staff, board, audit committee, auditors and investors – Relief granted subject to conditions.

Applicable Legislative Provisions

National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards, ss. 4.2, and 4.3.

March 17, 2011

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

AND

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

AND

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

DECISION

Background

- 1 The securities regulatory authority or regulator in each of the Jurisdictions (Decision Maker) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) exempting the Filer from the requirements in sections 4.2 and 4.3 of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* (NI 52-107) that financial statements be prepared in accordance with Canadian generally accepted accounting principles determined with reference to Part V of the Handbook of the Canadian Institute of Chartered Accountants applicable to public enterprises (Canadian GAAP), in order that the Filer may prepare its financial statements for its year-ended December 31, 2010 (the Exemption Sought in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS-IASB).

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

- (a) the British Columbia Securities Commission is the principal regulator for this application;
- (b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (MI 11-102) is intended to be relied upon in Alberta, Saskatchewan, Manitoba, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador, Yukon Territory, Northwest Territories and Nunavut (the Passport Jurisdictions); and
- (c) the decision is the decision of the principal regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

Interpretation

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

Representations

- 3 This decision is based on the following facts represented by the Filer:
1. the Filer is a corporation governed by the British Columbia *Business Corporations Act* and was incorporated on October 22, 2010; the registered office of the Filer is located at Suite 2900, 550 Burrard Street, Vancouver, British Columbia V6C 0A3;
 2. the Filer is a reporting issuer or the equivalent in the Jurisdictions and in each of the Passport Jurisdictions; the Filer is not in default of its reporting issuer obligations under the Legislation or the securities legislation of the Passport Jurisdictions; the Filer's common shares are listed on the Toronto Stock Exchange (the TSX);
 3. the Filer is a start-up company that intends to acquire, explore and develop gold and precious metals resource properties, initially in the Americas, and has a 100% interest in the Snowfield and Brucejack mineral projects located in northern British Columbia;
 4. the Filer currently prepares its financial statements in accordance with Canadian GAAP;
 5. the Canadian Accounting Standards Board has confirmed that publicly accountable enterprises will be required to prepare their financial statements in accordance with IFRS-IASB for financial statements relating to fiscal years beginning on or after January 1, 2011;
 6. NI 52-107 sets out acceptable accounting principles for financial reporting under the Legislation by domestic issuers, foreign issuers, registrants and other market participants; under NI 52-107, a domestic issuer must use Canadian GAAP with the exception that an SEC registrant may use US GAAP; under NI 52-107, only foreign issuers may use IFRS-IASB;
 7. in CSA Staff Notice 52-321 *Early Adoption of International Financial Reporting Standards, Use of US GAAP and Reference to IFRS-IASB*, staff of the Canadian Securities Administrators recognized that some issuers may wish to prepare their financial statements in accordance with IFRS-IASB for periods beginning prior to January 1, 2011 and indicated that staff were prepared to recommend exemptive relief on a case by case basis to permit a domestic issuer to do so, despite section 4.2 of NI 52-107;
 8. subject to obtaining the Exemption Sought, the Filer intends to adopt IFRS-IASB in respect of its annual financial statements for its year-ended December 31, 2010;
 9. the Filer has carefully assessed the readiness of its staff, board of directors, audit committee, auditors, investors and other market participants for the adoption by the Filer of IFRS-IASB for financial periods beginning on and after January 1, 2010 and has concluded that they will be adequately prepared for the Filer's adoption of IFRS-IASB for periods beginning on January 1, 2010;
 10. the Filer has considered the implications of adopting IFRS-IASB in respect of its year -ended December 31, 2010 on its obligations under the Legislation and securities legislation of the Passport Jurisdictions including, but not limited to, those relating to CEO and CFO certifications, business acquisition reports, offering documents, and previously released material forward-looking information and has concluded that if the Exemption Sought is granted, it will continue to be able to fulfil these obligations;
 11. the Filer will disseminate a news release on or before March 21, 2011 and in advance of the filing of the Filer's financial statements for the year ending December 31, 2010 disclosing relevant information about its conversion to IFRS-IASB as contemplated by CSA Staff Notice 52-320 *Disclosure of Expected Changes in Accounting Policies Relating to Changeover to International Financial Reporting Standards*, including:
 - (a) the key elements and timing of the Filer's changeover plan;
 - (b) the accounting policy and implementation decisions the Filer has made or will have to make;
 - (c) major identified differences between the Filer's current accounting policies and those the Filer is required or expects to apply in preparing financial statements in accordance with IFRS-IASB; and
 - (d) the impact of adopting IFRS-IASB on the key line items in the Filer's financial statements for the year ending December 31, 2010; and

12. he Filer has not previously prepared financial statements that contain an explicit and unreserved statement of compliance with IFRS.

Decision

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

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

- (a) prepares its annual financial statements to be filed for periods relating to financial years beginning on or after January 1, 2010 in accordance with IFRS-IASB;
- (b) complies with Part 3 of NI 52-107 *Acceptable Accounting Principles and Auditing Standards for financial statements, financial information, operating statements and pro forma financial statements* for periods relating to the year ending December 31, 2010;
- (c) complies with the IFRS-related amendments to National Instrument 51-102 *Continuous Disclosure Obligations* (NI 51-102) that came into force on January 1, 2011 and that apply to documents required to be prepared, filed, delivered, or sent under NI 51-102 for periods relating to the year ending December 31, 2010;
- (d) complies with the IFRS-related amendments to National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* that came into force on January 1, 2011 and that apply to annual filings and interim filings for periods relating to the year ending December 31, 2010;
- (e) complies with the IFRS-related amendments to National Instrument 52-110 *Audit Committees* that came into force on January 1, 2011 and that apply to periods relating to the year ending December 31, 2010; and
- (f) provides the communication set out in paragraph 11.

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

2.1.3 Scotia Asset Management L.P.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Large portfolio manager, exempt market dealer and commodity trading manager (applicant for investment fund manager) with separate investment fund manager and portfolio manager operating divisions exempted from the requirement to register an individual as a chief compliance officer (CCO) – permitted to register two CCOs, one for each operating division.

Statutes Cited

National Instrument 31-103 Registration Requirements and Exemptions, s. 11.3.

March 21, 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
SCOTIA ASSET MANAGEMENT L.P.
(the Filer)**

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for an exemption from the requirement contained in section 11.3 of National Instrument 31-103 – *Registration Requirements and Exemptions* (**NI 31-103**) that the Filer designate an individual to be the chief compliance officer (**CCO**) and instead be permitted to designate and register two individuals as CCO in respect of two distinct lines of securities business of the Filer (the **Exemption Sought**).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a Passport Application):

- (a) the Ontario Securities Commission is the principal regulator for the purpose of 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 and territories of Canada outside of Ontario except the Northwest Territories and Nunavut (the **Non-principal Jurisdictions** and together with the Jurisdiction, the **Filing 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.

Representations

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

1. The Filer is a limited partnership formed under the laws of the Province of Ontario and its head office is located in Toronto, Ontario.

2. The Filer is registered under the Legislation in the category of portfolio manager, commodity trading manager and exempt market dealer. The Filer has applied for registration under the Legislation in the category of investment fund manager.
3. The Filer is also registered as a portfolio manager in each of the Non-principal Jurisdictions and as an exempt market dealer in each province of Canada other than Saskatchewan and Prince Edward Island.
4. The Filer is not, to the best of its knowledge, in default of securities requirements in any of the Filing Jurisdictions.
5. The Filer has two distinct lines of securities business (each, a **Division**) based on the nature of its clients:
 - (a) The investment fund manager division (the **IFM Division**) provides investment fund management services to two fund families: the ScotiaFunds and the Pinnacle Funds.
 - (b) The portfolio manager division (the **PM Division**) provides discretionary portfolio management services to private client and institutional clients including short-term, fixed income, equity, and derivative investments through individual securities and investment funds and provides discretionary portfolio management with pooled funds to accredited investors.
6. The IFM Division and the PM Division each have a well-established, separate and distinct supervisory structure. Each Division has its own compliance unit within the Filer's compliance department and each Division has its own CCO (or individual acting in a capacity similar to a CCO).
7. Given the specialized and diversified business operations within the PM Division of the Filer, the CCO of the PM Division requires a different set of skills, experience and focus than that of the CCO of the Filer's IFM Division.
8. The CCO of the IFM Division oversees compliance systems that are reasonably designed to ensure that the investment fund manager and each person acting on its behalf complies with securities legislation and manages the risks associated with the investment fund management business in accordance with prudent business practices. To this end, the CCO of the IFM Division ensures that appropriate policies and procedures are in place, has them updated as requirements change and oversees a supervisory structure that monitors compliance. In addition, the CCO's responsibilities include overseeing compliance with the requirements governing; (i) public offering and continuous disclosure of mutual funds; (ii) sales practices and sales communications; (iii) fiduciary obligations for management functions that are outsourced; (iv) conflict identification and management; and (v) self dealing.
9. The CCO of the PM Division fulfils a different mandate than the CCO of the IFM Division. The CCO of the PM Division focuses on specific assigned responsibilities to ensure that the Filer and its representatives comply with applicable government laws, rules, regulations, policies and codes of conduct which govern the portfolio management and exempt market dealer activities of the Filer in the jurisdictions in which it operates. To this end, the CCO of the PM Division maintains a compliance process and infrastructure throughout the portfolio management business so as to enable the Filer's management to fulfill their compliance responsibilities. This includes monitoring of portfolio management activities, employee trading, conflicts of interest and the limited exempt market dealer activities.
10. NI 31-103 was implemented on September 28, 2009 (the **Implementation Date**). Under section 11.3 of NI 31-103, a registered firm is required to designate an individual to be the CCO (the **CCO Requirement**).
11. Prior to the Implementation Date, the Filer had one "compliance officer" for the PM Division as required by applicable law and had another compliance professional acting in a capacity similar to a CCO for the IFM Division. As a result, the Filer has had one CCO and one person acting in a capacity similar to a CCO for the PM Division and for the IFM Division, respectively, for a number of years.
12. Given the size, diversity and increasing complexity of the Filer's PM Division and the IFM Division, it is (i) unreasonable for one individual to effectively carry out all of the responsibilities of the CCO for both the PM Division and the IFM Division, (ii) difficult for one CCO to effectively identify and stay abreast of the different issues and risks applicable to both the PM Division and IFM Division, and (iii) difficult to escalate all such issues and risks to the ultimate designated person and the general partner of the Filer in a timely and effective manner. If the Exemption Sought is granted, each CCO will have direct access to the Filer's ultimate designated person, will provide reports to the general partner of the Filer and will comply in all other respects with applicable securities requirements, including the requirements set out in NI 31-103.
13. Without the Exemption Sought, the filer would have to change its supervisory and its compliance structure to meet the CCO Requirement. Alternatively, the Filer would have to separate the PM Division and the IFM Division into two separate registered firms. Either option would be burdensome for the Filer. There would be significant costs associated

with the restructuring resulting from a loss of certain operational and technological efficiencies that currently exist as a result of operating as a single registrant.

14. In section 5.2 of Companion Policy 31-103CP, *Registration Requirements and Exemptions*, the Canadian Securities Administrators indicate that:

“Firms must designate one CCO. However, in large firms, the scale and kind of activities carried out by different operating divisions may warrant the designation of more than one CCO. We will consider applications, on a case-by-case basis, for different individuals to act as the CCO of a firm’s operating divisions.”

15. Designating only one CCO for the purposes of satisfying the CCO Requirement in the Legislation would not be consistent with the policy objectives the Legislation is intended to achieve because the PM Division and the IFM Division are independent operations that are distinct from one another in kind and conducted on a large scale.

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 the Filer designate:

1. only one individual to be CCO of the PM Division; and
2. only one individual to be CCO of the IFM Division.

“Erez Blumberger”

Deputy Director,
Compliance and Registrant Regulation
Ontario Securities Commission

2.1.4 OnePak, Inc. – s. 1(10)(b)

Headnote

Application for an order that the issuer is not a reporting issuer under applicable securities laws – requested relief granted.

Applicable Legislative Provisions

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

March 21, 2011

OnePak, Inc.
56 Main Street, 2nd Floor
Orleans Massachusetts
02653, USA

Dear Sirs/Mesdames:

Re: OnePak, Inc. (the “Applicant”) – Application for an order under clause 1(10)(b) of the Securities Act (Ontario) (the “Act”) that the Applicant is not a reporting issuer

The Applicant has applied to the Ontario Securities Commission for an order under clause 1(10)(b) of the Act that the Applicant is not a reporting issuer.

As the Applicant has represented to the Ontario Securities Commission that:

- (a) the outstanding securities of the Applicant, including debt securities, are beneficially owned, directly or indirectly, by less than 15 security holders in Ontario and less than 51 security holders 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 not in default of its obligations under the Act as a reporting issuer; and
- (d) the Applicant will not be a reporting issuer or the equivalent in any jurisdiction in Canada immediately following the Director granting the relief requested.

The Director is satisfied that it would not be prejudicial to the public interest to grant the requested relief and orders that the Applicant is not a reporting issuer.

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

2.1.5 Alexander Nubia International Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Exemption from qualification requirements to permit applicant to file a prospectus in the form of a short form prospectus – Filer does not have a current AIF and therefore cannot comply with s. 2.2(d) of National Instrument 44-101 Short Form Prospectus Distributions – Filer is a “successor issuer” but cannot rely on exemption in s 2.7(2) because Filer did not have to prepare an information circular in connection with restructuring transaction – Filer has filed a listing application including the disclosure prescribed for a filing statement by TSXV Form 3B2 – Listing application in all material respects includes the disclosure in connection with the Filer and the RTO that would be included in an information circular prepared in accordance with Item 14.5 of Form 51-102F5 Information Circular.

Applicable Legislative Provisions

National Instrument 44-101 Short Form Prospectus Distributions, ss. 2.2, 2.7, 8.1.

March 10, 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
ALEXANDER NUBIA INTERNATIONAL INC.
(the “Filer”)**

DECISION

Background

The principal regulator in the Jurisdiction has received an application (the “**Application**”) from the Filer for a decision under the securities legislation of the Jurisdiction (the “**Legislation**”) that the Filer be exempted from the qualification requirement in paragraph 2.2(d)(ii) of National Instrument 44-101 *Short Form Prospectus Distributions* (“**NI 44-101**”) in respect of any prospectus filed by the Filer prior to April 29, 2011 (the “**Exemptive Relief Sought**”).

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

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

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

Interpretation

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

Representations

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

1. The Filer was incorporated under the *Canada Business Corporations Act* and its head office is located in Toronto, Ontario.
2. The Filer’s common shares are listed on the TSX Venture Exchange (the “**TSXV**”) and the Filer is a reporting issuer in the Provinces of British Columbia, Alberta and Ontario.
3. On October 1, 2010, the Filer (then known as Chrysalis Capital VII Corporation) completed a reverse takeover transaction (the “**RTO**”) with Alexander Nubia Inc., a private company incorporated under the laws of the Province of British Columbia (“**ANI BC**”), by way of an amalgamation of ANI BC with 0881679 B.C. Ltd., a wholly-owned subsidiary of the Filer, resulting in the Filer owning all of the issued and outstanding securities of the amalgamated entity.
4. Upon completion of the RTO, the Filer changed its name from “Chrysalis Capital VII Corporation” to “Alexander Nubia International Inc.”
5. The financial year-end of the Filer is December 31. The Filer expects to file audited annual financial statements for the year ended December 31, 2010 on or prior to April 29, 2011.
6. In connection with the RTO and in accordance with TSXV Policy 2.4, the Filer filed an amended filing statement dated September 22, 2010 (the “**Filing Statement**”) on SEDAR, which included the disclosure prescribed by TSXV Form 3B2 – *Information Required in a Filing Statement for a Qualifying Transaction* (“**Form 3B2**”).
7. As required by Form 3B2, the Filing Statement appended audited financial statements of ANI BC for the interim period ended June 30, 2010, the three years ended December 31, 2009, 2008 and 2007, and pro forma financial statements of the Resulting Issuer (as such term is defined in Form 3B2).
8. The Filer did not file an information circular as prescribed by Form 3B1 – *Information Required in*

an Information Circular for a Qualifying Transaction because the consent of the Filer’s shareholders was not required in order to complete the RTO.

9. The Filer is not in default of securities legislation in any jurisdiction.
10. The Filer is not in default of any of the rules, regulations or policies of the TSXV.
11. The Filer wishes to be qualified to file a short form prospectus pursuant to NI 44-101.
12. As a venture issuer under National Instrument 51-102 – *Continuous Disclosure Obligations*, the Filer is not required to file an annual information form (“**AIF**”) and has never filed an AIF.
13. As a result of the RTO, the Filer is a “successor issuer” as such term is defined in NI 44-101.
14. An exemption from paragraph 2.2(d) of NI 44-101 is provided under subsection 2.7(2) of NI 44-101 to permit a successor issuer that does not have a current AIF to qualify to file a prospectus in the form of a short form prospectus, subject to certain conditions; in particular, the condition in paragraph 2.7(2)(b) that an information circular relating to the restructuring transaction that resulted in the successor issuer was filed by the successor issuer or an issuer that was a party to the restructuring transaction, and such information circular: (i) complied with applicable securities legislation, and (ii) included disclosure in accordance with Item 14.2 or 14.5 of Form 51-102F5 – *Information Circular* for the successor issuer.
15. The Filer is unable to rely on the exemption in subsection 2.7(2) because it did not file an information circular relating to the RTO and therefore cannot technically satisfy the condition in paragraph 2.7(2)(b).
16. The Filing Statement in all material respects includes the disclosure in connection with the Filer and the RTO that would be included in an information circular prepared in accordance with Item 14.5 of Form 51-102F5.
17. But for the Filer not having prepared an information circular relating to the Filer and the RTO, the Filer would be able to rely on the exemption in subsection 2.7(2) of NI 44-101 to be qualified to file a prospectus in the form of a short form prospectus pursuant to the qualification criteria in section 2.2 of NI 44-101.
18. On February 25, 2011, the Filer filed on SEDAR a notice pursuant to section 2.8 of NI 44-101 declaring its intention to be qualified to file a short form 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 Exemptive Relief Sought is granted provided that the Filer incorporates by reference the Filing Statement in any short form prospectus filed prior to April 29, 2011, pursuant to NI 44-101.

“Michael Brown”
Assistant Manager, Corporate Finance

2.1.6 Goodman & Company, Investment Counsel Ltd. and Dynamic Global Energy Class

Headnote

National Policy 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 that invests primarily in the energy sector desires to invest in standardized futures with underlying interests in oil and natural gas for hedging and non-hedging purposes – 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 – relief is subject to limits on investments in the standardized futures for both hedging and non-hedging purposes – National Instrument 81-102 Mutual Funds.

Applicable Legislative Provisions

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

March 22, 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 GLOBAL ENERGY CLASS
(the “Fund”)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the “**Legislation**”) pursuant to Section 19.1 of National Instrument 81-102 – *Mutual Funds* (“**NI 81-102**”) exempting the Fund from Section 2.3(h) of NI 81-102 to enable the Fund to invest in specified derivatives, namely

standardized futures (as such terms are defined in Section 1.1 of NI 81-102) with underlying interests in sweet crude oil or natural gas, for hedging and non-hedging purposes, to reduce volatility in the Fund's portfolio if, when and to the extent the Manager is concerned about the volatility of securities in the oil and gas sector, the **"Exemptions Sought"**).

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

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

(b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 – *Passport System* ("**MI 11-102**") is intended to be relied upon in all provinces and territories of Canada other than 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. References to "oil" and "gas" in connection with the Proposed Investment Strategy (as defined below) are to sweet crude oil and natural gas respectively.

Representations

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

1. The Manager is a corporation existing under the laws of the Province of Ontario and is registered with the OSC as an adviser in the category of portfolio manager, 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. The Manager has also applied for registration in the category of investment fund manager.
2. The Fund is an open-end mutual fund. The Fund is a class of the Dynamic Global Fund Corporation, a mutual fund corporation existing under the laws of the Province of Ontario, and is one of the group of Dynamic Funds managed by the Manager.
3. The securities of the Fund are qualified for distribution in each of the Jurisdictions pursuant to a simplified prospectus and annual information form that have been prepared and filed in accordance with the securities legislation of the respective Jurisdictions. The Fund is, accordingly, a reporting issuer in all of the Jurisdictions.
4. Neither the Manager nor the Fund is in default of securities legislation in any province or territory of Canada.

5. The investment objectives and investment strategies for the Fund permit portfolio investments in oil and gas securities and the use of derivatives to hedge against losses from changes in the prices of the Fund's investments, to gain exposure to individual securities and markets and/or to generate income.
6. The prices of oil and gas can be volatile, and the Manager has determined that it would be in the best interests of the Fund and its securityholders for the Manager to have the ability to implement appropriate risk management and diversification strategies for the Fund in connection with price fluctuations and volatility in securities of issuers in the oil and gas sector.
7. The Manager has considered a number of alternative strategies for risk management and portfolio diversification with respect to the prices of oil and gas, and has determined that the proposed investment strategy (the **"Proposed Investment Strategy"**), as described below, is optimal from a number of perspectives including in respect of liquidity, cost, complexity and diversification.
8. The Proposed Investment Strategy would enable the Fund to trade in standardized futures contracts on the New York Mercantile Exchange (the **"NYMEX"**) where the underlying interests are oil or gas, for hedging and non-hedging purposes, primarily as a means of reducing the volatility that can result from the changing prices of securities of issuers in the oil and gas sector.
9. Under the Proposed Investment Strategy, the Manager proposes to trade in standardized futures contracts for cash or an offsetting contract to satisfy its obligations in a standardized futures contract.

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 Exemptions Sought are 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 and non-hedging purposes in NI 81-102, National Instrument 81-101 *Mutual Fund Prospectus Disclosure* and National Instrument 81-106 *Investment Fund Continuous Disclosure*;
- (b) a standardized futures 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 futures contract for hedging purposes if, immediately following the purchase, the Fund would hold standardized futures contracts for hedging purposes relating to barrels of oil and/or British Thermal Units of gas representing an aggregate value that exceeds 80% of the total net assets of the Fund at that time;
- (e) the Fund will not purchase a standardized futures contract for non-hedging purposes if, immediately following the purchase, the Fund would hold standardized futures contracts for non-hedging purposes relating to barrels of oil and/or British Thermal Units of gas representing an aggregate value that exceeds 10% of the total net assets of the Fund at that time;
- (f) the Fund will keep proper books and records of all such purchases and sales; and
- (g) prior to commencing the Proposed Investment Strategy, the Fund will provide disclosure in its simplified prospectus of the Proposed Investment Strategy, the risks associated with the Proposed Investment Strategy and the exemptive relief.

“Darren McKall”
Assistant Manager, Investment Funds Branch
Ontario Securities Commission

2.1.7 CanAsia Financial Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards, s. 5.1 – A reporting issuer wants to early adopt IFRS for purposes of preparing its financial statements – The issuer has assessed the readiness of its staff, board, audit committee, auditors and investors.

Applicable Legislative Provisions

National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards, s. 5.1

Citation: CanAsia Financial Inc., Re, 2011 ABASC 143

March 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 CANASIA FINANCIAL 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**) exempting the Filer from the requirement of subsection 4.2 of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* (the **Instrument**) (the **Exemption Sought**) that financial statements be prepared in accordance with generally accepted accounting principles determined with reference to Part V of the Handbook of the Canadian Institute of Chartered Accountants (the **Handbook**) applicable to public enterprises (**Canadian GAAP – Part V**), in order that the Filer may prepare financial statements for periods relating to financial years ended December 31, 2010 in accordance with generally accepted accounting principles determined with reference to Part I of the Handbook applicable to publicly accountable enterprises, that is International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board (**IFRS-IASB**).

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

- (a) the Alberta Securities Commission is the principal regulator for this application; and
- (b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System (MI 11-102)* is intended to be relied upon in British Columbia and Saskatchewan (**Passport Jurisdictions**); and
- (c) the decision is the decision of the principal regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

Interpretation

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

Representations

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

- 1. The Filer was incorporated on June 26, 2008 pursuant to the laws of Alberta, as a Capital Pool Company, as such term is defined in the policies of the TSX Venture Exchange (the **TSXV**).
- 2. The Filer's head office is Calgary, Alberta.
- 3. The Filer is a reporting issuer in the Jurisdictions and the Passport Jurisdictions.
- 4. The Filer's securities are listed on the TSXV.
- 5. The Filer is not, to its knowledge, in default of its reporting issuer obligations under the Legislation or the securities legislation of the Jurisdictions and the Passport Jurisdictions.
- 6. On November 25, 2010, the Filer completed its qualifying transaction under TSXV Policy 2.4 Capital Pool Companies (**Qualifying Transaction**) by way of a reverse takeover of all of the issued and outstanding securities of a target company, Mondeo Development Group Ltd. (the **Resulting Issuer**).
- 7. The Resulting Issuer has prepared its financial statements in accordance with IFRS-IASB since its incorporation, under the laws of the British Virgin Islands on January 8, 2007. The primary business carried on by the Filer, as a result of the reverse takeover, is the business that was carried on by the Resulting Issuer. As such the Filer's accounting will be a continuation of the Resulting Issuer's accounting.

- 8. Upon completion of the Qualifying Transaction, the Resulting Issuer, without the exemption being sought hereunder, would be required to prepare its financial statements for the financial year ended December 31, 2010 in accordance with Canadian GAAP – Part V.
- 9. The Filer's year end was August 31 and the Resulting Issuer's year end is December 31.
- 10. The Canadian Accounting Standards Board has confirmed that publicly accountable enterprises will be required to prepare their financial statements in accordance with IFRS-IASB for financial statements relating to fiscal years beginning on or after January 1, 2011.
- 11. Part 4 of the Instrument sets out acceptable accounting principles for financial reporting under the Legislation for periods relating to financial years beginning before January 1, 2011 by domestic issuers, foreign issuers, registrants and other market participants. Under the Instrument, a registrant must use Canadian GAAP – Part V for periods relating to financial years beginning before January 1, 2011 with the exception that a registrant with the United States Securities and Exchange Commission may use US GAAP and foreign issuers may use IFRS-IASB. The Filer is not an "SEC issuer" nor a "foreign issuer" for the purposes of the Instrument.
- 12. In CSA Staff Notice 52-321 Early Adoption of International Financial Reporting Standards, Use of US GAAP and Reference to IFRS-IASB, staff of the Canadian Securities Administrators recognized that some issuers may wish to prepare their financial statements in accordance with IFRS-IASB for periods beginning prior to January 1, 2011 and indicated that staff were prepared to recommend exemptive relief on a case by case basis to permit a domestic issuer to do so despite the requirements of the Instrument.
- 13. The Filer has evaluated its overall readiness to early adopt IFRS-IASB, including the readiness of its staff, board of directors and audit committee, and has concluded that it is adequately prepared to use IFRS-IASB effective immediately. The Filer has considered the implications of using IFRS-IASB on its obligations under securities legislation including but not limited to, those relating to CEO and CFO certifications, business acquisition reports and offering documents.

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 Filer prepares its year-end financial statements for the annual period ended December 31, 2010 in accordance with IFRS-IASB; and
- (b) the Filer's annual IFRS-IASB financial statements disclose an explicit and unreserved statement of compliance with IFRS-IASB.

"Cheryl McGillivray"
Manager, Corporate Finance

2.1.8 Marathon PGM Corporation – s. 1(10)

Headnote

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

Applicable Legislative Provisions

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

March 23, 2011

Fraser Milner Casgrain LLP
77 King Street West
Suite 400
Toronto, Ontario M5K 0A1

Attention: Karen Slater

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

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

As the Applicant has represented to the Decision Makers that:

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

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

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

2.1.9 Cangene Corporation

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards, s. 5.1 – A reporting issuer wants to early adopt IFRS for purposes of preparing its financial statements – The issuer has assessed the readiness of its staff, board, audit committee, auditors and investors.

Applicable Legislative Provisions

National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards, s. 5.1.

March 16 , 2011

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

AND

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

AND

**IN THE MATTER OF
CANGENE CORPORATION
(the Filer)**

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (Decision Maker) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) exempting the Filer from the requirements of Part 4 of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* (the Instrument) (the Exemption Sought) including the requirement that financial statements be prepared in accordance with generally accepted accounting principles determined with reference to Part V of the Handbook of the Canadian Institute of Chartered Accountants (the Handbook) applicable to public enterprises (Old Canadian GAAP), in order that the Filer may prepare financial statements for periods relating to financial years beginning on or after August 1, 2010 in accordance with generally accepted accounting principles determined with reference to Part I of the Handbook applicable to publicly accountable enterprises, that is International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IFRS-IASB).

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

- (a) the Manitoba Securities Commission is the principal regulator for this application,
- (b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (MI 11-102) is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador (the Passport Jurisdictions), and
- (c) the decision is the decision of the principal regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

Interpretation

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

Representations

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

- 1. The Filer is a corporation incorporated under the *Business Corporations Act* (Ontario) pursuant to articles of incorporation dated February 22, 1984. The address of its head office is 155 Innovation Drive, Winnipeg, Manitoba and the address of its registered office is 180 Attwell Drive, Suite 360, Toronto, Ontario.
- 2. The Filer is a reporting issuer or equivalent in the Jurisdictions and each of the Passport Jurisdictions. The Filer is not in default of its reporting issuer obligations under the Legislation or the securities legislation of the Passport Jurisdictions.
- 3. The Filer is a biopharmaceutical company in the business of developing, manufacturing, and commercializing products and technologies for global markets. Revenues of \$158.9 million in fiscal 2010 were generated by product sales, contract manufacturing, contract research and development, and royalties.
- 4. The Filer's common shares are listed on the Toronto Stock Exchange under the symbol "CNJ".
- 5. The Filer currently prepares its financial statements in accordance with Old Canadian GAAP.
- 6. The Filer's fiscal year end is July 31.

- 7. The Canadian Accounting Standards Board has confirmed that publicly accountable enterprises will be required to prepare their financial statements in accordance with IFRS-IASB for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011.
- 8. The Filer has not previously prepared financial statements that contain an explicit and unreserved statement of compliance with IFRS-IASB.
- 9. Part 4 of the Instrument sets out acceptable accounting principles for financial reporting under the Legislation for periods relating to financial years beginning before January 1, 2011 by domestic issuers, foreign issuers, registrants and other market participants. Under the Instrument, a registrant must use Old Canadian GAAP for periods relating to financial years beginning before January 1, 2011 with the exception that a registrant with the United States Securities and Exchange Commission may use US GAAP and foreign issuers may use IFRS-IASB. The Filer is not an "SEC issuer" nor a "foreign issuer" for the purposes of the Instrument.
- 10. In CSA Staff Notice 52-321 *Early Adoption of International Financial Reporting Standards, Use of US GAAP and Reference to IFRS-IASB*, staff of the Canadian Securities Administrators recognized that some issuers may wish to prepare their financial statements in accordance with IFRS-IASB for periods beginning prior to January 1, 2011 and indicated that staff were prepared to recommend exemptive relief on a case by case basis to permit a domestic issuer to do so despite the requirements of the Instrument.
- 11. The Filer has carefully assessed the readiness of its staff, Board, audit committee, auditors, investors and other market participants for the adoption by the Filer of IFRS-IASB for financial periods beginning on or after August 1, 2010 and has concluded that all parties will be adequately prepared for the Filer's adoption of IFRS-IASB for periods beginning on or after August 1, 2010.
- 12. The Filer wishes to early adopt IFRS-IASB as the Filer believes that this will reduce the anticipated future complexity of the Filer's financial reporting. Specifically, the Filer believes that early adoption of IFRS-IASB provides additional flexibility with respect to potential U.S. reporting requirements, will simplify financial reporting in the event of international expansion and will be viewed favourably by the Filer's investors as a number of the Filer's competitors currently report under IFRS-IASB.
- 13. The Filer has considered the implications of adopting IFRS-IASB on its obligations under securities legislation including, but not limited to those relating to CEO and CFO certifications,

- business acquisition reports, offering documents, and previously released material forward looking information.
14. Subject to obtaining the Exemption Sought, the Filer intends to adopt IFRS-IASB for its financial statements for periods beginning on and after August 1, 2010.
15. The Filer has communicated its intention to early adopt IFRS-IASB with its external auditors, Ernst & Young LLP (EY); EY has significant experience with companies that have already transitioned to IFRS-IASB or have been reporting under IFRS-IASB.
16. The Filer will communicate its IFRS-IASB implementation plans to investors as contemplated by CSA Staff Notice 52-320 – *Disclosure of Expected Changes in Accounting Policies Relating to Changeover to International Financial Reporting Standards* by disclosing relevant information about its changeover to IFRS-IASB in a news release not more than one business day after the date of the decision approving such early adoption application, including:
- (a) the key elements and timing of the Filer's changeover plan;
 - (b) the accounting policy and implementation decisions the Filer has made or will have to make;
 - (c) the exemptions available under IFRS 1 First-time Adoption of International Financial Reporting Standards (IFRS 1) that the Filer expects to apply in preparing financial statements in accordance with IFRS-IASB;
 - (d) major identified differences between the Filer's current accounting policies and those the Filer is required or expects to apply in preparing its financial statements in accordance with IFRS-IASB; and
 - (e) the impact of adopting IFRS-IASB on the key line items in the Filer's opening August 1, 2009 balance sheet and each of the Filer's interim financial statements for the subsequent periods up to and including October 31, 2010.
- (a) the Filer restates and refiles its interim financial statements that were originally prepared in accordance with Old Canadian GAAP for all financial periods beginning on or after August 1, 2010 in accordance with IFRS-IASB, together with the restated interim management's discussion and analysis as well as the certificates required by National Instrument 52-109 – *Certification of Disclosure in Issuer's Annual and Interim Filings* (NI 52-109) (collectively, the Restated and Refiled Interim Filings);
 - (b) the Filer ensures that its first IFRS-IASB financial statements for an interim period beginning on or after August 1, 2010 present all financial statements with equal prominence, including the opening statement of financial position at the date of transition to IFRS-IASB;
 - (c) the Filer provides the communication set out in paragraph 16; and
 - (d) the Restated and Refiled Interim Filings and the Filer's interim and annual financial statements, related annual management's discussion and analysis and the certificates required by NI 52-109 for the year ended July 31, 2011:
 - (i) are prepared in accordance with IFRS-IASB;
 - (ii) comply with Part 3 of the Instrument that came into force on January 1, 2011;
 - (iii) comply with the IFRS-related amendments to National Instrument 51-102 *Continuous Disclosure Obligations* that came into force on January 1, 2011;
 - (iv) comply with the IFRS-related amendments to NI 52-109 that came into force on January 1, 2011; and
 - (v) comply with the IFRS-related amendments to National Instrument 52-110 *Audit Committees* that came into force January 1, 2011.

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:

"R.B. Bouchard"
Director
Manitoba Securities Commission

2.2 Orders

2.2.1 Skyline Apartment Real Estate Investment Trust et al.

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

AND

**IN THE MATTER OF
SKYLINE APARTMENT REAL ESTATE
INVESTMENT TRUST, SKYLINE INCORPORATED,
AND SKYLINE ASSET MANAGEMENT INC.**

ORDER

WHEREAS on March 16, 2011, the Ontario Securities Commission (the "Commission") issued 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") in relation to the Skyline Apartment Real Estate Investment Trust, Skyline Incorporated and Skyline Asset Management Inc. (the "Respondents");

AND WHEREAS the Respondents and Staff of the Commission ("Staff") entered into a settlement agreement dated March 15, 2011 (the "Settlement Agreement") in which they agreed to a settlement of the proceeding commenced by the Notice of Hearing dated March 16, 2011, subject to the approval of the Commission;

AND UPON reviewing the Settlement Agreement, the Notice of Hearing and Statement of Allegations of Staff of the Commission, and upon hearing submissions from counsel for Staff and the Respondents;

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

IT IS ORDERED THAT:

- (a) The Settlement Agreement is approved;
- (b) The Respondents are reprimanded;
- (c) The Respondents shall, contemporaneously with the signing of this Order, pay an administrative penalty of \$300,000 on a joint and several basis as a result of their non-compliance with Ontario securities law; and
- (d) The Respondents shall, contemporaneously with the signing of this order, pay \$150,000 on a joint and several basis, representing a portion of Staff's costs in this matter.

DATED at Toronto this 18th day of March, 2011.

"Christopher Portner"

2.2.2 Ameron Oil and Gas 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
AMERON OIL AND GAS LTD., MX-IV LTD.,
GAYE KNOWLES, GIORGIO KNOWLES,
ANTHONY HOWORTH, VADIM TSATSKIN,
MARK GRINSHPUN, ODED PASTERNAK AND
ALLAN WALKER**

**ORDER
(Subsections 127(7) and 127(8))**

WHEREAS on April 6, 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 all trading in the securities of MX-IV Ltd. ("MX-IV") shall cease; that Ameron Oil and Gas Ltd. ("Ameron"), MX-IV and their representatives cease trading in all securities; and that any exemptions contained in Ontario securities law do not apply to Ameron and MX-IV (the "Temporary Order");

AND WHEREAS on April 6, 2010, the Commission ordered that the Temporary Order shall expire on the 15th day after its making unless extended by order of the Commission;

AND WHEREAS on April 8, 2010, the Commission issued a Notice of Hearing to consider, among other things, the extension of the Temporary Order, to be held on April 20, 2010 at 2:00 p.m.;

AND WHEREAS on April 20, 2010, the Commission considered the evidence and submissions before it and the Commission was of the opinion that it was in the public interest to extend the Temporary Order to October 14, 2010 and to adjourn the hearing in this matter to October 13, 2010 at 10:00 a.m.;

AND WHEREAS on October 13, 2010, the Commission ordered that pursuant to subsections 127 (7) and (8) of the Act, that the Temporary Order be extended to February 9, 2011 and that the hearing in this matter be adjourned to February 8, 2011 at 2:30 p.m.;

AND WHEREAS on December 13, 2010, Staff of the Commission ("Staff") issued a Statement of Allegations (the "Allegations") against Ameron, MX-IV, Gaye Knowles, Giorgio Knowles, Anthony Howorth ("Howorth"), Vadim Tsatskin ("Tsatskin"), Mark Grinshpun ("Grinshpun"), Oded Pasternak ("Pasternak"), and Allan Walker ("Walker") (collectively, the "Respondents");

AND WHEREAS on December 13, 2010, the Secretary of the Commission issued a Notice of Hearing,

pursuant to sections 37, 127 and 127.1 of the Act, to consider whether it is in the public interest to make certain orders against the Respondents by reason of the Allegations;

AND WHEREAS on December 20, 2010, the Commission ordered that the hearing be adjourned to February 8, 2011 at 2:30 p.m. for a confidential pre-hearing conference;

AND WHEREAS on February 8, 2011, Staff appeared and filed the Affidavit of Daniela De Chellis, sworn on January 27, 2011, evidencing service of the December 20, 2010 Order and notice of the hearing on the Respondents;

AND WHEREAS on February 8, 2011, none of the Respondents attended in person, but Staff advised the Commission that Cliff Lloyd ("Lloyd"), a lawyer licensed to practice law in the state of Massachusetts in the United States, had contacted Staff and advised that he had been retained as agent by Gaye Knowles, Giorgio Knowles and Howorth but would not be attending the hearing;

AND WHEREAS on February 8, 2011, the Commission was satisfied that Staff had served each of the Respondents with notice of the hearing;

AND WHEREAS on February 8, 2011, Staff made submissions to the Commission, including requesting that the matter be adjourned to March 10, 2011 at 12:00 p.m. for the purpose of conducting a confidential pre-hearing conference and that the Temporary Order be extended to March 11, 2011;

AND WHEREAS on February 8, 2011, Staff advised the Commission that Lloyd consented to the adjournment on behalf of Gaye Knowles, Giorgio Knowles and Howorth;

AND WHEREAS on February 8, 2011, Staff advised the Commission that Staff would contact the remaining Respondents to advise them of the March 10, 2011 pre-hearing conference, either directly or through their counsel, and that it would continue its efforts to determine the current representatives of Ameron and MX-IV;

AND WHEREAS on February 8, 2011, the Commission considered the evidence and submissions before it and the Commission was of the opinion that: in the absence of a continuing cease-trade order, the length of time required to conclude a hearing could be prejudicial to the public interest; and, it was in the public interest to extend the Temporary Order;

AND WHEREAS the Commission ordered that the Temporary Order be extended to March 11, 2011 and the hearing in this matter be adjourned to March 10, 2011 at 12:00 p.m.;

AND WHEREAS on March 10, 2011, a hearing was held before the Commission and Staff and Lloyd

appeared before the Commission and Ameron and MX-IV did not appear before the Commission to oppose Staff's request for the extension of the Temporary Order;

AND WHEREAS the Panel was satisfied that reasonable efforts were made by Staff to serve Gaye Knowles, Giorgio Knowles, Howorth, Tsatskin, Grinshpun, Pasternak and Walker with notice of the hearing;

AND WHEREAS Staff advised the Panel that it had undertaken efforts to determine the appropriate means to serve Ameron and MX-IV and that it would continue those efforts by, inter alia, contacting the appropriate authorities in the Bahamas to determine the current status of Ameron;

AND WHEREAS on March 10, 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 extend the Temporary Order;

IT IS HEREBY ORDERED pursuant to subsections 127 (7) and (8) of the Act that the Temporary Order is extended to the conclusion of the hearing on the merits in this matter; and

IT IS FURTHER ORDERED that a status hearing to confirm dates for the hearing on the merits will take place on March 22, 2011 at 9:45a.m. or on such other date or time as provided by the Secretary's Office and agreed to by the parties.

DATED at Toronto this 18th day of March, 2011.

"Mary G. Condon"

2.2.3 York Rio Resources Inc. et al. – s. 152

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

AND

**IN THE MATTER OF
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**

ORDER

(Pursuant to Section 152 of the *Securities Act*)

WHEREAS on March 2, 2010 a Notice of Hearing and Statement of Allegations were issued against 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 (the “Proceedings”);

AND WHEREAS on March 21, 2011, Staff of the Commission (“Staff”) brought a motion seeking the direction of the Ontario Securities Commission (the “Commission”) authorizing Staff’s application to the Ontario Superior Court of Justice for an Order appointing a person to take the evidence outside of Ontario of Wayne Koch and Robert Palkowski (the “BC Witnesses”);

AND WHEREAS the BC Witnesses have relevant evidence to provide at the hearing of the Proceedings;

IT IS HEREBY ORDERED THAT Staff may make an application to the Ontario Superior Court of Justice for an Order pursuant to section 152 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended:

- (a) appointing the members of the Hearing Panel to take the evidence outside of Ontario of the BC Witnesses for use in this proceeding before the Commission;
- (b) providing for the issuance of a letter of request directed to the judicial authorities of the British Columbia Supreme Court (the “BC Court”), requesting the issuance of such process as is necessary to compel the BC Witnesses to attend before the members of the Hearing Panel to give testimony on oath or otherwise and to produce documents and things relevant to the subject matter of this proceeding;
- (c) providing that the examinations of the BC Witnesses (the “Examinations”) shall take

place in Vancouver during the week of May 2, 2011, or at such other time no later than May 9, 2011 as may be ordered by the BC Court;

- (d) prescribing that the procedural and evidentiary rules of Ontario will apply to the Examinations to the extent permissible by the laws of British Columbia; and
- (e) providing that the Examinations shall be conducted via videolink to the Commission’s hearing in this matter so that the members of the Hearing Panel in the Proceeding, sitting in Toronto, are able to observe and participate in the Examinations and make any required evidentiary rulings.

Dated at Toronto this 21st day of March, 2011.

“Vern Krishna”

“Edward Kerwin”

2.2.4 Skyline Apartment Real Estate Investment Trust et al. – s. 144

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

AND

**IN THE MATTER OF
SKYLINE APARTMENT REAL ESTATE
INVESTMENT TRUST, SKYLINE INCORPORATED,
AND SKYLINE ASSET MANAGEMENT INC.**

**ORDER
(Section 144)**

WHEREAS it appears to the Ontario Securities Commission (the "Commission") that:

1. The Commission made an Order dated March 18, 2011 (the "Initial Settlement Order") approving a settlement agreement (the "Skyline Agreement") between Staff of the Commission and Skyline Apartment Real Estate Investment Trust, Skyline Incorporated and Skyline Asset Management Inc. (the "Respondents");
2. Staff have requested an Order varying paragraph (c) of the Initial Settlement Order to provide that the administrative penalty of \$300,000 payable by the Respondents on a joint and several basis shall be paid to or for the benefit of third parties designated by the Commission, pursuant to s. 3.4(2) of the Act (the "Revised Settlement Order");
3. The Respondents consent to the Revised Settlement Order; and
4. The Revised Settlement Order is in the public interest.

AND WHEREAS by Authorization Order dated February 15, 2011, pursuant to subsection 3.5(3) of the Act, each of Howard I. Wetston, James E.A. Turner, Kevin J. Kelly, James D. Carnwath, Mary G. Condon, Vern Krishna, Christopher Portner and Edward P. Kerwin acting alone, is authorized to make orders under section 144 of the Act;

IT IS ORDERED THAT paragraph (c) of the Initial Settlement Order be varied as set out herein to provide that the administrative penalty of \$300,000 payable by the Respondents on a joint and several basis shall be paid to or for the benefit of third parties designated by the Commission, pursuant to s. 3.4(2) of the Act.

DATED at Toronto this 22nd day of March, 2011.

"Chris Portner"

2.2.5 Ameron Oil and Gas 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
AMERON OIL AND GAS LTD., MX-IV LTD.,
GAYE KNOWLES, GIORGIO KNOWLES,
ANTHONY HOWORTH, VADIM TSATSKIN,
MARK GRINSHPUN, ODED PASTERNAK AND
ALLAN WALKER**

**ORDER
(Subsections 127(7) and 127(8))**

WHEREAS on April 6, 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 all trading in the securities of MX-IV Ltd. ("MX-IV") shall cease; that Ameron Oil and Gas Ltd. ("Ameron"), MX-IV and their representatives cease trading in all securities; and that any exemptions contained in Ontario securities law do not apply to Ameron and MX-IV (the "Temporary Order");

AND WHEREAS on April 6, 2010, the Commission ordered that the Temporary Order shall expire on the 15th day after its making unless extended by order of the Commission;

AND WHEREAS on April 8, 2010, the Commission issued a Notice of Hearing to consider, among other things, the extension of the Temporary Order, to be held on April 20, 2010 at 2:00 p.m.;

AND WHEREAS on April 20, 2010, the Commission considered the evidence and submissions before it and the Commission was of the opinion that it was in the public interest to extend the Temporary Order to October 14, 2010 and to adjourn the hearing in this matter to October 13, 2010 at 10:00 a.m.;

AND WHEREAS on October 13, 2010, the Commission ordered that pursuant to subsections 127 (7) and (8) of the Act, that the Temporary Order be extended to February 9, 2011 and that the hearing in this matter be adjourned to February 8, 2011 at 2:30 p.m.;

AND WHEREAS on December 13, 2010, Staff of the Commission ("Staff") issued a Statement of Allegations (the "Allegations") against Ameron, MX-IV, Gaye Knowles, Giorgio Knowles, Anthony Howorth ("Howorth"), Vadim Tsatskin ("Tsatskin"), Mark Grinshpun ("Grinshpun"), Oded Pasternak ("Pasternak"), and Allan Walker ("Walker") (collectively, the "Respondents");

AND WHEREAS on December 13, 2010, the Secretary of the Commission issued a Notice of Hearing,

pursuant to sections 37, 127 and 127.1 of the Act, to consider whether it is in the public interest to make certain orders against the Respondents by reason of the Allegations;

AND WHEREAS on December 20, 2010, the Commission ordered that the hearing be adjourned to February 8, 2011 at 2:30 p.m. for a confidential pre-hearing conference;

AND WHEREAS on February 8, 2011, Staff appeared and filed the Affidavit of Daniela De Chellis, sworn on January 27, 2011, evidencing service of the December 20, 2010 Order and notice of the hearing on the Respondents;

AND WHEREAS on February 8, 2011, none of the Respondents attended in person, but Staff advised the Commission that Cliff Lloyd ("Lloyd"), a lawyer licensed to practice law in the state of Massachusetts in the United States, had contacted Staff and advised that he had been retained as agent by Gaye Knowles, Giorgio Knowles and Howorth but would not be attending the hearing;

AND WHEREAS on February 8, 2011, the Commission was satisfied that Staff had served each of the Respondents with notice of the hearing;

AND WHEREAS on February 8, 2011, Staff made submissions to the Commission, including requesting that the matter be adjourned to March 10, 2011 at 12:00 p.m. for the purpose of conducting a confidential pre-hearing conference and that the Temporary Order be extended to March 11, 2011;

AND WHEREAS on February 8, 2011, Staff advised the Commission that Lloyd consented to the adjournment on behalf of Gaye Knowles, Giorgio Knowles and Howorth;

AND WHEREAS on February 8, 2011, Staff advised the Commission that Staff would contact the remaining Respondents to advise them of the March 10, 2011 pre-hearing conference, either directly or through their counsel, and that it would continue its efforts to determine the current representatives of Ameron and MX-IV;

AND WHEREAS on February 8, 2011, the Commission considered the evidence and submissions before it and the Commission was of the opinion that: in the absence of a continuing cease-trade order, the length of time required to conclude a hearing could be prejudicial to the public interest; and, it was in the public interest to extend the Temporary Order;

AND WHEREAS the Commission ordered that the Temporary Order be extended to March 11, 2011 and the hearing in this matter be adjourned to March 10, 2011 at 12:00 p.m.;

AND WHEREAS on March 10, 2011, a hearing was held before the Commission and Staff and Lloyd

appeared before the Commission and Ameron and MX-IV did not appear before the Commission to oppose Staff's request for the extension of the Temporary Order;

AND WHEREAS the Panel was satisfied that reasonable efforts were made by Staff to serve Gaye Knowles, Giorgio Knowles, Howorth, Tsatskin, Grinshpun, Pasternak and Walker with notice of the hearing;

AND WHEREAS Staff advised the Panel that it had undertaken efforts to determine the appropriate means to serve Ameron and MX-IV and that it would continue those efforts by, *inter alia*, contacting the appropriate authorities in the Bahamas to determine the current status of Ameron;

AND WHEREAS on March 10, 2011, the Commission considered the evidence and submissions before it and the Commission was of the opinion that: in the absence of a continuing cease-trade order, the length of time required to conclude a hearing could be prejudicial to the public interest; and, it was in the public interest to extend the Temporary Order;

AND WHEREAS on March 10, 2011 the Commission ordered that the Temporary Order be extended to the conclusion of the hearing on the merits in this matter;

AND WHEREAS by Notice of Motion dated March 9, 2011, Staff brought a motion before the Commission to add Gaye Knowles, Giorgio Knowles, Howorth, Tsatskin, Grinshpun, Pasternak and Walker (collectively, the "Individual Respondents") to the Temporary Order;

AND WHEREAS on March 22, 2011, the Commission held a hearing to consider Staff's motion;

AND WHEREAS on March 22, 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 add the Individual Respondents to the Temporary Order;

IT IS HEREBY ORDERED that:

- pursuant to clause 2 of subsection 127(1) of the Act, Gaye Knowles, Giorgio Knowles, Howorth, Tsatskin, Grinshpun, Pasternak and Walker shall cease trading in all securities;
- pursuant to clause 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Gaye Knowles, Giorgio Knowles, Howorth, Tsatskin, Grinshpun, Pasternak and Walker;
- the Temporary Order in respect of the Individual Respondents shall take effect immediately and shall expire on the

fifteenth day after its making unless extended by the Commission;

- for clarity, the Temporary Order in respect of Ameron and MX-IV is extended to the conclusion of the hearing on the merits; and
- the hearing in this matter is adjourned to April 4th, 2011 at 11:00 a.m. or on such other date or time as provided by the Secretary's Office and agreed to by the parties.

DATED at Toronto this 23rd day of March, 2011.

"James D. Carnwath"

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

Headnote

Clause 104(2)(c) – Issuer bid – relief from issuer bid requirements in sections 94 to 94.8 and 97 to 98.7 of the Act – Issuer proposes to purchase, at a discounted purchase price, up to 1,500,000 of its common shares from one of its shareholders and/or such shareholder's affiliates – due to discounted purchase price, proposed purchases cannot be made through the TSX – but for the fact that the proposed purchases cannot be made through the TSX, the Issuer could otherwise acquire the subject shares in reliance upon the issuer bid exemption available under section 101.2 of the Act and in accordance with the TSX rules governing normal course issuer bid purchases – no adverse economic impact on or prejudice to issuer or public shareholders – proposed purchases exempt from issuer bid requirements in sections 94 to 94.8 and 97 to 98.7 of the Act, subject to conditions, including that the issuer not purchase more than one-third of the maximum number of shares to be purchased under its normal course issuer bid by way of off-exchange block purchases.

Statutes Cited

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

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

AND

IN THE MATTER OF IGM FINANCIAL INC.

ORDER (Clause 104(2)(c))

UPON the application (the "**Application**") of IGM Financial Inc. (the "**Issuer**") to the Ontario Securities Commission (the "**Commission**") for an order pursuant to Section 104(2)(c) of the *Securities Act* (Ontario) (the "**Act**") exempting the Issuer from the requirements of Sections 94 to 94.8 and 97 to 98.7 of the Act (the "**Issuer Bid Requirements**") in connection with the proposed purchase or purchases (the "**Proposed Purchases**") of up to an aggregate of 1,500,000 (the "**Subject Shares**") of the Issuer's common shares (the "**Shares**") from Royal Bank of Canada and/or its affiliates (collectively, the "**Selling Shareholders**");

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

AND UPON the Issuer (and the Selling Shareholders in respect of paragraphs 5, 6, 7, 8, 11 and 23 as they relate to the Selling Shareholders) having represented to the Commission that:

1. The Issuer is a corporation governed by the *Canada Business Corporations Act*.
2. The head office of the Issuer is located at 447 Portage Avenue, Winnipeg, Manitoba, R3C 3B6.
3. The Issuer is a reporting issuer in each of the provinces and territories of Canada and the Shares are listed for trading on the Toronto Stock Exchange (the "**TSX**"). The Issuer is not in default of any requirement of the securities legislation in the jurisdictions in which it is a reporting issuer.
4. As at January 31, 2011, the authorized common share capital of the Issuer consisted of an unlimited number of Shares, of which 259,361,723 were issued and outstanding.
5. The corporate headquarters of the Selling Shareholders are located in Toronto, Ontario.
6. The Selling Shareholders do not directly or indirectly own more than 5% of the issued and outstanding Shares.
7. The Selling Shareholders are the beneficial owner of the Subject Shares. The Subject Shares were not acquired by the Selling Shareholders in anticipation of resale pursuant to private agreements under an issuer bid exemption order issued by a securities regulatory ("**Off-Exchange Block Purchases**").
8. Each of the Selling Shareholders is at arm's length to the Issuer and is not an "insider" or the Issuer, an "associate" of an "insider" of the Issuer or an "associate" or "affiliate" of the Issuer, as such terms are defined in the Act. In addition, each Selling Shareholder is an "accredited investor" within the meaning of National Instrument 45-106 *Prospectus and Registration Exemptions* ("**NI 45-106**").
9. Pursuant to a "Notice of Intention to Make a Normal Course Issuer Bid" filed with the TSX and dated April 7, 2010 (the "**Notice**"), the Issuer is permitted to make normal course issuer bid (the "**Bid**") purchases (each a "**Bid Purchase**") to a maximum of 13,121,380 Shares from April 12, 2010 until April 11, 2011 in accordance with sections 628 to 629.3 of Part VI of the TSX Company Manual (the "**TSX Rules**").
10. To date, 3,916,700 Shares have been purchased under the Bid, including 2,650,000 Shares purchased pursuant to Off-Exchange Block Purchases. Assuming the completion of the purchase of the Subject Shares, the Issuer will have purchased under the Bid an aggregate of 4,150,000 Shares pursuant to Off-Exchange Block Purchases, representing approximately 32% of the Shares authorized to be purchased under such Bid.
11. The Issuer and the Selling Shareholders propose to enter into one or more agreements of purchase and sale (the "**Agreement**") pursuant to which the Issuer will agree to acquire, by one or more trades occurring prior to the end of day on March 31, 2011, the Subject Shares from the Selling Shareholders for a purchase price or prices (the "**Purchase Price**") that will be negotiated at arm's length between the Issuer and the Selling Shareholders. The Purchase Price will be at a discount to the prevailing market price and below the prevailing bid-ask price for the Shares.
12. The Subject Shares acquired under each Proposed Purchase will constitute a "block" as that term is defined in section 628 of the TSX Rules.
13. The purchase of the Subject Shares by the Issuer pursuant to the Agreement will constitute an "issuer bid" for purposes of the Act, to which the Issuer Bid Requirements would otherwise apply.
14. Because the Purchase Price will be at a discount to the prevailing market price and below the bid-ask price for the Shares at the time of each trade, the Proposed Purchases cannot be made through the TSX trading system and, therefore, will not occur "through the facilities" of the TSX. As a result, the Issuer will be unable to acquire the Subject Shares from the Selling Shareholders in reliance upon the exemption from the Issuer Bid Requirements that is available pursuant to Section 101.2(1) of the Act.
15. But for the fact that the Purchase Price will be at a discount to the prevailing market price and below the bid-ask price for the Shares at the time of the trade, the Issuer could otherwise acquire the Subject Shares as a "block purchase" (a "**Block Purchase**") in accordance with Section 629(1)7 of Part VI of the TSX Rules and the exemption from the Issuer Bid Requirements available pursuant to Section 101.2(1) of the Act. The Notice filed with the TSX by the Issuer contemplates that purchases under the Bid may be made by such other means as permitted by the TSX, including by Off-Exchange Block Purchases.
16. The Issuer will be able to acquire the Subject Shares from the Selling Shareholders in reliance upon the exemption from the dealer registration requirements of the Act that is available as a result of the combined effect of Section 2.16 of NI 45-106 and Section 4.1(a) of Commission Rule 45-501 *Ontario Prospectus and Registration Exemptions*.
17. Management of the Issuer is of the view that it will be able to purchase of the Subject Shares at a lower price than the price at which the Issuer would be able to purchase the Shares under the Bid through the facilities of the TSX and the Issuer

is of the view that this is an appropriate use of the Issuer's funds.

18. The purchase of Subject Shares will not adversely affect the Issuer, the rights of any of the Issuer's securityholders or affect control of the Issuer.
19. The Proposed Purchases will be carried out with a minimum of cost to the Issuer.
20. The market for the Shares is a "liquid market" within the meaning of Section 1.2 of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions*. The purchase of Subject Shares would not have any effect on the ability of other shareholders of the Issuer to sell their common shares in the market.
21. Other than the Purchase Price, no additional fee or other consideration will be paid in connection with the Proposed Purchases.
22. To the best of the Issuer's knowledge, as of January 31, 2011, the public float for the Shares represented approximately 39.13% of all the issued and outstanding Shares for purposes of the TSX Rules.
23. At the time that the Agreement is entered into by the Issuer and the Selling Shareholders and at the time of each Proposed Purchase, neither the Issuer nor the Selling Shareholders will be aware of any "material change" or "material fact" (each as defined in the Act) in respect of the Issuer that has not been generally disclosed.

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

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

- (a) the Proposed Purchases will be taken into account by the Issuer when calculating the maximum annual aggregate limit for the Bid Purchases in accordance with the TSX Rules;
- (b) the Issuer will refrain from conducting a Block Purchase in accordance with the TSX Rules during the calendar week it completes each Proposed Purchase and may not make any further Bid Purchases for the remainder of that calendar day;
- (c) the Purchase Price is not higher than the last "independent trade" (as that term is used in paragraph 629(1)1 of the TSX Rules) of a board lot of Shares

immediately prior to the execution of each Proposed Purchase;

- (d) the Issuer will otherwise acquire any additional Shares pursuant to the Bid and in accordance with the TSX Rules, including by means of open market transactions and by other means as may be permitted by the TSX, including Off-Exchange Block Purchases;
- (e) immediately following each Proposed Purchase of the Subject Shares from the Selling Shareholders, the Issuer will report the purchase of the Subject Shares to the TSX;
- (f) at the time that the Agreement is entered into by the Issuer and the Selling Shareholders and at the time of each Proposed Purchase, neither the Issuer nor the Selling Shareholders will be aware of any "material change" or "material fact" (each as defined in the Act) in respect of the Issuer that has not been generally disclosed;
- (g) the Issuer will issue a press release in connection with the Proposed Purchases; and
- (h) the Issuer does not purchase, pursuant to Off-Exchange Block Purchases, more than one-third of the maximum number of Shares the Issuer can purchase under the Bid.

DATED at Toronto this 9th day of March, 2011.

"Christopher Portner"
Commissioner
Ontario Securities Commission

"Paulette Kennedy"
Commissioner
Ontario Securities Commission

2.2.7 Eskay Mining Corp. – s. 1(11)(b)

Headnote

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

Statutes Cited

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

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

AND

**IN THE MATTER OF
ESKAY MINING CORP.**

**ORDER
(clause 1(11)(b))**

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

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

AND UPON the Applicant representing to the Commission as follows:

1. The Applicant is a corporation continued under the *Business Corporations Act* (Ontario) on November 2, 2010 with its registered office at 40 King Street West Suite 3100, Toronto, Ontario M5H 3Y2 and its head office at 43 Colborne Street, PH, Toronto, Ontario, M5E 1E3.
2. The authorized share capital of the Applicant consists of an unlimited number of common shares of which a total of 86,660,000 are issued and outstanding as of the date hereof.
3. The Applicant became a reporting issuer under the *Securities Act* (Alberta) (the **Alberta Act**) and the *Securities Act* (British Columbia) (the **BC Act**) on August 15, 1994.
4. The Applicant is not currently a reporting issuer or equivalent in any jurisdiction in Canada other than British Columbia and Alberta.

5. The Applicant is not on the lists of defaulting reporting issuers maintained pursuant to the BC Act and Alberta Act and is not in default of any requirement of either the BC Act or Alberta Act or the rules and regulations made thereunder.
6. The continuous disclosure document requirements of the BC Act and Alberta Act are substantially the same as the continuous disclosure requirements under the Act.
7. The continuous disclosure materials filed by the Applicant under the BC Act and Alberta Act are available on the System for Electronic Document Analysis and Retrieval.
8. The Applicant's Common Shares are listed and posted for trading on the TSX Venture Exchange (the **Exchange**) under the trading symbol "ESK".
9. The Applicant is not in default of any of the rules, regulations or policies of the Exchange.
10. Pursuant to the policies of the Exchange, a listed issuer, which is not otherwise a reporting issuer in Ontario, must assess whether it has a "significant connection to Ontario" (as defined in the policies of the Exchange) and, upon becoming aware that it has a significant connection to Ontario, promptly make a *bona fide* application to the Commission to be deemed a reporting issuer in Ontario.
11. The Applicant has determined that it has a "significant connection to Ontario" (as defined in Exchange policies) because beneficial holders of the Applicant resident in Ontario hold more than 10% of the Applicant's common shares and the mind and management of the Applicant are located in Ontario.
12. Neither the Applicant nor any of its officers, directors, nor, to the knowledge of the Applicant or its officers and directors, any shareholder holding sufficient securities of the Applicant to affect materially the control of the Applicant, has:
 - (a) been the subject of any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority;
 - (b) entered into a settlement agreement with a Canadian securities regulatory authority; or
 - (c) been the subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.
13. Neither the Applicant nor any of its officers, directors, nor, to the knowledge of the Applicant or

its officers and directors, any shareholder holding sufficient securities of the Applicant to affect materially the control of the Applicant, is or has been subject to:

- (a) any known ongoing or concluded investigations by:
 - (i) a Canadian securities regulatory authority; or
 - (ii) a court or regulatory body, other than a Canadian securities regulatory authority, that would be likely to be considered important to a reasonable investor making an investment decision; or
- (b) any bankruptcy or insolvency proceedings, or other proceedings, arrangements or compromises with creditors, or appointment of a receiver, receiver-manager or trustee, within the preceding 10 years.

14. Neither any of the officers or directors of the Applicant, nor, to the knowledge of the Applicant or its officers and directors, any shareholder holding sufficient securities of the Applicant to affect materially the control of the Applicant, is or has been at the time of such event an officer or director of any other issuer which is or has been subject to:

- (a) any cease trade order or similar order, or order that denied access to any exemptions under Ontario securities law, for a period of more than 30 consecutive days, within the preceding 10 years; or
- (b) any bankruptcy or insolvency proceedings, or other proceedings, arrangements or compromises with creditors, or appointment of a receiver, receiver-manager or trustee, within the preceding 10 years.

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

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

DATED this 23rd day of March, 2011.

“Jo-Anne Matear”
Assistant Manager, Corporate Finance Branch
Ontario Securities Commission

Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions, Orders and Rulings

3.1.1 Skyline Apartment Real Estate Investment Trust et al.

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

AND

IN THE MATTER OF
SKYLINE APARTMENT REAL ESTATE
INVESTMENT TRUST, SKYLINE INCORPORATED,
AND SKYLINE ASSET MANAGEMENT INC.

SETTLEMENT AGREEMENT BETWEEN
STAFF AND SKYLINE APARTMENT REAL ESTATE INVESTMENT TRUST,
SKYLINE INCORPORATED AND SKYLINE ASSET MANAGEMENT INC.

PART I – INTRODUCTION

1. The Ontario Securities Commission (the “**Commission**”) will issue a Notice of Hearing to announce that it will hold a hearing to consider whether, pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “**Act**”), it is in the public interest for the Commission to make certain orders in respect of the Skyline Apartment Real Estate Investment Trust, Skyline Incorporated and Skyline Asset Management Inc. (the “**Respondents**”).

PART II – JOINT SETTLEMENT RECOMMENDATION

2. Staff of the Commission (“**Staff**”) agree to recommend settlement of the proceeding commenced by the Notice of Hearing dated March 16, 2011 (the “**Proceeding**”) against the Respondents according to the terms and conditions set out in Part VI of this Settlement Agreement. The Respondents agree to the making of an order in the form attached as Schedule “A”, based on the facts set out below.

PART III – AGREED FACTS

3. For this proceeding, and any other regulatory proceeding commenced by a securities regulatory authority, the Respondents agree with the facts as set out in Part III of this Settlement Agreement.

Background

4. The Skyline Apartment Real Estate Investment Trust (“**Skyline Apartment REIT**”) is a limited purpose unincorporated open-end investment trust created by declaration of trust made as of June 1, 2006 (the “**Declaration of Trust**”). On October 17, 2006, the name was changed from the Skyline Real Estate Investment Trust to the Skyline Apartment Real Estate Investment Trust. The Skyline Apartment REIT is governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein. The Skyline Apartment REIT’s principal office is located in Guelph, Ontario.
5. The Skyline Apartment REIT’s activities are primarily focussed on the acquisition, financing, holding, maintaining, improving, leasing and managing of multi-unit residential revenue producing properties.
6. The audited combined financial statements of the Skyline Apartment REIT and related entities for the year ended December 31, 2009 (the “**Financial Statements**”) indicate that, at that time, the Skyline Apartment REIT indirectly owned 58 revenue producing multi-residential real properties and 10 revenue producing commercial real properties and that the net book value of these income producing properties was approximately \$453 million.
7. The Declaration of Trust creating the Skyline Apartment REIT indicates that control and authority over the assets and affairs of the Skyline Apartment REIT resides with a Board of Trustees. There are currently eight Trustees.

8. The Skyline Apartment REIT has never been registered in accordance with Ontario securities law.
9. The Skyline Apartment REIT has never been a reporting issuer in Ontario.
10. The Skyline Apartment REIT has never filed a preliminary or final prospectus with the Commission and receipts have not been issued for them by the Director.
11. Skyline Incorporated (“**SI**”) is an Ontario corporation which was incorporated on January 27, 1999 as Skyline Inc. The name was changed to Skyline Incorporated on July 5, 2005. SI was the asset manager for the Skyline Apartment REIT from June 1, 2006 – January 16, 2008.
12. SI has never been registered in accordance with Ontario securities law.
13. Skyline Asset Management Inc. (“**SAMI**”) is an Ontario corporation which was incorporated on March 6, 2006 as 2095931 Ontario Inc. The name was changed to Skyline Asset Management Inc. on January 16, 2008. SAMI has been the asset manager of the Skyline Apartment REIT since January 16, 2008.
14. SAMI has never been registered in accordance with Ontario securities law. SAMI applied for registration as an Exempt Market Dealer (“**EMD**”) on September 10, 2010.

Sale of the Skyline Apartment REIT Units

15. The Skyline Apartment REIT retained a national law firm in or about 2005 (“**the Respondents’ former legal counsel**”) which organized the Skyline Apartment REIT, drafted the first Confidential Offering Memorandum and Subscription Agreement including Schedule “B” Certificate of Accredited Investor. The Skyline Apartment REIT has indicated to Staff that the Respondents’ former legal counsel reviewed and approved subsequent offering documents which were not substantially different from the originals.
16. The Skyline Apartment REIT offered units of the Skyline Apartment REIT (the “**Unit**” or “**Units**”) for sale by Confidential Offering Memorandum as follows:
 - (a) October 17, 2006: 2,000,000 Units at \$10.00 per Unit;
 - (b) July 20, 2007: 3,000,000 Units at \$10.20 per Unit;
 - (c) May 5, 2008: 3,000,000 Units at \$10.40 per Unit, and,
 - (d) November 1, 2008 addendum to the May 5, 2008 Confidential Offering Memorandum, a continuous offering of Units at \$11.00 per Unit.
17. Each Confidential Offering Memorandum stated that the Skyline Apartment REIT’s primary business activities consist of managing and acquiring multi-unit residential properties and that its objectives are to:
 - (i) provide registered holders of REIT Units (the “**Unitholders**”) with stable and growing cash distributions, payable monthly and, to the extent reasonably possible, tax deferral, from investments in a diversified portfolio of income-producing, multi-unit residential properties located in Canada; and (ii) maximize REIT value through the ongoing management of Skyline Apartment REIT’s assets and through the future acquisition of additional multi-unit residential properties.
18. Each Confidential Offering Memorandum stated that investing in the Units involves significant risks, and that the recovery of the initial investment is at risk. Further, the Skyline Apartment REIT indicated to investors that distributions may be reduced or suspended, and that the market value of the REIT Units may decline if the Skyline Apartment REIT is unable to meet its cash distribution targets in the future.
19. Each Confidential Offering Memorandum also set out the Distribution Policy:

The Declaration of Trust provides that Skyline Apartment REIT may distribute to REIT unitholders such percentage of the Distributable Income for the calendar month then ended as the Trustees determine in their discretion. It is Skyline Apartment REIT’s current intention to distribute 85% of the Distributable Income for the preceding calendar month.
20. Between February 2007 and March 27, 2010 (the “**Material Time**”), the Respondents sold Units of the Skyline Apartment REIT valued at approximately \$187.3 million to approximately 1092 investors across Canada, including 723

Ontario investors (who account for more than \$129 million of the Units). The Respondents received a further \$9.1 million from investors across the country through the distribution reinvestment plan ("**DRIP**").

21. The Skyline Apartment REIT paid approximately \$2.6 million or 1.4% of the total capital raised to third party referral sources.
22. The Financial Statements indicate that the Skyline Apartment REIT:
 - (a) Issued Units worth approximately \$57.9 million in 2009 and approximately \$52.3 million in 2008;
 - (b) Acquired, for the Skyline Apartment REIT business, additional income producing properties in the amount of approximately \$157.6 million in 2009 and approximately \$156.4 million in 2008;
 - (c) Distributed to unit holders approximately \$12.5 million in 2009 and approximately \$7.6 million in 2008; and
 - (d) Purchased and cancelled Units worth approximately \$3.8 million in 2009 and approximately \$1.4 million in 2008.
23. During the Material Time, the Respondents carried out the following acts in furtherance of a trade of Units to the public:
 - (a) In 2007 and 2008, the Respondents held investor seminars approximately every two months at their offices or at the Cutten Club in Guelph or the Cambridge Hotel in Cambridge.
 - (b) The Respondents' former legal counsel participated in the first investment seminar held on January 18, 2007 at the Cutten Club in Guelph. The format of the first investor seminar and the presentation made by the Respondents was similar to those that were made at all other future investor seminars. The Respondents made a presentation about the real estate business, the benefits of investing in the Skyline Apartment REIT, who was qualified to invest and the actual performance of the Skyline Apartment REIT. The Respondents provided information packages, Confidential Offering Memoranda and Subscription Agreements to potential investors.
 - (c) The Respondents met with individual investors as requested, and provided them with information packages, Confidential Offering Memoranda and Subscription Agreements at these meetings.
 - (d) Commencing in 2007, the Respondents entered into a number of third party referral arrangements including an agreement with one primary referral agent (the "**Primary Referral Agent**"). The Respondents made information packages available to the referral agents that promoted the Skyline Apartment REIT, and paid referral fees, including approximately \$1.46 million to its Primary Referral Agent.
 - (e) From time to time, the Respondents attended seminars of its Primary Referral Agent and seminars of other referral agents to make a presentation about the real estate business, the benefits of investing in the Skyline Apartment REIT, who was qualified to invest and the actual performance of the Skyline Apartment REIT.
 - (f) In 2009, the Respondents increased their marketing efforts as follows:
 - (i) they increased the number of investor seminars to approximately 12 - 15 per year;
 - (ii) they increased advertising in local magazines and newspapers and on the radio;
 - (iii) they began advertising and holding investor seminars in Toronto; and
 - (iv) they revised their website which until that time had been used by the property management business to list rental units to now include a significant investor section. Information about the benefits of the Skyline Apartment REIT investment and past performance charts were made available to the public. A webinar of the investor presentation was available to those who requested it via the website. The webinar had previously been delivered live on a regular basis.
 - (g) Throughout, the Respondents encouraged word of mouth referrals and further investment by existing investors through meetings, newsletters, emails and other means.
 - (h) The Respondents accepted funds from investors for the purchase of Units.

24. The Respondents filed Notices of Exempt Distributions on Forms 45-106FI with the Commission and purported to rely on the accredited investor exemption, or one of the other exemptions from prospectus and registration requirements found in National Instrument 45-106, in circumstances where the exemptions were not available. The Respondents failed to ensure that the requirements for the exemptions were met.
25. During the Material Time, the Respondents sold at least \$7.4 million worth of Units to approximately 113 investors who had been directly solicited by the Respondents, in circumstances where the accredited investor exemption was improperly relied upon. In addition, during that time, the Respondents sold at least \$6 million worth of Units to approximately 86 investors who had been referred by third-party non-registrants, including their Primary Referral Agent, in circumstances where the accredited investor exemption was improperly relied upon. Further, the Respondents sold, either directly or indirectly, approximately \$1.6 million worth of Units to approximately 17 investors where there was insufficient information for the Respondents to determine if the investors qualified as accredited investors, or where the requirements for other exemptions from prospectus and registration requirements found in National Instrument 45-106 were not met.

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

26. By engaging in the conduct described above, the Respondents admit and acknowledge that they contravened Ontario securities law and acted contrary to the public interest in that:
- (a) The Respondents traded in securities of the Skyline Apartment REIT without being registered to trade in securities and where no exemptions were available contrary to subsection 25(1)(a) of the Act; and
 - (b) The Respondents traded in securities of the Skyline Apartment REIT in circumstances where the trading constituted a distribution and where no preliminary prospectus and prospectus had been filed and receipts issued by the Director, and no exemptions were available contrary to subsection 53(1) of the Act.

PART V – RESPONDENTS' POSITION

27. The Respondents request that the settlement hearing panel consider the following:
- (a) The Respondents have cooperated with Staff during the investigation, and have expressed remorse for their conduct. The Respondents voluntarily agreed to cease all trading in Units and cease solicitations of existing and prospective investors. The Respondents agreed to confirm the status of all investors in the Skyline Apartment REIT who relied on the accredited investor exemption, and reported its findings, in particular, the number of non-accredited investors, to Staff.
 - (b) The Respondents took steps to bring themselves into compliance, and in particular, SAMI has since applied for registration as an EMD. This application for registration is currently pending before the Compliance and Registrant Regulation Branch of the Commission.
 - (c) For all investors in the Skyline Apartment REIT, SAMI undertook to, and did collect "know your client" information within the meaning of National Instrument 31-103 *Registration Requirements and Exemptions*, and assessed the suitability of the investment for all qualifying investors.
 - (d) SAMI retained a third party consultant to develop policies and procedures.
 - (e) SAMI also retained the third party consultant to provide education to all senior management and employees who have contact with investors.

PART VI – TERMS OF SETTLEMENT

28. The Respondents agree to the following terms of settlement:
- (a) The Respondents will be reprimanded;
 - (b) The Respondents shall pay an administrative penalty of \$300,000 on a joint and several basis as a result of their non-compliance with Ontario securities law;
 - (c) The Respondents shall pay \$150,000 on a joint and several basis, representing a portion of Staff's costs in this matter;

- (d) Until SAMI is registered with the Commission, the Respondents agree to continue their voluntary agreement to cease all trading activity, as reflected in correspondence to Staff dated April 13, 2010 and as amended thereafter in writing;
 - (e) When SAMI is registered with the Commission, the Respondents will conduct any trading through SAMI, or through another entity registered with the Commission, and in compliance with securities laws;
 - (f) The Respondents will, within 90 days of the approval of this Settlement Agreement, divest the approximately 216 investors in the Skyline Apartment REIT as may be agreed with Staff who did not qualify for any of the registration/prospectus exemptions by having the Skyline Apartment REIT purchase for cancellation or otherwise redeem these investors, and by providing to them:
 - (i) the amounts originally invested, capital growth and any amounts arising from the DRIP (approximately \$15 million); and
 - (ii) any amounts owing with respect to the stated distribution of 9% of the price of the Unit for the period from the last distribution on March 15, 2011 to the time of payment;
 - (g) The Respondents will certify in writing to Staff of the Commission once the divestiture of the approximately 216 investors referred to above at paragraph (f) has been completed, such written certification to be provided within 90 days of the approval of this Settlement Agreement;
 - (h) The Respondents acknowledge and agree that the divestiture of the approximately 216 investors referred to above at paragraph (f) would be a term and condition to the proposed registration of SAMI;
 - (i) The Respondents further acknowledge that SAMI will be subject to a compliance review by the Compliance and Registrant Regulation Branch within the first 9 months of registration under the Act, or within such other period as may be determined by Staff; and
 - (j) The Respondents undertake to cooperate with the Commission and its Staff with any additional investigation conducted by Staff in relation to matters concerning other persons and companies, including in relation to any investigation or proceedings undertaken by the Commission against any referral agents used by the Skyline Apartment REIT, including testifying in those proceedings.
29. The Commission will make an order, pursuant to subsection 127(1) and section 127.1 of the Act, that:
- (a) This Settlement Agreement is approved;
 - (b) The Respondents are reprimanded;
 - (c) The Respondents shall pay an administrative penalty of \$300,000 on a joint and several basis as a result of their non-compliance with Ontario securities law; and
 - (d) The Respondents shall pay \$150,000 on a joint and several basis, representing a portion of Staff's costs in this matter.
30. The Respondents agree to make the payments ordered above in sub-paragraphs (c) and (d), by certified cheque when the Commission approves this Settlement Agreement. The Respondents will not be reimbursed for, or receive a contribution toward, this payment from any other person or company.
31. The Respondents undertake to consent to a regulatory Order made by any provincial or territorial securities regulatory authority in Canada containing any or all of the prohibitions set out in paragraphs 28 (d) and 29 (a) and (b) above. These prohibitions may be modified to reflect the provisions of the relevant provincial or territorial securities law.

PART VII – STAFF COMMITMENT

32. If the Commission approves this Settlement Agreement, Staff will not commence any proceeding under Ontario securities law in relation to the facts set out in Part III of this Settlement Agreement, subject to the provisions of paragraph 33 below.
33. If the Commission approves this Settlement Agreement and the Respondents fail to comply with any of the terms of this Settlement Agreement, Staff may bring proceedings under Ontario securities laws against the Respondents. These

proceedings may be based on, but are not limited to, the facts set out in Part III of this Settlement Agreement as well as the breach of this Settlement Agreement.

PART VIII – PROCEDURE FOR APPROVAL OF SETTLEMENT

34. The parties will seek approval of this Settlement Agreement at a public hearing before the Commission scheduled for March 18, 2011, or on another date agreed to by Staff and the Respondents, according to the procedures set out in this Settlement Agreement and the Commission's Rules of Practice.
35. Staff and the Respondents agree that this Settlement Agreement will form all of the agreed facts that will be submitted at the settlement hearing on the Respondents' conduct, unless the parties agree that additional facts should be submitted at the settlement hearing.
36. If the Commission approves this Settlement Agreement, the Respondents agree to waive all rights to a full hearing, judicial review or appeal of this matter under the Act.
37. If the Commission approves this Settlement Agreement, neither party will make any public statement that is inconsistent with this Settlement Agreement or with any additional agreed facts submitted at the settlement hearing.
38. Whether or not the Commission approves this Settlement Agreement, the Respondents will not use, in any proceeding, this Settlement Agreement or the negotiation or process of approval of this Settlement Agreement as the basis for any attack on the Commission's jurisdiction, alleged bias, alleged unfairness, or any other remedies or challenges that may otherwise be available.

PART IX – DISCLOSURE OF SETTLEMENT AGREEMENT

39. If the Commission does not approve this Settlement Agreement or does not make the order attached as Schedule "A" to this Settlement Agreement:
 - (i) this Settlement Agreement and all discussions and negotiations between Staff and the Respondents before the settlement hearing takes place will be without prejudice to Staff and the Respondents; and
 - (ii) Staff and the Respondents will each be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing of the allegations contained in the Statement of Allegations. Any proceedings, remedies and challenges will not be affected by this Settlement Agreement, or by any discussions or negotiations relating to this Settlement Agreement.
40. The parties will keep the terms of this Settlement Agreement confidential until the Commission approves this Settlement Agreement. At that time, the parties will have no further obligations to maintain confidentiality. If the Commission does not approve this Settlement Agreement, both parties must continue to keep the terms of this Settlement Agreement confidential, unless they agree in writing not to do so or if required by law.

PART X – EXECUTION OF SETTLEMENT AGREEMENT

41. The parties may sign separate copies of this Settlement Agreement. Together, these signed copies will form a binding agreement.
42. A copy of any signature will be treated as an original signature.

DATED this "15th" day of March, 2011.

"Jason Castellan"
Skyline Apartment Real Estate Investment Trust

"Jason Castellan"
Skyline Incorporated

"Jason Castellan"
Skyline Asset Management Inc.

"Tom Atkinson"
Ontario Securities Commission
Director, Enforcement Branch

"Anna Perschy"
Witness

"Anna Perschy"
Witness

"Anna Perschy"
Witness

"Johanna Superina"
Witness

SCHEDULE "A"

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

AND

**IN THE MATTER OF
SKYLINE APARTMENT REAL ESTATE
INVESTMENT TRUST, SKYLINE INCORPORATED,
AND SKYLINE ASSET MANAGEMENT INC.**

ORDER

WHEREAS on March 16, 2011, the Ontario Securities Commission (the "Commission") issued 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") in relation to the Skyline Apartment Real Estate Investment Trust, Skyline Incorporated and Skyline Asset Management Inc. (the "Respondents");

AND WHEREAS the Respondents and Staff of the Commission ("Staff") entered into a settlement agreement dated March 15, 2011 (the "Settlement Agreement") in which they agreed to a settlement of the proceeding commenced by the Notice of Hearing dated March 16, 2011, subject to the approval of the Commission;

AND UPON reviewing the Settlement Agreement, the Notice of Hearing and Statement of Allegations of Staff of the Commission, and upon hearing submissions from counsel for Staff and the Respondents;

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

IT IS ORDERED THAT:

- (a) The Settlement Agreement is approved;
- (b) The Respondents are reprimanded;
- (c) The Respondents shall pay an administrative penalty of \$300,000 on a joint and several basis as a result of their non-compliance with Ontario securities law; and
- (d) The Respondents shall pay \$150,000 on a joint and several basis, representing a portion of Staff's costs in this matter.

DATED at Toronto this _____ day of March, 2011.

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Chapter 4

Cease Trading Orders

4.1.1 Temporary, Permanent & Rescinding Issuer Cease Trading Orders

Company Name	Date of Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/Revoke
Fraser Papers Inc.	10 Mar 11	22 Mar 11	22 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

THERE ARE NO ITEMS FOR THIS WEEK.

4.2.2 Outstanding Management & Insider Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/ Expire	Date of Issuer Temporary Order

THERE ARE NO ITEMS FOR THIS WEEK.

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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 SecuritiesSource (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 Purchasers	Issuer/Security	Total Purchase Price (\$)	No. of Securities Distributed
02/24/2011	3	2267582 Ontario Inc. - Receipts	700,000.00	1,400,000.00
02/22/2011	1	Abcourt Mines Inc. - Common Shares	82,640.00	400,000.00
02/17/2011	7	Accertive 360 Holdings Ltd. - Preferred Shares	1,000,000.00	1,000,000.00
01/31/2011	34	ACM Commercial Mortgage Fund - Units	1,472,910.00	N/A
12/22/2010	2	Activum SG Fund II L.P. - Limited Partnership Interest	7,813,510.00	1.00
12/31/2009 to 12/30/2010	63	Addenda Bond Pooled Fund - Trust Units	400,000,476.00	31,819,012.00
04/07/2010	8	Addenda Bonds Universe Core Pooled Fund - Trust Units	8,778,796.00	836,332.00
01/21/2010 to 12/16/2010	1	Addenda Canadian Equity Pooled Fund - Trust Units	865,000.00	97,035.00
08/31/2010	12	Addenda Commercial Mortgages Pooled Fund - Trust Units	18,453,000.00	1,650,078.00
05/07/2010 to 12/03/2010	34	Addenda Corporate Bond Pooled Fund - Trust Units	92,162,893.00	8,855,804.00
02/12/2010 to 12/17/2010	6	Addenda International Equity Pooled Fund - Trust Units	10,325,000.00	115,081.00
05/07/2010 to 12/24/2010	25	Addenda Long Term Corporate Bond Pooled Fund - Trust Units	51,176,878.00	4,969,122.00
01/08/2010 to 12/24/2010	17	Addenda Long Term Government Bond Pooled Fund - Trust Units	43,776,237.00	4,060,342.00
01/04/2010 to 12/31/2010	19	Addenda Money Market Liquidity Pooled Fund - Trust Units	216,598,828.00	21,659,883.00
02/02/2010 to 06/16/2010	53	Addenda Money Market Pooled Fund - Trust Units	386,811,400.00	38,681,140.00
01/21/2010 to 11/12/2010	4	Addenda U.S. Equity Pooled Fund - Trust Units	8,980,933.00	893,559.00
02/16/2011	1	Adira Enegy Ltd. - Common Shares	0.00	10,483,871.00
02/25/2010	7	Alta Resources Inc. - Common Shares	99.99	4,250,000.00
01/29/2010 to 12/31/2010	4	Amethyst Arbitrage Fund - Units	2,445,361.77	331,115.71
12/29/2010	89	Amex Exploration Inc. - Units	975,600.00	442.00
02/18/2011	7	Annaly Capital Managment, Inc. - Common Shares	39,733,750.00	2,375,000.00

Notice of Exempt Financings

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price (\$)	No. of Securities Distributed
02/16/2011	3	Applewood II Hotel Holdings Inc. & Combo Construction Limited - Units	1,555,885.00	1,555,885.00
03/15/2011	1	AurCrest Gold Inc. - Units	500,000.24	2,703,704.00
01/07/2011	1	Axela Inc. - Debenture	167,835.00	1.00
01/01/2010 to 12/31/2010	1	Baring Canadian Investment Trust - Focused International Plus Fund - Units	47,575,547.19	475,755.47
02/11/2011	31	Beatrix Ventures Inc. - Units	385,000.00	6,416,665.00
12/31/2010 to 01/04/2011	9	Bending Lake Iron Group Limited - Flow-Through Shares	463,200.00	289,500.00
02/11/2011	1	BNP Paribas Arbitrage Issuance B.V. - Certificates	11,733.09	10.00
01/10/2011	3	BNP Paribas Arbitrage Issuance B.V. - Certificates	170,651.90	155.00
02/28/2011	6	Caledonian Royalty Corporation - Units	450,000.00	45,000.00
02/14/2011	2	Cambium Learning Group, Inc. - Notes	988,500.00	1,000.00
03/02/2011	3	Canadian International Minerals Inc. - Common Shares	65,000.00	250,000.00
03/07/2010	33	Caribou Copper Resources Ltd. - Units	400,000.00	400,000.00
02/17/2011	1	Carlyle Syniverse Coinvestment, L.P. - Limited Partnership Interest	983,900.00	1.00
01/01/2010 to 12/31/2010	172	CGOV Balanced Fund - Class A - Trust Units	7,825,193.86	N/A
01/01/2010 to 12/31/2010	25	CGOV Balanced Fund - Class F - Trust Units	5,738,741.02	N/A
01/01/2010 to 12/31/2010	21	CGOV Canadian Equity Fund - Class A - Trust Units	5,114,380.34	N/A
01/01/2010 to 12/31/2010	8	CGOV Canadian Equity Fund - Class F - Trust Units	408,046.64	47,434.00
01/01/2010 to 12/31/2010	203	CGOV Equity Fund - Class A - Trust Units	8,050,390.23	N/A
01/01/2010 to 12/31/2010	83	CGOV Equity Fund - Class F - Trust Units	57,435,474.05	N/A
01/01/2010 to 12/31/2010	106	CGOV Equity Income Fund - Class A - Trust Units	6,737,864.05	N/A
01/01/2010 to 12/31/2010	29	CGOV Equity Income Fund - Class F - Trust Units	8,344,924.78	N/A
01/01/2010 to 12/31/2010	1	CGOV Equity Income Fund - Class G - Trust Units	367,000.00	29,571.00
01/01/2010 to 12/31/2010	86	CGOV Fixed Income Fund - Class A - Trust Units	4,883,399.92	N/A
01/01/2010 to 12/31/2010	41	CGOV Fixed Income Fund - Class F - Trust Units	10,324,608.90	N/A

Notice of Exempt Financings

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price (\$)	No. of Securities Distributed
01/01/2010 to 12/31/2010	1	CGOV Fixed Income Fund - Class G - Trust Units	3,600.00	309.00
01/01/2010 to 12/31/2010	21	CGOV Focused 15 Fund - Trust Units	1,163,142.83	N/A
01/01/2010 to 12/31/2010	1	CGOV U.S. Equity Fund - Class A - Trust Units	100,000.00	7,663.00
01/01/2010 to 12/31/2010	4	CGOV U.S. Equity Fund - Class F - Trust Units	401,579.37	33,193.00
02/18/2011	4	Champion Care Corporation - Preferred Shares	95,000.00	47,500.00
03/12/2010 to 12/20/2010	10	Community Lend Inc. - Loan Agreements	32,716.66	N/A
01/01/2010 to 12/31/2010	199	Crystal Enhanced Mortgage Fund - Trust Units	10,840,833.47	1,075,065.00
01/22/2010 to 12/31/2010	260	Crystal Enlightened Growth Fund - Trust Units	6,394,900.26	616,268.00
01/22/2010 to 12/31/2010	137	Crystal Enlightened Income Fund - Trust Units	4,771,739.75	475,867.00
01/01/2010 to 12/31/2010	173	Crystal Enlightened Resource and Precious Metals Fund - Trust Units	4,370,297.16	549,357.78
01/24/2011	48	Cypress Development Corp. - Common Share Purchase Warrant	962,250.00	19,245,000.00
01/01/2010 to 12/31/2010	82	C.F.G. Heward Canadian Dividend Growth Fund - Units	4,237,000.00	381,872.98
01/01/2010 to 12/31/2010	98	C.F.G. Heward Fund - Units	6,634,188.58	673,908.92
01/01/2010 to 12/31/2010	126	EFG Private Portfolio Services Inc. - Common Shares	8,548,090.59	N/A
03/15/2011	8	Enssolutions Group Inc. - Debentures	270,000.00	8.00
01/03/2011	1	Ethiopian Potash Corp. - Common Shares	1,000,000.00	2,000,000.00
02/01/2011	30	Evergreen Energy Inc. - Units	16,013,992.80	6,150,003.00
01/18/2011	9	Fairmont Resources Inc. - Common Shares	35,000.00	100,000.00
01/25/2011	3	Fifth Third Bancorp - Common Shares	35,820,078.00	121,428,572.00
01/11/2011	1	First Leaside Expansion Limited Partnership - Units	100,000.00	100,000.00
01/27/2011 to 01/31/2011	2	First Leaside Mortgage Fund - Trust Units	107,500.00	107,500.00
12/31/2010 to 01/04/2011	4	First Lithium Resources Inc. - Units	320,000.00	N/A
02/09/2011	5	Fluidigm Corporation - Common Shares	4,834,242.00	360,000.00
02/24/2011 to 03/02/2011	4	Forests Pacific Biochemicals Corporation - Debentures	85,000.00	85,000.00

Notice of Exempt Financings

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price (\$)	No. of Securities Distributed
03/14/2011	1	Formation Metals Inc. - Common Shares	0.00	400,000.00
02/18/2011	4	Foundation Group Capital Trust - Units	149,004.00	12,417.00
02/22/2011	18	Georgetown Capital Corp. - Common Shares	2,063,749.60	3,752,272.00
01/06/2011	23	Glass Earth Gold Limited - Units	976,500.00	3,255,000.00
11/22/2010 to 12/23/2010	1	GMO Developed World Equity Investment Fund PLC - Units	372,245.17	13,857.75
11/19/2010 to 11/29/2010	1	GMO International Core Equity Fund-III - Units	625,331.61	21,237.64
11/10/2010 to 12/29/2010	1	GMO International Intrinsic Value Fund-II - Units	210,057.64	9,684.06
12/29/2010	1	GMO World Opportunities Equity Allocation Fund-III - Units	9,437,828.11	499,320.74
12/17/2010	1	GMO World Opportunities Equity Allocation Fund-III - Units	5,064,000.00	267,809.32
03/10/2011	2	Gold World Resources Inc. - Common Shares	25,000.00	500,000.00
01/12/2011	1	Gold Yield Trust - Units	2,150,000.00	214,395.00
12/22/2010	35	Gowest Amalgamated Resources Ltd. - Flow-Through Shares	2,579,455.18	9,379,837.00
01/01/2010 to 12/31/2010	35	Gresytone Canadian Fixed Income Fund - Units	57,169,574.08	5,391,278.41
01/01/2010 to 12/31/2010	59	Greystone Balanced Fund - Units	124,361,179.37	7,590,643.68
01/01/2010 to 12/31/2010	50	Greystone Canadian Equity Fund - Units	248,283,773.36	10,931,711.00
01/01/2010 to 12/31/2010	12	Greystone Canadian Equity Income & Growth Fund - Units	2,216,366.76	103,018.56
01/01/2010 to 12/31/2010	50	Greystone EAFE Plus Fund - Units	253,827,475.11	34,623,999.81
01/01/2010 to 12/31/2010	5	Greystone Long Bond Fund - Units	8,886,429.81	845,688.27
01/01/2010 to 12/31/2010	36	Greystone Money Market Fund - Units	1,301,910,196.72	130,191,019.67
01/01/2010 to 12/31/2010	29	Greystone Real Estate Fund Inc. - Units	962,711,730.49	14,295,047.91
01/01/2010 to 12/31/2010	2	Greystone Real Return Bond Fund - Units	26,772,055.01	2,677,205.50
01/01/2010 to 12/31/2010	20	Greystone U.S. Equity Fund - Units	11,163,917.38	1,171,555.97
02/17/2011	1	Honeywell International Inc. - Note	6,852,519.14	1.00
01/15/2010 to 12/31/2010	26	HughesLittle Balanced Fund - Units	604,510.00	65,961.84

Notice of Exempt Financings

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price (\$)	No. of Securities Distributed
01/15/2010 to 12/31/2010	21	HughesLittle Value Fund - Units	4,259,800.00	313,190.48
01/01/2010 to 12/31/2010	267	IA Clarington Money Market Pooled Fund - Trust Units	8,603,247.00	499.64
02/11/2011	2	Imperial Holdings, Inc. - Common Shares	2,087,400.00	196,000.00
02/11/2011	14	InfraReDx Inc. - Common Shares	10,300,536.03	16,930,370.00
01/01/2010 to 12/31/2010	17	Institutional Mortgage Capital Real Estate Debt Fund I Limited Partnership - Limited Partnership Interest	19,225,000.00	19,225.00
02/01/2011	19	Institutional Mortgage Securities Canada Inc. - Certificates	212,510,325.50	N/A
03/14/2011	14	Lander Energy Corporation - Common Shares	256,264.05	732,183.00
01/12/2011	3	Laredo Petroleum, Inc. - Notes	2,712,600.00	2,750.00
02/01/2011	1	LD Commodities Alpha Fund Ltd. - Common Shares	200,000,000.00	200,000.00
11/30/2010	54	Lucky Strike Resources Ltd. - Units	900,000.00	6,000,000.00
01/18/2011	8	Magellan Fuel Solutions Inc. - Common Shares	518,449.75	1,481,285.00
01/01/2010 to 12/31/2010	2	Magnitude International - Common Shares	5,986,389.00	3,832.76
03/10/2011	7	Manitou Gold Inc. - Common Shares	0.00	175,000.00
01/01/2010 to 12/31/2010	1	Manulife Canadian Core Class - Units	378,169.62	29,938.74
01/01/2010 to 12/31/2010	1	Manulife Canadian Investment Class - Units	36,879,670.43	3,538,935.71
01/01/2010 to 12/31/2010	1	Manulife Canadian Large Cap Value Class - Units	574,317.90	40,929.51
01/01/2010 to 12/31/2010	1	Manulife Canadian Opportunities Class - Units	100.00	10.00
01/01/2010 to 12/31/2010	1	Manulife China Class - Units	3,142,295.14	176,372.08
01/01/2010 to 12/31/2010	1	Manulife Global Core Class - Units	1,352,892.34	154,807.40
01/01/2010 to 12/31/2010	1	Manulife Global Equity Class - Units	17,212,050.00	1,613,341.92
01/01/2010 to 12/31/2010	1	Manulife Global Leaders Class - Units	13,860,021.21	1,513,678.89
01/01/2010 to 12/31/2010	1	Manulife Global Opportunities Class - Units	57,187,881.93	4,956,604.70
01/01/2010 to 12/31/2010	1	Manulife International Value Class - Units	9,230,019.95	804,193.46

Notice of Exempt Financings

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price (\$)	No. of Securities Distributed
01/01/2010 to 12/31/2010	1	Manulife Japan Class - Units	3,286,378.67	371,357.53
01/01/2010 to 12/31/2010	1	Manulife Money Fund - Units	663,791,300.03	66,379,130.00
01/01/2010 to 12/31/2010	3	Manulife Monthly High Income Fund - Units	287,949,889.36	17,274,866.89
01/01/2010 to 12/31/2010	1	Manulife SEAMARK Total Global Equity Class - Units	4,092.92	409.45
01/01/2010 to 12/31/2010	1	Manulife Simplicity Balanced Portfolio - Units	77,819,029.63	6,221,581.02
01/01/2010 to 12/31/2010	1	Manulife Strategic Income Class - Units	499,800.00	49,980.00
01/01/2010 to 12/31/2010	1	Manulife U.S. Large Cap Value Class - Units	18,566,710.29	2,277,702.85
01/01/2010 to 12/31/2010	1	Manulife U.S. Mid-Cap Value Class - Units	7,866,548.27	899,469.07
01/01/2010 to 12/31/2010	1	Manulife U.S. Opportunities Class - Units	2,913,119.48	262,796.33
01/01/2010 to 12/31/2010	1	Manulife World Investment Class - Units	107,809,843.41	11,013,498.80
01/28/2011	2	Merrill Lynch International & Co. C.V. - Warrants	250,325.00	N/A
03/04/2011	2	Micromem Technologies Inc. - Loan Agreements	350,000.00	2.00
02/14/2011	3	MMS Investment Inc. - Loan Agreements	10,850,000.00	10,850,000.00
02/03/2011	42	Morgan Stanley - Notes	399,772,000.00	N/A
10/08/2010 to 12/02/2010	1	Morgan Stanley International Equity Fund - Units	156,669.00	20,387.40
01/25/2010 to 01/26/2010	2	Neilas (Shepherd Road) Limited Partnership - Limited Partnership Units	102,500.00	1,250.00
12/30/2010	24	Nevado Resources Corporation - Flow-Through Shares	673,600.00	201,400.00
12/18/2010 to 12/31/2010	60	Newport Canadian Equity Fund - Trust Units	1,781,100.00	13,198.00
12/18/2010 to 12/31/2010	9	Newport Fixed Income Fund - Trust Units	383,337.47	1,964.00
12/18/2010 to 12/31/2010	38	Newport Global Equity Fund - Trust Units	819,000.00	12,880.00
12/18/2010 to 12/31/2010	15	Newport Yield Fund - Trust Units	272,499.62	2,259.00
01/31/2011	4	Newstart Canada - Notes	257,000.00	4.00
02/26/2010 to 12/31/2010	9	Niagara Discovery Fund - Limited Partnership Interest	3,700,705.00	224,351.36

Notice of Exempt Financings

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price (\$)	No. of Securities Distributed
02/26/2010 to 11/30/2010	13	Niagara Legacy Class B Fund - Limited Partnership Interest	7,287,130.16	286,348.25
01/01/2010	90	Norema Income Fund - Units	92,150.00	N/A
03/08/2011	2	NuVista Energy Ltd. - Common Shares	66,500,000.00	7,000,000.00
01/06/2011	11	Optimus US Real Estate Fund - Units	377,753.25	359,765.00
01/04/2010 to 12/24/2010	12	PIMCO Canada Canadian CorePLUS Bond Trust - Units	192,734,409.41	1,847,156.75
01/12/2010 to 12/09/2010	6	PIMCO Canada Canadian CorePLUS Long Bond Trust - Units	151,085,174.00	1,462,764.10
05/01/2010 to 12/01/2010	2	Pinehurst Institutional, Ltd. - Special Shares	156,024,000.00	152,343.00
01/11/2010 to 12/30/2010	919	Polar Investment Funds Limited (North Pole Multi-Strategy Class) - Common Shares	218,441,322.33	981,513.55
01/04/2010 to 12/15/2010	1329	Polaris Investment Funds Limited (Altaris Long/Short Class) - Common Shares	107,935,872.08	1,074,850.46
03/04/2011	10	Prime City One Capital Corp. - Units	350,000.00	7,000,000.00
03/11/2011	1	Probe Mines Limited - Common Shares	73,800.00	45,000.00
01/01/2010 to 12/31/2010	4	RBC \$C ARC Fund - Units	255,000.00	39,362.66
01/01/2010 to 12/31/2010	8	RBC \$US ARC Fund - Units	818,000.00	34,187.43
12/24/2010	26	Red Mile Minerals Corp - Units	435,000.00	3,725,000.00
01/19/2011	5	Redev Properties Investment Capital Pool III Inc. - Bonds	180,600.00	1,806.00
01/01/2010 to 12/31/2010	10	REDF III Limited Partnership - Limited Partnership Interest	1,300,000.00	1,300.00
01/07/2011	3	Regal Entertainment Group - Notes	2,407,347.00	N/A
01/12/2011	11	Rio Verde Minerals Corporation - Common Shares	855,000.00	1,710,000.00
01/04/2010 to 11/01/2010	45	Roundtable Dividend and Income Fund - Units	8,863,513.70	744,080.37
11/01/2010	26	Roundtable Energy Income Fund - Units	24,550,000.00	24,550.00
01/01/2010 to 06/01/2010	11	Roundtable Everykey Global Fund - Units	3,775,000.00	379,234.10
01/01/2010 to 12/01/2010	28	Roundtable Focused Equity Fund - Units	5,084,221.11	545,272.88
01/01/2010 to 12/01/2010	155	Roundtable Growth Fund - Units	11,070,539.79	755,040.80
03/08/2011	2	Royal Bank of Canada - Notes	3,253,855.00	2,700.00
01/07/2011	9	Salmon River Resources Ltd. - Common Shares	1,299,999.90	8,666,666.00

Notice of Exempt Financings

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price (\$)	No. of Securities Distributed
03/01/2010 to 10/01/2010	2	Scopia PX International Limited - Common Shares	8,767,375.00	8,814.98
02/07/2011	1	Seattle Genetics, Inc. - Common Shares	306,800.00	20,000.00
01/01/2010 to 12/31/2010	83	SFCS Sentinels One Fund - Units	4,136,383.99	41,652.39
02/18/2011	4	Shoal Point Energy Ltd. - Units	3,571,000.00	10,200,000.00
03/03/2011	23	Shoal Point Energy Ltd. - Units	2,384,749.50	3,213,570.00
03/31/2010 to 12/23/2010	3	Shoreline Energy Fund - Trust Units	79,000.00	732.00
01/18/2011	13	Sona Resources Corp. - Units	362,450.00	329,500.00
02/15/2011	8	Sonomax Technologies Inc. - Debentures	1,535,000.00	N/A
03/01/2011	11	St-Georges Platinum and Base Metals Ltd. - Units	1,265,000.00	N/A
02/01/2011	2	Stacey Muirhead Limited Partnership - Limited Partnership Units	152,000.00	3,838.01
02/01/2011	4	Stacey Muirhead RSP Fund - Trust Units	33,365.00	3,192.30
05/31/2010 to 12/31/2010	86	Steinberg High Yield Fund - Trust Units	8,171,483.48	820,675.62
05/31/2010 to 12/31/2010	62	Steinberg Value Equity Fund - Units	2,103,289.69	210,775.00
01/10/2011	1	Stellar Pacific Ventures Inc. - Units	100,000.00	125.00
01/07/2011	1	Storage Appliance Corporation - Common Shares	2,999,996.86	572,045.00
03/03/2011	5	Strategic Resource Acquisition Corporation - Units	245,076.00	2,042,300.00
02/09/2011	4	Tallgrass Energy Corp. - Units	256,125.00	341,500.00
04/06/2010 to 07/21/2010	3	TD Canadian Value Fund - Units	28,275,849.00	3,033,038.05
04/06/2010 to 07/21/2010	1	TD Emerging Markets Fund - Units	49,054.69	5,015.55
04/06/2010 to 07/21/2010	4	TD Global Growth Fund - Units	27,134,552.38	2,850,807.71
04/06/2010 to 07/21/2010	2	TD Global Sustainability Fund - Units	59,394.52	6,274.40
04/06/2010 to 07/21/2010	4	TD Global Value Fund - Units	13,656,703.16	1,457,448.61
04/06/2010 to 07/21/2010	10	TD International Growth Fund - Units	49,052,399.00	5,363,198.56
04/06/2010 to 07/21/2010	4	TD International Value Fund - Units	60,952,735.00	6,928,882.10
04/06/2010 to 07/21/2010	12	TD U.S. Blue Chip Equity Fund - Units	49,686,049.80	5,211,772.68

Notice of Exempt Financings

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price (\$)	No. of Securities Distributed
04/06/2010 to 07/21/2010	2	TD U.S. Index Currency Neutral Fund - Units	53,393.04	5,771.93
04/06/2010 to 07/21/2010	13	TD U.S. Large-Cap Value Fund - Units	64,426,094.72	6,767,776.69
04/06/2010 to 07/21/2010	7	TD U.S. Mid-Cap Growth Fund - Units	22,778,937.34	2,255,031.65
12/31/2010	1	The Absolute Resources Fund L.P. - Unit	99,740.00	1.00
02/02/2010 to 12/01/2010	22	The SoundVest Portfolio Fund - Trust Units	2,031,340.49	181,895.84
01/01/2010 to 12/15/2010	16	The Strategic Retirement Fund - Trust Units	1,893,956.44	16,430.00
03/09/2011	1	Trelawney Mining and Exploration Inc. - Common Shares	0.00	500,000.00
03/09/2011	1	Trelawney Mining and Exploration Inc. - Common Shares	195,000.00	50,000.00
01/18/2011	30	Trigen Resources Inc. - Common Shares	1,120,000.00	12,000,000.00
01/04/2010 to 12/01/2010	355	Turtle Creek Equity Fund - Trust Units	28,500,723.33	1,319,359.90
01/04/2010 to 12/01/2010	49	Turtle Creek Investment Fund - Trust Units	4,580,980.84	249,143.98
02/16/2011	1	UBS AG, Jersey Branch - Notes	252,500.00	25.00
01/07/2011	1	UBS AG, Jersey Branch - Note	46,870.00	1.00
03/16/2011	4	Upper Canada Gold Corporation - Common Shares	900,000.00	3,000,000.00
01/31/2011	148	Vertex Fund - Trust Units	18,336,278.05	707,701.00
03/10/2011	1	Viper Gold Ltd. - Common Shares	0.00	300,000.00
01/01/2010 to 12/31/2010	12	Walter Scott & Partners Global Fund - Units	320,116,321.00	23,953,755.46
02/07/2011 to 02/09/2011	9	Westbrook Retirement Limited Partnership - Units	2,117,000.00	2,117,000.00
01/27/2011 to 02/01/2011	4	Wimberly Fund - Trust Units	30,286.00	30,286.00
02/11/2011	6	WindTronics, LLC - Common Shares	4,951,500.00	12,500.00
02/25/2011	1	Windtronics, LLC - Common Shares	784,720.00	2,000.00
03/02/2011 to 03/10/2011	2	WireIE Holdings International Inc. - Preferred Shares	3,500,000.00	2,500,000.00

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Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:

Algoma Central Corporation
Principal Regulator - Ontario

Type and Date:

Preliminary Short Form Prospectus dated March 18, 2011
NP 11-202 Receipt dated March 21, 2011

Offering Price and Description:

\$60,000,000.00 - 6.0% Convertible Unsecured
Subordinated Debentures Price: \$1,000.00 per Debenture

Underwriter(s) or Distributor(s):

TD Securities Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
HSBC Securities (Canada) Inc.
Laurentian Bank Securities Inc.

Promoter(s):

-

Project #1712938

Issuer Name:

Can-60 Income ETF
Can-Energy Income ETF
Can-Financials Income ETF
Can-Materials Income ETF
Principal Regulator - Ontario

Type and Date:

Preliminary Long Form Prospectus dated March 21, 2011
NP 11-202 Receipt dated March 22, 2011

Offering Price and Description:

Common Units and Advisor Class Units

Underwriter(s) or Distributor(s):

-

Promoter(s):

XTF Capital Corp.

Project #1713630

Issuer Name:

Canada Dominion Resources 2011 II Limited Partnership
Principal Regulator - Ontario

Type and Date:

Preliminary Long Form Prospectus dated March 21, 2011
NP 11-202 Receipt dated March 21, 2011

Offering Price and Description:

\$50,000,000.00 (maximum) 2,000,000 Limited Partnership
Units Price per Unit: \$25.00
Minimum Subscription: \$5,000 (200 Units)

Underwriter(s) or Distributor(s):

RBC Dominion Securities Inc.

Promoter(s):

Canada Dominion Resources 2011 II Corporation
Dundee Securities Ltd.

Project #1713286

Issuer Name:

Candente Gold Corp.
Principal Regulator - British Columbia

Type and Date:

Preliminary Short Form Prospectus dated March 16, 2011
NP 11-202 Receipt dated March 16, 2011

Offering Price and Description:

\$6,500,000.00 - 8,125,000 Units Price: \$0.80 per Unit

Underwriter(s) or Distributor(s):

Stonecap Securities Inc.
PI Financial Corp.
Wellington West Capital Markets Inc.

Promoter(s):

Candente Copper Corp.

Project #1711917

Issuer Name:

Celtic Exploration Ltd.
Principal Regulator - Alberta

Type and Date:

Preliminary Short Form Prospectus dated March 17, 2011
NP 11-202 Receipt dated March 17, 2011

Offering Price and Description:

\$101,500,000.00 - 5,000,000 Common Shares Price:
\$20.30 per Offered Share

Underwriter(s) or Distributor(s):

FirstEnergy Capital Corp.
RBC Dominion Securities Inc.
Cormark Securities Inc.
GMP Securities L.P.
Peters & Co. Limited
CIBC World Markets Inc.
Macquarie Capital Markets Canada Ltd.
National Bank Financial Inc.
BMO Nesbitt Burns Inc.
Canaccord Genuity Corp.
Stifel Nicolaus Canada Inc.
Scotia Capital Inc.
TD Securities Inc.

Promoter(s):

-

Project #1712418

Issuer Name:

CMP 2011 II Resource Limited Partnership
Principal Regulator - Ontario

Type and Date:

Preliminary Long Form Prospectus dated March 21, 2011
NP 11-202 Receipt dated March 21, 2011

Offering Price and Description:

\$50,000,000.00 (maximum) 50,000 Limited Partnership
Units Price per Unit: \$1,000 - Minimum Subscription:
\$5,000 (Five Units)

Underwriter(s) or Distributor(s):

Dundee Securities Ltd.

Promoter(s):

CMP 2011 II Corporation
Dundee Securities Ltd.

Project #1713285

Issuer Name:

Gold Participation and Income Fund
Principal Regulator - Ontario

Type and Date:

Preliminary Short Form Prospectus dated March 16, 2011
NP 11-202 Receipt dated March 17, 2011

Offering Price and Description:

Warrants to Subscribe for up to * Units at a Subscription
Price of \$ *

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #1712015

Issuer Name:

Horizons Gold Yield Fund
Principal Regulator - Ontario

Type and Date:

Preliminary Short Form Prospectus dated March 18, 2011
NP 11-202 Receipt dated March 18, 2011

Offering Price and Description:

Maximum \$* Class A Units and/or Class F Units -
(Maximum * Class A Units and/or Class F Units)
Price: \$* per Class A Unit and \$* per Class F Unit

Underwriter(s) or Distributor(s):

BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
National Bank Financial Inc.
RBC Dominion Securities Inc.
TD Securities Inc.
Scotia Capital Inc.
GMP Securities L.P.
HSBC Securities (Canada) Inc.
Canaccord Genuity Corp.
Macquarie Private Wealth Inc.
Raymond James Ltd.
Desjardins Securities Inc.
Dundee Securities Ltd.
Mackie Research Capital Corporation
MGI Securities Inc.
Union Securities Ltd.

Promoter(s):

AlphaPro Management Inc.

Project #1712780

Issuer Name:

H&R Finance Trust
H&R Real Estate Investment Trust
Principal Regulator - Ontario

Type and Date:

Preliminary Base Shelf Prospectus dated March 18, 2011
NP 11-202 Receipt dated March 21, 2011

Offering Price and Description:

\$2,000,000,000.00:
Stapled Units
Preferred Units
Debt Securities
Subscription Receipts
Warrants
Units

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #1712976/1712972

Issuer Name:

Kariana Resources Inc.
Principal Regulator - British Columbia

Type and Date:

Preliminary Long Form Prospectus dated March 18, 2011
NP 11-202 Receipt dated March 21, 2011

Offering Price and Description:

\$600,000 - 3,000,000 Common Shares at a price of \$0.20 per Common Share

Underwriter(s) or Distributor(s):

Canaccord Genuity Corp.

Promoter(s):

David Velisek

Project #1713102

Issuer Name:

Nordic Oil and Gas Ltd.
Principal Regulator - Manitoba

Type and Date:

Preliminary Base Shelf Prospectus dated March 22, 2011
NP 11-202 Receipt dated

Offering Price and Description:

\$20,000,000.00:
Common Shares
Preferred Shares
Debt Securities
Subscription Receipts
Warrants
Units

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #1713916

Issuer Name:

Palliser Oil & Gas Corporation
Principal Regulator - Alberta

Type and Date:

Preliminary Short Form Prospectus dated March 21, 2011
NP 11-202 Receipt dated March 21, 2011

Offering Price and Description:

\$10,001,600.00 - 5,264,000 Common Shares issuable upon exercise of 5,264,000 outstanding Special Warrants

Underwriter(s) or Distributor(s):

Dundee Securities Ltd.
Casimir Capital Ltd.
Jennings Capital Inc.
Wellington West Capital Markets Inc.
Acumen Capital Finance Partners Limited
PI Financial Corp.

Promoter(s):

-

Project #1713529

Issuer Name:

Ponderosa Fund
Principal Regulator - British Columbia

Type and Date:

Preliminary Long Form Prospectus dated March 17, 2011
NP 11-202 Receipt dated March 18, 2011

Offering Price and Description:

MINIMUM \$11,000,000.00 (1,100,000 TRUST UNITS)
MAXIMUM \$16,000,000.00 (1,600,000 TRUST UNITS)
Price: \$10 per Unit Minimum Purchase 100 Units (\$1,000)

Underwriter(s) or Distributor(s):

Sora Group Wealth Advisors Inc.

Promoter(s):

Treegroup Developments Corp.

Project #1712471

Issuer Name:

Premium Income Corporation
Principal Regulator - Ontario

Type and Date:

Preliminary Short Form Prospectus dated March 18, 2011
NP 11-202 Receipt dated March 18, 2011

Offering Price and Description:

Warrants to Subscribe for up to * Units (each Unit consisting of one Class A Share and one Preferred Share) at a Subscription Price of \$ *

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #1712021

Issuer Name:

Richmond Row Capital Corp.
Principal Regulator - Alberta

Type and Date:

Preliminary CPC Prospectus dated March 17, 2011
NP 11-202 Receipt dated March 17, 2011

Offering Price and Description:

\$200,000.00 - 2,000,000 Common Shares Price: \$0.10 per Common Share

Underwriter(s) or Distributor(s):

Union Securities Ltd.

Promoter(s):

Michael Thomson

Project #1712511

Issuer Name:

Shoreline Energy Corp.
Principal Regulator - Alberta

Type and Date:

Preliminary Long Form Prospectus dated March 14, 2011
NP 11-202 Receipt dated March 17, 2011

Offering Price and Description:

Minimum Offering: \$20,000,000.00 - (1,800,000 Unit Subscription Receipts each representing the right to receive one Unit) (166,666 Flow-Through Subscription Receipts each representing the right to receive one Flow-Through Share) Maximum Offering: \$46,000,000.00 - (4,000,000 Unit Subscription Receipts each representing the right to receive one Unit) (500,000 Flow-Through Subscription Receipts each representing the right to receive one Flow-Through Share) Price: \$10.00 per Unit Subscription Receipt and \$12.00 per Flow-Through Subscription Receipt

Underwriter(s) or Distributor(s):

MGI Securities Inc.
GMP Securities L.P.
Macquarie Capital Markets Canada Ltd.
HSBC Securities (Canada) Inc.
Jennings Capital Inc.
Octagon Capital Corporation
PI Financial Corp.
Casimir Capital Ltd.
Clarus Securities Inc.

Promoter(s):

Trevor Folk

Project #1710853

Issuer Name:

The Canadian Shield Fund
Principal Regulator - Ontario

Type and Date:

Preliminary Simplified Prospectus, Annual Information Form dated March 18, 2011
NP 11-202 Receipt dated March 21, 2011

Offering Price and Description:

Series A Securities

Underwriter(s) or Distributor(s):

-

Promoter(s):

Mackenzie Financial Corporation

Project #1712918

Issuer Name:

Bank of Montreal
Principal Regulator - Ontario

Type and Date:

Final Base Shelf Prospectus dated March 18, 2011
NP 11-202 Receipt dated March 18, 2011

Offering Price and Description:

\$1,000,000,000.00 - Medium Term Notes (Principal At Risk Notes)

Underwriter(s) or Distributor(s):

BMO NESBITT BURNS INC.
HSBC SECURITIES (CANADA) INC.

Promoter(s):

-

Project #1709451

Issuer Name:

Belo Sun Mining Corp.
Principal Regulator - Ontario

Type and Date:

Final Short Form Prospectus dated March 18, 2011
NP 11-202 Receipt dated March 18, 2011

Offering Price and Description:

\$45,080,000.00 - 39,200,000 Common Shares Price: \$1.15 per Offered Share

Underwriter(s) or Distributor(s):

TD Securities Inc.
Cormark Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
D&D Securities Inc.
Desjardins Securities Inc.

Promoter(s):

-

Project #1708707

Issuer Name:

Black Iron Inc.
Principal Regulator - Ontario

Type and Date:

Final Long Form Prospectus dated March 16, 2011
NP 11-202 Receipt dated March 17, 2011

Offering Price and Description:

\$35,000,000.00 - 25,000,000 COMMON SHARES Price: \$1.40 per Offered Share

Underwriter(s) or Distributor(s):

GMP Securities L.P.
Canaccord Genuity Corp.
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
Dundee Securities Ltd.
Macquarie Capital Markets Canada Ltd.

Promoter(s):

2051580 Ontario Inc.

Project #1692657

Issuer Name:

BTB Real Estate Investment Trust
Principal Regulator - Quebec

Type and Date:

Final Short Form Prospectus dated March 22, 2011
NP 11-202 Receipt dated March 22, 2011

Offering Price and Description:

\$17,505,000.00 - 19,450,000 Units \$0.90 per Unit

Underwriter(s) or Distributor(s):

National Bank Financial Inc.
Dundee Securities Ltd.
Canaccord Genuity Corp.
HSBC Securities (Canada) Inc.

Promoter(s):

-

Project #1711099

Issuer Name:

Canaco Resources Inc.
Principal Regulator - British Columbia

Type and Date:

Final Short Form Prospectus dated March 16, 2011
NP 11-202 Receipt dated March 16, 2011

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

Canaccord Genuity Corp.
TD Securities Inc.

Promoter(s):

-

Project #1705906

Issuer Name:

CARS and PARS Programme
Principal Regulator - Ontario

Type and Date:

Final Base Shelf Prospectus dated March 17, 2011
NP 11-202 Receipt dated March 17, 2011

Offering Price and Description:

Up to Cdn \$5,000,000,000.00 of Debt Obligations of
Various Canadian Corporations, Trusts and Partnerships
Price: Rates on Application

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.

Promoter(s):

RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
National Bank Financial Inc.
Scotia Capital Inc.
TD Securities Inc.

Project #1707463

Issuer Name:

Cequence Energy Ltd.
Principal Regulator - Alberta

Type and Date:

Final Short Form Prospectus dated March 22, 2011
NP 11-202 Receipt dated March 22, 2011

Offering Price and Description:

\$40,552,500.00 - 11,650,000 Common Shares at \$2.85 per
Common Share for gross proceeds of \$33,202,500.00;
2,100,000 Flow-Through Shares at \$3.50 per Flow-
Through Share for gross proceeds of \$7,350,000

Underwriter(s) or Distributor(s):

Peters & Co. Limited
FirstEnergy Capital Corp.
Cormark Securities Inc.
National Bank Financial Inc.
Stifel Nicolaus Canada Inc.
CIBC World Markets Inc.

Promoter(s):

-

Project #1705908

Issuer Name:

Crocodile Gold Corp.
Principal Regulator - Ontario

Type and Date:

Final Short Form Prospectus dated March 17, 2011
NP 11-202 Receipt dated March 17, 2011

Offering Price and Description:

\$85,050,000.00 - 81,000,000 Units Price: \$1.05 per Unit

Underwriter(s) or Distributor(s):

GMP Securities L.P.
Cormark Securities Inc.
Raymond James Ltd.
Macquarie Capital Markets Canada Ltd.
TD Securities Inc.
Fraser Mackenzie Limited
NCP Northland Capital Partners Inc.
Union Securities Ltd.

Promoter(s):

-

Project #1707634

Issuer Name:

Dynamic American Value Class
Dynamic Focus+ Balanced Class
Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectus and Annual Information Form
dated March 21, 2011

NP 11-202 Receipt dated March 22, 2011

Offering Price and Description:

Series A, F, I, O and T Shares @ Net Asset Value

Underwriter(s) or Distributor(s):

Goodman & Company, Investment Counsel Ltd.

Promoter(s):

Goodman & Company, Investment Counsel Ltd.

Project #1689508

Issuer Name:

IESI-BFC Ltd. (formerly BFI Canada Ltd.)

Principal Regulator - Ontario

Type and Date:

Final Base Shelf Prospectus dated March 21, 2011

NP 11-202 Receipt dated March 21, 2011

Offering Price and Description:

US\$750,000,000.00:

Common Shares

Debt Securities

Warrants

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #1709377

Issuer Name:

Series A and I Securities (unless otherwise indicated) of:

Keystone Conservative Portfolio Fund (also Series F, G, T6 and T8)

Keystone Balanced Portfolio Fund (also Series F, F8, G, T6 and T8)

Keystone Balanced Growth Portfolio Fund (also Series F, G, T6 and T8)

Keystone Growth Portfolio Fund (also Series F, G, T6 and T8)

Keystone Maximum Growth Portfolio Fund (also Series F and G)

Keystone AGF Equity Fund (also Series O)

Keystone Beutel Goodman Bond Fund (also Series O)

Keystone Dynamic Power Small-Cap Class (also Series O)

Keystone Manulife High Income Fund (also Series O)

Keystone Manulife U.S. Value Fund (also Series O)

Principal Regulator - Ontario

Type and Date:

Amendment #1 dated March 11, 2011 to the Simplified Prospectuses and Annual Information Form dated June 29, 2010

NP 11-202 Receipt dated March 17, 2011

Offering Price and Description:

Series A, F, F8, G, I, O, T6 and T8 @ Net Asset Value

Underwriter(s) or Distributor(s):

-

Promoter(s):

Mackenzie Financial Corporation

Project #1588955

Issuer Name:

Macusani Yellowcake Inc.

Principal Regulator - Ontario

Type and Date:

Final Short Form Prospectus dated March 16, 2011

NP 11-202 Receipt dated March 17, 2011

Offering Price and Description:

Minimum: \$10,000,000.00/ 16,666,667 Units; Maximum:

\$20,000,000.00/ 33,333,333 Units - Each Unit comprised of

One Common Share and One-Half of One Common Share

Purchase Warrant

Underwriter(s) or Distributor(s):

M Partners Inc.

Raymond James Ltd.

Euro Pacific Canada Inc.

Promoter(s):

-

Project #1698392

Issuer Name:

Maple Leaf Income Class

Maple Leaf Resource Class

Principal Regulator - British Columbia

Type and Date:

Final Simplified Prospectuses dated March 18, 2011

NP 11-202 Receipt dated March 18, 2011

Offering Price and Description:

Series A Shares @ Net Asset Value

Underwriter(s) or Distributor(s):

-

Promoter(s):

CADO Investment Fund Management Inc.

Project #1678092

Issuer Name:

Mawson West Ltd.

Principal Regulator - Ontario

Type and Date:

Final Long Form Prospectus dated March 18, 2011

NP 11-202 Receipt dated March 21, 2011

Offering Price and Description:

\$60,000,000.00 - 30,000,000 Ordinary Shares Price: \$2.00 per Share

Underwriter(s) or Distributor(s):

Cormark Securities Inc.

Raymond James Ltd.

Paradigm Capital Inc.

RBC Dominion Securities Inc.

Clarus Securities Inc.

Promoter(s):

-

Project #1694923

Issuer Name:

Mawson West Ltd.

Type and Date:

Final Long Form Prospectus dated March 18, 2011

Received on March 21, 2011

Offering Price and Description:

\$60,000,000.00 - 30,000,000 Ordinary Shares Issuable on

Exercise of 120,000,000 Subscription Receipts

Price per Subscription Receipt: \$0.50

Underwriter(s) or Distributor(s):

CORMARK SECURITIES INC.

MACQUARIE CAPITAL MARKETS CANADA LTD.

PARADIGM CAPITAL INC.

RAYMOND JAMES LTD.

GMP SECURITIES L.P.

Promoter(s):

-

Project #1697804

Issuer Name:

Whiteknight Acquisitions Inc.

Type and Date:

Final CPC Prospectus dated March 22, 2011

Received on March 22, 2011

Offering Price and Description:

Minimum of \$400,000.00 - 2,000,000 Common Shares

Maximum of \$600,000.00 - 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:

Mira II Acquisition Corp.

Principal Regulator - Ontario

Type and Date:

Final CPC Prospectus dated March 18, 2011

NP 11-202 Receipt dated March 21, 2011

Offering Price and Description:

\$250,000.00 - 2,500,000 Common Shares Price: \$0.10 per

Common Share

Underwriter(s) or Distributor(s):

Macquarie Private Wealth Inc.

Promoter(s):

Ronald D. Schmeichel

Project #1699366

Issuer Name:

Western Energy Services Corp.

Principal Regulator - Alberta

Type and Date:

Final Short Form Prospectus dated March 21, 2011

NP 11-202 Receipt dated March 21, 2011

Offering Price and Description:

\$75,075,000.00 - 192,500,000 Common Shares Price:

\$0.39 per Common Share

Underwriter(s) or Distributor(s):

Cormack Securities Inc.

RBC Dominion Securities Inc.

Raymond James Ltd.

Peters & Co. Limited

AltaCorp Capital Inc.

FirstEnergy Capital Corp.

HSBC Securities (Canada) Inc..

Promoter(s):

-

Project #1710648

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Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
New Registration	Brigata Capital Management Inc.	Investment Fund Manager	March 17, 2011
Change in Registration Category	Hymas Investment Management Inc.	From: Exempt Market Dealer and Portfolio Manager To: Exempt Market Dealer, Portfolio Manager and Investment Fund Manager	March 17, 2011
New Registration	Skyline Asset Management Inc.	Exempt Market Dealer	March 18, 2011
Voluntary Surrender	Enterprise Capital Management Inc.	Portfolio Manager and Exempt Market Dealer	March 18, 2011
Change in Registration Category	BluMont Capital Corporation	From: Portfolio Manager, Exempt Market Dealer and Mutual Fund Dealer To: Portfolio Manager, Exempt Market Dealer, Mutual Fund Dealer and Investment Fund Manager	March 18, 2011
New Registration	Connor, Clark & Lunn Managed Portfolios Inc.	Investment Fund Manager	March 21, 2011
Change in Registration Category	K2 & Associates Investments Management Inc.	From: Portfolio Manager, Exempt Market Dealer To: Portfolio Manager, Exempt Market Dealer and Investment Fund Manager	March 22, 2011
New Registration	GRS Partners Capital Management Inc.	Portfolio Manager	March 22, 2011

Registrations

Type	Company	Category of Registration	Effective Date
Voluntary Surrender	Charles and Quinn Inc.	Exempt Market Dealer	March 22, 2011
Voluntary Surrender	Chasson Financial Inc.	Exempt Market Dealer	March 22, 2011
Change in Registration Category	Crystal Wealth Management System Limited	From: Portfolio Manager, Exempt Market Dealer and Commodity Trading Manager To: Portfolio Manager, Exempt Market Dealer, Commodity Trading Manager and Investment Fund Manager	March 23, 2011
Voluntary Surrender	CFT Securities LLC	Exempt Market Dealer	March 22, 2011

Chapter 13

SROs, Marketplaces and Clearing Agencies

13.1 SROs

13.1.1 OSC Staff Notice of Commission Approval – MFDA Housekeeping Amendments to Form 1 – Financial Questionnaire and Report (IFRS) and Form 1 – Financial Questionnaire and Report (CGAAP)

OSC STAFF NOTICE OF COMMISSION APPROVAL

MUTUAL FUNDS DEALERS ASSOCIATION OF CANADA

HOUSEKEEPING AMENDMENTS TO FORM 1 – FINANCIAL QUESTIONNAIRE AND REPORT (IFRS) AND FORM 1 – FINANCIAL QUESTIONNAIRE AND REPORT (CGAAP)

The Ontario Securities Commission approved the MFDA's housekeeping amendments to Form 1 to adopt Canadian Auditing Standards (CAS) for the audits of regulatory financial statements. The Alberta Securities Commission, Saskatchewan Financial Services Commission, Manitoba Securities Commission, Nova Scotia Securities Commission and New Brunswick Securities Commission have approved the proposed amendments, and the British Columbia Securities Commission did not object to the MFDA's proposal.

The objective of the amendments is to amend the auditors' reports that are used in the filing of both versions of the Form 1 based respectively on current Canadian Generally Accepted Accounting Principles and the International Financial Reporting Standards. These amendments result in the replacement of the former Part I and Part II auditors' reports with two new auditors' reports that are in compliance with the new CAS which came into effect for audits of financial statements for periods ending on or after December 14, 2010.

A copy of the MFDA Notice is attached as Attachment A, including the amended Forms.

Attachment A

THE MUTUAL FUND DEALERS ASSOCIATION OF CANADA

HOUSEKEEPING AMENDMENTS TO FORM 1 – *FINANCIAL QUESTIONNAIRE AND REPORT (IFRS)* AND FORM 1 – *FINANCIAL QUESTIONNAIRE AND REPORT (CGAAP)***Current Forms**

For a transitional period of time, the MFDA will have two separate prescribed financial reporting forms for its membership in order to comply with the reporting requirements under MFDA Rule 3.5.1. The existence of two forms is a result of recent changes to the Canadian accounting standards that now require all publicly accountable enterprises (“PAEs”) to prepare their financial reports in accordance with International Financial Reporting Standards (“IFRS”). As such, the MFDA recently amended its financial reporting form to align with IFRS, except as modified by the MFDA, and mandated one reporting standard for its membership. The new MFDA Form 1 (“Form (IFRS)”) was approved by the Recognizing Regulators on January 21, 2011 for implementation by Members commencing with their fiscal years beginning on or after January 1, 2011. Until such time as all Members are required to transition to the new basis of reporting under the Form (IFRS), they continue to report under the old MFDA Form 1 (“Form (CGAAP)”), which is based upon Canadian Generally Accepted Accounting Principles (“CGAAP”), except as modified by the MFDA.

Auditor’s Reports – Form (IFRS)

In accordance with MFDA Rule 3.5.1(b), Members are required to submit audited financial statements to the MFDA on an annual basis in a prescribed form. Currently, the prescribed form includes the following two independent auditors’ reports prepared in accordance with Canadian Auditing Standards (“CAS”):

- (i) *Independent Auditors’ Report for Statements A, D, E and F* – provides an opinion on financial statements prepared in accordance with a “fair presentation” framework; and
- (ii) *Independent Auditors’ Report for Statements B and C* – provides an opinion on financial information prepared in accordance with a “compliance” framework.

CAS 700, *Forming an Opinion and Reporting on Financial Statements*, outlines the requirements of the auditor’s report relating to the auditor’s opinion on financial statements prepared in accordance with each of a “fair presentation” framework and a “compliance” framework. Financial statements falling under a standard reporting framework, such as IFRS, which include: a statement of financial position; statement of income and comprehensive income; and statement of changes in capital and retained earnings, are to be opined on by the auditor under the “fair presentation” framework. Audit opinions expressed on other supplemental financial information not contemplated by a reporting framework, such as the MFDA’s Statement B (Statement of Risk Adjusted Capital), fall under the “compliance” framework and do not include an overall opinion on whether the information is fairly presented.

Auditor’s Reports – Form (CGAAP)

As noted above, in accordance with MFDA Rule 3.5.1(b), Members are required to submit audited financial statements to the MFDA on an annual basis in a prescribed form. Currently, the prescribed Form (CGAAP) includes the following two auditors’ reports prepared in accordance with Canadian Generally Accepted Audited Standards (“GAAS”):

- (i) *Part I Auditors’ Report* – provides an audit opinion on whether the Statements included in Part I of Form (CGAAP) are presented fairly; and
- (ii) *Part II Auditors’ Report* – refers to the audit work performed in order to express an opinion on the Part I Statements, and extends the opinion to include the Schedules under Part II of the Form (CGAAP) when taking Part I and Part II as a whole.

Reasons for AmendmentsAuditor’s Reports – Form (IFRS)

The current auditors’ reports were drafted and approved together with all the other amendments to the old Form 1 made to align with IFRS. Reference to Statement F (Statement of Changes in Subordinated Loans) was incorrectly included in the “fair presentation” report rather than the “compliance” framework report. Consequently, proposed amendments to each of the

Independent Auditor's Reports and related references throughout the Form (IFRS) are recommended to ensure auditors are able to comply with CAS.

In addition to amending the auditor's reports, additional housekeeping amendments to the Form 1 General Notes and Definitions are proposed to correctly reflect that the respective Statements within the Form (IFRS) are either captured under a reporting framework, or supplemental financial information required by the MFDA.

Auditor's Reports – Form (CGAAP)

Just as the Canadian Accounting Standards Board ("AcSB") pronounced that international accounting standards would replace Canadian standards, the Canadian Auditing and Assurance Standards Board ("AASB") also made the decision to replace Canadian standards with the international standards. Consequently, the AASB pronounced that International Standards on Auditing ("ISA") would replace GAAS for audits of financial statements as the Canadian Auditing Standards ("CAS") effective for audits of financial statements for periods ending on or after December 14, 2010. Consequently, the Part I and II Auditors' Reports contained in the Form (CGAAP) must be amended in order for auditors of MFDA Members to comply with the new CAS effective for audit years ending December 14, 2010 or later.

The proposed amendments will result in the replacement of the Part I and II reports with two Independent Auditor's Reports that are consistent with those approved for the Form (IFRS).

Description of Amendments

Auditor's Reports – Form (IFRS)

The following is a summary of the proposed amendments that are reflected in Schedule "A":

- *Table of Contents* – updated to remove reference to Statement F from the independent auditor's report based upon the fair presentation framework and to include it in the report based upon the compliance framework.
- *General Notes and Definitions [Note 2 – Presentation]* – updated to properly reflect Statement E, *Statement of changes in capital and retained earnings (corporations) or undivided profits (partnerships)*, as a financial statement falling within the IFRS reporting framework rather than supplemental financial information required by the MFDA.
- *Independent Auditors' Report for Statements A, D, E and F* – updated to remove reference to Statement F in this report. Housekeeping amendments relating to presentation are also proposed to ensure consistency with the independent auditor's reports approved by Investment Industry Regulatory Organization of Canada ("IIROC").
- *Independent Auditors' Report for Statements B and C* – updated to include reference to Statement F in this report. Housekeeping amendments relating to presentation are also proposed to ensure consistency with the independent auditor's reports approved by IIROC.

Auditor's Reports – Form (CGAAP)

The following is a summary of the proposed amendments that are reflected in Schedule "B":

- *Table of Contents* – updated to remove reference to Part I Auditors' Report, Part II Auditors' Report and include two Independent Auditor's Reports to address opinions based upon the fair presentation and compliance frameworks. In addition, Statement C has been separated into Part I, Statement of Early Warning Excess and Part II, Statement of Early Warning Tests to facilitate disclosure in the auditor's report that the early warning tests are not audited information which is consistent with the Form (IFRS) requirements.
- *Part I Auditors' Report* – deleted;
- *Part II Auditors' Report* – deleted;
- *Independent Auditor's Report for Statements A, D and E* – this report is consistent with the fair presentation framework report contained in the Form (IFRS) but has been modified to ensure the terminology aligns with Form (CGAAP) terminology (e.g. Statement A refers to "Statement of Assets and of Liabilities and Shareholder/Partner Capital" rather than "Statement of Financial Position"). This report is consistent with amendments recently made by IIROC to its CGAAP Form 1.

- *Independent Auditor's Report for Statements B, C and F* – this report is consistent with the compliance framework report contained in the Form (IFRS) but has been modified to ensure the terminology aligns with the Form (CGAAP). This report is consistent with amendments recently made by IIROC to its CGAAP Form 1.
- *Notes and Instructions to the Auditors' Reports* – updated to ensure consistency with the Form (IFRS).

The proposed amendments are housekeeping in nature in that they reflect changes in industry standards and are intended to ensure all parties can continue to comply with their respective reporting obligations. The housekeeping amendments do not impose any significant burden or any barrier to competition that is inappropriate.

Comparison with Similar Provisions

The proposed amendments to the Auditors' Reports (IFRS and CGAAP Forms) are consistent with the amendments to the IIROC Auditors' Reports which have been approved by the Recognizing Regulators.

Effective Date

The amended Forms will be effective on a date to be subsequently determined by the MFDA.

Appendix A

FORM 1 – TABLE OF CONTENTS

(Member Name)

(Date)

GENERAL NOTES AND DEFINITIONS

CERTIFICATE OF PARTNERS OR DIRECTORS

INDEPENDENT AUDITOR'S REPORT FOR STATEMENTS A, D AND, E AND F *[at audit date only]*

INDEPENDENT AUDITOR'S REPORT FOR STATEMENTS B, AND C AND F *[at audit date only]*

PART I

STATEMENT

- A Statement of financial position
- B Statement of risk adjusted capital
- C Statement of early warning excess
- D Statement of income and comprehensive income
- E Statement of changes in capital and retained earnings (corporations)
or undivided profits (partnerships)
- F Statement of changes in subordinated loans
- Notes to the Form 1 financial statements

PART II

REPORT ON COMPLIANCE FOR INSURANCE AND SEGREGATION OF CASH AND SECURITIES *[at audit date only]*

SCHEDULE

- 1 Analysis of securities owned and sold short at market value
- 2 Analysis of clients' debit balances
- 3 Current Income taxes
- 4 Insurance
- 5 Early warning tests
- 6 Other supplementary information *[not required at audit date]*

FORM 1 – GENERAL NOTES AND DEFINITIONS**GENERAL NOTES:**

- Each Member must comply with the requirements in Form 1 as approved and amended from time to time by the board of directors of the Mutual Fund Dealers Association 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 Member must complete and file all of these statements and schedules.

- The following are Form 1 IFRS departures as prescribed by the Corporation:

	Prescribed IFRS departure
Trading balances	When reporting trading balances relating to Member and client securities and other investment transactions, the Corporation allows the netting of receivables from and payables to the same counterparty.
Preferred shares	Preferred shares issued by the Member and approved by the Corporation are classified as shareholders' capital.
Presentation	Statements A and D contain terms and classifications (such as allowable and non-allowable assets) that are not defined under IFRS. In addition, specific balances may be classified or presented on Statements <u>A</u> , and <u>D</u> and <u>E</u> in a manner that differs from IFRS requirements. The General Notes and Definitions, and the applicable Notes and Instructions to the Statements, should be followed in those instances where departures from IFRS presentation exists. Statements B, C, E and F are supplementary financial information, which are not statements contemplated under IFRS.
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 "related Member" in MFDA By-law No. 1 and the Corporation has approved the consolidation. Because Statement D only reflects the operational results of the Member, a 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	Securities are to be valued and reported at "market value".

- 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 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 Member must categorize all investment positions as held-for-trading financial instruments. These security positions must be marked-to-market. Because the Corporation does not permit the use of available for sale and hold-to-maturity categories, a 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 Member must value subsidiaries at cost.

- These statements and schedules should be read in conjunction with the Corporation's Bylaws, Rules and Policies.

GENERAL NOTES AND DEFINITIONS (Continued)

5. For purposes of these statements and schedules, the accounts of related companies that meet the definition of “related Member” in MFDA By-law No. 1 may be consolidated.
6. For 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. Comparative figures on all statements are required only at the audit date. As a transition exemption for the changeover to International Financial Reporting Standards (IFRS) from Canadian Generally Accepted Accounting Principles (CGAAP), Members are not required to file comparative information for the preceding financial year as part of the first audited Form 1 under IFRS.
8. All statements and schedules must be expressed in Canadian dollars and must be rounded to the nearest dollar.
9. Supporting details should be provided, as required, showing a breakdown of any significant amounts that have not been clearly described on the statements and schedules.
10. **Mandatory security counts.** Securities held in segregation and safekeeping must be counted once in the year in addition to the count as at the year-end audit date.
11. **Mandatory reconciliations.** Reconciliations must be performed monthly in addition to the year-end audit date between the Member's records and the records of the depository or custodian where the Member holds its own and client securities in nominee name accounts.

DEFINITIONS :

1. **“acceptable entity”** means:
 - (a) Acceptable institutions.
 - (b) Government of Canada, the Bank of Canada and Provincial Governments.
 - (c) Insurance companies licensed to do business in Canada or a province thereof.
 - (d) Canadian provincial capital cities and all other Canadian cities and municipalities, or their equivalents.
 - (e) 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.
 - (f) Canadian pension funds which are regulated either by the Office of Superintendent of Financial Institutions or a provincial pension commission.
 - (g) 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.
 - (h) Members of the Corporation.
 - (i) Regulated entities.
2. **“acceptable institutions”** means:
 - (a) Canadian banks, Quebec savings banks, trust companies licensed to do business in Canada or a province thereof.
 - (b) Credit and central credit unions and regional caisses populaires.

GENERAL NOTES AND DEFINITIONS (Continued)

3. **“acceptable securities locations”** means those entities considered suitable to hold securities on behalf of a Member, for both inventory and client positions, without capital penalty, given that the locations meet the requirements outlined in the segregation Bylaws, Rules or Policies 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 Member and the securities can be delivered to the Member promptly on demand. The Corporation will maintain and regularly update a list of those foreign depositories and clearing agencies that comply with these criteria. The entities are as follows:
- (a) Depositories
 - i. Canada CDS Clearing and Depository Services Inc.
 - ii. United States Depository Trust Company
 - (b) Government of Canada, the Bank of Canada and Provincial Governments.
 - (c) Canadian banks, Quebec savings banks, trust companies and loan companies licensed to do business in Canada or a province thereof.
 - (d) Credit and central credit unions and regional caisses populaires.
 - (e) Insurance companies licensed to do business in Canada or a province thereof.
 - (f) 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.
 - (g) Regulated entities.
4. **“regulated entities”** means those that are Members covered by the Canadian Investor Protection Fund or Members of recognized exchanges and associations. For the purposes of this definition, recognized exchanges and associations are those that are identified as a "regulated entity" by the Investment Industry Regulatory Organization of Canada.

FORM 1 – INDEPENDENT AUDITOR'S REPORT FOR STATEMENTS A, D AND E AND F

To: The Mutual Fund Dealers Association of Canada and MFDA Investor Protection Corporation

We have audited the accompanying Statements of _____ (Member name) (the "Member"), which comprise the statement of financial position as at _____ (date) (Statement A) and the statement of income and comprehensive income (Statement D) and statement of changes in capital and retained earnings (Statement E) for the year then ended _____ (date) (Statement E) and the statement of changes in subordinated loans (Statement F), 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 Mutual Fund Dealers Association of Canada, ("MFDA").

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 MFDA Mutual Fund Dealers Association 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 entity's 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 entity's 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 the Member _____ (Member) as at _____ (date), and the results of its operations and its changes in subordinated loans for the year then ended in accordance with the financial reporting provisions of the Notes and Instructions to Form 1 prescribed by the MFDA Mutual Fund Dealers Association of Canada.

Going Concern [MFDA Note: EFS 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 the Member _____ (Member) incurred a net loss of _____ (\$ amount) during the year ended _____ (date) and, as of that date, the Member's _____ (Member's) current liabilities exceeded its total assets by _____ (\$ amount). These conditions, along with other matters as set forth in Note _____ (note), indicate the existence of a material uncertainty that may cast significant doubt about the Member's _____ (Member's) ability to continue as a going concern.

(EFS 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 auditors' report. Such wording would be agreed upon with MFDA prior to the filing of Form 1).

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 the Member _____ (Member) to meet the requirements of the MFDA Mutual Fund Dealers Association of Canada. As a result, the Statements may not be suitable for another purpose. Our report is intended solely for the Member _____ (Member), the MFDA Mutual Fund Dealers Association of Canada and the MFDA Investor Protection Corporation and should not be used by parties other than the

Member _____ (*Member*), the MFDA-Mutual Fund Dealers Association of Canada and the MFDA Investor Protection Corporation.

(Note: EFS 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 MFDA prior to the filing of Form 1).

Unaudited Information

We have not audited the information in Schedule 5 of Part II of Form 1 and accordingly do not express an opinion on this schedule.

[Audit Firm]

[Signature]

[Date]

[Address]

FORM 1 – INDEPENDENT AUDITOR'S REPORT FOR STATEMENTS B, AND C AND F

To: The Mutual Fund Dealers Association and MFDA Investor Protection Corporation

We have audited the accompanying Statements of Form 1 (the "Statements") of _____ (*Member's name*) (the "Member"), which comprise of: as at _____ (*year-end date*).

Statement B – Statement of Risk Adjusted Capital as at _____ (*date*)

Statement C – Statement of Early Warning Excess as at _____ (*date*)

Statement F – Statement of Changes in Subordinated Loans for the year ended _____ (*date*)

These Statements have been prepared by management based on the financial reporting provisions of the Notes and Instructions to Form 1 prescribed by the Mutual Fund Dealers Association of Canada ("MFDA").

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 MFDA Mutual Fund Dealers Association 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 entity's 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 entity's 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 financial information in Statements B and C of Form 1 as at _____ (*year-end date*) and in Statement F for the year ended _____ (*date*) is prepared, in all material respects, in accordance with the financial reporting provisions of the Notes and Instructions to Form 1 prescribed by the MFDA Mutual Fund Dealers Association 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 the Member _____ (*Member*) to meet the requirements of the MFDA Mutual Fund Dealers Association of Canada. As a result, the Statements may not be suitable for another purpose. Our report is intended solely for the Member _____ (*Member*), the MFDA Mutual Fund Dealers Association of Canada and the MFDA Investor Protection Corporation and should not be used by parties other than the Member _____ (*Member*), the MFDA Mutual Fund Dealers Association of Canada and the MFDA Investor Protection Corporation.

[Audit Firm]

[Signature]

[Date]

[Address]

**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.

Any limitations in the scope of the audit must be discussed in advance with the Corporation. Discretionary scope limitations will not be accepted. Any emphasis of matter in the auditor's' reports must be discussed in advance with the Corporation.

Two copies with original signatures must be provided to the Corporation.

Appendix B

FORM 1

MFDA FINANCIAL QUESTIONNAIRE AND REPORT

(Firm Name)

(Date)

TABLE OF CONTENTS

GENERAL NOTES AND DEFINITIONS

~~PART I — AUDITORS' REPORT~~~~INDEPENDENT AUDITOR'S REPORT FOR STATEMENTS A, D AND E [at audit date only]~~~~INDEPENDENT AUDITOR'S REPORT FOR STATEMENTS B, C AND F [at audit date only]~~~~PART I~~~~STATEMENT~~

A (3 pages)	Statements of assets and of liabilities and shareholder/partner capital
B	Statement of risk adjusted capital
C	Part I - Statement of early warning excess and
C	Part II - eEarly warning tests
D	Summary statement of income
E	Statement of changes in capital and retained earnings (corporations) or undivided profits (partnerships)
F	Statement of changes in subordinated loans

CERTIFICATE OF PARTNERS OR DIRECTORS

~~PART II — AUDITORS' REPORT [at audit date only]~~~~REPORT ON COMPLIANCE FOR INSURANCE [at audit date only]~~~~REPORT ON COMPLIANCE FOR SEGREGATION OF CASH AND SECURITIES [at audit date only]~~

SCHEDULE

1	Analysis of securities owned and sold short at market value
2	Analysis of clients' debit balances
3	Income taxes
4	Insurance

MFDA FINANCIAL QUESTIONNAIRE AND REPORT
PART I - AUDITORS' REPORT INDEPENDENT AUDITOR'S REPORT FOR STATEMENTS A, D AND E

TO: The MFDA Mutual Fund Dealers Association of Canada and the MFDA Investor Protection Corporation.

We have audited the following ~~Part I financial~~ accompanying s Statements of _____ (Member),
 _____ (firm)

which comprise of:

Statement A — Statements of assets and of liabilities and shareholder/partner capital
 as at _____ and _____;
 _____ (date) _____ (date)

Statement B — Statement of risk adjusted capital,
 as at _____ 20____ and _____ 20____;
 _____ (date) _____ (date)

Statement C — ~~Statement of early warning excess and early warning tests;~~

Statement D — Summary statement of income for the years ended _____ 20____
 _____ (date)
 and _____ 20____;
 _____ (date)

Statement E — Statement of changes in capital and retained earnings (corporations) or
 undivided profits (partnerships) for the year ended; and

 _____ (date)

Statement F — Statement of changes in subordinated loans for the year ended _____ 20____.
 _____ (date)

and a summary of significant accounting policies and other explanatory information. These Statements have been prepared by management based upon the financial reporting provisions of the Notes and Instructions to Form 1 prescribed by the Mutual Fund Dealers Association of Canada.

These financial statements have been prepared for the purpose of complying with the By-laws, Rules and Policies of the MFDA. These financial statements are the responsibility of the firm's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion,

(a) ~~the statements of assets and of liabilities and shareholder/partner capital and the summary statement of income present fairly, in all material respects, the financial position of the firm as at _____ 20____ & _____
 _____ (dates)
 _____ 20____ and the results of its operations for the years then ended in the form required by the MFDA in accordance with the basis of accounting described in the Notes to the Financial Questionnaire and Report.~~

(b) ~~the statement of risk adjusted capital, as at _____ 20____ & _____ 20____ and the statements of
 _____ (date) _____ (date)
 early warning excess and early warning tests, changes in capital and retained earnings (corporations) or undivided profits (partnerships), and changes in subordinated loans, either as at or for the year ended _____ 20____
 _____ (date)
 are presented fairly, in all material respects, in accordance with the applicable instructions of the MFDA.~~

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 Mutual Fund Dealers Association 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 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 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 _____ (Member) as at _____ (date) and _____ (date), and the results of its operations for the years then ended in accordance with the financial reporting provisions of the Notes and Instructions to Form 1 prescribed by the Mutual Fund Dealers Association of Canada.

Basis of Accounting and Restriction on Use

Without modifying our opinion, we draw attention to Note _____ (date) to the Statements which describes the basis of accounting. The Statements are prepared to assist _____ (Member) to meet the requirements of the Mutual Fund Dealers Association of Canada. As a result, the Statements may not be suitable for another purpose. Our report is intended solely for _____ (Member), the Mutual Fund Dealers Association of Canada and the MFDA Investor Protection Corporation and should not be used by parties other than _____ (Member), the Mutual Fund Dealers Association of Canada and the MFDA Investor Protection Corporation.

Unaudited Information

We have not audited the information in Statement C Part II, and Lines 1 and 2 in Statement D, of Part I of Form 1 and accordingly do not express an opinion on this information.

[Audit Firm]

[Signature]

[Date]

[Address]

MFDA FINANCIAL QUESTIONNAIRE AND REPORT
FORM 1 – INDEPENDENT AUDITOR'S REPORT FOR STATEMENTS B, C AND F

To: The Mutual Fund Dealers Association of Canada and MFDA Investor Protection Corporation

We have audited the accompanying Statements of Form 1 (the "Statements") of _____ (Member), which comprise of:

Statement B – Statement of risk adjusted capital as at _____ (date) and _____ (date)

Statement C Part I – Statement of early warning excess as at _____ (date)

Statement F – Statement of changes in subordinated loans for the year ended _____ (date)

These Statements have been prepared by management based on the financial reporting provisions of the Notes and Instructions to Form 1 prescribed by the Mutual Fund Dealers Association 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 Mutual Fund Dealers Association 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 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 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 financial information in Statements B as at _____ (date) and _____ (date), Statement C Part I as at _____ (date) and in Statement F for the year ended _____ (date) is prepared, in all material respects, in accordance with the financial reporting provisions of the Notes and Instructions to Form 1 prescribed by the Mutual Fund Dealers Association 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 _____ (Member) to meet the requirements of the Mutual Fund Dealers Association of Canada. As a result, the Statements may not be suitable for another purpose. Our report is intended solely for _____ (Member), the Mutual Fund Dealers Association of Canada and the MFDA Investor Protection Corporation and should not be used by parties other than _____ (Member), the Mutual Fund Dealers Association of Canada and the MFDA Investor Protection Corporation.

[Audit Firm]

[Signature]

[Date]

[Address]

These financial statements, which have not been, and were not intended to be, prepared in accordance with Canadian generally accepted accounting principles, are solely for the information and use of the firm, the MFDA and the MFDA Investor Protection Corporation, to comply with the By-laws, Rules and Policies of the MFDA. The financial statements are not intended to be and should not be used by anyone other than the specified users or for any other purpose.

[auditing firm name]

[date]

[signature]

[place of issue]

PART I – INDEPENDENT AUDITOR'S' REPORTS
NOTES AND INSTRUCTIONS

A measure of uniformity in the form of the auditor's' eports 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 should take the form of the auditors' report shown above.

~~An alternate form of Auditors' Report is available from the MFDA in the case where the auditor is unable to express an opinion on previous year's figures due to not having been the auditor for the previous year.~~

Any limitations in the scope of the audit must be discussed in advance with the MFDA. Discretionary scope limitations will not be accepted. Any emphasis of matter in the auditor's report must be discussed in advance with the MFDA.

Two copies with original signatures must be provided to the MFDA.

**MFDA FINANCIAL QUESTIONNAIRE AND REPORT
PART II - AUDITORS' REPORT**

TO: _____ The MFDA and the MFDA Investor Protection Corporation.

We have audited Part I of the MFDA Financial Questionnaire and Report ("Part I – FQR") of _____ as
at _____ and for the year then reported thereon as of _____.
(date) (firm) (date)

The additional information set out in Part II of the MFDA Financial Questionnaire and Report Schedules 1 to 4 ("Part II – FQR") have been subjected to the procedures applied in the audit of Part I – FQR, and in our opinion, present fairly the information contained therein, in all material respects, in relation to Part I – FQR taken as a whole.

No procedures have been carried out in addition to those necessary to form an opinion on Part I – FQR.

The additional information set out in Part II – FQR, which have not been, and were not intended to be, prepared in accordance with Canadian generally accepted accounting principles, are solely for the information and use of the Company, the MFDA and the MFDA Investor Protection Corporation to comply with the By-laws, Rules and Policies of the MFDA. The additional information set out in Part II – FQR are not intended to be and should not be used by anyone other than the specified users or for any other purpose.

[name of auditing firm]

[date]

[signature]

[place of issue]

NOTES:

A measure of uniformity in the form of the auditors' report 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 should take the above form.

Any limitations in the scope of the audit must be discussed in advance with the MFDA. Discretionary scope limitations will not be accepted.

Copies with original signatures must be provided to the MFDA.

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