

The Ontario Securities Commission

# OSC Bulletin

April 1, 2011

Volume 34, Issue 13

(2011), 34 OSCB

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

**The Ontario Securities Commission**

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

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

Published under the authority of the Commission by:

**Carswell, a Thomson Reuters business**

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

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

Contact Centre - Inquiries, Complaints:  
Market Regulation Branch:  
Compliance and Registrant Regulation Branch

- Compliance:
- Registrant Regulation:

Corporate Finance Branch

- Team 1:
- Team 2:
- Team 3:
- Insider Reporting:
- Mergers and Acquisitions:

Enforcement Branch:

Executive Offices:

General Counsel's Office:

Investment Funds Branch:

Office of the Secretary:

Fax: 416-593-8122

Fax: 416-595-8940

Fax: 416-593-8240

Fax: 416-593-8283

Fax: 416-593-8244

Fax: 416-593-3683

Fax: 416-593-8252

Fax: 416-593-3666

Fax: 416-593-8177

Fax: 416-593-8321

Fax: 416-593-8241

Fax: 416-593-3681

Fax: 416-593-3699

Fax: 416-593-2318



THOMSON REUTERS

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

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

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

U.S.	\$175
Outside North America	\$400

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

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

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

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

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

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

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise without the prior written permission of the publisher.

The publisher is not engaged in rendering legal, accounting or other professional advice. If legal advice or other expert assistance is required, the services of a competent professional should be sought.

© Copyright 2011 Ontario Securities Commission  
ISSN 0226-9325  
Except Chapter 7 ©CDS INC.



THOMSON REUTERS

---

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

Customer Relations  
Toronto 1-416-609-3800  
Elsewhere in Canada/U.S. 1-800-387-5164  
Fax 1-416-298-5082  
[www.carswell.com](http://www.carswell.com)  
Email [www.carswell.com/email](mailto:www.carswell.com/email)

# Table of Contents

<b>Chapter 1 Notices / News Releases .....</b>	<b>3713</b>	2.1.7	Goodman & Company, Investment Counsel Ltd. ....	3770
<b>1.1 Notices .....</b>	<b>3713</b>	2.1.8	Premium Income Corporation et al. ....	3776
1.1.1 Current Proceedings before the Ontario Securities Commission .....	3713	2.1.9	Bank of Montreal et al. – s. 5.1 of OSC Rule 48-501 Trading During Distributions, Formal Bids and Share Exchange Transactions .....	3780
1.1.2 OSC Staff Notice 11-739 (Revised) – Policy Reformulation Table of Concordance and List of New Instruments.....	3722	<b>2.2 Orders .....</b>	<b>3784</b>	
1.1.3 OSC Staff Notice 41-702 – Prospectus Practice Directive #1 – Personal information forms and other procedural matters regarding preliminary prospectus filings .....	3725	2.2.1	Intact Financial Corporation – s. 104(2)(c) .....	3784
1.1.4 OSC Staff Notice 41-703 – Corporate Finance Prospectus Practice Directive #2 – Exemption from certain prospectus requirements to be evidenced by a receipt .....	3727	2.2.2	North American Financial Group Inc. et al. – ss. 127(7), 127(8) .....	3786
<b>1.2 Notices of Hearing.....</b>	<b>3729</b>	2.2.3	Canadian Derivatives Clearing Corporation – s. 147 .....	3788
1.2.1 QuantFX Asset Management Inc. et al. – ss. 37, 127 .....	3729	2.2.4	Rezwealth Financial Services Inc. et al. – ss. 127(1), 127(7), 127(8) .....	3791
1.2.2 Innovative Gifting Inc. et al. – ss. 127(1), 127.1 .....	3729	2.2.5	L. Jeffrey Pogachar et al. – s. 127 .....	3792
1.2.3 Bernard Boily – ss. 127, 127.1 .....	3730	2.2.6	Simply Wealth Financial Group Inc. et al. – s. 127 .....	3793
1.2.4 Marlon Gary Hibbert et al. – ss. 127(7), 127.1 .....	3736	2.2.7	Innovative Gifting Inc. et al. – s. 127(1).....	3793
<b>1.3 News Releases .....</b>	<b>3740</b>	<b>2.3 Rulings.....</b>	<b>3794</b>	
1.3.1 CSA, IIROC and MFDA launch expanded disciplined persons list.....	3740	2.3.1	Gestion Placements Desjardins Inc. / Desjardins Investment Management Inc. – s. 74(1).....	3794
1.3.2 Canadian Securities Regulators Propose Enhanced Oversight of Securitized Products .....	3742	<b>Chapter 3 Reasons: Decisions, Orders and Rulings .....</b>	<b>3799</b>	
<b>1.4 Notices from the Office of the Secretary .....</b>	<b>3743</b>	<b>3.1 OSC Decisions, Orders and Rulings.....</b>	<b>3799</b>	
1.4.1 QuantFX Asset Management Inc. et al. ....	3743	3.1.1	Innovative Gifting Inc. et al. ....	3799
1.4.2 North American Financial Group Inc. et al. ....	3743	<b>3.2 Court Decisions, Order and Rulings .....</b>	<b>(nil)</b>	
1.4.3 Rezwealth Financial Services Inc. et al. ....	3744	<b>Chapter 4 Cease Trading Orders .....</b>	<b>3809</b>	
1.4.4 L. Jeffrey Pogachar et al.....	3744	4.1.1	Temporary, Permanent & Rescinding Issuer Cease Trading Orders.....	3809
1.4.5 Innovative Gifting Inc. et al. ....	3745	4.2.1	Temporary, Permanent & Rescinding Management Cease Trading Orders .....	3809
1.4.6 Bernard Boily.....	3745	4.2.2	Outstanding Management & Insider Cease Trading Orders .....	3809
1.4.7 Simply Wealth Financial Group Inc. et al. ....	3746	<b>Chapter 5 Rules and Policies .....</b>	<b>(nil)</b>	
1.4.8 Innovative Gifting Inc. et al. ....	3746	<b>Chapter 6 Request for Comments .....</b>	<b>3811</b>	
1.4.9 Marlon Gary Hibbert et al. ....	3747	6.1.1	Proposed NI 41-102 Supplementary Prospectus Disclosure Requirements for Securitized Products, Proposed NI 51-106 Continuous Disclosure Requirements for Securitized Products, Proposed Amendments to NI 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings, Proposed Amendments to NI 45-106 Prospectus and Registration Exemptions and NI 45-102 Resale of Securities, and Proposed Consequential Amendments.....	3811
<b>Chapter 2 Decisions, Orders and Rulings .....</b>	<b>3749</b>			
<b>2.1 Decisions .....</b>	<b>3749</b>			
2.1.1 Schneider Electric S.A.....	3749			
2.1.2 Pareto Corporation – s. 1(10) .....	3755			
2.1.3 CI Investments Inc. ....	3755			
2.1.4 Uranium One Inc. ....	3759			
2.1.5 Star Hedge Managers Corp. II.....	3764			
2.1.6 RBC Global Asset Management Inc.....	3766			

<b>Chapter 7</b>	<b>Insider Reporting.....</b>	<b>3893</b>
<b>Chapter 8</b>	<b>Notice of Exempt Financings .....</b>	<b>4007</b>
	Reports of Trades Submitted on Forms 45-106F1 and 45-501F1 .....	4007
<b>Chapter 9</b>	<b>Legislation .....</b>	<b>(nil)</b>
<b>Chapter 11</b>	<b>IPOs, New Issues and Secondary Financings .....</b>	<b>4015</b>
<b>Chapter 12</b>	<b>Registrations .....</b>	<b>4023</b>
12.1.1	Registrants .....	4023
<b>Chapter 13</b>	<b>SROs, Marketplaces and Clearing Agencies .....</b>	<b>(nil)</b>
13.1	SROs.....	(nil)
13.2	Marketplaces.....	(nil)
13.3	Clearing Agencies .....	(nil)
<b>Chapter 25</b>	<b>Other Information .....</b>	<b>(nil)</b>
<b>Index .....</b>		<b>4025</b>

# Chapter 1

## Notices / News Releases

### 1.1 Notices

### SCHEDULED OSC HEARINGS

#### 1.1.1 Current Proceedings Before The Ontario Securities Commission

April 1, 2011

#### CURRENT PROCEEDINGS

#### BEFORE

#### ONTARIO SECURITIES COMMISSION

-----

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

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

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

#### CDS

#### TDX 76

Late Mail depository on the 19<sup>th</sup> Floor until 6:00 p.m.

-----

#### THE COMMISSIONERS

Howard I. Wetston, Chair	—	HIW
James E. A. Turner, Vice Chair	—	JEAT
Lawrence E. Ritchie, Vice Chair	—	LER
Sinan O. Akdeniz	—	SOA
James D. Carnwath	—	JDC
Mary G. Condon	—	MGC
Margot C. Howard	—	MCH
Kevin J. Kelly	—	KJK
Paulette L. Kennedy	—	PLK
Edward P. Kerwin	—	EPK
Vern Krishna	—	VK
Christopher Portner	—	CP
Charles Wesley Moore (Wes) Scott	—	CWMS

April 4, 2011

11:00 a.m.

**Ameron Oil and Gas Ltd., MX-IV Ltd., Gaye Knowles, Giorgio Knowles, Anthony Howorth, Vadim Tsatskin, Mark Grinshpun, Oded Pasternak, and Allan Walker**

s. 127

H. Craig/C. Rossi in attendance for Staff

Panel: JDC

April 5, 2011

2:30 p.m.

**Lehman Brothers & Associates Corp., Greg Marks, Kent Emerson Lounds and Gregory William Higgins**

s. 127

H. Craig in attendance for Staff

Panel: JEAT

April 7, 2011

9:00 a.m.

**Paul Donald**

s. 127

C. Price in attendance for Staff

Panel: CP/PLK

April 11, April 13-21, and April 27-29, 2011	<b>Axxess Automation LLC, Axxess Fund Management, LLC, Axxess 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</b>	April 26, 2011 2:30 p.m.	<b>Firestar Capital Management Corp., Kamposse Financial Corp., Firestar Investment Management Group, Michael Ciavarella and Michael Mitton</b>
10:00 a.m.			s. 127 H. Craig in attendance for Staff Panel: CP
	s. 127 Y. Chisholm in attendance for Staff Panel: CP/PLK	April 27, 2011 10:00 a.m.	<b>QuantFX Asset Management Inc., Vadim Tsatskin, Lucien Shtromvaser and Rostislav Zemlinsky</b>
			s. 127 C. Rossi in attendance for Staff Panel: MGC
April 13, 2011	<b>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"</b>	April 27, 2011 10:00 a.m.	<b>Heir Home Equity Investment Rewards Inc.; FFI First Fruit Investments Inc.; Wealth Building Mortgages Inc.; Archibald Robertson; Eric Deschamps; Canyon Acquisitions, LLC; Canyon Acquisitions International, LLC; Brent Borland; Wayne D. Robbins; Marco Caruso; Placencia Estates Development, Ltd.; Copal Resort Development Group, LLC; Rendezvous Island, Ltd.; The Placencia Marina, Ltd.; and The Placencia Hotel And Residences Ltd.</b>
10:00 a.m.	s. 127 B. Shulman in attendance for Staff Panel: JEAT		s. 127 A. Perschy in attendance for Staff Panel: EPK
April 18 and April 20, 2011	<b>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</b>	April 27, 2011 11:00 a.m.	<b>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)</b>
10:00 a.m.	s. 127 and 127.1 H. Daley in attendance for Staff Panel: JDC/MCH		s. 127 S. Chandra in attendance for Staff Panel: EPK

April 28, 2011	<b>Bernard Boily</b>	May 3, 2011	<b>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</b>
10:00 a.m.	s. 127 and 127.1	10:00 a.m.	
	U. Sheikh in attendance for Staff		
	Panel: VK		
April 29, 2011	<b>North American Financial Group Inc., North American Capital Inc., Alexander Flavio Arconti, and Luigino Arconti</b>		
10:00 a.m.			s. 127
	s. 127		H. Craig in attendance for Staff
	M. Vaillancourt in attendance for Staff		Panel: TBA
	Panel: EPK	May 4-5, 2011	<b>Biovail Corporation, Eugene N. Melnyk, Brian H. Crombie, John R. Miszuk and Kenneth G. Howling</b>
May 2-9, May 11-12, 2011	<b>Innovative Gifting Inc., Terence Lushington, Z2A Corp., and Christine Hewitt</b>	10:00 a.m.	
10:00 a.m.			s. 127(1) and 127.1
	s. 127		J. Superina, A. Clark in attendance for Staff
	M. Vaillancourt in attendance for Staff		Panel: JEAT/PLK/MGC
	Panel: JDC/MCH	May 10, 2011	<b>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</b>
May 2-9 and May 11-13, 2011	<b>York Rio Resources Inc., Brillante Brasilcan Resources Corp., Victor York, Robert Runic, George Schwartz, Peter Robinson, Adam Sherman, Ryan Demchuk, Matthew Oliver, Gordon Valde and Scott Bassingdale</b>	2:30 p.m.	
10:00 a.m.			s. 127
	s. 127		M. Vaillancourt in attendance for Staff
	H. Craig/C. Rossi in attendance for Staff		Panel: JDC
	Panel: VK/EPK	May 12, 2011	<b>Magna Partners Ltd.</b>
		10:00 a.m.	s. 21.7
			M. Vaillancourt in attendance for Staff
			Panel: JEAT/CP

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 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 16, 2011  
10:00 a.m.

**Oversea Chinese Fund Limited Partnership, Weizhen Tang and Associates Inc., Weizhen Tang Corp., and Weizhen Tang**

s. 127 and 127.1

H. Craig in attendance for Staff

Panel: JDC

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**

May 24, 2011

2:30 p.m.

May 26, 2011

2:00 p.m.

s. 127

P. Foy in attendance for Staff

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

May 19, 2011  
10:00 a.m.

**Andrew Rankin**

s. 144

S. Fenton/K. Manarin in attendance for Staff

Panel: JEAT/PLK/CP

May 24, 2011  
2:30 p.m.

**Shallow Oil & Gas Inc., Eric O'Brien, Abel Da Silva, Gurdip Singh Gahunia aka Michael Gahunia and Abraham Herbert Grossman aka Allen Grossman**

s. 127(7) and 127(8)

H. Craig in attendance for Staff

Panel: TBA

May 25-31, 2011  
10:00 a.m.

**Sunil Tulsiani, Tulsiani Investments Inc., Private Investment Club Inc., and Gulfland Holdings LLC**

s. 127

C. Rossi in attendance for Staff

Panel: JDC/CWMS

June 1-2, 2011

10:00 a.m.

**Hector Wong**

s. 21.7

A. Heydon in attendance for Staff

Panel: EPK/PLK



June 6 and June 8-9, 2011	<b>Lehman Brothers &amp; Associates Corp., Greg Marks, Kent Emerson Lounds and Gregory William Higgins</b>	September 12, 14-26 and September 28-30, 2011	<b>FactorCorp Inc., FactorCorp Financial Inc. and Mark Twerdun</b>
10:00 a.m.	s. 127	10:00 a.m.	s. 127
	H. Craig in attendance for Staff		C. Price in attendance for Staff
	Panel: JDC/CWMS		Panel: TBA
June 20 and June 22-30, 2011	<b>Nest Acquisitions and Mergers, IMG International Inc., Caroline Myriam Frayssignes, David Pelcowitz, Michael Smith, and Robert Patrick Zuk</b>	September 14-23, September 28 – October 4, 2011	<b>Juniper Fund Management Corporation, Juniper Income Fund, Juniper Equity Growth Fund and Roy Brown (a.k.a. Roy Brown-Rodrigues)</b>
10:00 a.m.	s. 37, 127 and 127.1	10:00 a.m.	s. 127 and 127.1
	C. Price in attendance for Staff		D. Ferris in attendance for Staff
	Panel: TBA		Panel: TBA
July 15, 2011	<b>Hillcorp International Services, Hillcorp Wealth Management, Suncorp Holdings, 1621852 Ontario Limited, Steven John Hill, and Danny De Melo</b>	October 12-24 and October 26-27, 2011	<b>Helen Kuszper and Paul Kuszper</b>
10:00 a.m.	s. 127	10:00 a.m.	s. 127 and 127.1
	A. Clark in attendance for Staff		U. Sheikh in attendance for Staff
	Panel: TBA		Panel: JDC/CWMS
July 26, 2011	<b>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)</b>	October 17-24 and October 26-31, 2011	<b>Richvale Resource Corp., Marvin Winick, Howard Blumenfeld, John Colonna, Pasquale Schiavone, and Shafi Khan</b>
11:00 a.m.	s. 127	10:00 a.m.	s. 127(7) and 127(8)
	S. Chandra in attendance for Staff		C. Johnson in attendance for Staff
	Panel: TBA		Panel: TBA
September 6-12, September 14-26 and September 28, 2011	<b>Anthony Ianno and Saverio Manzo</b>	November 7, November 9-21, November 23-December 2, 2011	<b>Majestic Supply Co. Inc., Suncastle Developments Corporation, Herbert Adams, Steve Bishop, Mary Kricfalusi, Kevin Loman and CBK Enterprises Inc.</b>
10:00 a.m.	s. 127 and 127.1	10:00 a.m.	s. 37, 127 and 127.1
	A. Clark in attendance for Staff		D. Ferris in attendance for Staff
	Panel: EPK/PLK		Panel: TBA

November 14-21 and November 23-28, 2011	<b>Shaun Gerard McErlean and Securus Capital Inc.</b> s. 127	TBA	<b>MRS Sciences Inc. (formerly Morningside Capital Corp.), Americo DeRosa, Ronald Sherman, Edward Emmons and Ivan Cavric</b>
10:00 a.m.	M. Britton in attendance for Staff Panel: TBA		s. 127 and 127(1) D. Ferris in attendance for Staff Panel: TBA
December 5 and December 7-16, 2011	<b>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.</b> s. 127	TBA	<b>Goldpoint Resources Corporation, Lino Novielli, Brian Moloney, Evanna Tomeli, Robert Black, Richard Wylie and Jack Anderson</b> s. 127(1) and 127(5) C. Watson in attendance for Staff Panel: TBA
10:00 a.m.	M. Britton in attendance for Staff Panel: TBA		
TBA	<b>Yama Abdullah Yaqeen</b> s. 8(2) J. Superina in attendance for Staff Panel: TBA	TBA	<b>Gold-Quest International, 1725587 Ontario Inc. carrying on business as Health and Harmony, Harmony Club Inc., Donald Iain Buchanan, Lisa Buchanan and Sandra Gale</b> s. 127 H. Craig in attendance for Staff Panel: TBA
TBA	<b>Microsourceonline Inc., Michael Peter Anzelmo, Vito Curalli, Jaime S. Lobo, Sumit Majumdar and Jeffrey David Mandell</b> s. 127 J. Waechter in attendance for Staff Panel: TBA	TBA	<b>Lyndz Pharmaceuticals Inc., James Marketing Ltd., Michael Eatch and Rickey McKenzie</b> s. 127(1) and (5) J. Feasby/C. Rossi in attendance for Staff Panel: TBA
TBA	<b>Frank Dunn, Douglas Beatty, Michael Gollogly</b> s. 127 K. Daniels in attendance for Staff Panel: TBA	TBA	<b>M P Global Financial Ltd., and Joe Feng Deng</b> s. 127 (1) M. Britton in attendance for Staff Panel: TBA

TBA	<p><b>Shane Suman and Monie Rahman</b></p> <p>s. 127 and 127(1)</p> <p>C. Price in attendance for Staff</p> <p>Panel: JEAT/PLK</p>	TBA	<p><b>Paul Azeff, Korin Bobrow, Mitchell Finkelstein, Howard Jeffrey Miller and Man Kin Cheng (a.k.a. Francis Cheng)</b></p> <p>s. 127</p> <p>T. Center/D. Campbell in attendance for Staff</p> <p>Panel: TBA</p>
TBA	<p><b>Gold-Quest International, Health and Harmoney, Iain Buchanan and Lisa Buchanan</b></p> <p>s. 127</p> <p>H. Craig in attendance for Staff</p> <p>Panel: TBA</p>	TBA	<p><b>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</b></p> <p>s. 127</p> <p>A. Perschy/C. Rossi in attendance for Staff</p> <p>Panel: CP/PLK</p>
TBA	<p><b>Brilliant Brasilcan Resources Corp., York Rio Resources Inc., Brian W. Aidelman, Jason Georgiadis, Richard Taylor and Victor York</b></p> <p>s. 127</p> <p>H. Craig in attendance for Staff</p> <p>Panel: TBA</p>	TBA	<p><b>Irwin Boock, Stanton Defreitas, Jason Wong, Saudia Allie, Alena Dubinsky, Alex Khodjaints 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</b></p> <p>s. 127 and 127.1</p> <p>H. Craig in attendance for Staff</p> <p>Panel: TBA</p>
TBA	<p><b>Abel Da Silva</b></p> <p>s. 127</p> <p>C. Watson in attendance for Staff</p> <p>Panel: TBA</p>		
TBA	<p><b>Sextant Capital Management Inc., Sextant Capital GP Inc., Otto Spork, Robert Levack and Natalie Spork</b></p> <p>s. 127</p> <p>T. Center in attendance for Staff</p> <p>Panel: TBA</p>		

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

T. Center 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      **David M. O'Brien**

s. 37, 127 and 127.1

B. Shulman in attendance for Staff

Panel: TBA

TBA      **Peter Sbaraglia**

s. 127

S. Horgan/P. Foy in attendance for Staff

Panel: TBA

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

s. 127

H. Craig/C. Rossi 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**

**ADJOURNED SINE DIE**

Maitland Capital Ltd., Allen Grossman, Hanouch Ulfan, Leonard Waddingham, Ron Garner, Gord Valde, Marianne Hyacinthe, Diana Cassidy, Ron Catone, Steven Lanys, Roger McKenzie, Tom Mezinski, William Rouse and Jason Snow

LandBankers International MX, S.A. De C.V.; Sierra Madre Holdings MX, S.A. De C.V.; L&B LandBanking Trust S.A. De C.V.; Brian J. Wolf Zacarias; Roger Fernando Ayuso Loyo, Alan Hemingway, Kelly Friesen, Sonja A. McAdam, Ed Moore, Kim Moore, Jason Rogers and Dave Urrutia

Hollinger Inc., Conrad M. Black, F. David Radler, John A. Boulton and Peter Y. Atkinson

**1.1.2 OSC Staff Notice 11-739 (Revised) – Policy Reformulation Table of Concordance and List of New Instruments**

**OSC STAFF NOTICE 11-739 (REVISED)**

**POLICY REFORMULATION TABLE OF CONCORDANCE AND LIST OF NEW INSTRUMENTS**

The following revisions have been made to the Table of Concordance and List of New Instruments. A full version of the Table of Concordance and List of New Instruments as of March 31, 2011. This has been posted to the OSC Website at [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

**Table of Concordance**

**Item Key**

The third digit of each instrument represents the following: 1-National/Multilateral Instrument; 2-National/Multilateral Policy; 3-CSA Notice; 4-CSA Concept Release; 5-Local Rule; 6-Local Policy; 7-Local Notice; 8-Implementing Instrument; 9-Miscellaneous

**Reformulation**

Instrument	Title	Status
	None	

**New Instruments**

Instrument	Title	Status
54-701	Regulatory Developments Regarding Shareholder Democracy Issues	<b><i>Published January 14, 2011</i></b>
13-315	Securities Regulatory Authority Closed Dates 2011	<b><i>Published January 21, 2011</i></b>
11-764	Business Continuity Planning – Industry Testing Exercise	<b><i>Published February 11, 2011</i></b>
11-765	OSC Statement of Priorities – 2011-2012	<b><i>Published for comment February 25, 2011</i></b>
31-323	Guidance Relating to the Registration Obligations of Mortgage Investment Entities	<b><i>Published February 25, 2011</i></b>
81-321	Early Use of the Fund Facts to Satisfy Prospectus Delivery Requirements	<b><i>Published February 25, 2011</i></b>
81-714	Compliance with Form 41-101F2 – Information Required in An Investment Fund Prospectus	<b><i>Published March 4, 2011</i></b>
21-705	Process for Marketplace Filings and Proposed Rules of Exchanges	<b><i>Published March 18, 2011</i></b>
25-101	Designated Rating Organizations	<b><i>Published for comment March 18, 2011</i></b>
11-205	Process for Designation as a Designated Rating Organization in Multiple Jurisdictions	<b><i>Published for comment March 18, 2011</i></b>
41-101	General Prospectus Requirements – Amendments tied to NI 25-101	<b><i>Published for comment March 18, 2011</i></b>
44-101	Short Form Prospectus Distributions - Amendments tied to NI 25-101	<b><i>Published for comment March 18, 2011</i></b>
51-102	Continuous Disclosure Obligations – Amendments tied to NI 25-101	<b><i>Published for comment March 18, 2011</i></b>

**New Instruments**

21-101	Marketplace Operation – Amendments	<b><i>Published for comment March 18, 2011</i></b>
23-101	Trading Rules – Amendments	<b><i>Published for comment March 18, 2011</i></b>
81-713	Focussed Disclosure Review – National Instrument 81-107 Independent Review Committee for Investment Funds	<b><i>Published March 25, 2011</i></b>
81-320	Update on International Financial Reporting Standards for Investment Funds (Revised)	<b><i>Published March 25, 2011</i></b>

For further information, contact:

Darlene Watson  
Project Coordinator  
Ontario Securities Commission  
416-593-8148

April 1, 2011

This page intentionally left blank



**1.1.3 OSC Staff Notice 41-702 – Prospectus Practice Directive #1 – Personal information forms and other procedural matters regarding preliminary prospectus filings**

OSC Staff Notice 41-702 – *Prospectus Practice Directive #1 – Personal information forms and other procedural matters regarding preliminary prospectus filings* is reproduced on the following separately numbered pages. Bulletin pagination resumes at the end of the notice.

This page intentionally left blank

**PROSPECTUS PRACTICE DIRECTIVE #1**  
**Personal information forms and other procedural matters regarding preliminary prospectus filings**

OSC Staff Notice 41-702

April 1, 2011

The purpose of this practice directive is to alert issuers (including investment fund issuers) and their advisors of:

- procedural changes to facilitate our review of personal information forms filed by directors, executive officers and other individuals, and
- common deficiencies in preliminary prospectus filings.

It also reminds issuers and their advisors of the timing for filing preliminary prospectus materials and the issuance of receipts.

This practice directive is intended to assist issuers and their advisors. It has been prepared by staff of the Corporate Finance Branch and Investment Funds Branch. The views it expresses do not necessarily reflect the views of the Commission or the Canadian Securities Administrators.

### Procedures for personal information forms

Under the general prospectus rules, an issuer is required to:

- deliver a personal information form (including a certificate and consent) and an issuer authorization form (collectively, a PIF), or
- have previously filed or delivered a PIF or other acceptable authorization document, for each director, executive officer and promoter of the issuer (and, if the promoter is not an individual, each director and executive officer of the promoter) concurrent with the filing of a preliminary prospectus.<sup>1</sup>

Under the prospectus rules applicable to investment funds, PIFs are also required to be delivered, or to have previously been filed or delivered, for each director and executive officer of the manager of the investment fund issuer, as applicable.<sup>2</sup>

A summary of updated procedures to accommodate our expeditious review of PIFs, and a discussion of common deficiencies with PIF filings, is set out below.

<sup>1</sup> The specific PIF delivery requirements for issuers are described, as applicable, in paragraph 9.1(b)(ii) of NI 41-101 and in paragraph 4.1(b)(i) of NI 44-101.

<sup>2</sup> The specific PIF delivery requirements for investment fund issuers are described, as applicable, in paragraph 9.1(b)(ii) of NI 41-101, paragraph 4.1(b)(i) of NI 44-101 and paragraph 2.3(b)(ii) of NI 81-101.

### ***Procedural matters***

To facilitate our review of PIFs, issuers are advised to provide the following information in the cover letter accompanying the materials filed with a preliminary prospectus:

- the name of: (i) each current director, executive officer and promoter of the issuer (and, if the promoter is not an individual, each director and executive officer of the promoter) and, (ii) if the issuer is an investment fund, each director and executive officer of the manager of the investment fund issuer, as applicable (collectively, the individuals).
- for each of the individuals, an indication as to whether a PIF has been delivered with the preliminary prospectus or a PIF or other acceptable authorization document for the individual was previously filed or delivered, and
- for each of the individuals for whom the issuer has not delivered a PIF because a PIF or other acceptable authorization document was previously filed, the SEDAR project number and submission number under which the PIF or other acceptable authorization document was previously filed.

Where an issuer is submitting its first preliminary prospectus for which the OSC will act as its principal regulator, the issuer should either file a new PIF or refile a PIF or other acceptable authorization document that was previously filed with its previous principal regulator for each applicable individual.

Where an issuer has reason to believe that information contained in a PIF previously filed or delivered by an individual has materially changed, the issuer should deliver a new PIF for that individual concurrent with filing its preliminary prospectus.

### ***Common deficiencies with PIF filings***

Issuers and their advisors should pay careful attention to ensure that each PIF is fully completed by each applicable individual. In particular, we note the following deficiencies in PIF submissions that may cause delays in our review process:

- incorrect issuer name provided in the PIF
- missing or incomplete name of individual and date of birth information (i.e. middle initial provided, rather than full middle name)
- missing yes/no response to a question in any of Parts 6 – 9 of the PIF concerning offences, bankruptcy, regulatory proceedings and civil proceedings
- failure to provide details concerning a positive response to a question in any of Parts 6 – 9 of the PIF in an attachment to the PIF
- individual's certificate and consent not provided with the PIF
- individual's certificate and consent missing the name or signature of the individual, or the date of execution, and
- written responses to questions in the PIF are illegible.

## Other procedural matters when filing a preliminary prospectus

We continue to see certain deficiencies that can cause unnecessary delays in issuing a receipt for a preliminary prospectus and often result in additional communication among us, issuers and/or their advisors.

Accordingly, we remind issuers and their advisors to ensure the following:

<b>Prior discussions with staff</b>	<ul style="list-style-type: none"> <li>Details of prior discussions with staff regarding prospectus filing issues should be set out in the cover letter accompanying a preliminary prospectus filing.</li> </ul>
<b>Preliminary prospectus face page disclosure</b>	<ul style="list-style-type: none"> <li>The “red herring” statement provides the specified disclosure regarding the jurisdictions in Canada in which the issuer intends to offer securities under the prospectus (per Item 1.2 of Form 41-101F1, Item 1.1 of Form 41-101F2, Item 1.2 of Form 44-101F1 and Item 1 of Form 81-101F1, and the related Instruction in the prospectus forms, as applicable). A generic statement that securities will be offered in “certain” jurisdictions is not acceptable.</li> </ul>
<b>Preliminary prospectus amendment face page disclosure</b>	<ul style="list-style-type: none"> <li>An amendment to a preliminary prospectus identifies the name and date of the original prospectus that is being amended or amended and restated (as set out in subsection 6.1(2) of NI 41-101 and subsection 2.2(3) of NI 81-101).</li> </ul>
<b>Documents incorporated by reference</b>	<ul style="list-style-type: none"> <li>All documents incorporated by reference into a preliminary short form prospectus have, as of the date of filing the preliminary prospectus, been filed with each jurisdiction in which the preliminary short form prospectus is filed (as noted in subsection 2.1(3) of 44-101CP).</li> </ul>
<b>Prospectus certificates</b>	<ul style="list-style-type: none"> <li>Prospectus certificates in the preliminary prospectus comply with applicable requirements.</li> </ul>
<b>Short form prospectus qualification certificate</b>	<ul style="list-style-type: none"> <li>The issuer qualification certificate filed pursuant to section 4.1 of NI 44-101 is dated as of the date of the preliminary short form prospectus and refers to the correct issuer name and date of the preliminary short form prospectus.</li> </ul>
<b>Expert consent letters</b>	<ul style="list-style-type: none"> <li>All expert consent letters refer to the correct issuer and accurately identify the type and date of the preliminary prospectus.</li> </ul>
<b>Issuer confirmation letter pursuant to section 7.2 of NP 11-202</b>	<ul style="list-style-type: none"> <li>The issuer confirmation letter filed pursuant to subsection 7.2(2) of NP 11-202 specifies in respect of paragraph (d) that <u>either</u>: (i) at least one underwriter that signed the prospectus certificate is registered in each jurisdiction in which the issuer will offer the securities, <u>or</u> (ii) at least one underwriter that has signed a prospectus certificate has filed an application for registration or for an exemption from registration in each jurisdiction in which the issuer will offer the securities.</li> </ul>

<b>SEDAR – NI 13-101</b>	<ul style="list-style-type: none"> <li>Documents filed with a preliminary prospectus are filed under the correct “Filing Type” and “Filing Subtype” as prescribed in the SEDAR Filer Manual.</li> <li>Only documents from one “Filing Subtype” are filed under a single submission as prescribed in paragraph 8.3(e) of the SEDAR Filer Manual.</li> </ul>
<b>Fees</b>	<ul style="list-style-type: none"> <li>Activity fees and participation fees are paid as required under OSC Rule 13-502 <i>Fees</i>.</li> <li>The correct fee description and fee code for each type and form of preliminary prospectus or pro forma prospectus is used when attaching an activity fee in SEDAR.</li> </ul>

## Timing for filing preliminary prospectus materials and the issuance of receipts

### **General timing guidelines**

We remind issuers and their advisors of OSC Staff Notice 41-701 *Issuance of Receipts for Preliminary Prospectuses and Prospectuses* (dated July 29, 2005). It sets out the following deadlines for filing preliminary prospectus materials where the issuer wishes to receive a receipt for the preliminary prospectus on the same day as the filing.

<b>Nature of prospectus offering</b>	<b>Timing for filing preliminary prospectus and all accompanying materials in acceptable form</b>
Preliminary prospectuses generally	<p>12 p.m. (EST) on the day that the receipt is required</p> <p>If preliminary prospectus materials are filed after 12 p.m. (EST), the receipt will normally be issued before 12 p.m. (EST) on the next business day and dated as of that day. If you anticipate filing a prospectus within a reasonable period of time after 12:00 p.m. (EST) and you need a receipt issued that day, please make special arrangements in advance with our Review Officer. We will attempt to accommodate these requests, but there is no assurance that a receipt will be issued on the date requested if the filing is made after 12 p.m. (EST)</p>

<b>Nature of prospectus offering</b>	<b>Timing for filing preliminary prospectus and all accompanying materials in acceptable form</b>
Preliminary short form prospectuses where the issuer has entered into a bought deal in which marketing efforts have been made in reliance on section 7.1 of NI 44-101	<p>3 p.m. (EST) on the day that the receipt is required <u>provided that</u>:</p> <ul style="list-style-type: none"> <li>the issuer has advised our Review Officer before 12 p.m. (EST) that the preliminary prospectus will be filed by 3 p.m. (EST) on that day, and</li> <li>the cover letter that accompanies the preliminary short form prospectus indicates the issuer's reliance on section 7.1 of NI 44-101</li> </ul>

If a preliminary prospectus and all accompanying materials are filed in acceptable form by the applicable deadline above, we will make every reasonable effort to issue a receipt for the preliminary prospectus on the day of filing.

#### ***Timing guidelines for overnight marketed deals***

- The issuer should advise the Review Officer by email at ProspectusReviewOfficer@osc.gov.on.ca as soon as possible on the morning of the day a receipt is required that it intends to conduct an overnight marketed deal and that it will therefore request that the receipt for the preliminary prospectus be issued after markets close that day (i.e. 4:00 p.m. (EST)).
- The issuer should explain in the email to the Review Officer the reasons for the proposed specified receipt issuance time.
- If the Review Officer is advised of an overnight marketed deal on the morning of the day a receipt is required, and the preliminary prospectus and all accompanying materials are filed in acceptable form before 12 p.m. (EST) on that day, we will make every reasonable effort to issue the receipt for the preliminary prospectus on or after the time requested on the day of filing.

## **Questions**

Questions may be referred to:

<b>Jo-Anne Matear, Assistant Manager</b> Tel: 416.593.2323 Email: jmatear@osc.gov.on.ca	<b>Matthew Au, Senior Accountant</b> Tel: 416.593.8132 Email: mau@osc.gov.on.ca
<b>Jason Koskela, Legal Counsel</b> Tel: 416.595.8922 Email: jkoskela@osc.gov.on.ca	<b>Merle Shiwbhajan, Review Officer</b> Tel: 416.593.8239 Email: mshiwbhajan@osc.gov.on.ca





**1.1.4 OSC Staff Notice 41-703 – Corporate Finance Prospectus Practice Directive #2 – Exemption from certain prospectus requirements to be evidenced by a receipt**

OSC Staff Notice 41-703 – *Corporate Finance Prospectus Practice Directive #2 – Exemption from certain prospectus requirements to be evidenced by a receipt* is reproduced on the following separately numbered pages. Bulletin pagination resumes at the end of the notice.

This page intentionally left blank

**CORPORATE FINANCE PROSPECTUS PRACTICE DIRECTIVE #2**  
**Exemption from certain prospectus requirements to be evidenced by a receipt**

OSC Staff Notice 41-703

April 1, 2011

The purpose of this practice directive is to alert issuers (other than investment funds) and their advisors of the procedural steps an issuer should follow when making an application for an exemption from certain requirements, as described below, where the exemption will be evidenced by the issuance of a receipt for a final prospectus (or an amendment to a final prospectus).

This practice directive is intended to assist issuers and their advisors. It has been prepared by staff of the Corporate Finance Branch and the views it expresses do not necessarily reflect the views of the Commission or the Canadian Securities Administrators.

**Exemption sought**

The issuance of a receipt for a final prospectus in connection with a proposed offering can evidence the granting of an exemption from the requirements of the following rules (referred to as the applicable prospectus requirements):

- National Instrument 41-101 *General Prospectus Requirements* (NI 41-101). Note that an exemption from subsection 2.2(2) of NI 41-101 cannot be evidenced by a final receipt. See Part 19 of NI 41-101.
- National Instrument 44-101 *Short Form Prospectus Distributions* (NI 44-101). Note that an exemption from Part 2 of NI 44-101 cannot be evidenced by a final receipt. See Part 8 of NI 44-101.
- National Instrument 44-102 *Shelf Distributions* (NI 44-102). Note that an exemption from Part 2 of NI 44-102 cannot be evidenced by a final receipt. See Part 11 of NI 44-102.
- National Instrument 44-103 *Post-Receipt Pricing* (NI 44-103). See Part 6 of NI 44-103.
- National Instrument 71-101 *The Multijurisdictional Disclosure System* (NI 71-101). See Part 21 of NI 71-101.
- National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* (NI 52-107). See Part 5 of NI 52-107.

## Procedural matters when making an application for an exemption to be evidenced by a receipt

We continue to see certain deficiencies that can cause unnecessary delays when reviewing an application for an exemption from the applicable prospectus requirements where the exemption will be evidenced by a receipt for the final prospectus. These deficiencies often result in additional communication among us, issuers and/or their advisors.

Accordingly, issuers and their advisors should note the following when submitting an application for an exemption from the applicable prospectus requirements to be evidenced by the prospectus receipt:

<b>Content of application</b>	<p>An application must be made to the regulator for the exemption. The application should be set out in a separate cover letter and contain:</p> <ul style="list-style-type: none"> <li>• the exemption sought,</li> <li>• an explanation for why the exemption is needed (e.g., if there is a provision the issuer would like to rely on but cannot, explain why the issuer cannot rely on it),</li> <li>• the issuer's submissions on why the exemption should be granted, and in particular, why, in the issuer's view, granting the exemption would not be prejudicial to the public interest,</li> <li>• how the key facts support granting the exemption, and</li> <li>• any past exemptions that are relevant to the application.</li> </ul>
<b>Application to be filed on SEDAR</b>	<p>The application should be filed through SEDAR under the same project number as the prospectus to which the application relates (so that the application is transparent to other regulators). If known at the time, the issuer should reference the application in the cover letter to the preliminary prospectus and file a copy of the application through SEDAR at the time of filing the materials for the preliminary prospectus to which the application relates.</p>
<b>Application to be made public</b>	<p>Please note that staff will generally place on the public file a copy of the application and the written acknowledgement from the regulator that the issuance of a receipt for the final prospectus will evidence the granting of the exemption (unless confidentiality has been requested in which case, they will be made public once confidentiality has been lifted). As a result, these documents will be made available to members of the public on request. They will not be made public under the issuer's profile on the SEDAR website (<a href="http://www.sedar.com">www.sedar.com</a>).</p>
<b>Prospectus disclosure</b>	<p>Where the exemption is granted, the issuer must describe the application and the resolution in the final prospectus to ensure transparency to investors and to the marketplace.</p>

Please note that an issuer seeking a pre-filing interpretation or a waiver application exemption before the issuance of a receipt may submit the pre-filing or waiver application sufficiently in advance of the filing of the related materials to avoid delays in issuance of the receipt. Please refer to Part 8 of National Policy 11-202 *Process for Prospectus Reviews in Multiple Jurisdictions*.

## Questions

Questions may be referred to:

<b>Jo-Anne Matear, Assistant Manager</b> Tel: 416.593.2323 Email: <a href="mailto:jmatear@osc.gov.on.ca">jmatear@osc.gov.on.ca</a>	<b>Diana Escobar Bold, Legal Counsel</b> Tel: 416.593.8229 Email: <a href="mailto:dbold@osc.gov.on.ca">dbold@osc.gov.on.ca</a>
--	--



**1.2 Notices of Hearing**

**1.2.1 QuantFX Asset Management Inc. et al. – ss. 37, 127**

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

**AND**

**QUANTFX ASSET MANAGEMENT INC.,  
VADIM TSATSKIN, LUCIEN SHTRUMVASER  
AND ROSTISLAV ZEMLINSKY**

**NOTICE OF HEARING  
(Sections 37 and 127)**

**TAKE NOTICE** that the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to sections 37 and 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), at the offices of the Commission located at 20 Queen Street West, Toronto, 17th Floor, on March 28, 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 agreements entered into between Staff of the Commission and (i) QuantFX Asset Management Inc. and Lucien Shtromvaser; and (ii) Rostislav Zemlinsky ;

**BY REASON OF** the allegations set out in the Statement of Allegations of Staff of the Commission dated November 10, 2010 and such additional allegations as counsel may advise and the Commission may permit;

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

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

**DATED** at Toronto this 24th day of March, 2011.

"Daisy Aranha"

Per: John Stevenson  
Secretary to the Commission

**1.2.2 Innovative Gifting Inc. et al. – ss. 127(1), 127.1**

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

**AND**

**IN THE MATTER OF  
INNOVATIVE GIFTING INC.,  
TERENCE LUSHINGTON, Z2A CORP.,  
AND CHRISTINE HEWITT**

**NOTICE OF HEARING  
(Subsections 127(1) and 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, commencing on March 29, 2011 at 2:30 p.m. or as soon thereafter as the hearing can be held;

**AND TAKE NOTICE** that the purpose of the hearing is for the Commission to consider whether it is in the public interest to approve the settlement agreement dated March 24, 2011 between Staff of the Commission, Innovative Gifting Inc. and Terence Lushington;

**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 25th day of March, 2011.

"John Stevenson"  
Secretary to the Commission

**1.2.3 Bernard Boily – ss. 127, 127.1**

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

**AND**

**IN THE MATTER OF  
BERNARD BOILY**

**NOTICE OF HEARING  
(Sections 127 and 127.1)**

**TAKE NOTICE** that the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to sections 127 and 127.1 of the Ontario *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") at the offices of the Commission located at 20 Queen Street West, Toronto, 17th Floor, on April 28, 2011 at 10 a.m., or as soon thereafter as the hearing can be held,

**AND TAKE NOTICE** that the purpose of the hearing is to consider whether it is in the public interest for the Commission to make an order, pursuant to sections 127 and 127.1 of the Act, that:

- a) trading in any securities by the respondent cease permanently, or for such period as is specified by the Commission, pursuant to clause 2 of section 127(1);
- b) the acquisition of any securities by the respondent is prohibited permanently, or for such period as is specified by the Commission, pursuant to clause 2.1 of section 127(1);
- c) any exemptions contained in Ontario securities law do not apply to the respondent permanently, or for such period as is specified by the Commission, pursuant to clause 3 of section 127(1);
- d) the respondent be prohibited permanently from providing any information, release, report or any other document as a market participant (including as a Qualified Person, as defined in National Instrument 43-101) to any person or company, or for such period as is specified by the Commission, pursuant to clause 5 of section 127(1);
- e) the respondent be reprimanded, pursuant to clause 6 of section 127(1);
- f) the respondent resign one or more positions that he holds as a director or officer of any issuer, pursuant to clause 7 of section 127(1);
- g) the respondent be prohibited permanently from becoming or acting as a director or officer of an issuer, or for such period as is specified by the Commission, pursuant to clause 8 of section 127(1);
- h) the respondent be prohibited permanently from becoming or acting as a director or officer of a registrant, or for such period as is specified by the Commission, pursuant to clause 8.2 of section 127(1);
- i) the respondent be prohibited permanently from becoming or acting as a director or officer of a investment fund manager, or for such period as is specified by the Commission pursuant to clause 8.4 of section 127(1);
- j) the respondent be prohibited permanently from becoming a registrant, investment fund manager or promoter, or for such period as is specified by the Commission, pursuant to clause 8.5 of section 127(1);
- k) the respondent pay an administrative penalty of not more than \$1 million for each failure to comply with Ontario securities law, pursuant to clause 9 of section 127(1);
- l) the respondent disgorge to the Commission any amounts obtained as a result of non-compliance with Ontario securities law, pursuant to clause 10 of section 127(1);
- m) the respondent pay the costs of the investigation and any hearing, pursuant to section 127.1; and
- n) such other orders as the Commission may deem appropriate;



**BY REASON OF** the allegations as set out in the Statement of Allegations of Staff of the Commission dated March 29, 2011 and such additional allegations as counsel may advise and the Commission may permit;

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

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

**DATED** at Toronto this 29th 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  
BERNARD BOILY**

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

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

**I. THE RESPONDENT**

1. The Respondent, Bernard Boily ("Boily"), has practiced as a geologist for over 27 years. He served as the Vice-President (Explorations) as well as the Qualified Person (as defined below) for Bear Lake Gold Ltd. ("Bear Lake") until he was terminated on November 3, 2009.

**II. OVERVIEW**

2. This is an egregious case of fraud by a Qualified Person. Between December 2007 and July 2009 (the "Material Period"), Boily manipulated and inflated assay results related to Bear Lake's Larder Lake gold mining project. The project was Bear Lake's primary project and principal asset. Boily then caused these false results to be reported in press releases issued by the company throughout this period.
3. In addition, Boily frustrated the work of and misled independent Qualified Persons retained by Bear Lake to verify data for the Larder Lake project. Among other things, Boily provided manipulated assay databases, altered assay certificates, falsified drill core logs and provided other false information to independent Qualified Persons. Boily also re-arranged and replaced core being verified by them in order to further his deception.
4. By engaging in the foregoing conduct, Boily engaged in fraud and market manipulation, contrary to subsections 126.1(a) and (b) of the *Securities Act* (the "Act"); made misleading and untrue statements, contrary to subsection 126.2(1) of the Act; and also engaged in conduct which was not only contrary to the public interest but abusive to the integrity of Ontario's capital markets.

**III. BACKGROUND**

**(a) Bear Lake Gold Ltd.**

5. Bear Lake is a gold exploration company incorporated in Ontario. The company is a reporting issuer in Ontario with shares listed on the TSX Venture Exchange ("TSX-V") under the trading symbol "BLG". Bear Lake was previously known as NFX Gold Inc. ("NFX") and was incorporated on July 19, 1996. In September 2008, NFX acquired Maximus Ventures Ltd. ("Maximus") (which was then a reporting issuer on the TSX-V) and subsequently changed its name to Bear Lake. Unless otherwise indicated, all references to Bear Lake include reference to NFX and Maximus.
6. Throughout the Material Period, Bear Lake maintained a mining exploration project in the Larder Lake gold mining district (the "Larder Lake Project"), located in north-eastern Ontario. The project was the company's primary project and principal asset.

**(b) The Respondent**

7. Boily is a resident of Blainville, Québec. At all material times, Boily served as a geologist, Director and (later) Vice-President of Explorations as well as the qualified person (as defined in National Instrument 43-101— *Standards of Disclosure for Mineral Projects*<sup>1</sup>) ("Qualified Person") for Bear Lake.
8. As the Qualified Person, Boily performed a critical role under Ontario securities law for the company. Among other things, National Instrument 43-101 required:

---

<sup>1</sup> *Qualified Person*: means an individual who (i) is an engineer or geoscientist with at least five years of experience in mineral exploration, mine development or operation or mineral project assessment, or any combination of these; (ii) has experience relevant to the subject matter of the mineral project and the technical report; and (iii) is in good standing with a professional association (section 1.1, NI 43-101).

- (a) that all disclosure of scientific or technical information made by Bear Lake concerning a mineral project on property material to the company had to be based upon information prepared by or under the supervision of its Qualified Person (section 2.1); and
- (b) that Bear Lake indicate in all written disclosure the name of the Qualified Person who had prepared or supervised the preparation of the scientific or technical information being disclosed concerning any such mineral project and whether the Qualified Person had verified the data disclosed (sections 3.1 and 3.2).

9. Throughout the Material Period, the Larder Lake Project was a mineral project located on property material to Bear Lake. Bear Lake issued numerous press releases which included positive scientific and / or technical results related to its gold findings for this project. During the Material Period, the press releases named Boily as the Qualified Person and noted that the technical content of the information had been reviewed and / or approved by him.

**(c) Exploration Data Inconsistencies Announced**

- 10. On July 21, 2009, Bear Lake announced that it had become aware of "material inconsistencies" regarding its exploration results for the Larder Lake Project. The company further noted that the discrepancies appeared "serious" and could result in "significant reductions of gold values for some of the previously announced drilling intercepts." Earlier, on July 17, 2009, Bear Lake shares were halted on the basis of pending news from the company.
- 11. An internal investigation was immediately commenced with an independent consultant, Scott Wilson Roscoe Postle Associates Inc. (now known as Roscoe Postle Associates Inc.) ("RPA"), retained to lead the technical investigation.
- 12. On July 24, 2009, Bear Lake withdrew all of its previously announced results for the Larder Lake Project and advised investors that the results should not be relied upon.

**(d) Exploration Data Inconsistencies Confirmed**

- 13. On November 3, 2009, Bear Lake announced that RPA had substantially completed its technical investigation. The investigation confirmed that exploration data for the Larder Lake Project had indeed been compromised. In total, RPA identified discrepancies related to approximately 140 assays within Bear Lake's assay database (the "Assay Database").
- 14. Of the 58 drill hole intercepts disclosed in press releases, RPA determined that 24 of the intercepts (41%) were affected by unsupported assays. When compared against verified data, it was determined that only 7 of the 24 affected intercepts continued to retain a significant intercept.
- 15. In addition, Bear Lake also provided restated exploration results for previously reported intercepts. The gold content of previously reported intercepts were, in some cases, over 1000% higher than restated values. For example, the originally released results for Hole #57AW indicated a gold value of 15.1 g/t compared to a restated result indicating only 0.6 g/t. This represented a difference of over 2400%.
- 16. The material differences between original and restated results included the following:

					Reported	Restated	Difference
Press Release		From	To	Mineralization	Au	Au	Au
	Hole No.	(m)	(m)	Type	(g/t)	(g/t)	(%)
04-Jun-08	38	555.2	558.1	Flow	6.5	0.7	828%
19-May-09	44W2	687.0	688.5	Carbonate	8.5	2.6	226%
		695.0	703.5	Carbonate	10.6	3.6	194%
	Including	695.0	698.5		18.3	5.1	258%
14-Jul-09	56A	1,221.5	1,222.6	Flow	23.4	3.1	654%
26-Mar-09	57AW	1,636.5	1,638.0	Flow	15.1	0.6	2416%
14-Jul-09	59	1,133.0	1,136.5	Carbonate	10.5	1.7	517%
14-Jul-09	59W	1,466.8	1,469.6	Flow	6.7	2.5	168%
19-May-09	64	619.5	624.6	Carbonate	9.9	3.0	230%
	Including	622.3	624.6		14.9	4.5	231%
		754.0	759.0	Flow	5.4	0.2	2600%

					Reported	Restated	Difference
09-Jun-09	66	615.5	625.1	Carbonate	8.4	0.6	1300%
	Including	615.5	618.2		10.6	0.9	1077%
14-Jul-09	67	719.7	727.2	Carbonate	10.4	4.0	160%
14-Jul-09	70	475.5	480.0	Carbonate	11.0	0.0	N/A%

17. By November 3, 2009, RPA could not verify the significant gold values that had been originally reported by Bear Lake for Hole #49 (19.4, 27.9 and 76.1 g/t). Later re-drilling conducted for this hole produced the following results: 0.29, 1.74 and 4.74 g/t.

**(e) Materiality of Information**

18. The trading in Bear Lake resumed on July 28, 2009. Upon resumption of trading, Bear Lake's share price declined significantly. The stock price closed that day at \$0.24, down 66% from a closing price of \$0.71 prior to the halt (July 17). The closing price reflected a market capitalization loss on that day alone of over \$42 million.
19. For over one year thereafter, the Bear Lake share price remained at or below \$0.30.

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

**(a) Boily Manipulated Assay Results and Prepared Misleading / Untrue Press Releases**

20. Boily manipulated assay data and was responsible for the erroneous and excessive gold grades reported in Bear Lake's press releases. Among other things, Boily had:

- (a) **Altered Certificates of Analysis** – altered certificates of analysis ("COAs") received from laboratories (both electronic and hardcopy versions) with inflated gold values, prior to entering such results into Bear Lake's Assay Database. Boily had also altered these COAs by: removing unfavourable results; inputting fabricated sample results; manipulating the dates of COAs; and also manipulating signatures of laboratory personnel who certified the results. Boily destroyed original COAs which conflicted with his altered COAs;
- (b) **Entered Manipulated Assay Results into Assay Database** – entered manipulated and inflated assay results into Bear Lake's Assay Database, rather than actual data contained within COAs received from laboratories. These manipulations included inflated gold results as well as misstated core lengths and widths for drill hole intercepts;
- (c) **Selected Assay Results with Higher Gold Values** – received, at times, multiple results from a laboratory for the same sample (including, for quality control purposes) and selected the more favourable results containing the higher gold value, contrary to industry practice. Boily inputted the higher gold values into the Assay Database and destroyed conflicting COAs;
- (d) **Prepared Misleading Press Releases** – prepared Bear Lake press releases that contained the above-noted manipulated and inflated data, which were subsequently issued to the market. Manipulated results were often featured prominently in Bear Lake press releases and were accompanied with technical commentary which highlighted the "high-grade results" which were alleged to demonstrate "deep high-grade gold values," "deeper extension and continuity" of the Bear Lake gold zone, and "intensity" and "great potential" of a "strong gold mineralized system" for Bear Lake which "remain[ed] open to depth".

21. In one press release, dated July 14, 2009, Bear Lake issued additional results for drill hole intercepts which had been re-assayed due to "suspected" tellurides. Several of these re-sampling results were highlighted by Bear Lake as demonstrating a "significant increase in gold content" which "should have a positive impact on the upcoming resource estimate." These highlighted results were all fabricated by Boily. In some cases, Boily was further inflating gold values which had already been previously inflated by him in prior press releases.

**(b) Boily Misled Independent Qualified Persons**

22. In addition to the above, Boily frustrated the work of and misled independent Qualified Persons ("Independent QP") retained by Bear Lake to verify data for the Larder Lake Project. The Independent QPs were retained by Bear Lake to prepare a technical report in support of a mineral resource estimate for the project, as required by section 5.3 ("Independent Technical Report") of NI 43-101. Among other things, Boily:

- (a) **Provided Altered COAs and Manipulated Assay Databases to Independent QPs** – provided Independent QPs with COAs and Assay Databases which had been manipulated by him with, among other things, inflated gold results. Boily had also purposely omitted from these databases all assay results from wedge holes that had poor core recovery within the mineralized zone in order to avoid an Independent QP from potentially downgrading the resource estimate;
  - (b) **Replaced Core Being Verified by Independent QP** – provided an Independent QP with core from an unrelated hole which he represented as core from Hole #57AW. Hole #57AW was publicly reported as containing 15.1 g/t of gold yet was tested by an Independent QP as containing a negligible amount (0.6 g/t) (see Table above). Boily replaced the core in order to deceive the Independent QP;
  - (c) **Provided Manipulated Drill Core Log to Independent QP** – caused data to be altered within a drill core log for Hole #57AW. The log was then provided to an Independent QP in order to further Boily's deception involving the gold results for Hole #57AW; and
  - (d) **Provided Additional False Information to Independent QPs** – provided additional false information to Independent QPs in order to mislead, including untruthful explanations to address discrepancies encountered by Independent QPs during the data verification process as well as false information regarding the availability of core and sampling materials for the purposes of data verification.
23. Only after his misconduct was uncovered, did Boily admit to having engaged in some of the misconduct described in paragraphs 20-22 above.
- (c) **Fraud, Market Manipulation, Misleading / Untrue Statements and Conduct Contrary to the Public Interest**
24. Staff allege that by altering COAs, manipulating Assay Databases, causing press releases to be issued which contained inflated gold results and engaging in the further conduct described above, Boily engaged in conduct that he knew, or reasonably ought to have known, perpetrated a fraud and resulted in or contributed to an artificial price for Bear Lake securities, contrary to subsections 126.1(a) and (b) of the Act.
25. Staff further allege that the press releases prepared by Boily also contained misleading and untrue statements regarding gold results for the Larder Lake Project, which Boily knew or reasonably ought to have known would reasonably be expected to have a significant effect on the market price or value of Bear Lake securities, contrary to subsection 126.2(1).
26. Staff further allege that the conduct of Boily described above was contrary to the public interest and abusive to the integrity of Ontario's capital markets.
27. Staff reserve the right to make such other allegations as Staff may advise and the Commission may permit.

**DATED AT TORONTO** this 29th day of March, 2011.

**1.2.4 Marlon Gary Hibbert et al. – ss. 127(7), 127.1**

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

**AND**

**IN THE MATTER OF  
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)**

**NOTICE OF HEARING  
Sections 127(7) & 127.1**

**TAKE NOTICE THAT** the Ontario Securities Commission (the “Commission”) will hold a hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “Act”) at the offices of the Commission located at 20 Queen Street West, 17th Floor, on April 27, 2011 at 11:00 a.m., or as soon thereafter as the hearing can be held.

**AND TAKE NOTICE THAT** the purpose of the hearing is to consider whether it is in the public interest for the Commission, at the conclusion of the hearing, to make an order:

- (i) pursuant to clause 2 of section 127(1) of the Act that trading in any securities by Gary Marlon Hibbert (“Hibbert”); Ashanti Corporate Services Inc., formerly Power to Create Wealth Inc.; Dominion International Resource Management Inc., also operating as Kabash Resource Management Inc., collectively (the “Companies”); and Power to Create Wealth Inc. (Panama) (“PCWP”), (collectively, the “Respondents”) cease permanently or for such period as is specified by the Commission;
- (ii) pursuant to clause 2.1 of section 127(1) of the Act the acquisition of any securities by the Respondents is prohibited permanently or for such other period as is specified by the Commission;
- (iii) pursuant to clause 3 of section 127(1) of the Act that any exemptions contained in Ontario securities law do not apply to the Respondents permanently or for such period as is specified by the Commission;
- (iv) pursuant to clause 6 of section 127(1) of the Act that the Respondents be reprimanded;
- (v) pursuant to clauses 8, 8.2 and 8.4 of section 127(1) of the Act that the Individual Respondent be prohibited from becoming or acting as a director or officer of any issuer, registrant, or investment fund manager;
- (vi) pursuant to clause 9 of section 127(1) of the Act that the Respondents pay an administrative penalty of not more than \$1 million for each failure by the Respondents to comply with Ontario securities law;
- (vii) pursuant to clause 10 of section 127(1) of the Act that the Respondents disgorge to the Commission any amounts obtained as a result of non-compliance by the Respondents with Ontario securities law;
- (viii) pursuant to section 127.1 of the Act that the Respondents be ordered to pay the costs of the Commission investigation and the hearing; and
- (ix) such further order as the Commission considers appropriate in the public interest.

**BY REASON OF** the allegations as set out in the Statement of Allegations of Staff of the Commission dated March 29, 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 29th of March, 2011.

“Daisy Aranha”

Per: John Stevenson  
Secretary to the Commission

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

**AND**

**IN THE MATTER OF  
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)**

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

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

**I. OVERVIEW**

1. This proceeding involves fraud, unregistered trading/advising and the illegal distribution of securities from January 2005 to December 2010 (the 'Material Time').
2. Gary Marlon Hibbert ("Hibbert") solicited investors in Ontario to invest in the investment contracts through Ashanti Corporate Services Inc. ("Ashanti"), formerly Power to Create Wealth Inc. ("PCW"); Dominion International Resource Management Inc. ("Dominion"), also operating as Kabash Resource Management Inc. ("Kabash"), collectively (the "Companies"); and Power to Create Wealth Inc. (Panama) ("PCWP"), (collectively, the "Respondents").
3. Hibbert was throughout the Material Time, the directing mind and sole officer, director and President of the Companies. Hibbert through Ashanti acted as the agent of PCWP, and Hibbert directed the transfer of, or himself transferred all the investor funds that were sent to Panama.
4. Approximately \$ 8.5 million was raised from over 200 investors in Ontario by issuing these non-prospectus qualified securities.
5. Hibbert guaranteed a return of 5% or 8.5% monthly, and that the principal and the interest were guaranteed. Hibbert and the Companies operated with increasing losses and relied on new investor funds to pay out existing contracts.
6. Hibbert through the Companies and PCWP perpetrated a fraud on investors in Ontario by misleading investors as to the use of the funds, by paying out existing investors with new investor funds, and by using investor funds for personal expenditures.
7. In 2008, Hibbert moved all existing investor funds, and any new investor funds to Panama. Hibbert has refused to disclose material information as required pursuant to section 13 of the Act, including information on funds and trading activity in Panama, and ownership and control of PCWP.

**II. THE RESPONDENTS**

8. Hibbert is the founder and Pastor of Dominion World Outreach Ministries Dominion Worship Centre Inc. Hibbert is also a founding member of Fight For Justice ("FFJ"), an organization with a social mandate to better the lives of members of the African-Canadian Community. Many of Hibbert's investors are members of one of these organizations.
9. Hibbert is a resident of Ontario and was at all material times listed as the sole Officer, Director and President of the Companies.
10. PCW was incorporated on January 10, 2007, in the province of Ontario. PCW's name was changed to Ashanti on February 19, 2008.
11. Dominion was incorporated on December 19, 2003, in the province of Ontario. Dominion has operated under the name Kabash at various times although Kabash has never been a registered name.
12. PCWP is a company that was registered in Panama at the Public Registry of the Republic of Panama on June 9, 2008. However, PCWP has never been registered with the National Securities Commission of the Republic of Panama (CNV), nor has it been authorized to participate in the securities market in or from Panama.

13. The Respondents have never been registered with the Commission in any capacity.

### **III. BACKGROUND AND PARTICULARS**

#### **a. Illegal Distribution & Unregistered Trading/Advising – Sections 53 & 25 of the Act**

14. Hibbert has been soliciting investors since 2006, and has been selling securities of the Companies to investors in Canada and the U.S. but primarily in Ontario.

15. Hibbert has been advising investors in the buying and selling of the securities of the Companies and PCWP.

16. Securities issued by the Respondents were in the form of "Venture Capital Agreements" or "Loan Agreements" (the "Agreements"). The Agreements are "investment contracts" and therefore securities within the meaning of section 1(1) of the Act. The Agreements guarantee returns of 5% and in some cases, 8.5% per month (more than 100% per annum), plus the principal.

17. During the Material Time, approximately 8.5 million dollars was raised from investors in Ontario. Hibbert and the Companies represented to investors that they were in the business of trading in foreign exchange, and that business was profitable enough to guarantee the promised monthly returns and the principal.

18. Trades in the securities of the Companies and of PCWP were trades in securities not previously issued and were therefore a distribution. No prospectus or preliminary prospectus were ever filed and no receipts were issued by the Director.

19. There were no exemptions from the registration or prospectus requirements available to the Respondents.

#### **b. Fraud – Section 126.1 of the Act**

20. The Respondents engaged in a course of conduct related to securities that Hibbert, as the directing mind, knew or ought to have reasonably known by the end of 2008, perpetrated a fraud on investors.

21. Hibbert provided monthly statements to his investors. These statements showed the principal invested and the interest earned to date based on the rate of return in the Agreement with each investor. These statements provided no information on the actual trading activity. The account statements are misleading and fraudulent and provide a picture to the investor that is not accurate or true.

22. Hibbert continued to take on new investors throughout 2008 and 2009 despite knowing that he was operating with increasing losses.

23. Hibbert acting on behalf of the Companies used investor funds to pay out other investors. Approximately \$3-4 million dollars of new investor money was used to pay existing investors. In 2009 all payments to investors ceased.

24. Hibbert personally profited by using investor funds for his family's personal expenses including the lease payments of two luxury vehicles. Hibbert also directed the transfer of investor funds in the form of donations to his ministry, FFJ, and to his wife's business.

25. Hibbert, in a series of correspondence to investors, misled and misrepresented the reasons for not paying investors and for not being able to return principal amounts invested.

#### **c. Misleading Staff – Section 122 of the Act**

26. On November 9, 2010, and January 27, 2011, Hibbert was examined pursuant to s.13 of the Act (the "Examinations"). During the Examinations, Hibbert gave undertakings to Staff to provide information with respect to material aspects of the investigation.

27. Hibbert failed to fulfill undertakings provided to Staff or provided incomplete or incorrect information to Staff in response to undertakings, including misleading contact information of a person of interest to the investigation.

28. Hibbert made statements during his Examinations about the control and ownership of PCWP that were misleading.

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

29. Hibbert, the Companies, and PCWP traded and distributed securities without filing a prospectus in circumstances where no exemption was available, contrary to section 53 of the Act and contrary to the public interest.



30. Hibbert, the Companies and PCWP traded and advised on the trading of the securities of the Companies and PCWP, without being registered and in circumstances where no exemption was available, contrary to section 25 of the Act and contrary to the public interest.

31. Hibbert engaged in or participated in acts practices or courses of conduct relating to the securities of the Companies and of PCWP that he knew or ought to have known perpetrated a fraud on persons contrary to section 126.1(b) and contrary to the public interest.

32. Hibbert made statements during his Examination to Staff in respect of Panama that were materially misleading or untrue and/or failed to state facts in respect of PCWP that were required to be stated, contrary to section 122 of the Act and contrary to the public interest.

33. Staff reserve the right to amend these allegation and to make such further allegations as the Commission may permit.

**DATED** at Toronto this 29th day of March, 2011.

### 1.3 News Releases

#### 1.3.1 CSA, IIROC and MFDA launch expanded disciplined persons list

**FOR IMMEDIATE RELEASE**  
**March 29, 2011**

#### **CSA, IIROC AND MFDA LAUNCH EXPANDED DISCIPLINED PERSONS LIST**

**Toronto** – The Canadian Securities Administrators (CSA), the Investment Industry Regulatory Organization of Canada (IIROC) and the Mutual Fund Dealers Association (MFDA) today announced the launch of an expanded Canadian Disciplined Persons List.

The CSA has hosted a Disciplined Persons List on its website since 2009 as an information resource for historical records of disciplinary actions by provincial securities regulators. It has now been expanded to contain the names of persons disciplined by IIROC and the MFDA, each dating back to 2004.

"The expanded disciplined persons list is intended to assist the public and the securities industry in conducting due diligence when presented with investing opportunities," said Bill Rice, Chair of the CSA and Chair and CEO of the Alberta Securities Commission. "Working with IIROC and the MFDA, we have proactively established a central, online location to make it easier to perform a comprehensive search of our disciplined persons."

"We have heard from investors that it was frustrating to have to search multiple disciplinary lists and databases," said Susan Wolburgh Jenah, President and CEO of IIROC. "This is an improvement for investor protection."

"We want Canada's investing public to have access to information that can help them become an informed investor," said Larry M. Waite, President and CEO of the MFDA, "Participating with the CSA and IIROC helps us accomplish that aim."

Sanctions imposed by securities regulators in Canada are already matters of public record. With the creation of this improved disciplined persons list, individuals who have been subject to sanctions, no matter how serious, imposed by any securities regulator, IIROC or the MFDA, can now be found and searched in one central location online.

The expanded Disciplined Persons List complements disciplinary databases made available by Canada's various regulators, which detail cases involving firms and ongoing hearings. The MFDA and IIROC will each offer direct links to the [CSA's Disciplined Persons List](#) from their own websites.

The disciplined persons list is available on the [CSA website](#).

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

IIROC is the national self-regulatory organization which oversees all investment dealers and trading activity on debt and equity marketplaces in Canada.

The MFDA is the self-regulatory organization for Canadian mutual fund dealers, regulating the operations, standards of practice and business conduct of its 136 Members and their approximately 75,000 Approved Persons with a mandate to protect investors and the public interest.

#### **For more information:**

Carolyn Shaw-Rimington  
Ontario Securities Commission  
416-593-2361

Sylvain Th  berge  
Autorit   des march  s financiers  
514-940-2176

Mark Dickey  
Alberta Securities Commission  
403-297-4481

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

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

Graham Lang  
Yukon Securities Registry  
867-667-5466

Donn MacDougall  
Northwest Territories  
Securities Office  
867-920-8984

Barbara Shourounis  
Saskatchewan Financial Services Commission  
306-787-5842

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

Louis Arki  
Nunavut Securities Office  
867-975-6587

### 1.3.2 Canadian Securities Regulators Propose Enhanced Oversight of Securitized Products

**FOR IMMEDIATE RELEASE**  
**April 1, 2011**

#### **CANADIAN SECURITIES REGULATORS PROPOSE ENHANCED OVERSIGHT OF SECURITIZED PRODUCTS**

**Toronto** – The Canadian Securities Administrators (CSA) today proposed a framework for the regulation of securitized products in Canada that would improve investor protection through enhanced transparency and disclosure requirements for securitized products and modify the current exemptions investors use to access these products in the exempt market.

Under the proposed framework, reporting issuers would be required to provide investors with information on the features and risks of securitized products. This information will be provided to investors at the time of product distribution and on an ongoing basis. These new disclosure requirements have been designed to be consistent with international developments. In addition, non-reporting issuers that distribute securitized products in the exempt market will also be subject to certain initial and ongoing disclosure requirements.

“The proposed rules build on the CSA’s efforts to provide increased transparency to investors while taking into account the particular features of the Canadian securitization markets,” said Bill Rice, Chair of the CSA and Chair and CEO of the Alberta Securities Commission. “We will work toward striking an appropriate balance between strong investor protection and an efficient, open marketplace.”

A key element of the proposed rules is the narrowing of the class of investors who can buy securitized products in the exempt market to a smaller, more sophisticated group. This feature is intended to help investors avoid products whose risk profiles and underlying components may be unsuitable for their investment objectives.

The CSA is seeking input from investors and marketplace participants on the proposals. The comment period is open until June 24, 2011.

The Notice is available on the websites of various CSA members. The CSA, the council of the securities regulators of Canada’s provinces and territories, coordinates and harmonizes regulation for the Canadian capital markets.

#### **For more information:**

Carolyn Shaw-Rimington  
Ontario Securities Commission  
416-593-2361

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 QuantFX Asset Management Inc. et al.**

**FOR IMMEDIATE RELEASE  
March 24, 2011**

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

**AND**

**IN THE MATTER OF  
QUANTFX ASSET MANAGEMENT INC.,  
VADIM TSATSKIN, LUCIEN SHTROMVASER  
AND ROSTISLAV ZEMLINSKY**

**TORONTO** – The Office of the Secretary issued a Notice of Hearing for a hearing to consider whether it is in the public interest to approve the settlement agreements entered into between Staff of the Commission and (i) QuantFX Asset Management Inc. and Lucien Shtromvaser; and (ii) Rostislav Zemlinsky. The hearing will be held on March 28, 2011 at 10:00 a.m. in Hearing Room C on the 17th floor of the Commission's offices located at 20 Queen Street West, Toronto.

A copy of the Notice of Hearing dated March 24, 2011 is available at [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

OFFICE OF THE SECRETARY  
JOHN P. STEVENSON  
SECRETARY

For media inquiries:

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

Carolyn Shaw-Rimmington  
Manager, Public Affairs  
416-593-2361

Dylan Rae  
Media Relations Specialist  
416-595-8934

For investor inquiries:

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

**1.4.2 North American Financial Group Inc. et al.**

**FOR IMMEDIATE RELEASE  
March 25, 2011**

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

**AND**

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

**TORONTO** – The Commission issued an Order in the above named matter which provides that the Temporary Order as amended be further amended to permit NAFG and its officers and directors to issue Convertible Debentures in accordance with the Proposal (the "Further Amended Temporary Order"); the Further Amended Temporary Order is extended to Monday, May 2, 2011; and the hearing in this matter be adjourned to Friday, April 29, 2011 at 10:00 a.m. or to 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 25, 2011 is available at [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

OFFICE OF THE SECRETARY  
JOHN P. STEVENSON  
SECRETARY

For media inquiries:

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

Carolyn Shaw-Rimmington  
Manager, Public Affairs  
416-593-2361

Dylan Rae  
Media Relations Specialist  
416-595-8934

For investor inquiries:

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

**1.4.3 Rezwealth Financial Services Inc. et al.**

**FOR IMMEDIATE RELEASE  
March 25, 2011**

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

**AND**

**IN THE MATTER OF  
REZWEALTH FINANCIAL SERVICES INC.,  
PAMELA RAMOUTAR, JUSTIN RAMOUTAR,  
TIFFIN FINANCIAL CORPORATION,  
DANIEL TIFFIN, 2150129 ONTARIO INC.,  
SYLVAN BLACKETT, 1778445 ONTARIO INC.,  
AND WILLOUGHBY SMITH**

**TORONTO** – The Commission issued an Order in the above named matter which provides that, pursuant to subsections 127(7) and 127(8) of the Act, the Amended Temporary Order is extended to the conclusion of the hearing on the merits; and the hearing of this matter is adjourned to Thursday, June 16, 2011 at 10:00 a.m. for a pre-hearing conference.

A copy of the Order dated March 16, 2011 is available at [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

OFFICE OF THE SECRETARY  
JOHN P. STEVENSON  
SECRETARY

For media inquiries:

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

Carolyn Shaw-Rimmington  
Manager, Public Affairs  
416-593-2361

Dylan Rae  
Media Relations Specialist  
416-595-8934

For investor inquiries:

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

**1.4.4 L. Jeffrey Pogachar et al.**

**FOR IMMEDIATE RELEASE  
March 25, 2011**

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

**AND**

**IN THE MATTER OF  
L. JEFFREY POGACHAR, PAOLA LOMBARDI AND  
ALAN S. PRICE, NEW LIFE CAPITAL CORP.,  
NEW LIFE CAPITAL INVESTMENTS INC.,  
NEW LIFE CAPITAL ADVANTAGE INC.,  
NEW LIFE CAPITAL STRATEGIES INC.,  
2126375 ONTARIO INC., 2108375 ONTARIO INC.,  
2126533 ONTARIO INC., 2152042 ONTARIO INC.,  
2100228 ONTARIO INC., 2173817 ONTARIO INC.,  
AND 1660690 ONTARIO LTD.**

**TORONTO** – The Commission issued an Order in the above named matter which provides that the hearing dates for this matter is adjourned to December 5, 2011 to December 17, 2011 excluding December 6, 2011 peremptory to the Respondents with or without counsel.

A copy of the Order dated March 25, 2011 is available at [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

OFFICE OF THE SECRETARY  
JOHN P. STEVENSON  
SECRETARY

For media inquiries:

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

Carolyn Shaw-Rimmington  
Manager, Public Affairs  
416-593-2361

Dylan Rae  
Media Relations Specialist  
416-595-8934

For investor inquiries:

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

**1.4.5 Innovative Gifting Inc. et al.**

**FOR IMMEDIATE RELEASE  
March 25, 2011**

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

**AND**

**IN THE MATTER OF  
INNOVATIVE GIFTING INC.,  
TERENCE LUSHINGTON, Z2A CORP.,  
AND CHRISTINE HEWITT**

**TORONTO** – The Office of the Secretary issued a Notice of Hearing for a hearing to consider whether it is in the public interest to approve a settlement agreement entered into by Staff of the Commission and Innovative Gifting Inc. and Terence Lushington. The hearing will be held on March 29, 2011 at 2:30 p.m. in Hearing Room C on the 17th floor of the Commission's offices located at 20 Queen Street West, Toronto.

A copy of the Notice of Hearing dated March 25, 2011 is available at [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

OFFICE OF THE SECRETARY  
JOHN P. STEVENSON  
SECRETARY

For media inquiries:

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

Carolyn Shaw-Rimmington  
Manager, Public Affairs  
416-593-2361

Dylan Rae  
Media Relations Specialist  
416-595-8934

For investor inquiries:

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

**1.4.6 Bernard Boily**

**FOR IMMEDIATE RELEASE  
March 29, 2011**

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

**AND**

**IN THE MATTER OF  
BERNARD BOILY**

**TORONTO** – The Office of the Secretary issued a Notice of Hearing setting the matter down to be heard on April 28, 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 29, 2011 in English and French and the Statement of Allegations of Staff of the Ontario Securities Commission dated March 29, 2011 in English and French are available at [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

OFFICE OF THE SECRETARY  
JOHN P. STEVENSON  
SECRETARY

For media inquiries:

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

Carolyn Shaw-Rimmington  
Manager, Public Affairs  
416-593-2361

Dylan Rae  
Media Relations Specialist  
416-595-8934

For investor inquiries:

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

**1.4.7 Simply Wealth Financial Group Inc. et al.**

**FOR IMMEDIATE RELEASE**  
**March 29, 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** – The Commission issued an Order in the above named matter which provides that this matter is adjourned to a confidential pre-hearing conference to be held on June 1, 2011 at 10:00 a.m.

A copy of the Order dated March 24, 2011 is available at [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

OFFICE OF THE SECRETARY  
JOHN P. STEVENSON  
SECRETARY

For media inquiries:

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

Carolyn Shaw-Rimmington  
Manager, Public Affairs  
416-593-2361

Dylan Rae  
Media Relations Specialist  
416-595-8934

For investor inquiries:

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

**1.4.8 Innovative Gifting Inc. et al.**

**FOR IMMEDIATE RELEASE**  
**March 29, 2011**

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

**AND**

**IN THE MATTER OF  
INNOVATIVE GIFTING INC.,  
TERENCE LUSHINGTON, Z2A CORP.,  
AND CHRISTINE HEWITT**

**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 Innovative Gifting Inc. and Terence Lushington.

A copy of the Order dated March 29, 2011 and Settlement Agreement dated March 25, 2011 are available at [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

OFFICE OF THE SECRETARY  
JOHN P. STEVENSON  
SECRETARY

For media inquiries:

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

Carolyn Shaw-Rimmington  
Manager, Public Affairs  
416-593-2361

Dylan Rae  
Media Relations Specialist  
416-595-8934

For investor inquiries:

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



**1.4.9 Marlon Gary Hibbert et al.**

**FOR IMMEDIATE RELEASE  
March 30, 2011**

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

**AND**

**IN THE MATTER OF  
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)**

**TORONTO** – The Office of the Secretary issued a Notice of Hearing setting the matter down to be heard on April 27, 2011 at 11:00 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 29, 2011 and Statement of Allegations of Staff of the Ontario Securities Commission dated March 29, 2011 are available at **[www.osc.gov.on.ca](http://www.osc.gov.on.ca)**.

OFFICE OF THE SECRETARY  
JOHN P. STEVENSON  
SECRETARY

For media inquiries:

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

Carolyn Shaw-Rimmington  
Manager, Public Affairs  
416-593-2361

Dylan Rae  
Media Relations Specialist  
416-595-8934

For investor inquiries:

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

This page intentionally left blank

## Chapter 2

# Decisions, Orders and Rulings

---

### 2.1 Decisions

#### 2.1.1 Schneider Electric S.A.

##### Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Application for relief from the prospectus and dealer registration requirements for certain trades made in connection with an employee share offering by a French issuer – The offering involves the use of collective employee shareholding vehicles, each a fonds communs de placement d'entreprise (FCPE) – The Filer cannot rely on the employee prospectus exemption in section 2.24 of National Instrument 45-106 Prospectus and Registration Exemptions and the Manager cannot rely on the plan administrator exemption in section 8.16 of National Instrument 31-103 Registration Requirements and Exemptions as the shares are not being offered to Canadian employees directly by the issuer but through the FCPEs – Canadian employees will receive disclosure documents – The FCPEs are subject to the supervision of the French Autorité des marchés financiers – Relief granted, subject to conditions.

##### Applicable Legislative Provisions

Securities Act (Ontario), ss. 53, 74.

National Instrument 31-103 Registration Requirements and Exemptions, s. 8.16.

National Instrument 45-102 Resale of Securities, s. 2.14.

National Instrument 45-106 Prospectus and Registration Exemptions, s. 2.24.

March 25, 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  
SCHNEIDER ELECTRIC S.A.  
(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 (the “**Legislation**”) for

1. an exemption from the prospectus requirements of the Legislation (the “**Prospectus Relief**”) so that such requirements do not apply to
  - (a) trades in
  - (i) units (the “**Principal Classic Units**”) of an FCPE named Schneider Actionnariat Mondial (the “**Principal Classic FCPE**”), which is a fonds commun de placement d'entreprise or “FCPE,” a form of collective shareholding vehicle of a type commonly used in France for the conservation of shares held by employee-investors; and

- (ii) units (together with the Principal Classic Units, each and collectively, “**Units**”) of a temporary FCPE named Schneider Relais International 2011 (the “**Temporary Classic FCPE**”) which will merge with the Principal Classic FCPE following the Employee Share Offering (as defined below) as further described in paragraph 12 of the Representations;

made pursuant to the Employee Share Offering (as defined below) to or with Qualifying Employees (as defined below) resident in the Jurisdiction and in the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Québec, Nova Scotia, New Brunswick and Newfoundland and Labrador (collectively, the “**Canadian Employees**,” and the Canadian Employees who subscribe for Units, the “**Canadian Participants**”); and

- (b) trades of ordinary shares of the Filer (the “**Shares**”) by the Principal Classic FCPE and the Temporary Classic FCPE to or with Canadian Participants upon the redemption of Units thereof as requested by Canadian Participants;
2. an exemption from the dealer registration requirements of the legislation (the “**Registration Relief**”) so that such requirements do not apply to the Schneider Electric Group (including the Filer and the Local Affiliates (as defined below)), the Temporary Classic FCPE, the Principal Classic FCPE and Natixis Asset Management (the “**Management Company**”) in respect of
- (a) trades in Units made pursuant to the Employee Share Offering to or with Canadian Employees; and
  - (b) trades in Shares of the Filer by the Temporary Classic FCPE and/or the Principal Classic FCPE to or with Canadian Participants upon the redemption of Units as requested by Canadian Participants.

(the Prospectus Relief and the Registration Relief, collectively, the “**Offering Relief**”)

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

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

## Interpretation

Terms defined in National Instrument 14-101 *Definitions* and MI 11-102 have the same meaning as 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 formed under the laws of France. It is not, and has no current intention of becoming, a reporting issuer (or equivalent) under the Legislation or under the securities legislation of any other jurisdiction of Canada. The head office of the Filer is located in France and the Shares are listed on Euronext Paris. The Filer is not in default under the Legislation or under the securities legislation of any other jurisdiction of Canada.
2. The Filer carries on business in Canada through certain affiliated companies that employ Canadian Employees, including Schneider Electric Canada Inc., Power Measurement Ltd., Juno Lighting Ltd. and APC-MGE Critical Power & Cooling Services and Control Microsystems Inc. (collectively, the “**Local Affiliates**,” together with the Filer and other affiliates of the Filer, the “**Schneider Electric Group**”). None of the Local Affiliates is in default under the Legislation or the securities legislation of any other jurisdiction of Canada.
3. Each of the Local Affiliates is a direct or indirect-controlled subsidiary of the Filer and is not, and has no current intention of becoming, a reporting issuer (or equivalent) under the Legislation or under the securities legislation of any other jurisdiction of Canada. The head office of the Schneider Electric Group in Canada is located in Toronto, Ontario, more senior management of the Schneider Electric Group in Canada reside in Ontario than in any other Province, there are more assets of the Schneider Electric Group in Canada in Ontario than in any other Province and there are more clients of the Schneider Electric Group in Canada in Ontario than in any other Province.
4. As of the date hereof and after giving effect to the Employee Share Offering (as defined below), Canadian residents do not and will not beneficially own (which term, for the purposes of this paragraph, is deemed to include all Shares held

by the Principal Classic FCPE and the Temporary Classic FCPE on behalf of Canadian Participants) more than 10% of the Shares and do not and will not represent in number more than 10% of the total number of holders of the Shares as shown on the books of the Filer.

5. The Filer has established a global employee share offering for employees of the Schneider Electric Group (the “**Employee Share Offering**”). The Employee Share Offering is comprised of one subscription option, being an offering of Shares to be subscribed through the Temporary Classic FCPE, which Temporary Classic FCPE will be merged with the Principal Classic FCPE after completion of the Employee Share Offering (subject to the approval of the FCPE’s supervisory board and the French AMF (defined below)) (the “**Classic Plan**”).
6. Only persons who are employees of a member of the Schneider Electric Group during the reservation period and the revocation period for the Employee Share Offering and who meet other employment criteria (the “**Qualifying Employees**”) will be allowed to participate in the Employee Share Offering. Canadian Employees may indicate the amount they wish to invest in the Employee Share Offering by completing and submitting a subscription/reservation order during a “reservation period.” The subscription price will be set following the end of the reservation period, after which there will be a revocation period during which subscribers may cancel all (but not part) of their reservation in the Classic Plan. If reservations are not revoked at the end of the revocation period, the initial reservation will become a binding subscription.
7. The Principal Classic FCPE and the Temporary Classic FCPE have been established for the purpose of implementing the Employee Share Offering. There is no current intention for either the Principal Classic FCPE or the Temporary Classic FCPE to become a reporting issuer (or equivalent) under the Legislation or the securities legislation of any other jurisdiction of Canada.
8. As set forth above, each of the Temporary Classic FCPE and the Principal Classic FCPE is an FCPE (a *fonds commun de placement d’entreprise*) which is a shareholding vehicle of a type commonly used in France for the conservation or custodianship of shares held by employee investors. The Principal Classic FCPE and the Temporary Classic FCPE have been registered with the French Autorité des marchés financiers (the “**French AMF**”). Only Qualifying Employees will be allowed to hold Units issued pursuant to the Employee Share Offering.
9. All Units acquired in the Employee Share Offering by Canadian Participants will be subject to a hold period of approximately five years (the “**Lock-Up Period**”), subject to certain exceptions prescribed by French law and provided for in the Schneider Electric International Employee Shareholding Plan (such as a release on death or termination of employment, or the exception that the Canadian Participant’s employer ceases to be an affiliate of the Filer).
10. Under the Classic Plan, Canadian Participants will subscribe for Units in the Temporary Classic FCPE, and the Temporary Classic FCPE will then subscribe for Shares on behalf of Canadian Participants using the Canadian Participants’ contributions and the employer contributions from Local Affiliates that employ the Canadian Participants, as described in paragraph 11. The subscription price will be the Canadian dollar equivalent equal to the average of the opening price of the Shares (expressed in Euros) on the 20 trading days preceding the date of fixing of the subscription price by the Management Board of the Filer (the “**Reference Price**”), less a 20% discount.
11. As indicated above, the Local Affiliate employing a Canadian Participant will also contribute on behalf of such Canadian Participant an amount into the Classic Plan. For each contribution that a Canadian Participant makes into the Classic Plan up to the Canadian dollar equivalent of 1,000 Euros, the Local Affiliate employing such Canadian Participant will contribute 100% of such amount into the Classic Plan on behalf of such Canadian Participant. If applicable, for the portion of each contribution that a Canadian Participant makes in the Classic Plan that is greater than the Canadian dollar equivalent of 1,000 Euros and up to and including 2,600 Euros, the Local Affiliate employing such Canadian Participant will contribute 50% of such additional amount into the Classic Plan on behalf of such Canadian Participant. For clarity, the maximum contribution by a Local Affiliate in respect of a Canadian Participant is the Canadian dollar equivalent of 1,800 Euros (i.e., 100% of the first 1,000 Euro contribution and 50% of the next 1,600 Euro contribution). If a Canadian Participant contributes more than the Canadian dollar equivalent of 2,600 Euros, then the Local Affiliate that employs such Canadian Participant will not contribute any amount in respect of the portion of the Canadian Participant’s contribution that exceeds the Canadian dollar equivalent of 2,600 Euros.
12. Initially, the Shares will be held in the Temporary Classic FCPE and the Canadian Participant will receive Units in the Temporary Classic FCPE. Following the completion of the Employee Share Offering, the Temporary Classic FCPE will be merged with the Principal Classic FCPE (subject to the approval of the FCPE’s supervisory board and the French AMF). Units of the Temporary Classic FCPE held by Canadian Participants will be replaced with Units of the Principal Classic FCPE on a *pro rata* basis and the Shares subscribed for under the Employee Share Offering will be held in the Principal Classic FCPE (the “**Merger**”).

13. The term “**Classic FCPE**” used herein means, prior to the Merger, the Temporary Classic FCPE, and following the Merger, the Principal Classic FCPE.
14. Under the Classic Plan, at the end of the Lock-Up Period a Canadian Participant may
  - (a) request the redemption of Units in the Classic FCPE in consideration for the underlying Shares or a cash payment equal to the then market value of the Shares, or
  - (b) continue to hold Units in the Classic FCPE and request the redemption of those Units at a later date.
15. Dividends paid on the Shares held in the Classic FCPE will be contributed to the Classic FCPE and used to purchase additional Shares. To reflect this reinvestment, no new Units will be issued. Instead, the reinvestment will increase the asset base of the Classic FCPE as well as the value of the Units held by Canadian Participants.
16. The Reference Price and subscription price will not be known to Canadian Employees until after the end of the subscription period. However, this information will be provided to Canadian Employees prior to the start of the revocation period, during which Canadian Participants may choose to revoke all (but not part) of their subscription under the Classic Plan and thereby not participate in the Employee Share Offering.
17. Each of the Temporary Classic FCPE and the Principal Classic FCPE is an FCPE which is a limited liability entity under French law. The portfolio of each of the Principal Classic FCPE and the Temporary Classic FCPE will consist almost entirely of Shares of the Filer, but may, from time to time, include cash in respect of dividends paid on the Shares which will be reinvested in Shares. From time to time, each portfolio may also include cash or cash equivalents that the Principal Classic FCPE and the Temporary Classic FCPE may hold pending investments in Shares and for the purposes of Unit redemptions.
18. The Management Company is a portfolio management company governed by the laws of France. The Management Company is registered with the French AMF to manage French investment funds and complies with the rules of the French AMF. To the best of the Filer's knowledge, the Management Company is not, and has no current intention of becoming, a reporting issuer (or equivalent) under the Legislation or the securities legislation of any other jurisdiction of Canada.
19. The Management Company's portfolio management activities in connection with the Employee Share Offering and the Principal Classic FCPE and the Temporary Classic FCPE are limited to subscribing for Shares from the Filer and selling such Shares as necessary in order to fund redemption requests.
20. The Management Company is also responsible for preparing accounting documents and publishing periodic informational documents as provided by the rules of each of the Principal Classic FCPE and the Temporary Classic FCPE. The Management Company's activities do not affect the underlying value of the Shares and the Management Company will not be involved in providing advice to any Canadian Employees with respect to an investment in the Units. To the best of the Filer's knowledge, the Management Company is not in default of the Legislation or the securities legislation of any other jurisdiction of Canada.
21. Shares issued in the Employee Share Offering will be deposited in the Principal Classic FCPE and/or the Temporary Classic FCPE, as applicable, through CACEIS Bank (the “**Depository**”), a large French commercial bank subject to French banking legislation.
22. Under French law, the Depository must be selected by the Management Company from among a limited number of companies identified on a list maintained by the French Minister of the Economy, Finance and Industry and its appointment must be approved by the French AMF. The Depository carries out orders to purchase, trade and sell securities in the portfolio and takes all necessary action to allow each of the Principal Classic FCPE and the Temporary Classic FCPE to exercise the rights relating to the securities held in its respective portfolio.
23. The Unit value of the Classic FCPE will be calculated and reported to the French AMF on a regular basis, based on the net assets of the Classic FCPE divided by the number of Units outstanding. The value of Classic FCPE Units will be based on the value of the underlying Shares, but the number of Units of the Classic FCPE will not correspond to the number of the underlying Shares (e.g., dividends will be reinvested in additional Shares and increase the value of each Unit).
24. All management charges relating to the Classic FCPE will be paid from the assets of the Classic FCPE or by the Filer, as provided in the regulations of the Classic FCPE.

25. Participation in the Employee Share Offering is voluntary, and the Canadian resident Qualifying Employees will not be induced to participate in the Employee Share Offering by expectation of employment or continued employment.
26. The total amount invested by a Canadian Employee in the Employee Share Offering cannot exceed 25% of his or her gross annual compensation for the 2010 calendar year. Notwithstanding the foregoing, the employer of a Canadian Employee shall have the discretion to permit a Canadian Employee to use his or her estimated gross annual compensation for the 2011 calendar year instead of actual 2010 gross annual compensation for the above-mentioned limits.
27. None of the Filer, the Management Company, the Local Affiliates or any of their employees, agents or representatives will provide investment advice to the Canadian Employees with respect to an investment in the Shares or the Units.
28. The Canadian Employees will receive an information package in the French or English language, according to their preference, which will include a summary of the terms of the Employee Share Offering, a tax notice relating to the Classic FCPE containing a description of Canadian income tax consequences of subscribing to and holding Units of the Classic FCPE and requesting the redemption of such Units for cash or Shares at the end of the Lock-Up Period, a reservation form (in electronic format) and a revocation form (in electronic format). These documents will be available in both English and French.
29. Upon request, Canadian Employees may receive copies of the Filer's French *Document de Référence* filed with the French AMF in respect of the Filer and a copy of the rules of the Temporary Classic FCPE and the Principal Classic FCPE (which are analogous to company by-laws). The Canadian Employees will also have access to copies of the continuous disclosure materials relating to the Filer that are furnished to holders of the Shares.
30. Canadian Participants will receive an initial statement of their holdings under the Classic Plan, together with an updated statement at least once per year.
31. There are approximately 1,600 Canadian Employees resident in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia, New Brunswick, and Newfoundland and Labrador (with the greatest number, approximately 687 and 600, resident in British Columbia and Ontario, respectively), who represent, in the aggregate, less than 2% of the number of employees in the Schneider Electric Group worldwide.
32. The Units will not be listed on any exchange.

## Decision

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

The decision of the principal regulator under the Legislation is that the Offering Relief is granted provided that the prospectus requirements of the Legislation will apply to the first trade in any Units or Shares acquired by Canadian Participants pursuant to this decision unless the following conditions are met:

- (a) the issuer of the security
  - (i) was not a reporting issuer in any jurisdiction of Canada at the distribution date, or
  - (ii) is not a reporting issuer in any jurisdiction of Canada at the date of the trade;
- (b) at the distribution date, after giving effect to the issue of the security and any other securities of the same class or series that were issued at the same time as or as part of the same distribution as the security, residents of Canada
  - (i) did not own, directly or indirectly, more than 10% of the outstanding securities of the class or series, and
  - (ii) did not represent in number more than 10% of the total number of owners, directly or indirectly, of securities of the class or series; and
- (c) the first trade is made
  - (i) through the facilities of an exchange, or a market, outside of Canada, or

(ii) to a person or company outside of Canada.

“Christopher Portner”  
Commissioner  
Ontario Securities Commission

“Paulette Kennedy”  
Commissioner  
Ontario Securities Commission



**2.1.2 Pareto Corporation – s. 1(10)**

**Headnote**

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

**Applicable Legislative Provisions**

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

March 25, 2011

Elise Lenser  
Stikeman Elliott LLP  
5300 Commerce Court  
199 Bay Street  
Toronto, Ontario M5L 1B9

Dear Sirs/Mesdames:

**Re: Pareto Corporation (the Applicant) – application for a decision under the securities legislation of Ontario and Alberta (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

**2.1.3 CI Investments Inc.**

**Headnote**

NP 11-203 – Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief from the dealer registration requirement granted to portfolio manager in respect of trades in securities of prospectus-qualified funds in a model portfolio product sold by affiliated dealers. Relief from the know-your-client and suitability requirements granted to portfolio manager in respect of investors in model portfolio product sold by affiliated dealers.

**Applicable Legislative Provisions**

Securities Act (Ontario), ss. 25, 74(1).  
National Instrument 31-103 Registration Requirements and Exemptions, ss. 13.2, 13.3.

March 25, 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  
CI INVESTMENTS INC.  
(the Filer)**

**DECISION**

**Background**

The securities regulatory authority or regulator in Ontario (the **Decision Maker**) has received an application from the Filer for a decision under the securities legislation of the Jurisdiction (the **Legislation**) exempting the Filer from:

- (a) the requirement in the Legislation that the Filer be registered as a dealer in order to effect Reallocation Trades (as defined below);
- (b) with respect to investors in the PSS Managed Accounts (as defined below), the requirement in the Legislation that the Filer must take reasonable steps to:
  - (i) establish the identity of a client and, if the Filer has cause for concern, make reasonable inquiries as to the reputation of the client;

- (ii) establish whether the client is an insider of a reporting issuer or any other issuer whose securities are publicly traded;
  - (iii) ensure that the Filer has sufficient information regarding the client's investment needs, objectives, financial circumstances and risk tolerance to enable the Filer to meet its obligations under the Legislation; and
  - (iv) keep the information described above current,
- (the **Know Your Client Requirement**); and
- (c) with respect to investors in the PSS Managed Accounts (as defined below), the requirement in the Legislation that the Filer must take reasonable steps to ensure that, before it makes a recommendation to or accepts an instruction from a client to buy or sell a security, or makes a purchase or sale of a security for a client's managed account, the purchase or sale is suitable for the client (the **Suitability Requirement**),

(the **Requested Relief**).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions:

- (a) the Ontario Securities Commission is the principal regulator for this application;
- (b) the Filer has provided notice that section 4.7 (1) of Multilateral Instrument 11-102 *Passport System* (MI 11-102) is intended to be relied upon by the Filer in all the provinces and territories of Canada in respect of the Requested Relief; and
- (c) this decision is the decision of the principal regulator.

### Interpretation

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

### Representations

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

### Facts

1. The Filer is a corporation subsisting under the laws of the Province of Ontario. The Filer is registered as an adviser in the category of portfolio manager and as a dealer in the category of exempt market dealer under the Legislation.

2. Assante Financial Management Ltd. (**Assante Financial**) is a corporation subsisting under the laws of the Province of Ontario. Assante Financial is registered as a dealer in the category of mutual fund dealer under the Legislation and is a member of the Mutual Fund Dealers Association of Canada (the **MFDA**).
3. Assante Capital Management Ltd. (**Assante Capital** and, together with Assante Financial, the **Assante Dealers**) is a corporation subsisting under the federal laws of Canada. Assante Capital is registered as dealer in the category of investment dealer under the Legislation and is a member of the Investment Industry Regulatory Organization of Canada (**IIROC**).
4. The head office of the Filer is in Ontario. Each Assante Dealer is an affiliate of the Filer. To the best of its knowledge, the Filer is not in default of the Legislation.
5. The Filer is the manager of mutual funds (the **Existing Funds**) which are subject to the requirements of National Instrument 81-102 – *Mutual Funds* (**NI 81-102**). The Filer may, in the future, become the manager of additional mutual funds (the **Future Funds** and, together with the Existing Funds, the **Funds**) that are subject to the requirements of NI 81-102.
6. The Filer proposes to offer a service called Portfolio Select Series Managed Accounts (**PSS Managed Accounts**) to certain investors in the Funds. PSS Managed Accounts will be available exclusively through the Assante Dealers.
7. Under the PSS Managed Accounts program, the Filer will construct a number of model portfolios (the **Model Portfolios**) of Funds. Each Model Portfolio will have its unique target asset allocations between equity investments and income producing investments and occupy successive portions of the investing spectrum from 100% equity exposure to 100% income producing exposure. Each Model Portfolio will be comprised exclusively of securities of the Funds.
8. If an investor is interested in utilizing a PSS Managed Account, the investor will complete an investor profile questionnaire (the **Questionnaire**) with his or her Assante Dealer. The Assante Dealer will then use the responses to the Questionnaire, together with the Assante Dealer's other knowledge of the investor, to complete a "know your client" review of the investor's circumstances. This will enable the Assante Dealer to consider the investor's financial circumstances, investment knowledge, investment objectives and risk tolerance, and thereby assist the Assante Dealer with recommending a Model Portfolio to the investor that is suitable for the investor. If the investor has not already

established an account with the Assante Dealer, the investor will complete an account application and agreement to establish such an account.

9. The investor then will receive from his or her Assante Dealer a description of the Model Portfolio selected by the investor (the **Selected Model Portfolio**). The description of the Selected Model Portfolio will include a permitted range within which the target asset allocations of the Selected Model Portfolio may vary. The Selected Model Portfolio will be broken down into different asset classes (**Asset Classes**). Each Asset Class will be allocated a permitted range (the **Permitted Ranges**), being a minimum and maximum percentage of the Selected Model Portfolio that can be allocated to Funds of that particular class. The Asset Classes and Permitted Ranges will be disclosed to the investor and will not be changed without the investor's consent.
10. The investor will utilize a PSS Managed Account to directly hold securities of the Funds associated with the Selected Model Portfolio. Each investor in a PSS Managed Account also will authorize the Filer to manage the PSS Managed Account on a discretionary basis with a view to ensuring that the PSS Managed Account continues to abide by the stated objectives of the Selected Model Portfolio. In doing so, the Filer will determine a benchmark percentage (the **Benchmark Percentages**) for each Asset Class, representing the target percentage within the Permitted Range of that Asset Class. The Filer will adjust the Benchmark Percentages in its discretion. The Filer also will use its discretion in selecting which Funds will be used for each Asset Class, provided the investment objective and strategies of the Fund are consistent with the Asset Class.
11. Each investor also will authorize the Filer in writing to reallocate securities of the Funds held in the PSS Managed Account to:
  - (a) reflect changes made by the Filer to the Selected Model Portfolio from time to time; and
  - (b) rebalance the holdings in the PSS Managed Account from time to time in the Filer's discretion to more closely match the Benchmark Percentages of the Selected Model Portfolio,

collectively, **Reallocation Trades**.
12. Pursuant to the written authorization from the investor to the Filer, the Filer will be responsible to the investor for ensuring that the investor's monies in the PSS Managed Account are invested in accordance with the terms of the Selected Model Portfolio. However, the Know Your Client Requirement and Suitability Requirement will not

apply to the Filer's relationship with the investor in a PSS Managed Account.

13. The investor's Assante Dealer will be responsible for gathering and periodically updating "know your client" information concerning the investor and confirming the suitability of the Selected Model Portfolio for the investor. However, the Assante Dealer will not be responsible for the Filer's obligations to the investor to manage the PSS Managed Account in accordance with the Selected Model Portfolio, nor will any Assante Dealer participate in facilitating any Reallocation Trades. Neither Assante Dealer will acquire discretionary authority from its clients in connection with PSS Managed Accounts. Accordingly, neither Assante Dealer will be required to seek registration as an adviser under the Legislation in order to offer PSS Managed Accounts to their clients.
14. Sales communications and account opening documents will explain the different responsibilities of the Assante Dealer and the Filer with respect to the investor and the investor's PSS Managed Account. This will include disclosure that the Filer is responsible for managing the investor's PSS Managed Account without reference to the investor's circumstances and only in accordance with the model portfolio selected by the investor, and the Assante Dealer alone will have the responsibility to determine that the selected model portfolio is and remains suitable for the investor.
15. The investor will be provided with the simplified prospectus or other offering document required by the Legislation for the Funds included in the investor's PSS Managed Account on an annual basis. In addition, the investor will be provided with the simplified prospectus or other offering document required by the Legislation for each Fund not included in the investor's PSS Managed Account prior to investing any of the PSS Managed Account in such Fund.
16. The investor's Assante Dealer will not act on behalf of the investor when the Filer effects a Reallocation Trade for the investor. Accordingly, neither Assante Dealer will be required by the Legislation to deliver trade confirmations to the investor for Reallocation Trades. The documentation executed by the investor in connection with establishing a PSS Managed Account will disclose that the investor will not receive trade confirmations for Reallocation Trades.
17. All Reallocation Trades will be reflected in the investor's account on the day following the Reallocation Trade, and also will be reflected in the trade blotter to be shared by the Filer and the investor's Assante Dealer in connection with the PSS Managed Account. The investor's Assante

Dealer will reflect all Reallocation Trades in the investor's account in accordance with the Legislation.

18. The investor's Assante Dealer will send the investor a statement of account in accordance with the requirements of the MFDA or IIROC, as applicable. Such statements of account will be sent monthly if any transactions have occurred in the PSS Managed Account during the month, otherwise the statement of account will be sent monthly or quarterly. Such statements of account will identify the assets being managed on behalf of the investor through the PSS Managed Account and will include, for each Reallocation Trade made during the period, the information that the investor's Assante Dealer would otherwise have been required to include in a trade confirmation in accordance with the Legislation. Such statements of account also will reconfirm that the investor will not receive trade confirmations for Reallocation Trades.
19. In addition, the Filer will send periodic reports to the investor summarizing the Filer's activities in the PSS Managed Account.
20. The fees and expenses charged in respect of the classes of securities of the Funds that are available in a PSS Managed Account will be disclosed in the simplified prospectuses of the Funds. Neither the Funds nor their investors will pay any additional fees or expenses for utilizing a PSS Managed Account. The sales charges, redemption fees and other fees charged to investors for investing in securities of a Fund using a PSS Managed Account will be the same as those charged to investors that purchase or hold the same classes of securities of other Funds outside a PSS Managed Account. The Filer, as manager of the Funds included in the PSS Managed Account, will receive management, administration and other fees from the Funds and/or the investor in the usual manner for securities of the classes of the Funds included in the PSS Managed Account. No sales charges, redemption fees, switch fees or early trading fees will be charged in connection with Reallocation Trades. Accordingly, there will be no duplication of any fees or charges as a result of an investor's decision to utilize a PSS Managed Account.
21. In the absence of the Requested Relief, the Filer will be required to register as a dealer in the category of mutual fund dealer under the Legislation and become a member of the MFDA in order to effect the Reallocation Trades.
22. In the absence of the Requested Relief, the Filer will be required to gather and update the information contemplated by the Know Your Client Requirement for each investor with a PSS Managed Account.

23. In the absence of the Requested Relief, the Filer will be required by the Suitability Requirement to ensure that each Reallocation Trade in an investor's PSS Managed Account is suitable for the investor rather than invested in accordance with the terms of the investor's Selected Model Portfolio.

#### Decision

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

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

- (a) the Filer is, at the time of the Reallocation Trade, registered under the Legislation as an adviser in the category of portfolio manager;
- (b) the Reallocation Trade is made in accordance with the terms of the Selected Model Portfolio of the PSS Managed Account in which the Reallocation Trade occurs; and
- (c) the Filer has taken reasonable steps to assure itself that the investor's Assante Dealer has complied with the Know Your Client Requirement and Suitability Requirement with respect to the investor.

"Christopher Portner"  
Commissioner  
Ontario Securities Commission

"Paulette L. Kennedy"  
Commissioner  
Ontario Securities Commission

## 2.1.4 Uranium One Inc.

### Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions.

National Instrument 51-102 Continuous Disclosure Obligations, s. 13.1 – BAR – An issuer requires relief from the requirement to include certain financial statements in a business acquisition report – The issuer is required to include financial statements for the most recently completed financial year of the business ended on or before the acquisition date and for the most recently completed interim period ended before the acquisition date; the acquisition date occurred just shortly before the business' financial year-end; there were no significant changes to the business or its assets or liabilities during the period from the acquisition date to the end of the financial year; the issuer will include the annual financial statements of the business for the most recently completed year end and appropriate adjustments for the period from the acquisition date to the end of the financial year in the issuer's pro forma statements.

National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards – Reconciliation relief – An issuer wants relief from the requirement to reconcile certain acquisition statements to Canadian GAAP – The issuer will provide pro forma financial statements prepared as outlined in section 8.7(9) of CP 51-102 as it applies to financial years beginning on or after January 1, 2011; the pro forma financial statements will present any material accounting policy differences between Canadian GAAP – Part V and IFRS that can be reasonably estimated as adjustments to the pro forma income statement and describe such differences in the notes to the pro forma income statement.

National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards – Audit relief – An issuer wants relief from the requirement to audit acquisition statements in accordance with Canadian or U.S. GAAS – The issuer acquired or will acquire a business whose historical financial statements have not been audited in accordance with Canadian or U.S. GAAS; the acquired business' financial statements have been audited in accordance with International Standards on Auditing; the auditor of the acquisition statements has represented to the filer that it has expertise and experience in ISAs; the auditor's report will state that the acquisition statements were audited in accordance with ISAs as issued by the IAASB.

### Applicable Ontario Provisions

National Instrument 51-102 Continuous Disclosure Obligations, s. 13.1.

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

March 8, 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  
URANIUM ONE 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) (i) to permit the Filer to include in its business acquisition report acquisition statements that are more recent than the acquisition statements prescribed by section 8.4 (1) of National Instrument 51-102 – *Continuous Disclosure Obligations* (NI 51-102), (ii) that the Canadian GAAP reconciliation requirements under section 4.11(5) of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* (NI 52-107) do not apply to such acquisition statements, and (iii) that

such acquisition statements may be audited in accordance with International Standards on Auditing (ISA) issued by the International Audit and Assurance Standards Board (the IAASB) notwithstanding section 4.12(1) of NI 52-107 (the Exemptions Sought).

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

- (a) the British Columbia Securities Commission is the principal regulator for this application,
- (b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 – *Passport System* (MI 11-102) is intended to be relied upon in Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Nova Scotia, Newfoundland and Labrador and Prince Edward Island, 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 as is 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 company continued under the laws of Canada; the Filer's head office is located in Vancouver, British Columbia;
  - 2. the Filer is engaged, through its subsidiaries and joint ventures, in the mining and production of uranium and in the acquisition, exploration and development of uranium properties, primarily in Kazakhstan;
  - 3. the Filer is a reporting issuer in each of the provinces of Canada, and is not in default of securities legislation in any jurisdiction;
  - 4. the Filer's common shares are listed on the Toronto Stock Exchange under the symbol "UUU";
  - 5. the Filer's annual financial statements for the years up to and including the financial year ended December 31, 2010 have been prepared in accordance with Canadian GAAP determined with reference to Part V of the Handbook applicable to public enterprises (Canadian GAAP – Part V) and audited in accordance with Canadian GAAS;
  - 6. the Filer's annual financial statements for the years commencing on or after January 1, 2011 will be prepared in accordance with Canadian GAAP determined with reference to Part I of the Handbook applicable to publicly accountable enterprises and will be audited in accordance with Canadian GAAS, in accordance with NI 52-107;

### *The Acquisition*

- 7. on December 27, 2010 the Filer acquired (the Acquisition) from Effective Energy N.V. and Uranium Mining Company, both of which are wholly-owned subsidiaries of Joint Stock Company Atomredmetzoloto (ARMZ), a 50% interest in Joint Stock Company Joint Venture Akbastau (Akbastau) and a 49.67% interest in Joint Stock Company Kazakh-Russian-Kyrgyz Joint Venture with Foreign Investments Zarechnoye (Zarechnoye);
- 8. as a result of the Acquisition and certain related transactions, ARMZ currently owns approximately 51.4% of the outstanding shares of the Filer;
- 9. ARMZ is a joint stock company incorporated under the laws of the Russian Federation; ARMZ is not now, nor was it at any relevant time, a reporting issuer in any jurisdiction of Canada or the equivalent in any other jurisdiction;
- 10. Akbastau is a joint stock company formed under the laws of the Republic of Kazakhstan; Akbastau owns and operates the Akbastau Uranium Mine in Kazakhstan; Akbastau is not now, nor was it at any relevant time, a reporting issuer in any jurisdiction of Canada or the equivalent in any other jurisdiction;

11. Zarechnoye is a joint stock company formed under the laws of the Republic of Kazakhstan; Zarechnoye owns and operates the Zarechnoye Uranium Mine in Kazakhstan; Zarechnoye is not now, nor was it at any relevant time, a reporting issuer in any jurisdiction of Canada or the equivalent in any other jurisdiction;
12. each of ARMZ, Akbastau and Zarechnoye is a "foreign issuer" for the purposes of NI 52-107;

*The Disclosure*

13. the Acquisition was a "related party transaction" for the Filer, within the meaning of section 1.1 of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (MI 61-101), since at the time the Acquisition was agreed on ARMZ owned more than 10% of the outstanding common shares of the Filer;
14. as a result, the Filer was required under section 5.6 of MI 61-101 to obtain approval of the Acquisition from the shareholders of the Filer in accordance with Part 8 of MI 61-101;
15. the Filer provided to its shareholders a management information circular dated August 3, 2010 (the Circular) for purposes of a special meeting of shareholders on August 31, 2010 to consider the Acquisition;
16. the Circular was accompanied by:
  - (a) the audited annual consolidated financial statements of Akbastau and Zarechnoye for the years ended December 31, 2009, December 31, 2008, and December 31, 2007 (Circular Annual Statements);
  - (b) the unaudited interim consolidated financial statements of Akbastau and Zarechnoye for the three months ended March 31, 2010 (together with the Circular Annual Statements, the Circular Statements); and
  - (c) the pro forma financial statements of the Filer which reflect the completion of the Acquisition and related transactions as if they had occurred as of the beginning of the periods presented for the purposes of the pro forma consolidated statement of operations (being the year ended December 31, 2009 and the three month period ended March 31, 2010), and as of March 31, 2010 for the purposes of the pro forma balance sheet (Circular Pro Forma Statements);
17. in accordance with section 5.1(b) of NI 52-107, as it was constituted on the date of the Circular, the Circular Statements were prepared in accordance with IFRS;
18. the Circular Annual Statements comply with the requirements of sections 4.11(2) and (3) of NI 52-107;
19. as noted in notes 1 and 2 to the Circular Pro Forma Statements, in preparing the Circular Pro Forma Statements, management of the Filer undertook a review to identify accounting policy differences between Canadian GAAP – Part V and IFRS that would potentially have a material impact and could be reasonably estimated, and concluded that (i) based on the review of the financial statements, no material differences were identified between Canadian GAAP – Part V and IFRS, and (ii) the significant accounting policies of Akbastau and Zarechnoye under IFRS conform in all material respects to those of the Filer under Canadian GAAP – Part V;
20. with respect to the Circular Statements, management of the Filer concluded that Akbastau's and Zarechnoye's financial results would not be materially different if they were reported under Canadian GAAP – Part V;
21. the Circular Annual Statements were audited by Deloitte, LLP (Deloitte);
22. in accordance with section 5.2(b) of NI 52-107, as it was constituted on the date of the Circular, the Circular Annual Statements were audited in accordance with ISA issued by the IAASB;
23. the Filer has obtained a statement from Deloitte with respect to the Circular Annual Statements that:
  - (a) describes any material differences in the form and content of the auditor's report as compared to an auditor's report prepared in accordance with Canadian GAAS; and
  - (b) indicates that an auditor's report prepared in accordance with Canadian GAAS would not contain a reservation;

24. since the Acquisition was a "significant acquisition" for the Filer within the meaning of section 8.3 of NI 51-102, the Filer is required to file a business acquisition report (BAR) in accordance with section 8.2 of NI 51-102 within 75 days of the completion of the Acquisition;
25. under section 8.4 of NI 51-102, the Filer is required to include in the BAR the Circular Annual Statements, the interim consolidated financial statements of each of Akbastau and Zarechnoye for the interim period ended September 30, 2010, with comparative information for the interim period ended September 30, 2009, and the pro forma financial statements based on the foregoing financial statements;
26. the Filer proposes to include in the BAR, the audited annual consolidated financial statements of each of Akbastau and Zarechnoye for the financial year ended December 31, 2010, with comparative information for the financial year ended December 31, 2009 (Alternative Statements), and pro forma financial statements based on the Alternative Statements (Alternative Pro Forma Statements);
27. the Alternative Statements will comply with the requirements of sections 4.11(2) and (3) of NI 52-107;
28. the Alternative Statements for Akbastau will be audited by Deloitte and the Alternative Statements for Zarechnoye will be audited by KPMG Audit, LLC (KPMG);
29. the auditor's reports of Deloitte and KPMG accompanying the Alternative Statements will not contain any reservations;
30. each of Deloitte and KPMG has represented to the Filer that it has experience and expertise with the ISA;
31. the Alternative Statements will be audited in accordance with ISA issued by the IAASB, and this fact will be stated in the auditors' reports in respect of the Alternative Statements;
32. paragraph 20 of Part 1 of the Assurance Handbook of the Canadian Institute of Chartered Accountants provides that the ISA issued by the IAASB have been adopted as Canadian Auditing Standards for audits of financial statements for periods ending on or after December 14, 2010;
33. the Alternative Pro Forma Statements will be prepared as set out in section 8.7(9) of Companion Policy 51-102CP, as it applies to financial years beginning on or after January 1, 2011; as part of the preparation of the Alternative Pro Forma Statements, the Filer will identify accounting policy differences between Canadian GAAP – Part V and IFRS that would potentially have a material impact and which could be reasonably estimated, and will describe such differences in the notes to the Alternative Pro Forma Statements in the course of describing the adjustments presented in the Alternative Pro Forma Statements relating to the financial results of Akbastau and Zarechnoye;
34. the Alternative Pro Forma Statements will include the appropriate adjustments for the period from December 27, 2010 to December 31, 2010, inclusive, since the financial results of Akbastau and Zarechnoye for that period will also be included in the Filer's financial statements for the year ended December 31, 2010; and
35. during the period from December 27, 2010 to December 31, 2010, inclusive, each of Akbastau and Zarechnoye remained intact, was not significantly reorganized and none of their respective assets or liabilities were transferred to other entities.

**Decision**

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

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

- (a) the Filer includes in the BAR audited financial statements of Akbastau and Zarechnoye for the years ended December 31, 2010 and 2009 that are prepared in accordance with IFRS, are audited in accordance with ISA issued by the IAASB, and are accompanied by an auditor's report that does not contain a reservation;
- (b) the Alternative Pro Forma Statements are prepared as set out in section 8.7(9) of Companion Policy 51-102CP as it applies to financial years beginning on or after January 1, 2011 and identify accounting policy differences between Canadian GAAP – Part V and IFRS that would potentially have a material impact and which could be reasonably estimated, and describe such differences in



the notes to the Alternative Pro Forma Statements in the course of describing the adjustments presented in the Alternative Pro Forma Statements relating to the financial results of Akbastau and Zarechnoye; and

- (c) the BAR otherwise complies with the requirements of Form 51-102F4.

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

## 2.1.5 Star Hedge Managers Corp. II

Newfoundland and Labrador, Northwest Territories, Yukon Territory and Nunavut.

### Headnote

NP 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – exemption from National Instrument 81-106 Investment Fund Continuous Disclosure to permit an investment fund to calculate its NAV on a monthly basis subject to certain conditions – relief will terminate if the reporting by an underlying private investment fund becomes more frequent.

### Applicable Legislative Provisions

National Instrument 81-106 Investment Fund Continuous Disclosure, s. 14.2(3)(a).

March 28, 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  
STAR HEDGE MANAGERS CORP. II  
(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 relief from Section 14.2(3)(a) of National Instrument 81-106 – *Investment Fund Continuous Disclosure* (“**NI 81-106**”), which requires the net asset value (“**NAV**”) of an investment fund that does not use specified derivatives (as such term is defined in National Instrument 81-102 – *Mutual Funds*) be calculated at least once in each week (the “**Exemption Sought**”).

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

- (a) the Ontario Securities Commission is the principal regulator for this application, and
- (b) the Filer has provided notice that section 4.7(1) of Multinational Instrument 11-102 – *Passport System* (“**MI 11-102**”) is intended to be relied upon in the jurisdictions of British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Nova Scotia, Prince Edward Island,

### 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 non-redeemable investment fund incorporated under the laws of the Province of Ontario. BMO Nesbitt Burns Inc. (the “**Administrator**”) is the administrator of the Filer. The principal office of the Filer and the Administrator is located at 1 First Canadian Place, 100 King Street West, 3rd Floor Podium, P.O. Box 150, Toronto, Ontario M5X 1H3. The Filer is not in default of securities legislation in any jurisdiction.
2. The Filer has been created to provide investors with long-term capital growth by investing in a portfolio (the “**Portfolio**”) consisting of private investment funds managed by three of Canada’s leading portfolio managers: Rohit Sehgal of Dynamic Funds, Eric Sprott of Sprott Asset Management LP and Frank Mersch of Front Street Investment Management Inc. (“**Front Street**”).
3. The Portfolio will initially consist of approximately equal investments in Series FC units of Dynamic Power Hedge Fund managed by Rohit Sehgal (the “**Dynamic Fund**”), Class I units of Sprott Hedge Fund L.P. II managed by Eric Sprott (the “**Sprott Fund**”) and Series F units of Front Street Canadian Hedge managed by Frank Mersch (the “**Front Street Fund**”) (each a “**Portfolio Fund**” and collectively, the “**Portfolio Funds**”).
4. The Filer may establish a revolving credit facility which will be used by the Filer for general working capital purposes in an amount not exceeding 5% of the NAV of the Filer at the time of borrowing. Borrowings under the revolving credit facility will be made in the discretion of the Administrator.
5. The Dynamic Fund, the Sprott Fund and the Front Street Fund may from time to time employ leverage. The Dynamic Fund may use leverage to borrow cash or securities, purchase securities on margin, take short sale positions, write uncovered options or enter into other derivatives transactions for non-hedging purposes. The Dynamic Fund will not enter into any leverage transaction if such transaction would cause the Dynamic Fund’s total net marked-to-market leverage position to exceed 30% of its last determined NAV. The Dynamic Fund will not effect a short sale at any time during which its aggregate open short positions represent

in excess of 30% of its NAV. The Dynamic Fund may pledge or provide a security interest over any of its assets in respect of its permitted leverage or permitted borrowing or in other circumstances where required to effect permitted transactions. There is no prescribed limit in the amount of leverage that may be used by the Sprott Fund. The Front Street Fund may use leverage by incurring indebtedness in the form of margin debt. In providing margin to the Front Street Fund, the Front Street Fund's prime broker will be subject to capital margin requirements of the Investment Industry Regulatory Organization of Canada. Such indebtedness incurred by the Front Street Fund may be secured by the Front Street Fund's portfolio.

6. Although the Filer will be a mutual fund corporation for purposes of the *Income Tax Act* (Canada), it will not be a mutual fund for purposes of securities legislation and its operation will differ from that of a conventional mutual fund as follows:

- (a) the Filer does not intend to continuously offer Units once the Filer is out of primary distribution, and
- (b) the Class A Shares are expected to be listed and posted for trading on the Toronto Stock Exchange (the "TSX"). As a result, holders of Class A Shares (the "Shareholders") will not have to rely solely on the redemption features of the Class A Shares (as described in the Preliminary Prospectus) in order to provide liquidity for their investment.

7. Class A Shares may be surrendered at any time for redemption by the Filer. The Class A Shares will be redeemable at the option of Shareholders on a monthly basis at a price computed by reference to the market price of the Class A Shares. Commencing in 2012, the Units will also be redeemable once annually at a price computed by reference to the NAV of the Filer.

8. Each of the Dynamic Fund and the Front Street Fund will report its respective NAV to the Filer weekly in accordance with the terms of the Filer's investment in the Series FC units of the Dynamic Fund and the Series F units of the Front Street Fund, respectively. The Sprott Fund will report the NAV of its Class I units to the Filer monthly. The Sprott Fund does not report the NAV of its Class I units to any investor or third party at a frequency greater than once monthly.

9. The NAV of the Filer will be based on the value of the Filer's holdings in the Portfolio Funds. As a result, the Filer may report its NAV only as frequently as the Portfolio Fund which reports its NAV the least frequently. Of the three Portfolio Funds, the Sprott Fund reports its NAV the least

frequently (monthly). To require the Filer to report its NAV more frequently than monthly would result in the use by the Filer of NAV information with respect to the Sprott Fund which is not up to date and which may ultimately be misleading to investors.

10. The basic and diluted NAV of the Fund and NAV per Class A Share (if applicable) will be made available at no cost on a monthly basis on a website established for such purpose. The Fund's final prospectus will disclose that this method of obtaining the NAV will be available to Shareholders.

### Decision

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

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

- (a) the NAV calculation is available to the public upon request; and
- (b) the public has access to a website for this purpose;

for so long as:

- (c) the Class A Shares are listed on the TSX; and
- (d) the Filer calculates its NAV at least monthly;

until

- (e) the Sprott Fund begins to report its NAV to the Filer more frequently than once monthly.

"Vera Nunes"

Assistant Manager, Investment Funds Branch  
Ontario Securities Commission

## 2.1.6 RBC Global Asset Management Inc.

### Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Firm registered in the categories of Portfolio Manager, Exempt Market Dealer, Commodity Trading Manager, and Investment Fund Manager with separate private client and institutional operating divisions exempted from the requirement to register an individual as an ultimate designated person (UDP) and a chief compliance officer (CCO) – permitted to register two UDPs and two CCOs, one for each operating division.

### Applicable Legislative Provisions

National Instrument 31-103 Registration Requirements and Exemptions, ss.11.2, 11.3.

March 18, 2011

**IN THE MATTER OF  
THE SECURITIES LEGISLATION OF  
ONTARIO  
(the Jurisdiction)**  
  
**AND**  
  
**IN THE MATTER OF  
THE PROCESS FOR EXEMPTIVE RELIEF  
APPLICATIONS IN MULTIPLE JURISDICTIONS**  
  
**AND**  
  
**IN THE MATTER OF  
RBC GLOBAL ASSET MANAGEMENT INC.  
(the Filer)**  
  
**DECISION**

### Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction (the **Legislation**) for an exemption from the requirement contained in section 11.2 of National Instrument 31-103 *Registration Requirements and Exemptions* (**NI 31-103**) to designate an individual to be the ultimate designated person (**UDP**) and the requirement contained in section 11.3 of NI 31-103 to designate an individual to be the chief compliance officer (**CCO**) and instead be permitted to designate and register two individuals as UDP and 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 this application; and
- (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 all of the jurisdictions in Canada outside Ontario (the Non-Principal Jurisdictions, and together with the Jurisdiction, the Jurisdictions).

### Interpretation

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

### Representations

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

1. The Filer is registered under the Legislation in each of the Jurisdictions as an adviser in the category of portfolio manager. The Filer is also registered in Ontario as a dealer in the category of exempt market dealer and will become registered as an investment fund manager.
2. The head office of the Filer is located in Ontario.
3. The Filer is not, to the best of its knowledge, in default of any requirements of securities legislation in any of the Jurisdictions.
4. The Filer's business structure is organized as follows:
  - (a) The Filer has two distinct lines of securities business which are based on the nature of the Filer's clients (each, a **Division**).
  - (b) One business line within the Filer's operations is referred to as the Institutional Asset Management Business (the **Institutional Division**) which provides a broad range of investment management and investment counseling services to institutional clients.
  - (c) The other business line within the Filer's operations is referred to as the Private Client Business (the **Private Client Division**) which provides a broad range of investment management and investment counseling services to individual high net worth clients.
  - (d) The Private Client Division and the Institutional Division each have separate and distinct senior management structures. Although they are part of the same corporate entity, each Division is functionally a stand-alone operation within the Filer's operations.
  - (e) The Private Client Division carries on business under the brand name "RBC Phillips, Hager & North Investment Counsel" as it is operated as part of the private client business run out of RBC Phillips, Hager & North Investment Counsel Inc., a separate affiliated entity that is registered as an adviser under the Legislation in each of the Jurisdictions in the category of portfolio manager.
  - (f) Although carrying on business under the same brand name operating under the same management, the Private Client Division has not been merged into the legal entity RBC Phillips, Hager & North Investment Counsel Inc. due to operational and technological complexities involved with transferring direct accounts from the Filer to RBC Phillips, Hager & North Investment Counsel Inc., including dealing with custodial arrangements and record keeping systems.
5. Currently, there is one UDP responsible for both the Private Client Division and the Institutional Division. The current UDP of the Filer holds the title of Chief Executive Officer (**CEO**).
6. The Filer proposes to keep its current UDP, John Montalbano (the **Current UDP**), for the Institutional Division and appoint a new UDP for its Private Client Division (the **Proposed UDP**). The Proposed UDP of the Private Client Division will be Vijay Parmar, the current President and UDP of RBC Phillips, Hager & North Investment Counsel Inc. The current UDP and the Proposed UDP are the most senior management of each Division. The Proposed UDP is an officer of the Filer.
7. The UDP of each of the Institutional Division and the Private Client Division (each, a **Division Head**) while having different titles, has the role that is the equivalent of CEO in respect of each Division for which they are responsible and are the senior and final decision maker for each of their respective Divisions. This means that each Division Head fulfills the following role for his respective Division:
  - (a) runs the Division,
  - (b) has accountability for the operations and financial performance of the Division,
  - (c) provides clear leadership and sets the tone at the top for the Division,
  - (d) is the person that the executive management within the business lines reports to,
  - (e) is responsible for the objectives, strategy and plans, and the implementation of these, for the Division,
  - (f) has accountability for reporting to the Board of Directors with respect to the Division, and

- (g) is responsible for the Division's organizational structure and succession planning.
8. There is no line of reporting between the UDP of the Institutional Division and the UDP of the Private Client Division. Each UDP has, or will have, direct access to the Filer's Board of Directors.
9. Currently, there is one CCO responsible for both of the Institutional Division and the Private Client Division.
10. The Filer proposes to keep its current CCO, Larry Neilsen for the Institutional Division and will appoint a new CCO for its Private Client Division (the **Proposed CCO**). The Proposed CCO for the Private Client Division will be Annica Karlsson, the current CCO of RBC Phillips, Hager & North Investment Counsel Inc. The Proposed CCO will be appointed as an officer of the Filer.
11. The CCO for each Division will have direct access to, the Filer's Board of Directors.

*UDP Requirement*

12. NI 31-103 was implemented on September 28, 2009 (the **Implementation Date**).
13. Under section 11.2 of NI 31-103, a registered firm is required to designate an individual to be the UDP (the **UDP Requirement**) and the UDP must be (i) the chief executive officer, (ii) an officer in charge of a division of a registered firm, if the activity that requires a firm to register occurs only in the division; or (iii) an individual acting in a capacity similar to that of an officer described (i) or (ii).
14. Prior to the Implementation Date, there was no requirement under the securities legislation of the Jurisdictions that a portfolio manager or an exempt market dealer designate an individual to be UDP.
15. Designating only one of the Division Heads for purposes of satisfying the UDP Requirement would not be consistent with the policy objectives the Legislation is intended to achieve because the Private Client Division and the Institutional Division are independent operations with separate and distinct senior management structures of which the Current UDP and the Proposed UDP are effectively the CEO of their respective Division.

*CCO Requirement*

16. Under subsection 11.3(1) of NI 31-103, a registered firm is required to designate an individual to be the CCO (the **CCO Requirement**).
17. Prior to the Implementation Date, there was a requirement under the securities legislation of many of the Jurisdictions to designate a registered partner or officer as the "compliance officer" who was responsible for discharging the obligations of the registered firm under the applicable securities legislation.
18. In section 5.2 of Companion Policy 31-103CP *Registration Requirements and Exemptions* indicates 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 the firm's operating divisions."
19. Designating only one CCO for purposes of satisfying the CCO Requirement would not be consistent with the policy objectives it is intended to achieve because the Institutional Division and the Private Client Division are independent operations that are distinct from one another in kind and conducted on a very 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:

- (a) each Division shall have its own UDP, who shall be its Division Head;
- (b) each UDP fulfils the responsibilities set out in section 5.1 of NI 31-103, or any successor provision, in respect of the business lines of the Filer for which he or she is appointed as UDP;

- (c) the Filer permits each UDP to directly access the Filer's board of directors, or individuals acting in a similar capacity for the Filer, at such times as each UDP may consider necessary or advisable in view of his or her responsibilities; and
- (d) each Division shall have its own CCO.

"Susan Silma"  
Director,  
Compliance and Registrant Regulation

## 2.1.7 Goodman & Company, Investment Counsel Ltd.

### Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief granted to mutual funds subject to NI 81-102 and pooled funds not subject to NI 81-102 to permit applicant funds to purchase long-term debt securities of a related entity under primary offerings of the related entity and on the secondary market – relief granted to pooled funds not subject to NI 81-102 to purchase securities of a related entity on the secondary market – future oriented relief – relief subject to conditions including IRC approval, pricing requirements, and limits on the amount of the primary offering applicant funds can purchase.

### Applicable Legislative Provisions

Securities Act (Ontario), ss. 111(2)(a), 111(2)(b), 111(2)(c)(ii), 111(3), 113.

National Instrument 31-103 Registration Requirements and Exemptions, ss. 13.5(2)(a), 15.

National Instrument 81-107 Independent Review Committee for Investment Funds, s. 6.2.

March 28, 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

IN THE MATTER OF  
THE MUTUAL FUNDS LISTED IN SCHEDULE A  
AND ANY MUTUAL FUNDS THAT MAY BE  
ESTABLISHED IN THE FUTURE FOR WHICH THE  
FILER ACTS AS MANAGER AND/OR ADVISER  
(the Funds)

DECISION

### Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of existing mutual funds and future mutual funds of which the Filer is the manager and adviser and to which National Instrument 81-102 *Mutual Funds* (**NI 81-102**) applies (each, an **NI 81-102 Fund** and collectively, the **NI 81-102 Funds**) and on behalf of existing mutual funds and future mutual funds of which the Filer is the manager and adviser and to which NI 81-102 does not apply (each, a **Pooled Fund** and collectively, the **Pooled Funds**) for a decision under the securities legislation of the Jurisdiction of the principal regulator (Legislation) exempting the NI 81-102 Funds and Pooled Funds (**Funds**) from the prohibitions in the Legislation that prohibit a mutual fund from making or holding an investment:

- (a) in any person or company who is a substantial security holder of the mutual fund, its management company or distribution company (**Related Shareholder**);
- (b) in an issuer in which a Related Shareholder has a significant interest (**Related Person**); and



- (c) in any issuer in which a responsible person or an associate of a responsible person is a partner, officer or director (**Related Issuer**) unless the fact is disclosed to the client and the written consent of the client is obtained before the investment is made,

(items (a), (b) and (c) are, collectively, the **Exemption Sought**).

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

- (a) the Ontario Securities Commission (**OSC**) 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 also intended to be relied upon in British Columbia, Alberta, Manitoba, Saskatchewan, Quebec, New Brunswick and Nova Scotia (the **Passport Jurisdictions**).

### Interpretation

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

In this Application, the term “**Related Party**” means a Related Shareholder, a Related Person or a Related Issuer depending on the provision that is being considered.

### Representations

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

#### **The Filer**

1. The Filer is a corporation existing under the laws of the Province of Ontario, is registered with the OSC as a portfolio manager in the category of adviser, is further registered in that category in each of British Columbia, Alberta, Manitoba, Saskatchewan, Quebec, New Brunswick and Nova Scotia and is registered as a commodity trading manager with the OSC.
2. The Filer also is an investment fund manager within the meaning of NI 31-103 and has applied to the OSC for registration in that capacity as required by the Legislation.
3. The Filer is, or will be, the manager and/or portfolio adviser to the Funds.

#### **The Funds**

4. Each of the Funds is or will be a mutual fund established under the laws of Ontario or one of the other Passport Jurisdictions.
5. On February 2, 2011, The Bank of Nova Scotia (**Scotiabank**) completed the acquisition of DundeeWealth Inc. (**DundeeWealth**), the indirect parent company of the Filer (**DundeeWealth Transaction**). Pursuant to the Legislation, Scotiabank is a Related Shareholder of the Filer.
6. As of the date of this decision, Scotiabank held, directly and indirectly, more than 10% of the outstanding securities of CI Financial Corporation (**CI Financial**). Therefore, CI Financial is deemed under the Legislation to be a Related Person of the Filer.
7. The Filer and the Funds are not in default of securities legislation in any jurisdiction, except to the extent that the Funds continue to hold securities of Scotiabank and CI Financial as of the completion of the DundeeWealth Transaction.
8. The securities of each of the NI 81-102 Funds are, or will be, qualified for distribution pursuant to simplified prospectuses and annual information forms that have been, or will be, prepared and filed in accordance with the securities legislation of each of the Jurisdiction and the Passport Jurisdictions.
9. Each of the NI 81-102 Funds is, or will be, a reporting issuer in one or more of the Jurisdiction and the Passport Jurisdictions.

10. The securities of the Pooled Funds are or will be offered for sale only on an exempt basis pursuant to available prospectus and registration exemptions from the prospectus requirements in one or more of the Passport Jurisdictions. None of the Pooled Funds is or will be a reporting issuer.
11. The investment strategies of each of the Funds that relies on the Exemption Sought permit, or will permit, it to invest in the securities purchased.
12. The manager of the Funds has established, or will establish, an independent review committee (**IRC**) in respect of each NI 81-102 Fund (in accordance with the requirements of NI 81-107) and in respect of each Pooled Fund (in accordance with section 3.7 of NI 81-107).
13. The purchase of securities of Related Persons by a Fund will be referred to the IRC of such Fund (in the case of an NI 81-102 Fund under subsection 5.1(1)(b) of NI 81-107).
14. Section 6.2 of NI 81-107 provides the NI 81-102 Funds with an exemption from the prohibitions comprising the Exemption Sought in respect of purchasing exchange-traded securities, such as common shares, in the secondary market. It does not permit an NI 81-102 Fund, or the Filer on behalf of a NI 81-102 Fund, to purchase non-exchange-traded securities issued by Related Parties. Some securities, such as debt securities, of Related Parties of the Filer are not listed and traded (**NET debt securities**).
15. NI 81-107 does not apply to the Pooled Funds as they are not reporting issuers. Accordingly, in the absence of the Exemption Sought, the Pooled Funds may not purchase or hold exchange-traded securities or NET debt securities of a Related Party.
16. The Filer is seeking the Exemption Sought to permit (a) the Funds to purchase and hold NET debt securities and (b) the Pooled Funds to purchase and hold exchange-traded securities of Related Parties.
17. The Filer has determined that it would be in the best interests of the Funds to receive the Exemption Sought.
18. Certain Related Parties of the Filer are significant issuers of securities and they are issuers of debt instruments. The Filer considers that the Funds should have access to such securities for the following reasons:
  - (a) there is limited supply of highly rated corporate debt;
  - (b) diversification is reduced to the extent that a Fund is limited with respect to investment opportunities; and
  - (c) to the extent that a Fund seeks to track or outperform a benchmark it is important for the Fund to be able to purchase any securities included in the benchmark. Debt securities of Related Parties of the Filer are included in most of the Canadian debt indices.
19. Where the NET debt security is purchased by a Fund in a primary distribution or treasury offering (**Primary Offering**) pursuant to the Exemption Sought:
  - (a) the debt security, other than an asset backed commercial paper security, will have a term to maturity of 365 days or more and will be issued by a Related Party that has been given and continues to have, at the time of purchase, an "approved credit rating" by an approved credit rating organization; and
  - (b) the terms of the Primary Offering, such as the size and the pricing, will be a matter of public record as evidenced in a prospectus, offering memorandum, press release or other public document.
20. Where the NET debt security is purchased by a Fund in the secondary market pursuant to the Exemption Sought and not in a Primary Offering, the debt security has been given and continues to have, at the time of purchase, an "approved credit rating" by an approved credit rating organization.
21. If a Fund's purchase of NET debt securities involves an inter-fund trade with another Fund, the provisions of the relief received by the Filer on behalf of the Funds dated September 19, 2008, as may be amended, will apply to such transaction.

## 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 to permit the Filer to purchase and hold NET debt securities on behalf of the Funds on condition that:

- (a) the purchase or holding is consistent with, or is necessary to meet, the investment objective of the Fund;
- (b) at the time of the purchase the IRC of the Fund has approved the transaction in accordance with Section 5.2(2) of NI 81-107;
- (c) the manager of the Fund complies with section 5.1 of NI 81-107 and the manager and the IRC of the Fund comply with section 5.4 of NI 81-107 for any standing instructions the IRC provides in connection with the transactions;
- (d) in the case of NET debt securities to be purchased in a Primary Offering:
  - (i) the size of the Primary Offering is at least \$100 million;
  - (ii) at least 2 purchasers who are independent, arm's length purchasers, which may include "independent underwriters" within the meaning of National Instrument 33-105 Underwriting Conflicts, collectively purchase at least 20% of the Primary Offering;
  - (iii) no Fund shall participate in the Primary Offering if following its purchase the Fund together with related Funds will hold more than 20% of the securities issued in the Primary Offering;
  - (iv) no Fund shall participate in the Primary Offering if following its purchase the Fund would have more than 5% of its net assets invested in NET debt securities of a Related Issuer;
  - (v) the price paid for the securities by a Fund in the Primary Offering shall be no higher than the lowest price paid by any of the arm's length purchasers who participate in the Primary Offering;
- (e) in the case of NET debt securities to be purchased in the secondary market:
  - (i) the security has been given and continues, at the time of the purchase, to have an "approved credit rating" by an "approved credit rating organization" within the meaning of those terms in NI 81-102;
  - (ii) the price payable for the security is not more than the ask price of the security;
  - (iii) the ask price of the security is determined as follows:
    - (1) If the purchase occurs on a marketplace, the price payable is determined in accordance with the requirements of that marketplace; or
    - (2) If the purchase does not occur on a marketplace,
      - (A) the Fund may pay the price for the security at which an independent, arm's length seller is willing to sell the security, or
      - (B) If the Fund does not purchase the security from an independent, arm's length seller, the fund must pay the price quoted publicly by an independent marketplace or obtain, immediately before the purchase, at least one quote from an independent, arm's length purchaser or seller and not pay more than that quote;
  - (iv) the transaction complies with any applicable "market integrity requirements" as defined in NI 81-107;
- (f) no later than the time a NI 81-102 Fund files its annual financial statements, or on or before the 90th day after the end of each financial year of a Pooled Fund, the Filer files with the securities regulatory authority or regulator the particulars of any investments made in reliance on this relief;
- (g) the IRC of the Fund complies with section 4.5 of NI 81-107 in connection with any instance that it becomes aware that the Filer did not comply with any of the conditions of this decision; and
- (h) the decision with respect to NET debt securities purchased pursuant to a Primary Offering or in the secondary market will expire on the coming into force of any securities legislation relating to fund purchases of NET debt securities purchased pursuant to a Primary Offering or in the secondary market.

## **Decisions, Orders and Rulings**

---

The decision of the principal regulator under the Legislation is that the Exemption Sought is granted to permit the Filer to purchase and hold exchange-traded securities on behalf of the Pooled Funds on condition that:

- (a) the purchase or holding is consistent with, or is necessary to meet, the investment objective of the Pooled Fund;
- (b) at the time of the purchase the IRC of the Pooled Fund has approved the transaction in accordance with Section 5.2(2) of NI 81-107;
- (c) the manager of the Pooled Fund complies with section 5.1 of NI 81-107 and the manager and the IRC of the Pooled Fund comply with section 5.4 of NI 81-107 for any standing instructions the IRC provides in connection with the transactions;
- (d) the purchase is made in the secondary market on an exchange on which the securities are listed and traded;
- (e) on or before the 90th day after the end of each financial year of a Pooled Fund, the Filer files with the securities regulatory authority or regulator the particulars of any investments made in reliance on this relief;
- (f) the IRC of the Pooled Fund complies with section 4.5 of NI 81-107 in connection with any instance that it becomes aware that the Filer did not comply with any of the conditions of this decision; and
- (g) the decision with respect to purchases of exchange-traded securities by the Pooled Funds will expire on the coming into force of any securities legislation relating to purchases of exchange-traded securities of a Related Party by mutual funds not governed by NI 81-102.

### **Related Issuer Relief**

“Paulette L. Kennedy”  
Commissioner  
Ontario Securities Commission

“Christopher Portner”  
Commissioner  
Ontario Securities Commission

### **NI 31-103 Relief**

“Vera Nunes”  
Assistant Manager, Investment Funds  
Ontario Securities Commission

**Schedule A**

**Pooled Funds**

Dynamic Alpha Performance Fund  
Dynamic Contrarian Fund  
Dynamic Income Opportunities Fund  
Dynamic Power Emerging Markets Fund  
Dynamic Power Hedge Fund  
Dynamic Real Estate & Infrastructure Income Fund  
Goodman Private Wealth Management Diversified Bond Pool  
Goodman Private Wealth Management Core Equity Pool  
Goodman & Company Canadian Value Strategy  
Goodman & Company Equity Income Strategy  
Goodman & Company Global Value Strategy  
Goodman & Company Growth Strategy

**NI 81-102 Funds**

Dynamic Focus+ Balanced Fund	Dynamic Strategic Yield Class
Dynamic Focus+ Equity Fund	Dynamic Advantage Bond Class
Dynamic Dividend Fund	Dynamic Power Balanced Class
Dynamic Dividend Income Fund	Dynamic Power Canadian Growth Class
Dynamic Energy Income Fund	Dynamic Power Global Navigator Class
Dynamic Equity Income Fund	Dynamic Canadian Dividend Class
Dynamic Small Business Fund	Dynamic EAFE Value Class
Dynamic Strategic Yield Fund	Dynamic Global Value Class
Dynamic Advantage Bond Fund	Dynamic Value Balanced Class
Dynamic Canadian Bond Fund	Dynamic Emerging Markets Class
Dynamic Dollar-Cost Averaging Fund	Dynamic Global Energy Class (to be renamed to Dynamic Strategic Energy Class)
Dynamic Real Return Bond Fund	Dynamic Aurion Tactical Balanced Class
Dynamic Short Term Bond Fund	Dynamic Aurion Canadian Equity Class
Dynamic Diversified Real Asset Fund	Dynamic Aurion Total Return Bond Fund
Dynamic Financial Services Fund	Dynamic Aurion Total Return Bond Class
Dynamic Global Infrastructure Fund	Dynamic Emerging Markets Class
Dynamic Global Real Estate Fund	Marquis Institutional Growth Portfolio
Dynamic European Value Fund	Marquis Institutional Equity Portfolio
Dynamic Far East Value Fund	Marquis Institutional Canadian Equity Portfolio
Dynamic Global Value Balanced Fund	Marquis Institutional Bond Portfolio
Dynamic Global Value Fund	Dynamic Venture Opportunities Fund Ltd
Dynamic Value Balanced Fund	
Dynamic Dividend Income Class	

## 2.1.8 Premium Income Corporation et al.

### Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Investment funds and their manager exempted from the dealer registration requirement for certain limited trading activities to be carried out by these parties in connection with warrant offerings by the investment funds – The limited trading activities involve: i) the forwarding of a short form (final) prospectus, and the distribution of warrants to acquire securities of the fund, to existing holders of fund securities, and ii) and the subsequent distribution of securities to holders of the warrants, upon their exercise of the warrants, through an appropriately registered dealer.

### Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 25(1), 74(1).

Multilateral Instrument 11-102 Passport System, s. 4.7(1).

National Instrument 45-106 Prospectus and Registration Exemptions, ss. 2.1, 3.1, 3.42, 8.5.

March 25, 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  
PREMIUM INCOME CORPORATION  
(the PIC Fund)**

**AND**

**GOLD PARTICIPATION AND INCOME FUND  
(the GPF Fund and, together with the PIC Fund,  
the Funds)**

**AND**

**MULVIHILL CAPITAL MANAGEMENT INC.  
(MCM and, together with the PIC Fund and  
the GPF Fund, the Filers)**

**DECISION**

### Background

The principal regulator in the Jurisdiction has received an application from the Filers for a decision under the securities legislation of the Jurisdiction of the principal

regulator (the **Legislation**) for an exemption from the dealer registration requirements in the Legislation in respect of the following:

- (a) certain trades (the **PIC Warrant Offering Activities**) to be carried out by MCM, on behalf of the PIC Fund, in connection with a proposed distribution (the **PIC Warrant Offering**) of warrants (the **PIC Warrants**) to acquire “units” (the **PIC Units**) of the PIC Fund, such distribution to be made in Ontario and each of the Passport Jurisdictions (as defined below) pursuant to a short form (final) prospectus (the **PIC Warrant Prospectus**); and
- (b) certain trades (the **GPF Warrant Offering Activities**) to be carried out by MCM, on behalf of the GPF Fund, in connection with a proposed distribution (the **GPF Warrant Offering**) of warrants (the **GPF Warrants**) to acquire units (the **GPF Units**) of the GPF Fund, such distribution to be made in Ontario and each of the Passport Jurisdictions (as defined below) pursuant to a short form (final) prospectus (the **GPF Warrant Prospectus**) (the **Exemption Sought**).

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

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

1. The PIC Fund is a corporation incorporated under the laws of the Province of Ontario and the GPF Fund is an investment trust established under the laws of the Province of Ontario pursuant to a trust agreement dated as of July 27, 2009 between MCM and RBC Dexia Investor Services Trust. The Funds are reporting issuers in each province of Canada and are not in default of any of their

- respective obligations under securities legislation in any jurisdiction.
2. MCM acts as the manager and investment fund manager of each of the Funds. MCM is a corporation incorporated under the *Canada Business Corporations Act*. The head office of MCM is located at 121 King Street West, Standard Life Centre, Suite 2600, Toronto, Ontario, M5H 3T9. MCM is not in default of any of its obligations under securities legislation in any jurisdiction.
  3. While the PIC Fund is technically considered a mutual fund under the securities legislation of the Province of Ontario and the Passport Jurisdictions, the PIC Fund is not a conventional mutual fund and has obtained exemptions from certain requirements of National Instrument 81-102 – *Mutual Funds*. The GPF Fund is not a mutual fund under securities legislation of the Province of Ontario and the Passport Jurisdictions and, accordingly, is not subject to the requirements of National Instrument 81-102 – *Mutual Funds*.
  4. The authorized share capital of the PIC Fund consists of an unlimited number of preferred shares (the **PIC Preferred Shares**), an unlimited number of class A shares (the **PIC Class A Shares**), an unlimited number of class C shares, class D shares, class E shares, class C preferred shares, class D preferred shares, class E preferred shares and 1,000 class B shares. The PIC Preferred Shares and the PIC Class A Shares are listed and posted for trading on the Toronto Stock Exchange (the **TSX**).
  5. The authorized share capital of the GPF Fund consists of an unlimited number of trust units (the **GPF Units**). The GPF Units are listed and posted for trading on the TSX.
  6. Each Fund is subject to certain investment restrictions that, among other things, limit the securities it may acquire for its portfolio.
  7. The investment objectives of the PIC Fund are: (a) to provide holders of its PIC Preferred Shares with cumulative preferential quarterly cash distributions in the amount of \$0.215625 per PIC Preferred Share representing a yield on the original issue price of \$15.00 per PIC Preferred Share of 5.75% per annum; (b) to provide holders of its PIC Class A Shares with quarterly cash distributions equal to the amount, if any, by which the net realized capital gains, dividends and option premiums (other than option premiums in respect of options outstanding at year-end) earned on the PIC Fund's portfolio in any year, net of expenses and loss carryforwards, exceed the amount of the distributions paid on the PIC Preferred Shares; and (c) to return the original issue price to holders of both PIC Preferred Shares and PIC Class A Shares at the time of redemption of such shares.
  8. The investment objectives of the GPF Fund are: (a) to maximize total returns for holders of GPF Units including both long term appreciation in net asset value per GPF Unit and distributions and (b) to pay holders of GPF Units monthly distributions in an amount targeted to be 6.5% per annum on the net asset value of the GPF Fund.
  9. The investment portfolio of the PIC Fund consists primarily of common shares of: Bank of Montreal, The Bank of Nova Scotia, Canadian Imperial Bank of Commerce, Royal Bank of Canada and The Toronto-Dominion Bank (the **Banks**).
  10. The GPF Fund invests 100% of its net assets in the gold sector. The GPF Fund may invest up to 50% in the gold shares of SPDR Gold Trust, an exchange-traded fund that seeks to track the price of gold by investing directly in gold bullion, and up to 75% in a portfolio (the **Managed Gold Portfolio**) of equity securities selected from the S&P/TSX Global Gold Index.
  11. The PIC Fund may, from time to time, write covered call options in respect of all or part of the common shares in its portfolio. From time to time, the PIC Fund may also hold a portion of its assets in cash equivalents, which may be used to provide cover in respect of the writing of cash-covered put options in respect of securities in which the PIC Fund is permitted to invest. The PIC Fund may also hold short-term debt instruments issued by the Government of Canada or a province of Canada or by one or more of the Banks.
  12. The GPF Fund may, from time to time, write covered call options on up to 25% of the GPF Fund's portfolio. The GPF Fund may also purchase put options on individual securities in the Managed Gold Portfolio, indexed put options or inverse exchange-traded funds in order to protect it from declines in the market prices of the individual securities in its portfolio or in the value of its portfolio as a whole. From time to time, the GPF Fund may purchase call options and put options with the effect of closing out existing call options and put options written by the GPF Fund. The GPF Fund, from time to time, may also hold a portion of its assets in cash equivalents and may write cash-covered put options to generate additional returns and to reduce the net cost of acquiring the securities subject to put options. Such cash-covered put options will only be written in respect of securities in which the GPF Fund is permitted to invest.
  13. Each of the Funds has retained MCM, as its investment manager, to manage its investment portfolio and implement its investment strategy in accordance with its investment objectives and

- investment restrictions. MCM is registered as an Investment Fund Manager, Exempt Market Dealer, a Mutual Fund Dealer and a Portfolio Manager with the Ontario Securities Commission. All trades in securities in connection with the portfolio investing activities of the PIC Fund and the GPF Fund are conducted through registered dealers.
14. The PIC Fund filed a (final) prospectus dated October 17, 1996 under the securities legislation of the Province of Ontario and each Passport Jurisdiction in respect of its initial public offering of PIC Preferred Shares and PIC Class A Shares.
  15. The GPF Fund filed a (final) prospectus dated July 27, 2009 under the securities legislation of the Province of Ontario and each Passport Jurisdiction in respect of its initial public offering of GPF Units.
  16. Neither Fund engages in the continuous distribution of its securities.
  17. In connection with the PIC Warrant Offering, the PIC Fund has filed a preliminary short form prospectus dated March 18, 2011 under the securities legislation of the Province of Ontario and each Passport Jurisdiction. Under the PIC Warrant Offering, each holder of a PIC Class A Share as at a specified record date will be entitled to receive, for no consideration, one PIC Warrant for each PIC Class A Share held by such holder.
  18. In connection with the GPF Warrant Offering, the GPF Fund has filed a preliminary short form prospectus dated March 16, 2011 under the securities legislation of the Province of Ontario and each Passport Jurisdiction. Under the GPF Warrant Offering, each holder of a GPF Unit as at a specified record date will be entitled to receive, for no consideration, one GPF Warrant for each GPF Unit held by such holder.
  19. Holders of the PIC Warrants will be entitled, upon the exercise of their PIC Warrants, to subscribe for PIC Units (each PIC Unit consisting of one PIC Preferred Share and one PIC Class A Share), pursuant to subscription privileges provided for in the PIC Warrants, at a subscription price to be specified in the PIC Warrant Prospectus. Two PIC Warrants will entitle the holder to subscribe for one PIC Unit under a basic subscription privilege. Holders of PIC Warrants who exercise their PIC Warrants under the basic subscription privilege may also subscribe, pro rata, for additional PIC Units that are not subscribed for by other holders under the basic subscription privilege, pursuant to the terms of an additional subscription privilege. The PIC Warrants (including both the basic subscription privilege and the additional subscription privilege) may be exercised only on December 15, 2011.
  20. Holders of the GPF Warrants will be entitled, upon their exercise of the GPF Warrants, to subscribe for GPF Units, pursuant to subscription privileges provided for in the GPF Warrants, at a subscription price to be specified in the GPF Warrant Prospectus. Each GPF Warrant will entitle the holder to subscribe for one GPF Unit under a basic subscription privilege. Holders of GPF Warrants who exercise their GPF Warrants under the basic subscription privilege may also subscribe, pro rata, for additional GPF Units that are not subscribed for by other holders under the basic subscription privilege, pursuant to the terms of an additional subscription privilege.
  21. The PIC Fund intends to apply to list the PIC Warrants, to be distributed under the PIC Warrant Prospectus, on the TSX.
  22. The GPF Fund intends to apply to list the GPF Warrants, to be distributed under the GPF Warrant Prospectus, on the TSX.
  23. The PIC Warrant Offering Activities will consist of:
    - (a) the distribution of the PIC Warrant Prospectus and the issuance of PIC Warrants to the holders of PIC Class A Shares (as at the record date specified in the PIC Warrant Prospectus), after the PIC Warrant Prospectus has been filed, and receipts obtained, under the securities legislation of the Province of Ontario and each Passport Jurisdiction; and
    - (b) the distribution of PIC Units to holders of the PIC Warrants, upon the exercise of PIC Warrants by their holders, through registered dealers that are registered in categories that permit them to make such distributions.
  24. The GPF Warrant Offering Activities will consist of:
    - (a) the distribution of the GPF Warrant Prospectus and the issuance of GPF Warrants to the holders of GPF Units (as at the record date specified in the GPF Warrant Prospectus), after the GPF Warrant Prospectus has been filed, and receipts obtained, under the securities legislation of the Province of Ontario and each Passport Jurisdiction; and
    - (b) the distribution of GPF Units to holders of the GPF Warrants, upon the exercise of GPF Warrants by their holders, through registered dealers that are registered in categories that permit them to make such distributions.



25. The PIC Fund and the GPF Fund are in the business of trading securities by virtue of their portfolio investing activities. As a result, their capital raising activities, including the PIC Warrant Offering Activities and the GPF Warrant Offering Activities, would require them and MCM, acting on their behalf, to register as a dealer in the absence of the Exemption Sought (or another available exemption from the dealer registration requirements).
26. Section 8.5 of National Instrument 45-106 *Prospectus and Registration Exemptions* (NI 45-106) provides that, after March 26, 2010, the exemptions from the dealer registration requirements set out in sections 3.1 [*Rights offering*] and section 3.42 [*Conversion, exchange or exercise*] of NI 45-106 no longer apply.

### 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:

- (a) the PIC Fund, and MCM acting on behalf of the PIC Fund, are not subject to the dealer registration requirement in respect of the PIC Warrant Offering Activities; and
- (b) the GPF Fund, and MCM acting on behalf of the GPF Fund, are not subject to the dealer registration requirement in respect of the GPF Warrant Offering Activities.

“Christopher Portner”  
Commissioner  
Ontario Securities Commission

“Paulette Kennedy”  
Commissioner  
Ontario Securities Commission

**2.1.9 Bank of Montreal et al. – s. 5.1 of OSC Rule 48-501 Trading During Distributions, Formal Bids and Share Exchange Transactions**

**Headnote**

Section 5.1 of the OSC Rule 48-501 Trading during Distributions, Formal Bids and Share Exchange Transactions (Rule) – exemption granted from trading restrictions imposed by sections 2.1(a) and 2.2 of the Rule.

**Rules Cited**

Ontario Securities Commission Rule 48-501 – Trading During Distributions, Formal Bids and Share Exchange Transactions.

March 29, 2011

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

**AND**

**ONTARIO SECURITIES COMMISSION RULE 48-501  
TRADING DURING DISTRIBUTIONS, FORMAL BIDS AND SHARE EXCHANGE TRANSACTIONS  
(the Rule)**

**AND**

**IN THE MATTER OF  
BANK OF MONTREAL,  
BMO NESBITT BURNS INC.,  
BMO ASSET MANAGEMENT INC.,  
BMO HARRIS INVESTMENT MANAGEMENT INC.,  
PYRFORD INTERNATIONAL LIMITED,  
HARRIS INVESTMENT MANAGEMENT, INC.,  
HIM MONEGY, INC.,  
HARRIS N.A.,  
THE HARRIS BANK N.A.,  
SULLIVAN, BRUYETTE, SPEROS & BLAYNEY, INC.,  
STOKER OSTLER WEALTH ADVISORS, INC.,  
HARRIS MYCFO INVESTMENT ADVISORY SERVICES LLC,  
AND HARRIS INVESTOR SERVICES INC.**

**DECISION  
(Section 5.1 of the Rule)**

**UPON** the Director (as defined in the Act) having received an application (the Application) from Bank of Montreal (Bank), BMO Nesbitt Burns Inc. (BMO Nesbitt), BMO Asset Management Inc. (BMO Asset Management), BMO Harris Investment Management Inc. (BMO Harris), Pyrford International Limited (Pyrford), Harris Investment Management, Inc. (Harris Investment), HIM Money, Inc. (HIM Money), Harris N.A. (Harris NA), The Harris Bank N.A. (Harris Bank), Sullivan, Bruyette, Speros & Blayney, Inc. (SBSB), Stoker Ostler Wealth Advisors, Inc. (Stoker), Harris myCFO Investment Advisory Services LLC (Harris LLC), and Harris Investor Services Inc. (Harris Investor) for a decision (or its equivalent) pursuant to section 5.1 of the Rule exempting insiders of the Bank, and exempting BMO Nesbitt, BMO Asset Management, BMO Harris, Pyrford, Harris Investment HIM Money, Harris NA, Harris Bank, SBSB, Stoker, Harris LLC and Harris Investor (the Asset Managers), from trading restrictions imposed upon issuer-restricted persons by section 2.2 of the Rule, and exempting BMO Nesbitt from certain trading restrictions imposed upon dealer-restricted persons by section 2.1(a) of the Rule;

**AND UPON** considering the Application and the recommendation of staff of the Ontario Securities Commission (the Commission);

**AND UPON** the Bank, each of the Asset Managers and BMO Nesbitt having represented to the Director that:

1. The Bank is a Schedule I bank under the *Bank Act* (Canada).

2. BMO Nesbitt is a corporation incorporated under the laws of Canada. Its head office is located in Toronto, Ontario. It is registered as an investment dealer in all provinces and territories of Canada, as a futures commission merchant in Ontario and Manitoba and as an investment fund manager in Ontario and is a member of the IIROC and the TSX Venture Exchange, an approved participant of the Montreal Exchange and a participating organization of The Toronto Stock Exchange (TSX).
3. BMO Asset Management is incorporated under the laws of the Province of Ontario and has its head office in Toronto, Ontario. It is registered as a portfolio manager and exempt market dealer under the securities legislation of all provinces and territories of Canada and a commodity trading manager and investment fund manager in Ontario.
4. BMO Harris is incorporated under the laws of Canada and has its head office in Toronto, Ontario. It is registered as a portfolio manager and exempt market dealer under the securities legislation of all provinces and territories of Canada, a derivatives portfolio manager in Quebec, and a commodity trading manager, a commodity trading counsel and an investment fund manager in Ontario.
5. Pyrford is incorporated under the laws of the United Kingdom and has its head office in London, UK. It is registered as a portfolio manager in Alberta, British Columbia, Manitoba, Ontario and Quebec and an exempt market dealer in Ontario and Quebec.
6. Harris Investment is incorporated under the laws of the State of Delaware and has its head office in Chicago, Illinois. It is registered as a portfolio manager in British Columbia, Manitoba and Ontario and as a commodity trading manager in Ontario.
7. HIM Money is incorporated under the laws of Canada and has its head office in Toronto, Ontario. It is registered as a portfolio manager in Alberta and Ontario and as an exempt market dealer in Ontario.
8. Harris NA is registered as a national bank in the United States and has its head office in Chicago, Illinois.
9. Harris Bank is registered as a national bank in the United States and has its head office in Chicago, Illinois.
10. SBSB is registered as a registered investment advisor with the U.S. Securities and Exchange Commission (SEC) and has its head office in McLean, Virginia.
11. Stoker is registered as a registered investment advisor with the SEC and has its head office in Scottsdale, Arizona.
12. Harris LLC is registered as a registered investment advisor with the SEC and has its head office in Chicago, Illinois.
13. Harris Investor is registered as a portfolio manager in Ontario and British Columbia. Harris Investor is also registered as a registered investment advisor with the SEC, is a member of Financial Industry Regulatory Authority (FINRA) and has its head office in Chicago, Illinois.
14. Each of the Asset Managers manages accounts on behalf of clients at arm's length to the Bank and its affiliates who have granted the Asset Manager discretionary investment authority over the assets in the clients' accounts (including clients' accounts that are pooled investment funds) (Managed Accounts) and who have provided the Asset Managers with express written consent to exercise such discretionary investment authority to purchase Shares on behalf of the Managed Accounts (Authorized Managed Accounts).
15. Each of BMO Nesbitt, BMO Asset Management, BMO Harris, Harris Investment, HIM Money and Pyrford (individually, a BMO Fund Manager and collectively the BMO Fund Managers) is the manager of investment funds that have an Independent Review Committee that has approved the purchase of common shares of the Bank (Shares) by the investment funds, in the ordinary course (which would include the time period that would fall during the Restricted Period) in accordance with either section 6.2 of National Instrument 81-107 *Independent Review Committee for Investment Funds* or the terms and conditions of an exemption that has been granted by the Commission (each an Authorized BMO Fund);
16. The Bank and its subsidiaries sponsor: (i) Employee Share Ownership Plan (BMO ESOP) for employees of the Bank and its subsidiaries living and working in Canada or expatriates who continue to be on the Canadian payroll, (ii) Employee Share Ownership Plan (Nesbitt ESOP) for employees of BMO Nesbitt and its subsidiaries living and working in Canada or expatriates who continue to be on the Canadian payroll, (iii) Qualified Employee Share Purchase Plan (QESPP) for employees of certain of the Bank's subsidiaries, (iv) Non-Qualified Employee Share Purchase Plan (NQESPP) for employees of the Bank resident in the United States, and (v) All Employee Share Ownership Plan (UK ESOP) for employees of the Bank or a subsidiary of the Bank that are subject to income tax in the United Kingdom, in

each case, a voluntary savings program available to the employees of the Bank and its affiliates including, without limitation, insiders of the Bank who are participants in the Employee Plans (the Participating Insiders).

17. As the sponsor of the BMO ESOP, Nesbitt ESOP, QESPP or NQESPP (collectively, the Employee Plans), the Bank and its subsidiaries pay all administration fees associated with the Employee Plans. All Share purchases on behalf of the Employee Plans (other than share purchases under the QESPP and the NQESPP) and their participants are made through BMO Nesbitt.
18. Each of the Employee Plans is an automatic securities purchase plan for purposes of Part 5 of National Instrument 55-104 *Insider Reporting Requirements and Exemptions*.
19. The Bank and Marshall & Ilsley Corporation (M&I) have entered into an Agreement and Plan of Merger (the Merger Agreement) pursuant to which M&I will be acquired by the Bank. Pursuant to the Merger Agreement, a newly-formed wholly-owned indirect subsidiary of the Bank (Merger Sub) will merge with and into M&I with Merger Sub surviving the merger.
20. Under the Merger Agreement, each share of M&I common stock issued and outstanding immediately prior to the completion of the Bank's acquisition of M&I (the Proposed Acquisition), except for certain specified shares of M&I common stock held by the Bank, Merger Sub or M&I, will be converted into the right to receive 0.1257 common shares of the Bank. If the number of common shares or shares of common stock of M&I changes before the Proposed Acquisition is completed because of a reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split, or other similar event, then an appropriate and proportionate adjustment will be made to the number of Bank's common shares into which each share of M&I common stock will be converted. As of December 31, 2010, there were 528,677,001 shares of M&I common stock issued and outstanding. Based on this number of shares of M&I common stock, the Bank expects to issue approximately 66,454,699 common shares in connection with the Proposed Acquisition (the Merger Distribution).
21. The Proposed Acquisition is subject to the approval of M&I's shareholders.
22. BMO Nesbitt has been appointed by the Bank as one of Bank's advisors in respect of the Proposed Acquisition and its compensation for such services is dependant upon the outcome of the Proposed Acquisition.
23. The Shares that are to be delivered to the shareholders of M&I pursuant to the Merger Agreement are being registered under the *Securities Act of 1933* pursuant to a registration statement on Form F-4 that has been filed with the SEC. M&I proposes to mail a proxy statement/prospectus (the Proxy Statement) to its shareholders as soon as practicable following the declaration of the Form F-4's effectiveness. The meeting of M&I's shareholders that is being held to consider the Proposed Acquisition will be convened within a few days following the date of the mailing.
24. As a result of the Merger Distribution, each of the Asset Managers and BMO Nesbitt is an issuer-restricted person, and BMO Nesbitt is also a dealer-restricted person, for purposes of the Rule.
25. As an issuer-restricted person, each of the Asset Managers and BMO Fund Managers is subject to trading restrictions (the Trading Restrictions) that prohibit it from purchasing Shares for either its own account or for any account over which it exercises control or direction during the issuer-restricted period applicable to the Merger Distribution (the Restricted Period).
26. The Restricted Period will begin on the date of dissemination of the Proxy Statement and end on the date on which the Proposed Acquisition is approved by the shareholders of M&I or the Proposed Acquisition is terminated.
27. The Shares meet the requirements in the Rule to be considered a "highly-liquid security".
28. As a dealer-restricted person, BMO Nesbitt is exempt from the Trading Restrictions because the Shares are highly-liquid securities.
29. As a dealer-restricted person, BMO Nesbitt is prohibited from purchasing Shares for an account which BMO Nesbitt knows, or reasonably ought to know, is an account of an issuer-restricted person.
30. In the absence of an exemption from the Trading Restrictions that has been sought on behalf of the Asset Managers pursuant to the Application, each Asset Manager would be unable to purchase Shares during the Restricted Period on behalf of Authorized Managed Accounts.

31. In the absence of an exemption from the Trading Restrictions that has been sought on behalf of BMO Fund Managers pursuant to the Application, each BMO Fund Manager will be unable to purchase Shares on behalf of Authorized BMO Funds throughout the Restricted Period.
32. In the absence of the exemptions sought by the Asset Managers pursuant the Application, each Asset Manager would be precluded from discharging its fiduciary obligation to its Authorized Managed Accounts, and each BMO Fund Manager would be precluded from discharging its fiduciary obligation to the Authorized BMO Funds, in accordance with their investment objectives throughout the Restricted Period even though the Shares are highly-liquid securities.
33. In the absence of the exemption from the Trading Restrictions that has been sought on behalf of the Participating Insiders, a Participating Insider would be unable to purchase Shares in accordance with the terms and conditions of the applicable Employee Plan during the Restricted Period.
34. Although BMO Nesbitt will be able to purchase Shares for its own account or for accounts over which it exercises control or direction throughout the Restricted Period in reliance upon the exemption for highly-liquid securities that is available pursuant to section 3.1(1)(b) of the Rule, it will be unable to purchase Shares on behalf of Participating Insiders during the Restricted Period in the absence of an exemption from section 2.1(a) of the Rule.

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

**IT IS THE DECISION** of the Director pursuant to section 5.1 of the Rule that for purposes of the Proposed Acquisition, the following are exempt from section 2.2 of the Rule:

- (a) purchases of Shares by an Asset Manager on behalf of an Authorized Managed Account;
- (b) purchases of Shares by a BMO Fund Manager on behalf of an Authorized BMO Fund; and
- (c) purchases of Shares in accordance with the terms and conditions of Employee Plans (other than share purchases under the QESPP and the NQESPP) made by Participating Insiders or by BMO Nesbitt on behalf of Participating Insiders.

**IT IS ALSO THE DECISION** of the Director pursuant to section 5.1 of the Rule that for the purposes of the Proposed Acquisition, BMO Nesbitt is exempt from section 2.1(a) of the Rule in respect of any purchases of Shares on behalf of a Participating Insider when it is purchasing shares in accordance with the terms and conditions of an Employee Plan (other than share purchases under the QESPP and the NQESPP).

March 29, 2011

"Susan Greenglass"  
Director, Market Regulation Branch

## 2.2 Orders

### 2.2.1 Intact Financial Corporation – 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 150,000 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 TSX trading system – but for the fact that the proposed purchases cannot be made through the TSX trading system, the Issuer could otherwise acquire the subject shares in reliance upon the issuer bid exemption available under section 101.2 of the Securities 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.

#### Applicable Legislative Provisions

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

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

**AND**

**IN THE MATTER OF  
INTACT FINANCIAL CORPORATION**

**ORDER  
(Section 104(2)(c))**

**UPON** the application (the “**Application**”) of Intact Financial Corporation (the “**Issuer**”) to the Ontario Securities Commission (the “**Commission**”) for an order pursuant to section 104(2)(c) of the Act for an order exempting the Issuer from 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 (“**Proposed Purchases**”) by the Issuer of up to 150,000 (the “**Subject Shares**”) of the Issuer's common shares (the “**Shares**”) from The Bank of Nova Scotia and/or its affiliates (the “**Selling Shareholder**”);

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

**AND UPON** the Issuer (and the Selling Shareholder in respect of paragraphs 5, 6, 7, 8, 9, 12, and

24 as they relate to the Selling Shareholder) having represented to the Commission that:

1. The Issuer is a corporation existing under the *Canada Business Corporations Act*.
2. The registered and head office of the Issuer is located at 700 University Avenue, Suite 1500, Toronto, Ontario, M5G 0A1.
3. The Issuer is a reporting issuer in each of the provinces and territories of Canada (the “**Jurisdictions**”) 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.
4. The authorized share capital of the Issuer currently consists of an unlimited number of Shares and an unlimited number of Class A shares. As at March 7, 2011, 110,200,065 Shares and no Class A shares were issued and outstanding.
5. The executive office of the Selling Shareholder is located in Toronto, Ontario.
6. The Selling Shareholder does not directly or indirectly own more than 5% of the issued and outstanding Shares.
7. The Selling Shareholder owns the Subject Shares and the Subject Shares were not acquired in anticipation of resale pursuant to private agreements under an issuer bid exemption order issued by a securities regulatory authority.
8. The Selling Shareholder is at arm's length to the Issuer and is not an “insider” of the Issuer, an “associate” of an “insider” of the Issuer, or an “associate” or “affiliate” of the Issuer, as such terms are defined in the Act.
9. The Selling Shareholder is an “accredited investor” within the meaning of National Instrument 45-106 *Prospectus and Registration Exemptions* (“NI 45-106”).
10. Pursuant to a “Notice of Intention to Make a Normal Course Issuer Bid” dated February 16, 2011 (the “**Notice**”) filed with the TSX, the Issuer is permitted to make normal course issuer bid (the “**Bid**”) purchases (each, a “**Bid Purchase**”) to a maximum of 5,523,548 Shares in accordance with sections 628 to 629.3 of Part VI of the TSX Company Manual (the “**TSX Rules**”). As at March 7, 2011, 191,600 Shares have been purchased under the Bid. Assuming completion of the purchase of the Subject Shares, the Issuer will have purchased under the Bid an aggregate of 150,000 Shares pursuant to private agreements under issuer bid exemption orders issued by a

securities regulatory authority, representing approximately 2.7% of the 5,523,548 Shares authorized to be purchased under the Bid.

11. In addition to making Bid Purchases by means of open market transactions, the Notice contemplates that the Issuer may purchase Shares by other means as may be permitted by the TSX, including pre-arranged crosses and private agreements under an order issued by a securities regulatory authority.
12. The Issuer and the Selling Shareholder intend to enter into one or more agreements of purchase and sale (each, an **"Agreement"**) pursuant to which the Issuer will agree to acquire, by one or more trades occurring prior to March 22, 2011, the Subject Shares from the Selling Shareholder for purchase prices (each, a **"Purchase Price"**) that will be negotiated at arm's length between the Issuer and the Selling Shareholder. The Purchase Price will be at a discount to the prevailing market price and below the prevailing bid-ask price for the Shares.
13. The purchase of any of the Subject Shares by the Issuer pursuant to an Agreement will constitute an "issuer bid" for purposes of the Act to which the Issuer Bid Requirements would 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 Shareholder in reliance upon the exemption from the Issuer Bid Requirements that is available pursuant to section 101.2(1) of the Act.
15. Except 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 Proposed Purchases, the Issuer could otherwise acquire the Subject Shares as a "block purchase" (a **"Block Purchase"**) in accordance with section 629(1)(7) of the TSX Rules and the exemption from the Issuer Bid Requirements in section 101.2(1) of the Act.
16. The sale of any of the Subject Shares to the Issuer will not be a "distribution" (as defined in the Act).
17. The Selling Shareholder will either not be required to be registered as a dealer under the Act in connection with the sale of the Subject Shares to the Issuer or the Selling Shareholder will sell the Subject Shares to the Issuer in reliance upon an exemption from the dealer registration requirements under 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*.

18. Senior management of the Issuer believes that through the Proposed Purchases, the Issuer will be able to purchase the Subject Shares at a lower price than the price at which the Issuer would otherwise be able to purchase the Shares under the Bid and senior management believes that this is an appropriate use of the Issuer's funds.
19. The Proposed Purchases will also be carried out with a minimum of cost to the Issuer.
20. The Proposed Purchases will not adversely affect the Issuer, the rights of any of the Issuer's securityholders or control of the Issuer.
21. To the best of the Issuer's knowledge, as at March 7, 2011, the public float for the Shares consisted of approximately 99% for purposes of the TSX Rules.
22. 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 Proposed Purchases would not have any effect on the ability of other shareholders of the Issuer to sell their Shares in the market.
23. Other than the Purchase Price, no additional fee or other consideration will be paid in connection with the Proposed Purchases.
24. At the time that an Agreement is entered into by the Issuer and the Selling Shareholder and at the time of each Proposed Purchase, neither the Issuer nor the Selling Shareholder 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 to do so would not be prejudicial to the public interest;

**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;
- (e) immediately following its purchase of the Subject Shares from the Selling Shareholder, the Issuer will report the purchase of the Subject Shares to the TSX;
- (f) at the time that an Agreement is entered into by the Issuer and the Selling Shareholder and at the time of each Proposed Purchase, neither the Issuer nor the Selling Shareholder 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 private agreements under an issuer bid exemption order issued by a securities regulatory authority, more than one-third of the maximum number of Shares the Issuer can purchase under the Bid.

**Dated** at Toronto this 15th day of March, 2011

"Wes M. Scott"  
Commissioner  
Ontario Securities Commission

"James D. Carnwath"  
Commissioner  
Ontario Securities Commission

**2.2.2 North American Financial Group Inc. et al. – ss. 127(7), 127(8)**

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

**AND**

**NORTH AMERICAN FINANCIAL GROUP INC.,  
NORTH AMERICAN CAPITAL INC., ALEXANDER  
FLAVIO  
ARCONTI, AND LUIGINO ARCONTI**

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

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

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

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

1. pursuant to clause 2 of subsection 127(1) of the Act, that all trading in the securities of NAFG and NAC shall cease;
2. pursuant to clause 2 of subsection 127(1) of the Act, that NAFG, NAC, Flavio and Gino cease trading in all securities; and
3. that pursuant to clause 3 of subsection 127(1) of the Act, that the exemptions contained in Ontario securities law do not apply to NAFG, NAC, Flavio or Gino;

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

**AND WHEREAS** the Temporary Order as amended has been extended from time to time;

**AND WHEREAS** by Order dated February 28, 2011, the Temporary Order as amended was extended to March 28, 2011;



**AND WHEREAS** the Superior Court of Justice (Commercial List) issued an order on March 7, 2011 approving a Proposal made under the *Bankruptcy and Insolvency Act* in the matter of NAFG (the "Proposal");

**AND WHEREAS** pursuant to the Proposal all secured creditors of NAFG are to be issued Convertible Debentures in an amount equal to the amount owing by NAFG to the secured creditors and all unsecured creditors are to be issued Convertible Debentures in an amount equal to 50% of their unsecured proven claims;

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

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

**IT IS ORDERED** that the Temporary Order as amended be further amended to permit NAFG and its officers and directors to issue Convertible Debentures in accordance with the Proposal (the "Further Amended Temporary Order");

**IT IS FURTHER ORDERED** that the Further Amended Temporary Order is extended to Monday, May 2, 2011;

**IT IS FURTHER ORDERED** that the hearing in this matter be adjourned to Friday, April 29, 2011 at 10:00 a.m. or to such other date or time as provided by the Secretary's Office and agreed to by the parties.

**DATED** at Toronto this 25th day of March, 2011.

"Edward P. Kerwin"

### 2.2.3 Canadian Derivatives Clearing Corporation – s. 147

#### Headnote

Application under section 147 of the *Securities Act* (Ontario) (OSA) to exempt on a temporary basis Canadian Derivatives Clearing Corporation from recognition as a clearing agency under subsection 21.2(0.1) of the OSA.

*(Editor's note: this decision was first published in the February 25, 2011 Bulletin, (2011) 34 OSCB 2302-2303 and 2305. It is being republished due to an error in the original publication).*

#### Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 21.2(0.1), 147.

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

AND

IN THE MATTER OF  
THE CANADIAN DERIVATIVES CLEARING CORPORATION

ORDER  
(section 147 of the Act)

**WHEREAS** the Canadian Derivatives Clearing Corporation (the "**Corporation**") filed an application (the "**Application**"), pursuant to section 147 of the Act, for an order (the "**Temporary Exemption Order**") temporarily exempting the Corporation from the requirement to be recognized as a clearing agency under section 21.2 of the Act.

**AND WHEREAS** the Corporation has represented to the Commission as follows:

1. The Bourse de Montréal Inc. (the "**Bourse**"), the Corporation's sole shareholder, is a wholly-owned subsidiary of the TMX Group Inc., a widely held public company, the common shares of which are listed on the Toronto Stock Exchange.
2. The Corporation is currently recognized as a self-regulatory organization in Québec under section 169 of the *Securities Act* (Québec) which enables it to carry on the activities of a clearing house in Québec. As such, the Corporation is subject to the regulatory oversight of the Autorité des marchés financiers ("**AMF**").
3. On March 16, 2004, the Commission granted the Bourse an exemption, pursuant to section 147 of the Act, from recognition as a stock exchange under section 21 of the Act and an exemption, pursuant to section 80 of the *Commodity Futures Act* (the "**CFA**"), from registration as a commodity futures exchange under section 15 of the CFA, subsequently amended on April 30, 2008 (the "**Bourse Exemption Order**").
4. The Bourse Exemption Order includes regulatory oversight terms and conditions applicable to the Corporation (the "**CDCC T&Cs**"), including a term and condition requiring the Corporation to concurrently provide to the Commission copies of all rules that it files for review and approval with the AMF.
5. Section 21.2 of the Act will, effective March 1, 2011, prohibit clearing agencies from carrying on business in Ontario unless they are recognized by the Commission as a clearing agency.
6. The Corporation's operations are undergoing major changes and are likely to evolve significantly in the near future. In this regard, the Corporation will be adding clearing for fixed income transactions (including both repurchase transactions and cash buy and sell trades) (the "**Fixed Income CCP Service**") and has recently responded to an industry-issued request for information by indicating its intention to operate as a central clearing counterparty for the Canadian OTC swap market (the "**OTC Swaps CCP Service**").

**AND WHEREAS** the Bank of Canada ("**BOC**") is undertaking a comprehensive assessment of the Corporation's operations, systems, rules, and risk management, primarily in the context of the Fixed Income CCP Service, for the purposes of designation and regulatory oversight by the BOC pursuant to the *Payment Clearing and Settlement Act* (Canada).

**AND WHEREAS** the Commission has determined that the Temporary Exemption Order will provide sufficient time for:

- (i) the Corporation to finalize its new clearing functions, particularly the Fixed Income CCP Service, and
- (ii) the Commission to assess the impact of the Corporation's new functions on Ontario's capital markets and consider an appropriate regulatory framework.

**AND WHEREAS** the CDCC T&Cs will terminate in the Bourse Exemption Order upon the Corporation being recognized by the Commission as a recognized clearing agency under the Act or recognized clearing house under the CFA or upon the Corporation being exempt from any requirement to be recognized.

**AND WHEREAS** based on the Application and the representations of the Corporation, the Commission is satisfied that granting the Corporation the Temporary Exemption Order pursuant to section 147 of the Act would not be prejudicial to the public interest.

**IT IS HEREBY ORDERED** by the Commission, pursuant to section 147 of the Act, that the Corporation be exempt from the requirement to be recognized as a clearing agency under section 21.2 of the Act;

Provided that:

- A. the Corporation complies with the terms and conditions attached hereto as Schedule "A"; and
- B. this Temporary Exemption Order shall terminate on the earlier of:
  - (i) the date that the Commission renders a subsequent order recognizing the Corporation as a clearing agency under subsection 21.2(0.1) of the Act or exempting it from the requirement to be recognized as a clearing agency under section 147 of the Act, and
  - (ii) March 1, 2012.

**DATED** at Toronto on February 15, 2011.

"Vern Krishna"

"Edward Philip Kerwin"

**SCHEDULE "A"**  
**Terms and Conditions**

1. The Corporation continues to be recognized as a self-regulatory organization under the *Securities Act* (Québec) or is and remains recognized as a clearing house under section 14 of the *Derivatives Act* (Québec).
2. The Corporation shall continue to comply with the CDCC T&Cs, namely that it will:
  - a) provide to the Commission, concurrently with the AMF, copies of all Rules that it files for review and approval with the AMF and provide copies of all final Rules to the Commission in both English and French;
  - b) provide to the Commission, concurrently with the AMF, copies of all audited financial statements and reports prepared by an independent auditor in respect of the Corporation's financial situation and operations;
  - c) provide to the Commission, concurrently with the AMF, copies of all internal risk management reports intended for its members and any outside report, including any audit report prepared in accordance with the Canadian Institute of Chartered Accountants Handbook, on the results of an examination or review of the Corporation's risk management policies, controls and standards undertaken by an independent person;
  - d) provide to the Commission, concurrently with the AMF, prompt notification of any material failures or changes to its systems;
  - e) provide to the Commission, concurrently with the AMF, prompt notification of any material problems with the clearance and settlement of transactions in contracts traded on the Bourse, including any failure by a member of the Corporation to promptly fulfil its settlement obligations that could materially affect the operations or financial situation of the Corporation;
  - f) promote fair access to the Corporation and will not unreasonably prohibit or limit access by a person or company to services offered by the Corporation; and
  - g) promote within the Corporation a corporate governance structure that minimizes the potential for any conflict of interest between the Bourse and the Corporation that could adversely affect the clearance and settlement of trades in contracts or the effectiveness of the Corporation's risk management policies, controls and standards.
3. The Corporation shall, concurrently with the AMF and BOC or as soon as practicable, update Commission staff on a regular and timely basis on the progress of the development and implementation of the Fixed Income CCP Service and any OTC Swaps CCP Service.

**2.2.4 Rezwealth Financial Services Inc. et al. – ss.  
127(1), 127(7), 127(8)**

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

**AND**

**IN THE MATTER OF  
REZWEALTH FINANCIAL SERVICES INC.,  
PAMELA RAMOUTAR, JUSTIN RAMOUTAR,  
TIFFIN FINANCIAL CORPORATION,  
DANIEL TIFFIN, 2150129 ONTARIO INC.,  
SYLVAN BLACKETT, 1778445 ONTARIO INC.,  
AND WILLOUGHBY SMITH**

**ORDER**

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

**WHEREAS** on December 22, 2009, the Ontario Securities Commission (the “Commission”) issued a temporary cease trade order (the “Temporary Order”) pursuant to subsections 127(1) and 127(5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “Act”) ordering the following:

1. that all trading in any securities by Rezwealth Financial Services Inc. (“Rezwealth”), Tiffin Financial Corporation (“Tiffin Financial”), 2150129 Ontario Inc. (“215 Inc.”) or their agents or employees shall cease;
2. that all trading in any securities by Pamela Ramoutar (“Pamela”), Chris Ramoutar (“Chris”), Justin Ramoutar (“Justin”), Daniel Tiffin (“Tiffin”) and Sylvan Blackett (“Blackett”) shall cease;
3. that the exemptions contained in Ontario securities law do not apply to Rezwealth, Tiffin Financial, and 215 Inc. or their agents or employees; and
4. that the exemptions contained in Ontario securities law do not apply to Pamela, Chris, Justin, Tiffin and Blackett;

**AND WHEREAS** on December 22, 2009, the Commission ordered that the Temporary Order shall expire on the 15th day after its making unless extended by the Commission;

**AND WHEREAS** on December 22, 2009, the Commission issued a Notice of Hearing to consider, among other things, the extension of the Temporary Order, to be held on January 6, 2010;

**AND WHEREAS** on January 6, 2010, the Commission ordered that the Temporary Order was extended until June 22, 2010 and that the hearing was adjourned to June 21, 2010;

**AND WHEREAS** on June 21, 2010, the Commission ordered that the Temporary Order was extended until September 23, 2010 and that the hearing was adjourned to September 22, 2010;

**AND WHEREAS** on September 22, 2010, the Commission ordered that the Temporary Order was extended until January 27, 2011 and that the hearing was adjourned to January 26, 2011;

**AND WHEREAS** on January 24, 2011, the Commission issued a Notice of Hearing pursuant to sections 127 and 127.1 of the Act accompanied by a Statement of Allegations dated January 24, 2011, issued by Staff of the Commission (“Staff”) with respect to Rezwealth, Pamela, Justin, Tiffin Financial, Tiffin, 215 Inc., Blackett, 1778445 Ontario Inc. and Willoughby Smith;

**AND WHEREAS** on January 26, 2011, Staff was not requesting to extend the Temporary Order against Chris;

**AND WHEREAS** on January 26, 2011, the Commission ordered that the Temporary Order was extended with respect to Rezwealth, Pamela, Justin, Tiffin Financial, Tiffin, 215 Inc. and Blackett until March 17, 2011 (the “Amended Temporary Order”), and specifically:

1. that all trading in any securities by Rezwealth, Tiffin Financial and 215 Inc. shall cease;
2. that all trading in any securities by Pamela, Justin, Tiffin and Blackett shall cease;
3. that the exemptions contained in Ontario securities law do not apply to Rezwealth, Tiffin Financial, 215 Inc. or their agents or employees;
4. that the exemptions contained in Ontario securities law do not apply to Pamela, Justin, Tiffin and Blackett; and
5. that this Order shall not affect the right of any respondent to apply to the Commission to clarify, amend, or revoke this Order upon five days written notice to Staff.

**AND WHEREAS** on January 26, 2011, the Commission further ordered that the hearing was adjourned to March 16, 2011 at 10:00 a.m.;

**AND WHEREAS** on March 16, 2011, the Commission held a hearing to consider an extension of the Amended Temporary Order and other preliminary matters;

**AND WHEREAS** Staff requested a further order continuing the Amended Temporary Order against Rezwealth, Pamela, Justin, Tiffin Financial, Tiffin, 215 Inc. and Blackett;

**AND WHEREAS** the Commission heard submissions from counsel for Staff, counsel for Rezwealth, Pamela and Justin and counsel for Tiffin and Tiffin Financial;

**AND WHEREAS** no one appeared at the hearing on behalf of 215 Inc. or Blackett, although properly served;

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

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

**IT IS FURTHER ORDERED** that the hearing of this matter is adjourned to Thursday, June 16, 2011 at 10:00 a.m. for a pre-hearing conference.

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

“Christopher Portner”

**2.2.5 L. Jeffrey Pogachar et al. – s. 127**

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

**AND**

**IN THE MATTER OF  
L. JEFFREY POGACHAR, PAOLA LOMBARDI AND  
ALAN S. PRICE, NEW LIFE CAPITAL CORP.,  
NEW LIFE CAPITAL INVESTMENTS INC.,  
NEW LIFE CAPITAL ADVANTAGE INC.,  
NEW LIFE CAPITAL STRATEGIES INC.,  
2126375 ONTARIO INC., 2108375 ONTARIO INC.,  
2126533 ONTARIO INC., 2152042 ONTARIO INC.,  
2100228 ONTARIO INC., 2173817 ONTARIO INC.,  
AND 1660690 ONTARIO LTD.**

**ORDER  
(Sections 127)**

**WHEREAS** the Respondent, Paulo Lombardi, brought a motion to adjourn the hearing on the merits scheduled to begin on April 4, 2011;

**AND WHEREAS** the motion was heard on March 23, 2011;

**AND WHEREAS** the Respondent, Paola Lombardi, appeared by telephone and made submissions in support of the motion to adjourn and Staff of the Commission appeared in person and made submissions in opposition to the motion to adjourn;

**AND WHEREAS** the Commission was not satisfied that the Respondent, Paola Lombardi, provided any basis for the adjournment of the hearing but because the Commission does not have sufficient members to constitute a hearing panel to hear this proceeding on the dates presently scheduled to commence on April 4, 2011;

**IT IS ORDERED THAT** that the hearing dates for this matter is adjourned to December 5, 2011 to December 17, 2011 excluding December 6, 2011 peremptory to the Respondents with or without counsel.

**DATED** at Toronto this 25th day of March, 2011.

“James D. Carnwath”

**2.2.6 Simply Wealth Financial Group Inc. et al. – s. 127**

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

**AND**

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

**ORDER  
(Section 127)**

**WHEREAS** on February 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 a Statement of Allegations filed by Staff of the Commission (“Staff”) in respect of Simply Wealth Financial Group Inc. (“Simply Wealth”), Naida Allarde (“Allarde”), Bernardo Giangrosso (“Giangrosso”), K&S Global Wealth Creative Strategies Inc. (“K&S”), Kevin Persaud (“Persaud”), Maxine Lobban and Wayne Lobban (collectively, the “Respondents”);

**AND WHEREAS** on March 16, 2011, Staff filed an Amended Statement of Allegations;

**AND WHEREAS** the Notice of Hearing set a hearing in this matter for March 24, 2011 at 10:00 a.m.;

**AND WHEREAS** on March 24, 2011, Allarde and Giangrosso, on behalf of Simply Wealth and on their own behalf, and Persaud, on behalf of K&S and on his own behalf, attended the hearing;

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

**IT IS ORDERED** that this matter is adjourned to a confidential pre-hearing conference to be held on June 1, 2011 at 10:00 a.m.

**DATED** at Toronto this 24th day of March, 2011.

“James D. Carnwath”

**2.2.7 Innovative Gifting Inc. 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  
INNOVATIVE GIFTING INC.,  
TERENCE LUSHINGTON, Z2A CORP.,  
AND CHRISTINE HEWITT**

**ORDER  
(Section 127(1))**

**WHEREAS** on March 2, 2010, 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 respect of Innovative Gifting Inc. (“IGI”), Terence Lushington (“Lushington”), Z2A Corp. (“Z2A”), and Christine Hewitt (“Hewitt”);

**AND WHEREAS** IGI and Lushington entered into a Settlement Agreement with Staff of the Commission dated March 24, 2011 (the “Settlement Agreement”) in which IGI and Lushington agreed to a proposed settlement of the proceeding commenced by the Notice of Hearing, subject to the approval of the Commission;

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

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

**IT IS HEREBY ORDERED THAT:**

- (a) the Settlement Agreement is approved;
- (b) pursuant to clause 2 of subsection 127(1) of the Act, trading in any securities by IGI cease permanently from the date of this Order;
- (c) pursuant to clause 2 of subsection 127(1) of the Act, trading in any securities by Lushington cease for a period of five years from the date of this Order;
- (d) pursuant to clause 2.1 of section 127(1) of the Act, IGI is prohibited permanently from the acquisition of any securities from the date of this Order;
- (e) pursuant to clause 2.1 of section 127(1) of the Act, the acquisition of securities by Lushington is prohibited for a period of five years from the date of this Order;

- (f) pursuant to clause 3 of section 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to IGI permanently from the date of this Order;
- (g) pursuant to clause 3 of section 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Lushington for a period of five years from the date of this Order;
- (h) pursuant to clause 6 of subsection 127(1) of the Act, IGI and Lushington are reprimanded;
- (i) pursuant to clauses 8, 8.2, and 8.4 of subsection 127(1) of the Act, Lushington is prohibited for a period of five years from the date of this Order from becoming or acting as a director or officer of any issuer, registrant, or investment fund manager;
- (j) pursuant to clause 8.5 of subsection 127(1) of the Act, Lushington is prohibited for a period of five years from the date of this Order from becoming or acting as a registrant, as an investment fund manager or as a promoter; and
- (k) pursuant to clause 9 of subsection 127(1) of the Act, IGI and Lushington shall each pay an administrative penalty of \$15,000 for their failure to comply with Ontario securities laws. The \$15,000 administrative penalties shall be for allocation to or for the benefit of third parties, in accordance with subsection 3.4(2) of the Act.

**DATED AT TORONTO** this 29th day of March, 2011.

"Mary G. Condon"

## **2.3 Rulings**

### **2.3.1 Gestion Placements Desjardins Inc. / Desjardins Investment Management Inc. – s. 74(1)**

#### **Headnote**

Relief from the prospectus requirement of the Act to permit the distribution of pooled fund securities to managed accounts held by non-accredited investors on an exempt basis – NI 45-106 contains a carve-out for managed accounts in Ontario which prohibits portfolio manager from making exempt distributions of securities of its proprietary pooled funds to its managed account clients in Ontario unless managed account client qualifies as accredited investor or invests \$150,000 – portfolio manager provides bona fide portfolio management services to high net worth clients – not all managed account clients are accredited investors – portfolio manager permitted to make exempt distributions of proprietary pooled funds to its managed accounts provided written notice is sent to clients advising them of the relief granted – portfolio manager is restricted from distributing proprietary pooled fund securities to parties other than its managed account clients.

#### **Statutes Cited**

Ontario Securities Act, ss. 53, 74(1).

#### **Rules Cited**

National Instrument 45-106 Prospectus and Registration Exemptions.

**March 22, 2011**

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

**AND**

**IN THE MATTER OF  
GESTION PLACEMENTS DESJARDINS INC. /  
DESJARDINS INVESTMENT MANAGEMENT INC.  
(the "Filer")**

**RULING  
(Subsection 74(1) of the Act)**

#### **Background**

The Ontario Securities Commission (the "**Commission**") has received an application from the Filer, on behalf of the existing funds listed in Appendix A and any future funds to which the Filer will act as manager and portfolio manager (each a "**Fund**", and together the "**Funds**") for a ruling, pursuant to subsection 74(1) of the Act (the "**Requested Relief**"), that distributions of securities of the Funds to managed accounts of Clients (as defined below) for which the Filer provides discretionary investment management services will not be subject to the prospectus requirement



under section 53 of the Act (the “**Prospectus Requirement**”).

### Interpretation

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

### Representations

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

1. The Filer is a corporation established under the Quebec *Companies Act* with its head office in Montreal, Quebec.
2. The Filer is registered as a portfolio manager in Ontario, Quebec, New Brunswick, Alberta and British Columbia. It is also registered as an investment fund manager in Quebec. The Filer is not in default of securities legislation in any jurisdiction.
3. The Filer is the investment fund manager and portfolio manager of the 13 Funds listed in Appendix A. There are 11 Funds organized as an open-ended unincorporated mutual fund trusts and there are 2 funds organized as unit trusts. All Funds are established under the laws of Quebec. The Funds are not reporting issuers and are only sold pursuant to prospectus exemptions under the applicable securities laws of each Province.
4. The Filer primarily offers discretionary portfolio management services to individuals, corporations and other entities (each a “**Client**”) seeking wealth management or related services through a managed account (“**Managed Account**”). The Filer will include investments in the Funds and in individual stocks. However, investments in individual securities may not be appropriate for clients with smaller managed accounts, since they may not receive the same asset diversification benefits. In addition, as a result of the minimum commission charges, they may incur disproportionately higher brokerage commissions relative to the clients with larger managed accounts.
5. The managed services are provided by employees of the Filer who meet the proficiency requirements of an advising representative (or associate advising representative) under National Instrument 31-103 *Registration Requirements and Exemptions* (“**NI 31-103**”).
6. The Filer is able to rely on the exemption from the dealer registration requirement contained in section 8.6 of NI 31-103.
7. For smaller Clients the Filer only provides managed accounts through investments in its private funds. The Filer’s normal minimum aggregate balance for the Managed Accounts of a smaller Client is \$500,000. From time to time, the Filer may accept certain Clients with less than \$500,000 under management due to other criteria. For example, the minimum balance may be waived when a Client has an established relationship with the Filer (or an affiliate of the Filer) through investments, insurance, banking or other financial services.
8. The Filer acts as portfolio manager to Clients who are “accredited investors” within the meaning of National Instrument 45-106 *Prospectus and Registration Exemptions* (“**NI 45-106**”). A “**Primary Managed Account**” is defined as a Client that meets the minimum threshold and qualifies as an accredited investor under NI 45-106. However, the Filer also provides services to Clients who are not “accredited investors” (“**Secondary Managed Accounts**”).
9. Primary Managed Account Clients each qualify as accredited investors under NI 45-106, Secondary Managed Account Clients do not qualify individually as accredited investors, and the \$150,000 minimum investment exemption in NI 45-106 will not be available in all cases. Reliance upon the \$150,000 minimum investment exemption available under NI 45-106 may not be appropriate for Secondary Managed Account Clients as it may lead to a high concentration in a single Fund.
10. Each Client who wishes to receive the investment management services of the Filer executes a written agreement (the “**Discretionary Portfolio Management Agreement**”) whereby the Client appoints the Filer to act as portfolio manager in connection with an investment portfolio of the Client with full discretionary authority to trade in securities for the Managed Account without obtaining the specific consent of the Client to the trade. The Discretionary Portfolio Management Agreement further sets out how the Managed Account operates and informs the Client of the Filer’s various rules, procedures and policies.
11. At the initial meeting between a new Client and an advising representative, the advising representative establishes the Client’s general investment goals and objectives. These are then generally documented in a Personal Investment Policy (“**PIP**”) that describes the strategies that the Filer will employ to meet these objectives and includes specific information on matters such as asset allocation, risk tolerance and liquidity requirements. To the extent that a Client’s goals or circumstances have changed, a new PIP is created to reflect those changes.

- |  |  |
|--|--|
| 12. After the initial meeting, the advising representative offers to meet at least once per year with Clients (or more frequently as required) to review the performance of their account and their investment goals.  | (a) securities of the Funds distributed pursuant to the relief from the Prospectus Requirement contained in this ruling shall only be distributed to Managed Accounts;   |
| 13. The custodian of each Client sends the Client a monthly statement showing all transactions carried out in their Managed Account during the month. On a monthly basis, the Filer sends Clients a statement of the portfolio securities and realized returns, and on a quarterly basis, a list of the transactions effected during the quarter. The advising representative is available to review and discuss with Clients all account statements.  | (b) for each Client that becomes a Client of a Filer after the date of this ruling that will invest in securities of one or more Funds through a Managed Account pursuant to this ruling, such Filer shall deliver to such Client prior to effecting a trade in securities of a Fund in reliance on this ruling, written disclosure advising of:<br><br>(i) the nature of the relief granted under this ruling, and<br><br>(ii) the fact that the ruling permits the Client to invest in an investment fund product which the Client otherwise would not be allowed to invest in on an exempt basis through their Managed Account; and |
| 14. The Filer has determined that to best fulfil its fiduciary duty to its Clients, a portion of the asset mix in each Client's portfolio should be invested in the Funds.   | (c) this ruling will terminate upon the coming into force of any legislation or rule of the Commission exempting a trade by a fully managed account in Ontario in securities of investment funds from the Prospectus Requirement.  |
| 15. The operation and management of the Funds by the Filer is and will be incidental to the principal business activity of the Filer of providing personalized investment management services to Managed Account Clients.  |  |
| 16. While a Managed Account qualifies as an "accredited investor" in each province and territory outside Ontario, NI 45-106 contains a carve out for Managed Accounts in Ontario when the securities being purchased by the Managed Account are those of an investment fund. Accordingly, in the absence of relief from the Prospectus Requirement, the Funds will be available only to Clients that are accredited investors in their own right or who are able to invest a minimum of \$150,000 in a Fund. | "Margot C. Howard"<br>Ontario Securities Commission<br><br>"Edward P. Kerwin"<br>Ontario Securities Commission   |
| 17. The Filer wishes to distribute securities of the Funds to Secondary Managed Accounts. The Secondary Managed Account Client would thereby be able to receive the benefit of the Filer's investment management expertise.  |  |
| 18. None of the Funds charges or will charge a commission or a management fee directly to investors. Instead, under the Discretionary Portfolio Management Agreement between each Client and the Filer, the Client agrees to pay the Filer a management fee based upon a percentage of assets under management in the Managed Account. Terms of the fees are detailed in each Client's Discretionary Portfolio Management Agreement.   |  |

**Ruling**

The Commission being satisfied that the relevant test contained in subsection 74(1) of the Act has been met, the Commission rules that the Requested Relief is granted provided that:

**Appendix A**

**Funds Managed by the Filer for use only in  
discretionary managed accounts**

**Fixed Income Funds:**

DIM Private Bond Fund  
DIM Private Government Bond Fund  
DIM Private Corporate Bond Fund

**Canadian Equity Funds:**

DIM Private Canadian Large Cap Equity Fund  
DIM Private Canadian Equity Growth Fund  
DIM Private Canadian Small Cap Equity Fund

**International Equity Funds:**

DIM Private U.S. Equity Fund (for taxable accounts)  
DIM Private U.S. Equity Fund (for non taxable accounts)  
DIM Private EAFE Equity Fund

**Alternative Strategies Fund:**

DIM Private Completion Strategy Fund

**Balanced Funds:**

DIM Private Balanced Fund  
DIM Private Monthly Distribution Income Fund  
DIM Private Monthly Distribution Growth Fund

This page intentionally left blank

## Chapter 3

# Reasons: Decisions, Orders and Rulings

---

### 3.1 OSC Decisions, Orders and Rulings

#### 3.1.1 Innovative Gifting Inc. et al.

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

AND

IN THE MATTER OF  
INNOVATIVE GIFTING INC.,  
TERENCE LUSHINGTON, Z2A CORP.,  
AND CHRISTINE HEWITT

SETTLEMENT AGREEMENT BETWEEN STAFF  
AND INNOVATIVE GIFTING INC. AND TERENCE LUSHINGTON

#### PART I – INTRODUCTION

1. By Notice of Hearing dated February 23, 2009, the Ontario Securities Commission (the "Commission") announced that it proposed to hold a hearing, commencing on March 6, 2009, to consider whether it is in the public interest for the Commission to extend a temporary cease trade order (the "Temporary Order"), issued on February 20, 2009, pursuant to subsections 127(7) and (8) of the Ontario *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), until the conclusion of the hearing or until such further time as considered necessary by the Commission.

2. The Temporary Order was issued against, *inter alia*, Innovative Gifting Inc. ("IGI"). The Commission has ordered that the Temporary Order be extended against IGI on several occasions.

3. By Notice of Hearing dated March 2, 2010, the Commission announced that it proposed to hold a hearing, commencing on March 5, 2010, pursuant to sections 127 and 127.1 of the Act to consider whether it is in the public interest to make orders, as specified therein, against IGI, Terence Lushington ("Lushington"), Z2A Corp. ("Z2A"), and Christine Hewitt ("Hewitt"). The Notice of Hearing was issued in connection with the Statement of Allegations, dated March 2, 2010, of Staff of the Ontario Securities Commission ("Staff"). On December 6, 2010, the Commission ordered that the hearing on the merits of this matter commence on May 2, 2011 and that Temporary Order as against IGI be extended until the conclusion of the hearing on the merits.

4. 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 Act, it is in the public interest for the Commission to approve this Settlement Agreement and to make certain orders in respect of IGI and Lushington.

#### PART II – JOINT SETTLEMENT RECOMMENDATION

5. Staff agree to recommend settlement of the proceeding initiated by the Notice of Hearing dated March 2, 2010 against IGI and Lushington (the "Proceeding") in accordance with the terms and conditions set out below. IGI and Lushington consent to the making of an order in the form attached as Schedule "A", based on the facts set out below.

#### PART III – AGREED FACTS

##### Background

6. Strategic Gifting Inc. was incorporated in Ontario on September 8, 2008.

7. Peter Robinson ("Robinson") was listed as the sole Director at the time of incorporation of Strategic Gifting Inc. On September 10, 2008, the name of Strategic Gifting Inc. was changed, by Articles of Amendment, to IGI.

8. On September 17, 2008, Lushington became the sole Director of IGI and the registered address of the corporation was changed to an address in Markham, Ontario. Lushington is not an officer or director of any other issuer, registrant or investment fund manager.

9. IGI and Lushington have never been registered with the Commission in any capacity.

#### Trading in Securities by IGI and Lushington

10. IGI was conceived as a "charity gifting program" whereby securities would be granted to participants in the program (the "Participants") in exchange for the Participants making cash donations to certain specified charities (the "IGI Program"). The specified and eligible charities (the "Charities") were charities that had contracted with IGI for IGI to provide its services.

11. The IGI Program operated between and including September, 2008 and January, 2009 (the "Material Time").

12. Participation in the IGI Program was solicited by agents, financial planners, representatives and consultants/employees of IGI from within Ontario and from other Canadian provinces.

13. George Schwartz ("Schwartz") designed and structured the IGI Program and advised IGI and Lushington that the IGI Program was not subject to Ontario securities laws as the gifting of shares was exempt from securities laws as contemplated in subsection 3.2 (1) of National Policy 12-202.

14. Subsection 3.2 (1) of National Policy 12-202 provides, in part, as follows:

Issuers may wish to consult their legal counsel to determine whether a particular transaction constitutes a trade and therefore requires an application for a partial revocation order. **For example, in most jurisdictions, a disposition of securities by way of a bona fide gift, made in good faith and not as part of a plan or scheme to evade requirements of securities legislation, would generally not be considered a "trade" under provincial and territorial securities legislation.** As such, where applicable, a partial revocation order would not typically be required in these circumstances. However, after the gift, the securities may remain subject to the CTO depending on the terms of the CTO.

15. IGI and Lushington relied on Schwartz's opinion that subsection 3.2(1) of National Policy 12-202 would exempt the IGI Program from the applicability of Ontario securities laws. There was no valid basis for IGI and Lushington to rely on Schwartz's opinion. Lushington acknowledges that he should not have relied on Schwartz's opinion as he now understands Schwartz was not an expert in Ontario securities laws. Lushington also now knows that Schwartz had had legal problems in the past that resulted in Schwartz not wanting to be publicly connected to the IGI program.

16. As set out below, the IGI Program was not a disposition of securities by way of a bona fide gift, made in good faith and not as part of a plan or scheme to evade requirements of securities legislation.

17. The "IGI Program" was described on the company's website (the "IGI Website") as follows:

- A non-resident Swiss philanthropist initiates a gifting program by which he would match a Canadian donor's gift of cash to one of seven or so recommended registered Canadian charities. The philanthropist's matching property is a gift of minority, non-control shares trading on the Frankfurt Stock Exchange. The fair market value of these gifted shares would be approximately 6 to 8 times the cash donated by the donor;
- The gifted shares to the donor may be dealt with in any manner he chooses, but there is a compulsory hold-period of 5 years should he choose not to donate the shares to a recommended charity in 2008; and
- Should the donor gift the shares to the Charity, he will receive a tax credit on the aggregate amount of cash and fair market value (that is the quoted value) of the donated shares.

18. What was not stated on the IGI Website was that IGI charged a fund-raising fee to the Charities that was equal to 90% of the cash donations received by the Charities. In some cases, 50% of this fund-raising fee was paid to agents and representatives of IGI that were promoting participation in the IGI Program.

19. As set out below, even if the IGI Program had operated as set out on the IGI Website and in IGI promotional materials, the IGI Program would still have constituted trading in securities. IGI and Lushington did not realize this during the Material Time, but now understand that the IGI Program involved the trading of securities and their actions were acts in furtherance of such trades.

20. In order for a Participant to receive the promised shares, the Participant had to first provide a cash donation to one of the Charities specified by IGI. However, from the cash donation made to the charity in question, IGI would receive 90% of the cash donation in the form of a fund-raising fee. The 90% would then be divided up approximately as follows:

- 50% commission to agents of the IGI Program who secured the participation of the Participants;
- 10% for office management of IGI;
- 5% for IGI office salaries;
- 10% to Z2A; and
- 25% profit to IGI.

21. Accordingly, IGI and Lushington now admit that the IGI Program, as set out on the IGI Website, constituted a trade. "Trade" or "trading" is defined in section 1(1) of the Act as follows:

"trade" or "trading" includes,

- (a) any sale or **disposition of a security for valuable consideration**, whether the terms of payment be on margin, instalment or otherwise, but does not include a purchase of a security or, except as provided in clause (d), a transfer, pledge or encumbrance of securities for the purpose of giving collateral for a debt made in good faith,
- (b) any participation as a trader in any transaction in a security through the facilities of any stock exchange or quotation and trade reporting system,
- (c) any receipt by a registrant of an order to buy or sell a security,
- (d) any transfer, pledge or encumbering of securities of an issuer from the holdings of any person or company or combination of persons or companies described in clause (c) of the definition of "distribution" for the purpose of giving collateral for a debt made in good faith, and
- (e) **any act, advertisement, solicitation, conduct or negotiation directly or indirectly in furtherance of any of the foregoing;**

(emphasis added)

22. Had the IGI Program operated as described on the IGI Website and in IGI promotional materials then the IGI Program involved an "act, advertisement, solicitation, conduct or negotiation directly or in directly in furtherance of" the "disposition of a security for valuable consideration". As such, IGI was trading in securities without registration. Lushington, as the sole Director of IGI, was acting in furtherance of this trading in securities.

23. IGI and Lushington admit, however, that the IGI Program did not operate as set out on the IGI Website and in IGI promotional materials. The information on the IGI Website with respect to the philanthropist was incorrect in the following respects, which were not known to Lushington at the time the website was created and posted on the internet, but which he now admits were incorrect:

- There was no non-resident Swiss philanthropist;
- The shares originated from 8 million share options that were issued by RCT Global Networks Inc. ("RCT") to Mobiliare Argenti Ltd. ("Mobiliare") in November 2008; and,
- The shares of RCT were not in fact "gifted" but sold to IGI, via Z2A, which purchased the shares from Mobiliare.

24. Lushington was introduced to Hewitt by Carlos Da Silva. Hewitt was introduced to Lushington as a person who could facilitate the provision of shares from another philanthropist to the Participants. Hewitt advised Lushington that she knew of a potential philanthropist, Bob Tummonds the President of RCT ("Tummonds"), who she could possibly persuade to provide shares of RCT to the Participants.

25. Hewitt procured a letter, dated October 10, 2008, to IGI and Lushington that was purportedly signed by Tummonds wherein Tummonds purportedly advised that "I am the major shareholder, who wishes to make shares available for gifting to your charities forthwith." (the "Tummonds Letter").
26. IGI and Lushington are now aware that Tummonds and/or RCT were never philanthropists for the IGI Program and that Tummonds has stated that he never wrote the Tummonds Letter.
27. The IGI Program also stipulated that the shares gifted to the Participant were subject to a compulsory five year hold period if the shares were not subsequently gifted to one of the Charities in 2008. IGI and Lushington acknowledge that there was no such compulsory hold period applicable to the shares.
28. Mobiliare acquired, for valuable consideration, options to purchase eight million shares of RCT.
29. Mobiliare exercised these options at the direction of Z2A and Hewitt and caused share certificates to be issued, at the direction of Z2A and Hewitt, in the names of the Participants.
30. Mobiliare was compensated by Z2A for exercising the options and having the shares issued in the names of the Participants.
31. Z2A was compensated by IGI for arranging for the issuance of the RCT shares in the names of the Participants.
32. Neither Z2A or Hewitt advised Lushington that Z2A or Hewitt had previously performed work for RCT. On or about August of 2008, Z2A or Hewitt had performed work for RCT in relation to a possible public listing of RCT shares.
33. The Participants were not informed by IGI or its' representatives that IGI charged a fund-raising fee to the Charities equal to 90% of the cash donation made by the Participant.
34. Accordingly, the shares of RCT were being traded to IGI and to the Participants that believed they were receiving these shares as a "gift" from a philanthropist, which was not the case.
35. IGI and Lushington were, as a result, acting in furtherance of the trades of the RCT shares.
36. During the Material Time, Lushington estimates that approximately \$2.1 million was collected from Participants in the IGI Program. This resulted in more than 10 million RCT shares being issued to approximately 537 known Participants.
37. IGI opened a bank account (the "IGI Bank Account") at the Royal Bank of Canada in October 2008. Lushington was the sole signatory on the IGI Bank Account.
38. The table below summarizes the activity in the IGI Bank Account from October 2008 until July 2010 (the "IGI Bank Summary"):



Description	Total (\$)
<b><u>Account Inflows:</u></b>	
Received from Participating Charities	1,323,054.99
Investments by IGI Business Partners	40,000.00
Other	7,571.24
<b>Total Inflows:</b>	<b>1,370,626.23</b>
<b><u>Account Outflows:</u></b>	
Commissions to Sales Agents	892,073.98
Office Management (rent, etc.)	13,034.99
Payments to IGI Consultants/Employees	106,150.00
Terence Lushington	71,550.00
Repayments to IGI Business Partners	30,000.00
Payments to Z2A	229,453.10
Cash Withdrawals	11,400.00
Other	6,000.00
<b>Total Outflows:</b>	<b>1,359,662.07</b>

39. Based on Lushington's estimate that approximately \$2.1 million was collected from Participants in the IGI Program, one would expect 90% of this amount (i.e., \$1,890,000) to be the fund-raising fee shown in the IGI Bank Summary as an Account Inflow "Received from Participating Charities". The amounts do not correspond because payments of approximately \$600,000 were withheld by six of the Charities.<sup>1</sup> For the same reason, the percentages detailed in paragraph 20 regarding the breakdown of how the 90% fund-raising fee is allocated between commissions, office expenses, etc. will not be reflected in the Account Outflows shown in the IGI Bank Summary.

40. During the Material Time, residents of Ontario and elsewhere in Canada received solicited and unsolicited phone calls from salespersons, financial planners, agents and representatives of IGI and were solicited to participate in the IGI Program. Numerous Ontario residents ended up becoming Participants in the IGI Program during the Material Time.

41. IGI and Lushington participated in acts, solicitations, conduct, or negotiations directly or indirectly in furtherance of the sale or disposition of securities for valuable consideration, in circumstances where there were no exemptions available to IGI and Lushington under the Act.

#### **PART IV – CONDUCT CONTRARY TO THE PUBLIC INTEREST**

42. By engaging in the conduct described above, IGI and Lushington admit and acknowledge that both IGI and Lushington contravened Ontario securities law during the Material Time in the following ways:

<sup>1</sup> The Charities have taken the position, in an on-going civil action, that these monies were withheld because the RCT shares received by these Charities were essentially worthless and there was no market in which the Charities could sell these shares.

- (a.) During the Material Time, IGI and Lushington traded in securities without being registered to trade in securities, contrary to section 25(1)(a) of the Act and contrary to the public interest; and
- (b.) During the Material Time, Lushington, being a director and officer of IGI, did authorize, permit or acquiesce in the commission of the violations of section 25 of the Act, as set out above, by IGI or by the employees, agents or representatives of IGI, contrary to section 129.2 of the Act and contrary to the public interest.

43. Lushington admits and acknowledges that he acted contrary to the public interest by contravening Ontario securities law as set out in sub-paragraphs 42. (a) and (b).

44. IGI admits and acknowledges that it acted contrary to the public interest by contravening Ontario securities law as set out in sub-paragraphs 42. (a).

#### **PART V – TERMS OF SETTLEMENT**

45. IGI and Lushington agree to the terms of settlement listed below.

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

- (a.) the Settlement Agreement is approved;
- (b.) trading in any securities by IGI cease permanently from the date of the approval of the Settlement Agreement;
- (c.) trading in any securities by Lushington cease for a period of five years from the date of the approval of the Settlement Agreement;
- (d.) the acquisition of any securities by IGI is prohibited permanently from the date of the approval of the Settlement Agreement;
- (e.) the acquisition of any securities by Lushington is prohibited for a period of five years from the date of the approval of the Settlement Agreement;
- (f.) any exemptions contained in Ontario securities law do not apply to IGI permanently from the date of the approval of the Settlement Agreement;
- (g.) any exemptions contained in Ontario securities law do not apply to Lushington for a period of 5 years from the date of the approval of the Settlement Agreement;
- (h.) Lushington and IGI are reprimanded;
- (i.) Lushington is prohibited for a period of five years from the date of this Order from becoming or acting as a director or officer of any issuer, registrant, or investment fund manager;
- (j.) Lushington is prohibited for a period of five years from the date of this Order from becoming or acting as a registrant, as an investment fund manager or as a promoter; and,
- (k.) IGI and Lushington shall each pay administrative penalties of \$15,000 for their failure to comply with Ontario securities law. These \$15,000 administrative penalties shall be for allocation to or for the benefit of third parties in accordance with s. 3.4(2) of the Act.

47. IGI and Lushington 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 sub-paragraphs 46. (a.) to (k.) above.

#### **PART VI – STAFF COMMITMENT**

48. If this Settlement Agreement is approved by the Commission, Staff will not initiate any other proceeding under the Act against IGI and Lushington in relation to the facts set out in Part III herein, subject to the provisions of paragraph 49 below.

49. If this Settlement Agreement is approved by the Commission, and at any subsequent time IGI and Lushington fail to honour the terms of the Settlement Agreement, Staff reserve the right to bring proceedings under Ontario securities law against IGI and Lushington based on, but not limited to, the facts set out in Part III herein as well as the breach of the Settlement Agreement.

## **PART VII – PROCEDURE FOR APPROVAL OF SETTLEMENT**

50. Approval of this Settlement Agreement will be sought at a hearing of the Commission scheduled on a date to be determined by the Secretary to the Commission, or such other date as may be agreed to by Staff and IGI and Lushington for the scheduling of the hearing to consider the Settlement Agreement.

51. Staff, IGI and Lushington agree that this Settlement Agreement will constitute the entirety of the agreed facts to be submitted at the settlement hearing regarding IGI and Lushington's conduct, unless the parties agree that further facts should be submitted at the settlement hearing.

52. If this Settlement Agreement is approved by the Commission, IGI and Lushington agree to waive all rights to a full hearing, judicial review or appeal of this matter under the Act.

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

54. Whether or not this Settlement Agreement is approved by the Commission, IGI and Lushington agree that they will not, in any proceeding, refer to or rely upon this Settlement Agreement or the settlement negotiations as the basis of any attack on the Commission's jurisdiction, alleged bias or appearance of bias, alleged unfairness or any other remedies or challenges that may otherwise be available.

## **PART VIII – DISCLOSURE OF SETTLEMENT AGREEMENT**

55. If, for any reason whatsoever, this Settlement Agreement is not approved by the Commission or the order attached as Schedule "A" is not made by the Commission:

- (a) this Settlement Agreement and its terms, including all settlement negotiations between Staff, IGI and Lushington and leading up to its presentation at the settlement hearing, shall be without prejudice to Staff, IGI and Lushington; and
- (b) Staff, IGI and Lushington shall be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing on the merits of the allegations in the Notice of Hearing and Statement of Allegations of Staff, unaffected by the Settlement Agreement or the settlement discussions/negotiations.

56. The terms of this Settlement Agreement will be treated as confidential by all parties hereto until approved by the Commission. Any obligations of confidentiality shall terminate upon approval of this Settlement Agreement by the Commission. The terms of the Settlement Agreement will be treated as confidential forever if the Settlement Agreement is not approved for any reason whatsoever by the Commission, except with the written consent of IGI, Lushington, and Staff or as may be required by law.

## **PART IX. – EXECUTION OF SETTLEMENT AGREEMENT**

57. This Settlement Agreement may be signed in one or more counterparts which together will constitute a binding agreement

58. A facsimile copy of any signature will be as effective as an original signature.

Dated this "24" day of "March", 2011.

Signed in the presence of: "Peter Tuovi"  
Witness

"Terence Lushington"  
Terence Lushington

Dated this "24" day of "March", 2011.

Signed in the presence of: "Peter Tuovi"  
Witness

Terence Lushington  
Innovative Gifting Inc.  
Per: Terence Lushington  
Authorized to bind the corporation

**STAFF OF THE ONTARIO SECURITIES COMMISSION**

"Tom Atkinson"  
Tom Atkinson  
Director, Enforcement Branch

Dated this "25" day of "March", 2011.

**SCHEDULE "A"**

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

**AND**

**IN THE MATTER OF  
INNOVATIVE GIFTING INC.,  
TERENCE LUSHINGTON, Z2A CORP.,  
AND CHRISTINE HEWITT**

**ORDER  
(Sections 37 and 127(1))**

**WHEREAS** on March 2, 2010, 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 respect of Innovative Gifting Inc. ("IGI"), Terence Lushington ("Lushington"), Z2A Corp. ("Z2A"), and Christine Hewitt ("Hewitt");

**AND WHEREAS** IGI and Lushington entered into a Settlement Agreement with Staff of the Commission dated March 24, 2011 (the "Settlement Agreement") in which IGI and Lushington agreed to a proposed settlement of the proceeding commenced by the Notice of Hearing, subject to the approval of the Commission;

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

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

**IT IS HEREBY ORDERED THAT:**

- (a) the Settlement Agreement is approved;
- (b) pursuant to clause 2 of subsection 127(1) of the Act, trading in any securities by IGI cease permanently from the date of this Order;
- (c) pursuant to clause 2 of subsection 127(1) of the Act, trading in any securities by Lushington cease for a period of five years from the date of this Order;
- (d) pursuant to clause 2.1 of section 127(1) of the Act, IGI is prohibited permanently from the acquisition of any securities from the date of this Order;
- (e) pursuant to clause 2.1 of section 127(1) of the Act, the acquisition of securities by Lushington is prohibited for a period of five years from the date of this Order;
- (f) pursuant to clause 3 of section 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to IGI permanently from the date of this Order;
- (g) pursuant to clause 3 of section 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Lushington for a period of five years from the date of this Order;
- (h) pursuant to clause 6 of subsection 127(1) of the Act, IGI and Lushington are reprimanded;
- (i) pursuant to clauses 8, 8.2, and 8.4 of subsection 127(1) of the Act, Lushington is prohibited for a period of five years from the date of this Order from becoming or acting as a director or officer of any issuer, registrant, or investment fund manager;
- (j) pursuant to clause 8.5 of subsection 127(1) of the Act, Lushington is prohibited for a period of five years from the date of this Order from becoming or acting as a registrant, as an investment fund manager or as a promoter; and
- (k) pursuant to clause 9 of subsection 127(1) of the Act, IGI and Lushington shall each pay an administrative penalty of \$15,000 for their failure to comply with Ontario securities laws. The \$15,000 administrative

penalties shall be for allocation to or for the benefit of third parties, in accordance with subsection 3.4(2) of the Act.

DATED AT TORONTO this      day of      , 2011.

\_\_\_\_\_

\_\_\_\_\_

## 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
Tajac Capital Inc.	15 Mar 11	28 Mar 11	28 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.

This page intentionally left blank



## Chapter 6

# Request for Comments

- 6.1.1 **Proposed NI 41-103 Supplementary Prospectus Disclosure Requirements for Securitized Products, Proposed NI 51-106 Continuous Disclosure Requirements for Securitized Products, Proposed Amendments to NI 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings, Proposed Amendments to NI 45-106 Prospectus and Registration Exemptions and NI 45-102 Resale of Securities, and Proposed Consequential Amendments**

### NOTICE AND REQUEST FOR COMMENTS

#### PROPOSED NATIONAL INSTRUMENT 41-103 *SUPPLEMENTARY PROSPECTUS DISCLOSURE REQUIREMENTS FOR SECURITIZED PRODUCTS*

#### PROPOSED NATIONAL INSTRUMENT 51-106 *CONTINUOUS DISCLOSURE REQUIREMENTS FOR SECURITIZED PRODUCTS AND PROPOSED AMENDMENTS TO NATIONAL INSTRUMENT 52-109 CERTIFICATION OF DISCLOSURE IN ISSUERS' ANNUAL AND INTERIM FILINGS*

#### PROPOSED AMENDMENTS TO NATIONAL INSTRUMENT 45-106 *PROSPECTUS AND REGISTRATION EXEMPTIONS AND NATIONAL INSTRUMENT 45-102 RESALE OF SECURITIES*

#### PROPOSED CONSEQUENTIAL AMENDMENTS

April 1, 2011

### 1. Introduction

The Canadian Securities Administrators (the **CSA** or **we**) are publishing for comment proposed rules and rule amendments relating to securitized products (the **Proposed Securitized Products Rules**). The Proposed Securitized Product Rules set out a new framework for the regulation of securitized products in Canada. There are two main features of the Proposed Securitized Products Rules:

1. Enhanced disclosure requirements for securitized products issued by reporting issuers; and
2. New rules that narrow the class of investors who can buy securitized products on a prospectus-exempt basis (in the "exempt market"), and require that issuers of securitized products provide disclosure at the time of distribution, as well as on an on-going basis.

The Proposed Securitized Products Rules consist of the following materials, which we are publishing for a 90-day comment period:

- Proposed National Instrument 41-103 *Supplementary Prospectus Disclosure Requirements for Securitized Products* (**NI 41-103**) and Form 41-103F1 *Supplementary Information Required in a Securitized Products Prospectus* (**Form 41-103F1**) (collectively, the **Proposed Prospectus Disclosure Rule**);
- Proposed National Instrument 51-106 *Continuous Disclosure Requirements for Securitized Products* (**NI 51-106**), Form 51-106F1 *Payment and Performance Report for Securitized Products* (**Form 51-106F1**) and Form 51-106F2 *Report of Significant Events Relating to Securitized Products* (**Form 51-106F2**) (collectively, the **Proposed CD Rule**);
- Proposed amendments to National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (**NI 52-109**), including
  - proposed Form 52-109FS1 *Certification of Annual Filings – Securitized Product Issuer*;
  - proposed Form 52-109FS1R *Certification of Refiled Annual Filings – Securitized Product Issuer*;

- proposed Form 52-109FS1 *AIF Certification of Annual Filings in Connection with Voluntarily Filed AIF – Securitized Product Issuer*;
  - proposed Form 52-109FS2 *Certification of Interim Filings – Securitized Product Issuer*;
  - proposed Form 52-109FS2R *Certification of Refiled Interim Filings – Securitized Product Issuer*;
- (collectively, the **Proposed Certification Amendments**);
- Proposed amendments to
    - National Instrument 45-106 *Prospectus and Registration Exemptions (NI 45-106)*, including
      - proposed Form 45-106F7 *Information Memorandum for Short-Term Securitized Products*; and
      - proposed Form 45-106F8 *Periodic Disclosure Report for Short-Term Securitized Products Distributed under an Exemption from the Prospectus Requirement*; and
    - National Instrument 45-102 *Resale of Securities*;

(collectively, the **Proposed Exempt Distribution Rules**); and
  - Proposed consequential amendments to
    - National Instrument 41-101 *General Prospectus Requirements (NI 41-101)*;
    - National Instrument 44-101 *Short Form Prospectus Distributions (NI 44-101)*;
    - National Instrument 51-102 *Continuous Disclosure Obligations (NI 51-102)* (collectively, the **Proposed Consequential Amendments**).

We are not, at this time, publishing any companion policy guidance. We will consider the comments we receive and will draft proposed guidance at that time.

The text of the Proposed Securitized Products Rules is contained in the following Schedules A to D. Certain jurisdictions may include additional information in Annex I.

Schedule A:	Proposed Prospectus Disclosure Rule
Schedule B:	Proposed CD Rule and Proposed Certification Amendments
Schedule C:	Proposed Exempt Distribution Rules
Schedule D:	Proposed Consequential Amendments
Annex I	Local Information

The above documents will also be available on websites of CSA jurisdictions, including:

[www.lautorite.qc.ca](http://www.lautorite.qc.ca)  
[www.albertasecurities.com](http://www.albertasecurities.com)  
[www.bcsc.bc.ca](http://www.bcsc.bc.ca)  
[www.gov.ns.ca/nssc](http://www.gov.ns.ca/nssc)  
[www.nbsc-cvmnb.ca](http://www.nbsc-cvmnb.ca)  
[www.osc.gov.on.ca](http://www.osc.gov.on.ca)  
[www.sfsc.gov.sk.ca](http://www.sfsc.gov.sk.ca)  
[www.msc.gov.mb.ca](http://www.msc.gov.mb.ca)

**For more information on the comment process, see below under “How To Provide Your Comments”.**

## 2. Background – The benefits and risks of securitization

### (a) What is securitization and why is it important?

Securitization refers to the process by which a special purpose vehicle (**SPV**) is used to create securities (which we refer to as securitized products) that entitle holders to payments that are supported by the cash flows from a pool of financial assets held by the SPV. In Canada, common types of financial assets include credit card receivables, automobile leases and residential mortgages. Less frequently, the assets may themselves be securitized products, such as residential mortgage-backed securities (in this case, the process is often referred to as a resecuritization) or may be “synthetic assets” created through the use of derivatives.

Securitization can have a positive impact on the supply of credit, and thus provide important economic benefits. As noted in a recent article,

Securitization represents an important source of credit to the economy. By converting non-tradable financial assets into tradable instruments, securitization has the potential to expand the supply of credit beyond what would be available solely through banks and other financial intermediaries.<sup>1</sup>

However, as the recent global financial crisis demonstrated, if not properly regulated, the securitization markets can be a source of systemic risk. The collapse of sub-prime securitizations in the United States had major spillover effects into other markets and into the wider U.S and global economy, and was a major contributing factor to the financial crisis.

Securitized products share certain basic features that distinguish them from standard debt securities, including:

- *Originate-to-distribute model* – Under this model, a loan originator (such as a bank) packages the loans into pools and sells them into special purpose off-balance sheet vehicles, thus no longer bearing the contractual risk of default. This model, which is fundamental to securitized products, is particularly prone to conflicts of interest, because the various parties in the securitization chain have different incentives. For example, originators are incentivized to maximize loan creation rather than to carefully screen borrowers, and arrangers are incentivized to maximize short-term underwriting and structuring revenue rather than mitigate product risk.
- *Alteration of credit risk through structured finance techniques* – Another feature of securitized products is use of structured finance techniques (such as pooling and tranching) to alter the credit risk associated with underlying assets. The risks associated with some of these techniques can be difficult to assess, even by highly sophisticated investors. For example, not all investors may have appreciated how sensitive the expected performance of securitized products could be to changes in the assumptions used to model credit risk, specifically (i) default probability and recovery value; (ii) correlation of defaults between tranches; and (iii) declines in aggregate economic conditions.

### (b) International proposals on the regulation of securitization

International bodies and other jurisdictions have put forward a number of proposals on how to improve regulation of securitization. These include:

- the International Organization of Securities Commissions’ (**IOSCO**) “Disclosure Principles for Public Offerings and Listings of Asset-Backed Securities” (the **IOSCO ABS Disclosure Principles**);
- the IOSCO’s Technical Committee’s Task Force’s “Unregulated Financial Markets and Products – Final Report”; and
- the United States Securities and Exchange Commission’s (**SEC**) April 2010 notice of proposed rule-making relating to ABS and other structured finance products (the **SEC April 2010 Proposals**).

Furthermore, in July 2010, the *Dodd-Frank Wall Street Reform and Consumer Protection Act* was enacted in the U.S. (the **Dodd-Frank Act**), which included a number of provisions dealing with securitization. The SEC also has made rules implementing certain provisions of the Dodd-Frank Act relating to enhanced disclosure regarding representations and warranties, and issuer review of assets underlying securitized product assets, as well as published proposed rules regarding risk retention (together with the SEC April 2010 Proposals and the Dodd-Frank Act collectively, the **U.S. Securitization Initiatives**).

---

<sup>1</sup> Scott Hendry, Stéphane Lavoie, and Carolyn Wilkins. 2010. “Securitized Products, Disclosure, and the Reduction of Systemic Risk.” Bank of Canada *Financial System Review* (June): 47-55.

**(c) CSA Initiatives Relating to the Financial Crisis**

The Canadian economy has not been immune to the effects of the global financial crisis. Canada experienced significant turmoil in the market for asset-backed commercial paper (ABCP), specifically the freezing of \$32 billion of non-bank or third-party sponsored ABCP in August 2007. In the October 2008 CSA Consultation Paper 11-405 *Securities Regulatory Proposals Stemming from the 2007-08 Credit Market Turmoil and its Effect on the ABCP Market in Canada* (the **October 2008 ABCP Concept Proposal**), the CSA explored, among other things, securities regulatory proposals in connection with the sale of ABCP. Since that time, the CSA's focus has broadened to encompass all securitized products and their distribution both publicly under a prospectus and in the exempt market under exemptions from the prospectus requirements.

In the last year, as part of the CSA's work relating to the financial crisis, the CSA has also published for comment:

- proposed National Instrument 25-101 *Designated Rating Organizations* with respect to oversight of credit rating organizations (**NI 25-101**); and
- Consultation Paper 91-401 *Over-the-Counter Derivatives Regulation in Canada* setting out high-level proposals for regulating derivatives trading in Canada.

**3. Substance and purpose of the Proposed Securitized Products Rules**

The Proposed Securitized Products Rules set out a new framework for the regulation of securitized products in Canada. There are two main features of the Proposed Securitized Products Rules:

1. Enhanced disclosure requirements for securitized products issued by reporting issuers; and
2. New rules that narrow the class of investors who can buy securitized products on a prospectus-exempt basis in the exempt market, and require that issuers of securitized products provide disclosure at the time of distribution, as well as on an on-going basis.

The Proposed Exempt Distribution Rules in particular are a significant departure from the current exempt market regulatory regime.

We have been guided by three general principles in developing the proposed rules:

1. The rules should seek to achieve the following objectives, in a manner that fosters market efficiency:
  - Investors who buy securitized products should have the information to understand the features and risks of the products and whether such securities are appropriate for their investment objectives; and
  - Investors should have access to information when they need it to value the products at the time of investment and on an ongoing basis.
2. The rules should facilitate transparency in the securitization market so that it can continue to function even in times of financial stress. This will reduce the risk that problems in the securitization market will spill over to other markets and the wider economy, thus contributing to systemic risk. Systemic risk is an area where regulation is particularly important, as private arrangements among market participants may not adequately address the issue.
3. The rules should take into account the particular features of the Canadian securitization markets. In particular, rules should be proportionate to the risks associated with particular types of securitized products available in Canada, and should not unduly restrict investor access to securitized products. Canada experienced significant turmoil in the ABCP market in August 2007. However, for a number of reasons, the Canadian securitization market did not experience a sub-prime mortgage securitization bubble.

In general, we currently are not proposing to introduce, but instead to seek comment on, certain requirements that are features of the U.S. Securitization Initiatives. We have done so where we think that further feedback and analysis is required to determine (a) whether the proposed requirement will achieve its intended aims and if so, how to appropriately design the requirement; or (b) whether it is appropriate for the Canadian context. In particular, we are seeking comment on the following types of requirements:

- requirements that securitizations be structured in a particular manner, such as requiring that sponsors or other transaction parties retain a minimum tranche or tranches of the securitization (a "skin-in-the-game requirement");

- requirements for due diligence, such as requiring the issuer to review the pool assets;
- requiring or restricting the involvement of particular parties in a securitization, such as imposing independence requirements or restrictions on conflicts of interest; and
- requirements for new disclosure that we think would be a major departure from what is already being provided pursuant to transaction agreements, such as asset- or loan-level disclosure, provision of a computer waterfall payment program, and requiring sponsors or originators to file reports on fulfilled and unfulfilled repurchase requests across all securitizations.

At this time, we are not proposing to eliminate credit ratings as an eligibility criterion to access the short form or shelf prospectus systems.

Please refer to the section **Questions on the Proposed Securitized Products Rules** for specific questions on the above issues.

Finally, the regulation of credit rating organizations, and their role in securities markets generally, will be addressed by other initiatives such as proposed NI 25-101, which addresses oversight of credit rating organizations. We also are reviewing the prospectus exemptions more broadly, particularly the accredited investor exemption and the minimum investment amount exemption.

#### **4. Summary of the Proposed Securitized Products Rules**

##### **(a) Application – new definition of securitized products**

We are proposing a new definition for a “securitized product,” which is found in proposed NI 41-103 and which triggers the application of the Proposed Securitized Products Rules (subject to the exemptions described below). This definition is intended to be broad. It includes securities where the payments are derived from cash-generating financial assets, such as loans, leases and receivables. It includes securities backed by assets that are themselves securities, such as bonds and other securitized products such as residential mortgage-backed securities. It also includes securities where payments are derived from “synthetic assets” such as credit default swaps or other derivatives.

The definition of asset-backed security remains the same as the current definition in NI 51-102.

However, the Proposed Securitized Products Rules will not apply to the following securities:

- covered bonds; and
- securities, other than debt securities, issued by a mortgage investment entity.

Covered bonds are debt securities issued by a financial institution. Payments on the debt are guaranteed by another entity, such as an SPV, that holds a pool of high-quality, cash-generating financial assets originated by the financial institution, for example, prime residential mortgages. Because covered bonds, at least as currently structured, are primarily obligations of the financial institution with the cover or collateral pool serving as a credit enhancement, they do not seem to raise the same policy concerns as standard securitized products.

We are also proposing to exclude non-debt securities issued by a “mortgage investment entity” (**MIE**) from these additional requirements for a variety of reasons. The CSA is currently considering the regulatory analysis of MIEs as part of a separate initiative.

Please refer to the section **Questions on the Proposed Securitized Products Rules** for specific questions on these issues.

##### **(b) Summary of the Proposed Prospectus Disclosure Rule**

The Proposed Prospectus Disclosure Rule requires that a prospectus used to qualify a distribution of securitized products contain specific disclosure relating to securitized products. The disclosure requirements are intended to be consistent with the IOSCO ABS Disclosure Principles, as well as the current disclosure required for registration of asset-backed securities by the SEC’s Regulation AB (**Reg AB**). Where we have considered it appropriate, we have also included elements from the U.S. Securitization Initiatives. Our intent is to improve the consistency and comparability of prospectus disclosure.

We are not currently proposing to change the eligibility criteria for short form and shelf prospectuses. We note, however, that eligibility is restricted to asset-backed securities, and securitized products that are not asset-backed securities would continue to be ineligible for the short form or shelf prospectus systems.

The required disclosure for all prospectuses used to distribute securitized products is set out in Form 41-103F1. As most prospectus offerings of securitized products are of asset-backed securities, we have drafted the disclosure based on these types of offerings. However, we expect issuers of all types of securitized products to consider each of the disclosure items in the Form and conduct a meaningful analysis of whether a particular item is relevant to the securitized product or securitized products transaction.

The following is a summary of the disclosure required by Form 41-103F1.

*Item 1 – Parties with significant functions and responsibilities*

The prospectus must identify and describe the functions and responsibilities performed by each of the following parties involved in the securitized product transaction:

- sponsor;
- arranger;
- depositor;
- originator;
- issuer;
- servicer;
- trustee; and
- any other party with a material role in the securitized product transaction, such as a custodian, intermediate transferor or liquidity provider in the secondary market.

If certain enumerated relationships exist amongst the above parties, the prospectus must provide disclosure about those relationships.

The prospectus must also disclose whether any of the above parties is or has been engaged in the 12 months before the date of the prospectus in a transaction that would involve in or result in any material conflict of interest with respect to an investor in the securitized products being distributed.

*Item 2 – Significant obligors of pool assets*

The prospectus must identify significant obligors, and provide selected financial information or financial statements in respect of the significant obligor, depending on the significance of the obligor to the pool assets. If a significant obligor is itself an issuer of securitized products, and the applicable pool assets are securitized products, the prospectus must provide disclosure regarding the pool assets required by Items 1 to 10 of Form 41-103F1.

*Item 3 – Pool assets*

The prospectus must provide information regarding the pool assets, including:

- selection criteria;
- material pool characteristics;
- delinquent and non-performing assets;
- sources of pool cash flow;
- representations and warranties regarding the pool assets, and information relating to repurchase or replacement obligations in connection with such representations and warranties;
- claims on pool assets;
- information on prefunding or revolving periods; and
- transaction agreement terms governing the modification of pool asset terms.

*Item 4 – Static pool information*

The prospectus must provide static pool information if it would be material. If no static pool information is provided, the prospectus must explain why such disclosure is omitted.

*Item 5 – Description of the securitized products*

The prospectus must describe each securitized product being distributed.

*Item 6 – Retention of securitized products*

The prospectus must disclose whether a party described in Item 1 is retaining a portion of a tranche or tranches, the amount retained, and whether it has been hedged.

At this time, we are not proposing to require that any party to a securitization transaction retain an economic interest in the securitization, but only that any such retention is disclosed.

*Item 7 – Structure of the transaction*

The prospectus must provide information about the following:

- the flow of funds for the securitized product transaction;
- the distribution frequency and cash maintenance in respect of the securitized product;
- fees and expenses;
- excess cash flow;
- issuances of additional series or classes of securitized products by master trusts;
- any optional or mandatory redemption or termination feature; and
- prepayment, maturity and yield considerations.

*Items 8 and 9 – Credit enhancement and other support, and certain derivative instruments*

The prospectus must describe material external and internal credit enhancements or support, as well as each derivative instrument used to alter the payment characteristics of the payments on the securitized product. It must identify the providers of significant credit support and derivative counterparties. Depending on the significance of the support or derivative instrument, selected financial information or financial statements must be provided for the credit supporter or derivative counterparty.

*Item 10 – Credit ratings*

The prospectus must provide certain information related to the credit rating of the securitized product being distributed.

*Item 11 – Reports*

The prospectus must describe reports or documents that will be provided to the holders of the securitized products being distributed and how they are made available, and any other report or document to be filed with a securities regulatory authority.

*Item 12 – Legal proceedings and regulatory actions*

The prospectus must provide disclosure of legal proceedings and regulatory actions in respect of parties described in Item 1.

**(c) Summary of the Proposed CD Rule and the Proposed Certification Amendments**

The Proposed CD Rule requires that reporting issuers with issued and outstanding securitized products file specific continuous disclosure in addition to complying with the general continuous disclosure obligations in NI 51-102. However, the additional requirements do not apply where the securitized products are covered bonds or non-debt securities of MIEs. The disclosure requirements are largely based on the requirements of Reg AB. Where we have considered it appropriate, we have also included elements from the SEC April 2010 Proposals. Our intent is to improve the consistency and comparability of continuous disclosure.

The disclosure requirements apply to any securitized product issued by a reporting issuer regardless of whether the securitized product was issued through a prospectus or using a prospectus exemption. We are not proposing to “grandfather” current outstanding securitized products or implement a transition period. However, we are asking a specific question on this issue. Please refer to the section **Questions on the Proposed Securitized Products Rules**.

The following is a summary of several significant features of the Proposed CD Rule.

**(i) Payment and performance report (section 4 and Form 51-106F1)**

A reporting issuer must file a Form 51-106F1 within 15 days after each payment date for each series or class of securitized products it has issued. The report must contain information regarding payment distribution and pool performance reflecting the pool's performance at the most recent payment distribution period. The disclosure required in Form 51-106F1 is largely derived from the SEC's Form 10-D, and the issuer must provide the required disclosure to the extent applicable. If none of the disclosure in Form 51-106F1 is applicable due to the attributes of the securitized product or the structure of the securitized product, the reporting issuer can file an alternative report that contains all information that would be material to an investor regarding the payment distribution and performance of the series or class of securitized products.

**(ii) Timely disclosure of significant events (section 5 and Form 51-106F2)**

If an event enumerated in section 5 of proposed NI 51-106 occurs, a reporting issuer must immediately issue and file a news release disclosing the event, and file a Form 51-106F2 describing the event no later than two business days after the event. The enumerated events are largely derived from the SEC's Form 8-K. In addition, we have also included a more general disclosure trigger in paragraph 5(2)(m), which requires disclosure of any other event that affects payment distribution or pool performance that an investor would consider material.

Reporting issuers will still be required to file material change reports under NI 51-102. A reporting issuer is not required to file Form 51-106F2 if it is filing a material change report in respect of the same event under NI 51-102.

**(iii) Annual servicer report (section 6 and Appendix A)**

Each servicer whose servicing activities relate to more than five percent of the pool assets must assess its compliance with each servicing standard set out in Appendix A of the Proposed CD Rule that it has identified as being applicable to it. The servicing standards in Appendix A of the Proposed CD Rule are not legal obligations under securities law, and are intended only as uniform measures against which the servicing of a particular asset pool can be assessed. Appendix A is largely drawn from provisions of Reg AB relating to servicers.

The servicer must prepare a report that states whether the servicer complied with each standard during the reporting issuer's most recently-completed financial year. The servicer report must be audited.

The servicer must provide the report to the reporting issuer, who in turn must file it by the later of the date it files its AIF or its annual financial statements and annual MD&A.

**(iv) Annual servicer certificate (section 7)**

Each servicer enumerated in Items 1.7(1)(a), (b) or (c) of Form 41-103F1 must provide a reporting issuer with a certificate that discloses the extent of the servicer's compliance with the applicable servicing agreement for the reporting issuer's most recently completed financial year. There is no prescribed form of certificate. The reporting issuer must file the certificate by the later of the date it files its AIF or its annual financial statements and annual MD&A.

**(v) Disclosure of servicer non-compliance (section 8)**

A reporting issuer's MD&A must include a discussion of any significant instance of non-compliance with the applicable servicing standards in Appendix A, or the relevant servicing agreement, that has been disclosed to it by a servicer through the servicer report or servicer certificate it has provided to the reporting issuer.

**(vi) The Proposed Certification Amendments**

We are proposing amendments to NI 52-109 that exempt reporting issuers that issue securitized products and that are subject to NI 51-106 from the requirements to establish and maintain disclosure controls and procedures and internal control over financial reporting in Part 3 of NI 52-109. The proposed amendments also provide for modified forms of certificate for reporting issuers who are subject to proposed NI 51-106.



**(d) Summary of the Proposed Exempt Distribution Rules**

The Proposed Exempt Distribution Rules create a new regulatory regime for distributions of securitized products on a prospectus-exempt basis. We propose to significantly narrow the class of investors who can invest in securitized products, and require disclosure at the time of issuance as well as on a continuous basis.

We also propose creating a modified regime for short-term securitized products that have a maturity of not more than one year from the date of issuance, which is intended to take into account their particular features and distribution methods. In Canada, short-term securitized products are primarily ABCP. We received a number of comments on the October 2008 ABCP Concept Proposal, which we have considered in developing the proposed short-term securitized products regime.

We recognize that the Proposed Exempt Distribution Rules are a significant departure from the current regulatory regime in the exempt market. We therefore have a number of questions with respect to our proposed approach of narrowing the class of investors who can invest in securitized products and imposing disclosure requirements. We also are asking whether there are other means to protect investors while permitting broader access to securitized products, for example, through requiring investors to purchase securitized products in the exempt market through a registrant subject to suitability obligations in respect of the purchaser. Please refer to the section **Questions on the Proposed Securitized Products Rules**.

The following is a summary of several significant features of the Proposed Exempt Distribution Rules.

**(i) Removal of existing prospectus exemptions**

We propose that the following prospectus exemptions in NI 45-106 be unavailable for distributions of securitized products that are not covered bonds or non-debt securities of MIEs:

- section 2.3 (the accredited investor exemption);
- section 2.4 (the private issuer exemption);
- section 2.9 (the offering memorandum exemption);
- section 2.10 (the minimum amount investment exemption);
- subsection 2.34(2)(d) and (d.1) (financial institution or Schedule III bank specified debt exemption);
- section 2.35 (the short-term debt exemption).

Instead, we propose to add a new prospectus exemption for the distribution of securitized products.

**(ii) New Securitized Product Exemption (section 2.44)**

Proposed section 2.44 contains the new prospectus exemption for distributions of securitized products to an “eligible securitized product investor” purchasing as principal (the **Securitized Product Exemption**). The definition of “eligible securitized product investor” essentially is the same as the definition of “permitted client” in National Instrument 31-103 *Registration Requirements and Exemptions*.

**(iii) Information memorandum requirements (section 2.46)**

A condition of the Securitized Product Exemption is that the issuer must deliver an information memorandum to each purchaser at the same time or before the purchase. Different disclosure requirements apply depending on whether the securitized product is a short-term securitized product.

**A. Securitized products that are not short-term (paragraph 2.46(1)(b))**

We do not prescribe a form of information memorandum where an issuer uses the Securitized Product Exemption to distribute securitized products that mature more than one year from the date of issue. However, the information memorandum must disclose sufficient information about the securitized product and securitized product transaction to enable a prospective purchaser to make an informed investment decision. We think that this general requirement, along with the items described in **C. General Requirements** below, constitute a base disclosure platform, while giving market participants flexibility to develop appropriate additional disclosure.

## **B. Short-term securitized products**

We are prescribing Form 45-106F7 *Information Memorandum for Short-Term Securitized Products* (**Form 45-106F7**) as the form of information memorandum for distributions of short-term securitized products under the Securitized Product Exemption. A "short-term securitized product" is a securitized product that includes ABCP and matures not more than one year from the date of issue. We developed Form 45-106F7 by reviewing, among other things, existing ABCP information memoranda, the information that the Bank of Canada expects when reviewing whether to accept ABCP issued by an ABCP program as eligible collateral for its Standing Liquidity Facility, and comment letters on the October 2008 ABCP Concept Proposal.

The prescribed disclosure in Form 45-106F7 is in addition to the general requirement that the information memorandum disclose sufficient information about the securitized product and securitized product transaction to enable a prospective purchaser to make an informed investment decision.

We propose a prescribed form because we think that transparency and consistent disclosure are particularly important to the stability of the short-term securitized product markets. Investors in short-term instruments such as ABCP are extremely sensitive to delays in payment, and also expect repayment in full. During times of financial instability, investors who lack adequate information about the quality of the underlying ABCP program assets and any liquidity facility may indiscriminately refuse to buy new paper, which can in turn increase the risk that the market may freeze entirely and contribute to a liquidity crisis.

## **C. General requirements**

In addition, all information memoranda must:

- describe statutory or contractual rights of action for misrepresentation;
- describe the resale restrictions that apply to the securitized product;
- contain a certificate signed by the issuer's CEO (or the equivalent), CFO (or the equivalent), promoter and sponsor (if the sponsor did not sign as a promoter) as to no misrepresentation; and
- contain a certificate signed by each underwriter as to no misrepresentation to the best of its knowledge, information and belief.

An information memorandum must not contain a misrepresentation.

An information memorandum must be posted on a website at the same time or before it is delivered to a purchaser. Issuers may password protect websites where such documents are posted if the issuer provides an undertaking to the securities regulatory authority to provide access to the website.

The issuer must also deliver a copy of the information memorandum to the securities regulatory authorities.

### **(iv) Periodic and timely disclosure (sections 6A.2 to 6A.5)**

These proposed requirements only apply to non-reporting issuers who distribute securitized products under the Securitized Product Exemption (or other prospectus exemption prior to the Securitized Product Exemption being enacted).

## **A. Securitized products that are not short-term (sections 6A.2 and 6A.3)**

We propose that the issuer must prepare a payment and performance report using Form 51-106F1 (as if the issuer were a reporting issuer, and subject to certain modifications) and post it on a website no later than 15 days after each payment date specified by the relevant transaction agreement.

The issuer must also prepare a timely disclosure report upon the occurrence of an event described in paragraphs 5(2)(a) to (m) of proposed NI 51-106 using Form 51-106F2 (as if the issuer were a reporting issuer). The issuer must post it on a website no later than two business days after the date on which the event occurs, and send a copy of the report to holders of securitized products, or otherwise advise holders that it has issued the report and describe the nature of the event.

Issuers may password protect websites where such documents are posted if the issuer provides an undertaking to the securities regulatory authority to provide access to the website.

The issuer must also deliver copies of the above reports to the securities regulatory authorities.

**B. Short-term securitized products (sections 6A.4 and 6A.5)**

For short-term securitized products, we propose that the issuer must prepare a monthly report using Form 45-106F8 *Periodic Disclosure Report for Short-Term Securitized Products Distributed under an Exemption from the Prospectus Requirement*. The issuer must post the report on a website no later than 15 days after the end of each calendar month. We developed this Form by reviewing, among other things, monthly reports prepared by ABCP dealers and credit rating organizations, comment letters on the SEC April 2010 Proposals and their impact on ABCP, and comment letters on the October 2008 ABCP Concept Proposal.

The issuer must also prepare a timely disclosure report disclosing the following information, if an investor would reasonably require the information to make an informed investment decision:

- a change to the information in the most recent monthly report or information memorandum; or
- an event that affects payment distribution or performance of the pool.

The issuer must post the timely disclosure report on a website no later than two business days after the date of the event.

Issuers may password protect websites where such documents are posted if the issuer provides an undertaking to the securities regulatory authority to provide access to the website.

The issuer must also deliver copies of the above reports to the securities regulatory authorities.

**(v) Reasonable access to documents (sections 2.45 and 6A.6)**

In order to maintain transparency in the exempt market, we propose that an issuer must provide each holder of securitized products who purchased securitized products under a prospectus exemption with continued reasonable access to the information memorandum and the various periodic and timely disclosure reports until one year from the date that the securitized product ceases to be outstanding.

We also propose that the issuer must provide reasonable access to the above documents to each person who requests access and is a prospective investor who meets the definition of eligible securitized product investor. Issuers may obtain confidentiality undertakings and take such steps as necessary to satisfy themselves that a prospective investor meets the definition of eligible securitized product investor.

Reasonable access includes making the document available on a password protected website if the issuer provides an undertaking to the securities regulatory authority to provide the regulator with access to the website.

**(vi) Statutory civil liability and withdrawal rights**

*Statutory civil liability*

We think that investors should have rights to sue the issuer, the sponsor and each underwriter for damages if the information memorandum required by the Securitized Product Exemption contains a misrepresentation. The right of action should be available without the investor being required to prove reliance on the misrepresentation.

Assuming that we proceed with this approach, in most jurisdictions, this outcome can be achieved by prescribing the information memorandum required under the proposed Securitized Product Exemption as an offering document to which statutory civil liability rights apply. In most jurisdictions, a statutory right of action for damages is available against the issuer, each of the individuals who were directors at the date of the prescribed document, and anyone else who signs the document (which would include sponsors and underwriters under our proposals). An action for rescission in lieu of damages would also be available against the issuer.

In Ontario, however, the statutory rights to sue for misrepresentation in a prescribed offering document would only apply against an issuer, and legislative amendments would be required for statutory rights of action to be available against sponsors and underwriters.

*Withdrawal rights*

In certain jurisdictions, there are also statutory provisions which provide an investor with a right to withdraw from the purchase within two days of receiving a prescribed offering document. This is similar to the two day right of withdrawal that exists in the prospectus regime. Staff of the commissions in the jurisdictions where that right applies are considering whether it is appropriate that the two day right of withdrawal apply to securitized products. We recognize that the two day right provides an

opportunity for sober second thought which could be useful when assessing complex products but also appreciate that under the proposed new Securitized Product Exemption, all investors will be relatively sophisticated. Please refer to the section **Questions on the Proposed Securitized Products Rules**.

**(vii) Reports of exempt distribution (sections 6.1 and 6.2)**

We propose that a Form 45-106F1 must be filed for a distribution under the Securitized Product Exemption. If the distribution is of a short-term securitized product, which tend to be offered on a continuous basis, the report need only be filed 30 days after the calendar year in which the distribution occurs.

**(viii) Resale**

We propose that the first trade of a securitized product distributed under the Securitized Product Exemption is a distribution. Therefore, the only prospectus exemption that would be available for resale of a securitized product would be section 2.44, thus creating a specialized “closed-system” for securitized products. Otherwise, the resale would require qualification by prospectus, or exemptive relief from the prospectus requirement.

**(e) Proposed consequential amendments**

We are proposing a number of consequential amendments to NI 41-101, NI 44-101 and NI 51-102 that flow from the Proposed Securitized Products Rules.

**5. Cost Benefit Analysis**

The focus of the Proposed Securitized Products Rules is to increase transparency in the securitization market and to limit access to securitized products in the exempt market to those investors best able to evaluate the features and risks of these products. We acknowledge that there will be costs associated with many of the changes being proposed. As part of the consultation process, we will work to assess the impact of the Proposed Securitized Products Rules. We encourage you to provide submissions on the costs and benefits associated with the proposals we are publishing for comment.

**6. Legislative Amendments**

CSA members may need to obtain legislative amendments in order to implement the Proposed Securitized Products Rules and statutory civil liability regime discussed in this Notice. These include obtaining rule-making authority to directly impose obligations on servicers and other parties that are not reporting issuers, as well as legislative amendments in respect of statutory civil liability for misrepresentations in offering documents and continuous disclosure relating to securitized products in the exempt market.

We have not initiated any steps toward obtaining legislative amendments at this time. We will consider doing so as part of our review of the comments on the Proposed Securitized Products Rules.

**7. Questions on the Proposed Securitized Products Rules**

We have a number of questions on the Proposed Securitized Products Rules and securitization where we would appreciate your feedback. We encourage you to provide detailed explanations in support of your answers. We also encourage you to provide submissions on the implications of any of the Proposed Securitized Products Rules on cost, timing and market access for issuers, investors and market intermediaries such as registrants.

**(a) General**

1. We welcome any comments on the three principles we have taken into account in developing the Proposed Securitized Products Rules, which are set out under **Substance and purpose of the Proposed Securitized Products Rules**. Are these the right principles? Are there additional principles we should take into account and if so, what should these be?
2. The Dodd-Frank Act requires federal banking agencies and the SEC to jointly prescribe rules that will require a “securitizer” (generally the issuer, sponsor or depositor) to retain an economic interest in a portion of the credit risk for any asset that the securitizer, through the issuance of securitized products, transfers, sells or conveys to a third party, subject to certain mandatory exemptions and discretionary exemptions. The SEC recently published proposed risk retention rules. The SEC April 2010 Proposals also contain a risk retention requirement as one of the proposed conditions of shelf-eligibility for asset-backed securities, which are intended to replace the current credit rating eligibility criteria. Is it necessary or appropriate for us to make rules prescribing mandatory risk retention for securitized products

in order to mitigate some of the risks associated with securitization? If so, what are the appropriate types and levels of risk retention for particular types of securitized products?

3. The Dodd-Frank Act amends the Securities Act of 1933 to prohibit sponsors, underwriters or placement agents of securitized products, or affiliates of such entities, from engaging in any transaction that would involve or result in any material conflict of interest with respect to any investor in a sale of securitized products. The prohibition against such activity will apply for one year after the closing date of the sale and provides for certain exceptions that relate to risk-mitigating hedging activities intended to enhance liquidity. Should there be a similar prohibition in our rules? If so, what practical conflicts would this rule prevent that are seen in Canada today?
4. Are there circumstances where we should require that certain material parties be independent from each other and if so, what are they? For example, should we require that an underwriter in a securitization be independent from the sponsor by proposing amendments to National Instrument 33-105 *Underwriting Conflicts*? Should we require that auditors who audit the annual servicer report be independent from the sponsor?
5. Is the definition of "securitized product" sufficiently clear, particularly for those persons who will be involved in selling these products to investors? Do elements of the definition, e.g., "collateralized mortgage obligation", "collateralized debt obligation", "synthetic", need to be defined?
6. Is the proposed carve-out for covered bonds from the Proposed Securitized Products Rules appropriate? Should there be additional conditions imposed in order for the carve-out to be available and if so, what should these be?
7. Is the proposed carve-out for non-debt securities of MIEs from the Proposed Securitized Products Rules appropriate? Should there be additional conditions imposed in order for the carve-out to be available and if so, what should these be?

**(b) The Proposed Prospectus Disclosure Rule**

*Eligibility for the shelf system*

8. Should there be restrictions on the kinds of asset-backed securities distributions that are eligible for the shelf system and if so, what should those be and why? Should there be similar restrictions to those in Reg AB, such as prescribed time limits on revolving periods for transactions backed by non-revolving assets, caps on prefunding amounts, and restrictions on pool assets (e.g., no non-revolving assets in a master trust, caps on the proportion of delinquent assets in the pool, and prohibitions against non-performing assets)?
9. Do investors need additional time to review shelf supplements prior to sale? Should we require the supplement (without price-related information) to be filed on SEDAR prior to first sale? What would be an appropriate amount of time, and would it change if loan- or asset-level disclosure was mandated?
10. Should the approved rating eligibility criterion for the short form and shelf prospectus systems be replaced with alternative criteria? In the alternative, if the approved rating eligibility criterion is maintained, should the issuer also satisfy one or more additional criteria such as those in the SEC April 2010 Proposals:
  - (i) 5% vertical slice risk retention;
  - (ii) third party review of repurchase or replacement obligations in connection with alleged breaches of representations and warranties;
  - (iii) a certificate from the CEO of a sponsor and an issuer that at the time of each offering off a shelf prospectus that the assets in the pool have characteristics that provide a reasonable basis to believe that they will produce, taking into account internal credit enhancements, sufficient cash flows to service any payments due and payable on the securities as described in the prospectus?
11. Do offerings of asset-backed securities through the MTN/continuous distributions prospectus supplement provisions under Part 8 of National Instrument 44-102 *Shelf Distributions* give investors enough time to review the information or provide the public disclosure of the offering on a sufficiently timely basis?

*Pool asset and payment disclosure*

12. The SEC April 2010 Proposals require disclosure of asset- or loan-level data in some cases, and grouped asset disclosure in others (e.g. for credit card receivables). We are not proposing to require asset- or loan-level disclosure or

grouped asset disclosure. Is this level of disclosure necessary and if so, what are appropriate standardized data points?

13. The SEC April 2010 Proposals require that issuers provide a computer waterfall payment program to investors. We currently are not proposing to impose a similar requirement. Is this type of program necessary and if so, why?

*Mandatory review of pool assets*

14. In connection with the requirements of the Dodd-Frank Act, the SEC has made a rule requiring that issuers who offer asset-backed securities pursuant to a registration statement must perform a review of the pool assets underlying the asset-backed securities. The issuer may conduct the review or an issuer may employ a third party engaged for purposes of performing the review provided the third party is named in the registration statement and consents to being named as an expert, or alternatively, the issuer adopts the findings and conclusions of the third party as its own. Should we introduce a similar requirement for prospectus offerings of securitized products?

*Risk factor disclosure*

15. We are not proposing to prescribe risk factor disclosure. Should Form 41-103F1 contain prescribed risk factor disclosure and if so, what disclosure should be prescribed? For example, are there standard risk factors associated with particular underlying asset classes that should always be included in a prospectus?

*Incorporation by reference of Form 51-106F1 and Form 51-106F2*

16. Should Form 51-106F1 and Form 51-106F2 filings previously filed by a reporting issuer be required to be incorporated by reference in other short form prospectus offerings by the same issuer? What types of filings are appropriate or necessary for incorporation, and which are not? Would the requirements regarding static pool disclosure in Item 4 of the proposed Form 41-103F1 be sufficient?

*Registration*

17. Are there any existing registration categories or registration exemptions that should be modified or made unavailable for the distribution of securitized products under a prospectus, or their subsequent resale?

**(c) The Proposed CD Rule and Proposed Certification Amendments**

*Interaction with NI 51-102*

18. The Proposed CD Rule requires reporting issuers that issue securitized products to make several new filings in addition to the filings required by NI 51-102. In light of these new proposed filings, should reporting issuers be exempt in whole or in part from the requirements of NI 51-102 and related forms? For example, do the costs associated with preparing and filing audited financial statements of the issuer outweigh the benefits to investors? We believe there may be circumstances where financial information about the issuer may be important to investors, such as information relating to derivative transactions to which the issuer is a party, or information relating to other liabilities of the issuer that may rank higher to or equally with the notes held by investors, and thereby reduce the potential recovery of investors in the case of an insolvency of the issuer. If we propose an exemption from the requirement to prepare and file audited financial statements, how should we address these concerns? What conditions should we include?

*Application to all outstanding series or class of securitized products issued by a reporting issuer*

19. The proposed continuous disclosure requirements apply in respect of all securitized products issued by the reporting issuer, regardless of whether they were distributed under a prospectus or on a prospectus-exempt basis. For example, a reporting issuer must file a Form 51-106F1 in respect of each outstanding series or class of securitized products it has issued, regardless of whether it was issued under a prospectus or on a prospectus-exempt basis. Should there be a "grandfathering" or transitional provision put in place?
20. Should the proposed continuous disclosure requirements only apply in respect of securitized products that the reporting issuer distributed via prospectus? If yes, how should we address the concern that other securitized products issued by the same issuer on an exempt basis may become freely tradeable but without the reporting issuer being required to provide any ongoing disclosure about these other securities?
21. Should there be a legending or notice requirement to explain resale restrictions for securitized products that have been distributed on an exempt basis?

*Timely disclosure*

22. Section 5 of NI 51-106 requires timely disclosure of a range of enumerated “significant” events largely derived from Form 8-K. Would adding, modifying or deleting any of the criteria on this list make it a better regime for timely disclosure? If so, what changes should be made?

*Statutory Civil Liability*

23. Should the new documents that are required to be filed under the Proposed CD Rule be prescribed as core documents for secondary market civil liability?

*Certification*

24. Is it appropriate to exempt reporting issuers that issue securitized products and that are subject to the Proposed CD Rule from the requirements to establish and maintain disclosure controls and procedures and internal control over financial reporting in Part 2 of NI 52-109?
25. The proposed forms of certification for reporting issuers that issue securitized products does not contain a note to reader similar to the note to reader required for venture issuer forms of certification. Should there be a note to reader required for the certifications and if so, what information should the note to reader contain?

*Report of fulfilled and unfulfilled repurchase/replacement requests*

26. We are proposing that if an originator, sponsor or other party has repurchase or replacement obligations in respect of pool assets collateralizing securitized products distributed under a prospectus, the prospectus must provide historical demand, repurchase and replacement information for those parties in respect of other securitizations where those parties had similar obligations, where the same class of assets was securitized, and where the securitized products were distributed under a prospectus. Subsequently, demand, repurchase and replacement information must be provided in Form 51-106F1. Is this type of disclosure adequate, or is it necessary to have this type of information provided by originators and sponsors for all securitizations in which they have been involved (including those in the exempt market)? For example, in connection with the requirements of the Dodd-Frank Act, the SEC has made a rule requiring any securitizer to disclose fulfilled and unfulfilled repurchase requests across all trusts aggregated by the securitizer, so that investors may identify asset originators with clear underwriting deficiencies. The securitizer must file an initial “look-back” report, and subsequently update the information on a quarterly basis.

**(d) The Proposed Exempt Distribution Rules**

*General approach*

27. We are proposing a new Securitized Product Exemption which focuses on a specific product that has unique features and risks. Is this product-centred approach appropriate? Should we instead be focusing on reforming the exempt market as a whole?
28. Should securitized products be allowed to be sold in the exempt market, or should they only be sold under a prospectus?

*Who can buy*

29. We are proposing to remove a number of existing prospectus exemptions through which securitized products can be sold. Should we permit securitized products to continue to be sold through some existing exemptions and if so, which exemptions?
30. The proposed Securitized Product Exemption in section 2.44 only permits certain “highly-sophisticated” investors (i.e., eligible securitized product investors) to buy securitized products on a prospectus-exempt basis. Other investors generally would only be able to buy securitized products that are distributed through a prospectus. Is this the right approach? If not, what approach should we take? In particular, should we permit other investors to purchase securitized products in the exempt market through a registrant subject to suitability obligations in respect of the purchaser? Would having a registrant involved adequately address our investor protection concerns? Please refer to Question 32 for additional related questions.
31. If our proposed approach to restrict access to securitized products to “highly-sophisticated” investors is appropriate, is the proposed list of eligible securitized product investors the right one? If not, how should it be modified? In particular, we would appreciate feedback on the following:

A. *Expanded list of who would qualify as an eligible securitized product investor*

Should we expand the list of eligible securitized product investors? For example:

Individuals (paragraph (n) of the definition)

- Should we include high-income individuals and if so, at what level of income, e.g. \$1 million?
- Should we permit inclusion of spousal income or assets when calculating applicable income or asset thresholds for individuals?
- Should other types of assets be included when calculating asset thresholds for individuals, not just net realizable financial assets and if so, what types of assets should be permitted?

Persons or companies who are not individuals (paragraph (p) of the definition)

- Should we lower the net asset threshold of \$25 million for persons or companies (other than individuals or investment funds)? If so, what is the appropriate net asset threshold for these entities?

Other investors

- Are there other categories of investors who should be included in the list of eligible securitized product investors and if so, what should those be? For example, should we include an individual registered or formerly registered under securities legislation?

B. Should we require that each beneficiary of the managed account in paragraph (k) of the proposed definition meet the criteria set out in the other paragraphs of the definition of eligible securitized product investor?

C. Should the list of eligible securitized product investors be narrowed? For example, should the financial thresholds under the proposed definition of eligible securitized product investor be raised? Are there entities in the proposed definition who should not qualify as eligible securitized product investors?

32. We continue to consider other possible prospectus exemptions for securitized products, along with appropriate conditions to such prospectus exemptions. We would appreciate your feedback on the following possible exemptions and conditions, and whether they should be in lieu of, or in addition to, the proposed Securitized Product Exemption:

A. *Enhanced accredited investor or minimum amount investment prospectus exemption*

Should we maintain availability of the accredited investor and minimum investment amount prospectus exemptions? Should their continued availability require additional conditions and if so, what should those be? For example, should we require either or both of the following additional conditions:

- (a) the issuer must provide an information memorandum and possibly ongoing disclosure; and
- (b) the investor must buy the securitized product from a registrant?

B. *Minimum amount investment prospectus exemption specifically for securitized products*

Should we have a prospectus exemption that would permit an investor to purchase securitized products provided the minimum amount invested is relatively high? If so, what would be an appropriate minimum amount threshold?

C. *Specified ABCP prospectus exemption*

Should investors who are neither eligible securitized product investors nor accredited investors be permitted to invest in ABCP provided certain risk-mitigating conditions are met? If so, what conditions should we impose on these distributions? Would ABCP that satisfies the following conditions be appropriate for non-accredited investors:

- the ABCP has received a minimum of two prescribed credit ratings;



- the ABCP is backed by a committed global-style liquidity facility that represents at least 100% of the outstanding face value of the ABCP and is provided by an entity with a minimum prescribed credit rating;
- the sponsor is federally or provincially regulated and has a minimum prescribed credit rating;
- the ABCP does not have direct or indirect actual or potential exposure to highly structured products such as collateralized debt obligations or credit derivatives (except for obtaining asset-specific protection for the ABCP program);
- the ABCP program does not use leveraged credit derivatives that could subject the program to collateral calls; and
- the issuer must provide an information memorandum and ongoing disclosure?

If the ABCP satisfies the above conditions, should we also require that an investor, or certain types of investors (for example, a “retail” investor) must buy the securitized product from a registrant? If so, what types of investors would benefit from this requirement?

33. Should we provide for more limited access to securitized products than has been proposed?

*Disclosure*

34. The objectives of requiring disclosure for prospectus-exempt distributions of securitized products are to:

- create incentives for enhanced due diligence by sponsors and underwriters who must prepare the disclosure, and investors who will be expected to take the disclosure into account in making their investment decision;
- improve the quality and consistency of disclosure;
- facilitate a transparent, and thus stable, securitization market.

Will our proposed requirements for disclosure in the exempt market achieve or further these objectives?

35. Is there a class of investor for whom it is not necessary to require that some form of disclosure be provided in connection with the purchase of securitized products on a prospectus-exempt basis? If so, what type of investor?
36. Is there a type of “private-label” (as opposed to government-issued or -guaranteed) securitized product for which disclosure is not necessary? If so, what type of securitized product?
37. We are not prescribing specific disclosure for the initial distribution of securitized products, other than short-term securitized products such as ABCP. Is this an appropriate approach? What impact would requiring an information memorandum for distributions of non short-term securitized products have on costs, timing and market access?
38. We are prescribing certain disclosure for short-term securitized products such as ABCP (proposed Form 45-106F7 *Information Memorandum for Short-Term Securitized Products*). Is this an appropriate approach? Would adding, modifying, or deleting any of the prescribed disclosure improve the requirements? Should we mandate the format in which any of the disclosure is provided, for example, XML? What impact will requiring prescribed disclosure for distributions of short-term securitized products have on costs, timing and market access?
39. We are requiring that ongoing disclosure be made available to investors in securitized products. Is this an appropriate approach? Are the prescribed forms (Form 51-106F1 in the case of non short-term securitized products, and Form 45-106F8 *Periodic Disclosure Report for Short-Term Securitized Products Distributed under an Exemption from the Prospectus Requirement*) appropriate? Would adding, modifying or deleting any of the prescribed disclosure improve the requirements? Should we mandate the form in which any of the disclosure is provided, for example, XML? What impact will requiring ongoing disclosure for securitized products have on costs, timing and market access?
40. We have proposed that certain ongoing disclosure be made available to investors in securitized products via the issuer’s website. We propose that the issuer be required to provide access to prospective investors who request access. Is there a better method of making disclosure available to prospective investors and if so, what? Should the disclosure be generally publicly available via the issuer’s website or SEDAR?

41. We have proposed that the information memoranda and all disclosure required to be provided to investors be delivered to securities regulators. We expect that, subject to requests under freedom of information legislation, these documents will not be generally available to the public. We thought this appropriate given that the securitized products are not generally available to the public. Is this an appropriate approach?

*Statutory civil liability*

42. We propose that there should be statutory civil rights of action against issuers, sponsors and underwriters for misrepresentations in an information memorandum provided in connection with a distribution of securitized products in the exempt market. Have we identified the appropriate parties whom an investor should be able to sue? If not, should any parties be added or removed?
43. Should there be statutory civil liability for misrepresentations in the continuous disclosure provided by an issuer of securitized product? If so, who should the investor be able to sue and why?
44. In certain jurisdictions, there are statutory provisions which also provide an investor with a right to withdraw from the purchase within two days of receiving a prescribed offering document. Should these rights of withdrawal apply to information memoranda used for the distribution of short-term securitized products? Should these rights of withdrawal apply to information memoranda used for the distribution of securitized products that are not short-term?

*Resale*

45. We propose that the first trade of a securitized product distributed under the Proposed Securitized Product Exemption is a distribution, creating a specialized "closed-system" for securitized products that are not issued under a prospectus. Is the proposed resale treatment appropriate?

*Registration*

46. Are there any existing registration categories or registration exemptions that should be modified or made unavailable for the distribution and resale of securitized products in the exempt market?
47. In order to qualify for the proposed Securitized Product Exemption in section 2.44, registered firms and individuals will need to be able to identify which products are securitized products. Are there categories of registrants that will not have the appropriate proficiency to identify securitized products and understand their risks? For example, should exempt market dealers be restricted in any way from dealing in securitized products?

**How to provide your comments**

You must submit your comments in writing by **July 1, 2011**. If you are sending your comments by email, you should also send an electronic file containing the submissions in Microsoft Word.

Please address your comments to all of the CSA member commissions as follows:

British Columbia Securities Commission  
Alberta Securities Commission  
Saskatchewan Financial Services Commission  
Manitoba Securities Commission  
Ontario Securities Commission  
Autorité des marchés financiers  
Nova Scotia Securities Commission  
New Brunswick Securities Commission  
Office of the Attorney General, Prince Edward Island  
Securities Commission of Newfoundland and Labrador  
Superintendent of Securities, Government of Yukon  
Superintendent of Securities, Department of Justice, Government of the Northwest Territories  
Superintendent of Securities, Legal Registries Division, Department of Justice, Government of Nunavut

Please send your comments only to the addresses below. Your comments will be forwarded to the remaining CSA jurisdictions.

**John Stevenson**

**Secretary**

Ontario Securities Commission  
20 Queen Street West  
19<sup>th</sup> Floor, Box 55  
Toronto, Ontario M5H 3S8  
Fax: 416-593-2318  
Email: [jstevenson@osc.gov.on.ca](mailto:jstevenson@osc.gov.on.ca)

**Anne-Marie Beaudoin**

**Corporate Secretary**

Autorité des marchés financiers  
800, square Victoria, 22e étage  
C.P. 246, tour de la Bourse  
Montréal, Québec H4Z 1G3  
Fax: 514-864-6381  
E-mail: [consultation-en-cours@lautorite.qc.ca](mailto:consultation-en-cours@lautorite.qc.ca)

Please note that all comments received during the comment period will be made publicly available. We cannot keep submissions confidential because securities legislation in certain provinces requires publication of a summary of the written comments received during the comment period.

We will post all comments received during the comment period to the OSC website at [www.osc.gov.on.ca](http://www.osc.gov.on.ca) to improve the transparency of the policy-making process.

**Questions**

Please refer your questions to any of the following:

*Ontario Securities Commission*

Naizam Kanji  
Deputy Director, Corporate Finance  
416-593-8060  
[nkanji@osc.gov.on.ca](mailto:nkanji@osc.gov.on.ca)

Winnie Sanjoto  
Senior Legal Counsel, Corporate Finance  
416-593-8119  
[wsanjoto@osc.gov.on.ca](mailto:wsanjoto@osc.gov.on.ca)

Raymond Chan  
Senior Accountant, Investment Funds  
416-593-8128  
[rchan@osc.gov.on.ca](mailto:rchan@osc.gov.on.ca)

Karen Danielson  
Legal Counsel, Compliance and Registrant Regulation  
416-593-2187  
[kdanielson@osc.gov.on.ca](mailto:kdanielson@osc.gov.on.ca)

Paul Hayward  
Senior Legal Counsel, Corporate Finance  
416-593-3657  
[phayward@osc.gov.on.ca](mailto:phayward@osc.gov.on.ca)

Darren McCall  
Assistant Manager, Investment Funds  
416-593-8118  
[dmckall@osc.gov.on.ca](mailto:dmckall@osc.gov.on.ca)

## Request for Comments

---

Neeti Varma  
Senior Accountant, Corporate Finance  
416-593-8067  
nvarma@osc.gov.on.ca

### *Alberta Securities Commission*

Denise Weeres  
Senior Legal Counsel, Corporate Finance  
403-297-2930  
denise.weeres@asc.ca

Nadine Arendt  
Legal Counsel, Corporate Finance  
403-355-9047  
Nadine.arendt@asc.ca

Kelli Grier  
Legal Counsel, Corporate Finance  
403-297-5036  
Kelli.grier@asc.ca

Agnes Lau  
Senior Advisor – Technical & Projects, Corporate Finance  
403-297-8049  
Agnes.lau@asc.ca

### *Autorité des marchés financiers*

Lucie J. Roy  
Senior Policy Adviser  
Service de la réglementation  
Surintendance aux marchés des valeurs  
514-395-0337, ext 4464  
lucie.roy@lautorite.qc.ca

### *British Columbia Securities Commission*

Nazma Lee  
Senior Legal Counsel, Corporate Finance  
604-899-6867  
nlee@bcsc.bc.ca

Gordon Smith  
Senior Legal Counsel, Corporate Finance  
604-899-6656  
gsmith@bcsc.bc.ca

Larissa Streu  
Senior Legal Counsel, Corporate Finance  
604-899-6888  
lstreu@bcsc.bc.ca

Christina Wolf  
Chief Economist  
604-899-6860  
cwolf@bcsc.bc.ca

### *Manitoba Securities Commission*

Chris Besko  
Legal Counsel, Deputy Director  
204-945-2561  
chris.besko@gov.mb.ca

*New Brunswick Securities Commission*

Susan Powell  
Acting Director, Regulatory Affairs  
506-643-7697  
Susan.powell@nbsc-cvmnb.ca

*Nova Scotia Securities Commission*

Shirley P. Lee  
Director, Policy and Market Regulation and Secretary to the Commission.  
902-424-5441  
leesp@gov.ns.ca

**April 1, 2011**

**Schedule A**  
**Proposed Prospectus Disclosure Rule**

**PROPOSED NATIONAL INSTRUMENT 41-103**  
***SUPPLEMENTARY PROSPECTUS DISCLOSURE REQUIREMENTS FOR SECURITIZED PRODUCTS***

**PART 1     DEFINITIONS AND INTERPRETATION**

**1.     Definitions – In this Instrument**

“asset-backed security” means a security that is primarily serviced by the cash flows of a discrete pool of mortgages, receivables or other financial assets, fixed or revolving, that by their terms convert into cash within a finite period and any rights or other assets designed to assure the servicing or the timely distribution of proceeds to securityholders;

“mortgage investment entity” means a person or company

- (a)     who invests substantially all of its assets in debts owing to it that are secured by one or more mortgages, hypothecs, or other instruments, on real property; and
- (b)     whose primary purpose or business activity is originating and administering mortgage loans, with the intent of holding such mortgages for the entire term and of using the revenues generated by holding the mortgages to provide a return for its investors;

“securitized product” means any of the following:

- (a)     a security that entitles the security holder to receive payments that primarily depend on the cash flow from self-liquidating financial assets collateralizing the security, such as loans, leases, mortgages, and secured or unsecured receivables, including:
  - (i)     an asset-backed security;
  - (ii)    a collateralized mortgage obligation;
  - (iii)   a collateralized debt obligation;
  - (iv)    a collateralized bond obligation;
  - (v)    a collateralized debt obligation of asset-backed securities;
  - (vi)    a collateralized debt obligation of collateralized debt obligations;
- (b)     a security that entitles the security holder to receive payments that substantially reference or replicate the payments made on one or more securities of the type described in paragraph (a) but that do not primarily depend on the cash flow from self-liquidating financial assets that collateralize the security, including:
  - (i)     a synthetic asset-backed security;
  - (ii)    a synthetic collateralized mortgage obligation;
  - (iii)   a synthetic collateralized debt obligation;
  - (iv)    a synthetic collateralized bond obligation;
  - (v)    a synthetic collateralized debt obligation of asset-backed securities;
  - (vi)    a synthetic collateralized debt obligation of collateralized debt obligations;

“transaction agreement” means an agreement relating to a securitized product transaction that imposes an obligation on any party described in Item 1 (Parties with significant functions and responsibilities) of Form 41-103F1 or that provides a holder of a securitized product with rights or entitlements in respect of the securitized product.

## 2. Interpretation

- (1) Terms defined in the following Instruments and used in this Instrument have the respective meanings ascribed to those terms in those Instruments:
  - (a) National Instrument 41-101 *General Prospectus Requirements*;
  - (b) National Instrument 44-101 *Short Form Prospectus Distributions*;
  - (c) National Instrument 44-102 *Shelf Distributions*;
  - (d) National Instrument 51-102 *Continuous Disclosure Obligations*.
- (2) In this Instrument, other than in Part 3 or unless otherwise stated, a reference to a prospectus includes
  - (a) a preliminary prospectus;
  - (b) a preliminary short form prospectus and short form prospectus;
  - (c) a preliminary base shelf prospectus, base shelf prospectus and corresponding base shelf prospectus supplement;
  - (d) a preliminary base PREP prospectus, a base PREP prospectus and corresponding supplemented PREP prospectus;
  - (e) an amendment to any of the foregoing.

## 3. Application

- (1) This Instrument applies to an issuer that distributes a securitized product under a prospectus.
- (2) Despite subsection (1), this Instrument does not apply to a distribution under a prospectus of any of the following:
  - (a) a covered bond;
  - (b) a security, other than a debt security, that is issued by a mortgage investment entity.

## **PART 2 SUPPLEMENTARY PROSPECTUS DISCLOSURE FOR ISSUERS OF ASSET-BACKED SECURITIES AND OTHER SECURITIZED PRODUCTS**

### 4. Supplementary prospectus disclosure for securitized products

- (1) An issuer that files a prospectus to distribute a securitized product must include in the prospectus the disclosure referred to in Form 41-103F1.
- (2) Despite subsection (1), an issuer is not required to complete a part of Form 41-103F1 that is inapplicable due to one or more attributes of the securitized product or the structure of the securitized product transaction under which the securitized product is issued.

## **PART 3 EXEMPTIONS**

### 5. Exemptions

- (1) The regulator or, in Québec, the securities regulatory authority may grant an exemption from this Instrument, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.
- (2) Despite subsection (1), in Ontario only the regulator may grant such an exemption.
- (3) Except in Ontario, an exemption referred to in subsection (1) is granted under the statute referred to in Appendix B of National Instrument 14-101 *Definitions* opposite the name of the local jurisdiction.
- (4) Without limiting the manner in which an exemption under this Part may be evidenced, the granting under this

Part of an exemption may be evidenced by the issuance of a receipt for a prospectus, short form prospectus, base shelf prospectus, base PREP prospectus, or an amendment to any of the foregoing, as applicable.

- (5) The issuance of a receipt is not evidence that the exemption has been granted unless
  - (a) the person or company that sought the exemption sent to the regulator or, in Québec, the securities regulatory authority
    - (i) a letter or memorandum describing the matters relating to the exemption, and indicating why consideration should be given to the exemption, on or before the date of the filing of the preliminary prospectus, preliminary short form prospectus, preliminary base shelf prospectus, or preliminary base PREP prospectus, as applicable; or
    - (ii) a letter or memorandum referred to in subparagraph (i) after the date of the filing of the preliminary prospectus, preliminary short form prospectus, preliminary base shelf prospectus, or preliminary base PREP prospectus, as applicable, and the person or company received a written acknowledgement from the regulator or, in Québec, the securities regulatory authority that the exemption may be evidenced in the manner set out in subsection (1); and
  - (b) the regulator or, in Québec, the securities regulatory authority has not before, or concurrently with, the issuance of the receipt sent notice to the person or company that sought the exemption, that the exemption sought may not be evidenced in the manner set out in subsection (1).

#### **PART 4 EFFECTIVE DATE**

##### **6. Effective date**

- (1) This Instrument shall come into force on [\*].



**Form 41-103F1**  
***Supplementary Information Required in a Securitized Products Prospectus***

**INSTRUCTIONS**

- (1) This Form sets out specific disclosure requirements relating to securitized products that are in addition to the general requirement under securities legislation to provide full, true and plain disclosure of all material facts relating to the securities to be distributed. Issuers must comply with the specific instructions or requirements in this Form if the instruction or requirement is applicable. Issuers must also comply with the applicable instructions or requirements in Form 41-101F1 or Form 44-101F1 that address areas that are not otherwise covered by the instructions or requirements in this Form.
- (2) Write the disclosure so that a reasonable prospective investor in the securitized products is able to understand it. Consider both the level of detail provided and the language used in the document. Additional guidance relating to plain language principles may be available in the companion policy to National Instrument 41-101 *General Prospectus Requirements*.
- (3) Tables, graphs, flow charts or other graphic formats must be used if a reasonable prospective investor will be able to better understand the information being provided. Items 1 (Parties with significant functions and responsibilities), 3 (Pool assets), 4 (Static pool information) and 7 (Structure of the transaction) of this Form must be presented using tables, graphs, flow charts or other graphic formats unless a reasonable prospective investor would conclude that those formats do not provide him or her with a better understanding of the information provided.
- (4) Use headings and sub-headings to group information required by this Form, and include a detailed table of contents in the prospectus that clearly identifies the location of the information under each heading and sub-heading.

**DEFINITIONS**

“Cut-off date” means the date on and after which collections on the pool assets accrue for the benefit of a holder of a securitized product.

**Item 1 – Parties with significant functions and responsibilities**

**1.1 General**

If a person or company is performing more than one of the roles set out below, clearly identify each role and the specific functions and responsibilities being performed in connection with each role. It is not necessary to repeat disclosure that has already been provided. For example, it would not be necessary to repeat the disclosure about the sponsor's form of organization and the general character of its business if disclosure is also provided about its role as an originator.

**1.2 Sponsor**

A “sponsor” is a person or company who organizes and initiates a securitized product transaction by selling or transferring assets, either directly or indirectly, to the issuer.

Identify each sponsor and describe the following:

- (a) the sponsor's form of organization and the general character of its business;
- (b) the sponsor's securitization program and its material functions and responsibilities in the program, including whether the sponsor or an affiliate is responsible for originating, acquiring, pooling or servicing the pool assets;
- (c) the sponsor's participation in structuring the securitized product transaction;
- (d) the sponsor's securitization experience and the period of time it has been engaged in securitizing assets of any type;
- (e) the sponsor's experience in and procedures for originating or acquiring and securitizing assets of the type included in the securitized product transaction that is the subject of the current disclosure, including:
  - (i) the credit-granting or underwriting criteria for assets of the type being securitized;

- (ii) any material information regarding the size, type and growth of the sponsor's portfolio of those assets;
- (f) any prior securitized product transaction which was organized and initiated by the sponsor and that has defaulted or experienced an event that triggered an early amortization;
- (g) any other information related to the sponsor that may be material to an analysis of the origination or performance of the pool assets.

### **1.3 Arranger**

An "arranger" is a person or company that arranges and structures a securitized product transaction, but does not sell or transfer assets, directly or indirectly, to the issuer of the securitized products, and in the absence of evidence to the contrary, includes the underwriter for a distribution of securitized products.

Identify each arranger and describe the following:

- (a) the arranger's form of organization and the general character of its business;
- (b) the arranger's functions and responsibilities as arranger in the securitized product transaction.

### **1.4 Depositor**

A "depositor" is a person or company in a securitized product transaction who receives or purchases pool assets from the sponsor and transfers or sells the pool assets to an issuer of securitized products.

Identify each depositor that is not also a sponsor for whom disclosure has been provided under Item 1.2, and describe the following:

- (a) the depositor's form of organization and the general character of its business;
- (b) the depositor's ownership structure;
- (c) the reason for the depositor being used in the securitized product transaction;
- (d) the depositor's securitization experience and securitization program, including its functions and responsibilities in the program, if its securitization experience or securitization program are materially different from the sponsor's experience or program;
- (e) any continuing duties of the depositor in respect of the securitized products or the pool assets after issuance of the securitized products.

### **1.5 Originator**

An "originator" is a person or company that originates receivables, loans or other financial assets that are pool assets.

- (1) Identify each originator that is not also a sponsor, or an affiliate of a sponsor, for which disclosure has been provided under Item 1.2, that satisfies either of the following criteria:
  - (a) the originator has originated as of the cut-off date, or is reasonably expected to originate, assets in respect of a pool in which a sponsor and its affiliates have cumulatively originated less than 10% of the pool assets;
  - (b) the originator has originated as of the cut-off date, or is reasonably expected to originate, 10% or more of the pool assets.
- (2) Identify each group of affiliated originators that satisfies either of the following criteria, unless a member of the group is a sponsor, or an affiliate of a sponsor, for which disclosure has been provided under Item 1.2:
  - (a) the group cumulatively has originated as of the cut-off date, or is reasonably expected to originate, assets in respect of a pool in which a sponsor and its affiliates have cumulatively originated less than 10% of the pool assets;

- (b) the group cumulatively has originated as of the cut-off date, or is reasonably expected to originate, 10% or more of the pool assets.
- (3) If an originator or group of affiliated originators described in subsection (1) or (2) has or is reasonably expected to originate 20% or more of the pool assets, describe the following for each originator:
  - (a) the originator's form of organization and the general character of its business;
  - (b) the originator's origination program and the period of time it has been engaged in originating assets;
  - (c) the originator's experience in and procedures for originating assets of the type included in the securitized product transaction that is the subject of the current disclosure, including:
    - (i) the credit-granting or underwriting criteria for the assets of the type being securitized;
    - (ii) any material information regarding the size, type and growth of the originator's portfolio of those assets;
  - (d) the originator's financial condition to the extent that there is a significant risk that its financial condition could have a material impact on its ability to comply with any obligations to, or fulfil any reasonable expectations that it will, originate assets for the pool.

## **1.6 Issuer**

Describe the following:

- (a) the permissible activities and restrictions on the activities of the issuer under its governing documents, including any restrictions on the ability to issue or invest in additional securities, to borrow money or to make loans to other persons;
- (b) any provisions in the issuer's governing documents, any transaction agreement or other material contract that would permit modification of the issuer's governing documents, including with respect to permissible activities and covenants;
- (c) the identity of any person or company authorized to exercise discretion with respect to any specific activity regarding the administration of the asset pool or the securitized products being distributed;
- (d) any asset owned or reasonably expected to be owned by the issuer other than pool assets, and any liability of the issuer other than the securitized products being distributed;
- (e) the amount and nature of any equity in or financial contribution to the issuer held or made by the arranger, sponsor, depositor or other party to the securitized product transaction;
- (f) the manner and timing by which the sale or transfer of the pool assets to the issuer occurs, the creation, perfection and priority status of any security interest in a pool asset, and each person or company who holds a security interest in a pool asset;
- (g) the nature and amount of any expenses incurred in connection with the selection and acquisition of the pool assets that will be paid out of the offering proceeds. Include the specific amounts paid to any person or company for which disclosure has been provided under Items 1.2 to 1.5, and 1.7 to 1.9, including any affiliates of the foregoing;
- (h) any material provision in a transaction agreement or arrangement that addresses whether a security interest granted in connection with the securitized product transaction is maintained and enforced;
- (i) whether a declaration of bankruptcy, receivership or similar proceeding with respect to the issuer can occur, and if so, whether the issuer's assets will become subject to the bankruptcy, receivership or similar control of a third party and any specific impact on the pool assets;
- (j) whether in the event of a bankruptcy, receivership or similar proceeding with respect to the sponsor, originator, depositor or other seller of pool assets, the issuer's assets will become part of the bankruptcy estate or subject to the bankruptcy, receivership or similar control of a third party;

- (k) if any pool assets are securities, the market price of the securities and the basis on which the market price was determined.

### 1.7 Servicer

A “servicer” is a person or company responsible for the management or collection of pool assets or making allocations or payments to a holder of a securitized product, but does not include a trustee of an issuer of securitized products or trustee for the securitized product that makes allocations or payments.

- (1) If multiple servicers service the pool assets, provide an introductory description of the roles, responsibilities and oversight requirements of the servicing structure and the parties involved, and identify the following:
  - (a) each master servicer;
  - (b) each servicer that is an affiliate of any person or company for which disclosure has been provided under Items 1.2 to 1.6, 1.8 and 1.9;
  - (c) each servicer that services 10% or more of the pool assets as of the cut-off date, or that is reasonably expected to service 10% or more of the pool assets;
  - (d) any other servicer responsible for calculating or making payments to holders of the securitized products or performing other aspects of the servicing of the pool assets or the securitized products upon which the performance of the pool assets or securitized products is materially dependent.
- (2) For each servicer described in paragraphs (1)(a), (b) or (d), and for each servicer that services 20% or more of the pool assets, describe the following:

#### *Information and experience*

- (a) the servicer’s form of organization;
- (b) the servicer’s general servicing experience and the period of time it has been engaged in servicing assets of any type;
- (c) the servicer’s experience in and procedures for servicing assets of the type included in the securitized product transaction that is the subject of the current disclosure, including:
  - (i) any material changes to the servicer’s policies or procedures during the three years before the date of the prospectus;
  - (ii) any material information regarding the size, type and growth of the servicer’s portfolio of those assets;
- (d) any other information related to the servicer that may be significant to an analysis of the servicing of the pool assets and the securitized products being distributed, as applicable;

#### *Servicing agreements and servicing practices*

- (e) the material terms of the servicing agreement and the servicer’s duties regarding the securitized product transaction, including without limitation any material trigger clauses related to the servicer. For example, describe any requirement that the servicer must fulfil to avoid termination;
- (f) any factors involved in servicing the type of assets included in the securitized product transaction that are particularly relevant to assets of that type. For example, describe the factors that are particularly relevant to subprime assets and loans with deferred payments, and the servicer’s processes and procedures designed to address those factors;
- (g) the manner in which collections made in respect of the assets will be maintained, including the extent of commingling of funds with other funds, serviced assets or other assets of the servicer, and the servicer’s process for handling delinquencies and losses;
- (h) the provisions or arrangements with respect to advances of funds regarding collections, cash flows or payments, including interest or other fees charged for, and terms of recovery of, those advances;

- (i) if the servicer has custodial responsibility for the pool assets, the material arrangements regarding the custodianship of the assets, or alternatively, identify the other entity that performs the custodian activity and describe its responsibilities;
- (j) any ability by the servicer to significantly waive or modify any terms, fees, penalties or payments on the pool assets;
- (k) any limitations on the servicer's liability under a transaction agreement;
- (l) the material terms of any relationship or arrangement with another party by which the servicer may subcontract or delegate some or all of its functions to that party;
- (m) whether in the event of a bankruptcy, receivership or similar proceeding with respect to the servicer any of the issuer's assets will become part of the bankruptcy estate or subject to the bankruptcy, receivership or similar control of a third party.

*Back-up servicing*

- (n) the material terms, including the procedures, regarding the servicer's removal, replacement, resignation or transfer, including arrangements regarding, and any qualifications required for, a successor servicer;
- (o) the process for transferring servicing to a successor servicer;
- (p) provisions for the payment of expenses associated with a servicing transfer or any additional fees that may be charged by a successor servicer;
- (q) any arrangements regarding a back-up servicer for the pool assets and the identity of such back-up servicer;

*Loan modification*

- (r) in the case of asset-backed securities being distributed that are backed by loans,
  - (i) whether or not, and on what basis, the servicer may be able to modify the terms of any of the loans, including a discussion of which loans would be eligible for modification;
  - (ii) any provisions that specify certain types of permitted modifications, or impose certain limitation or qualifications on the ability to modify loans that back asset-backed securities;
  - (iii) how any loan modification criteria would impact particular classes of asset-backed securities holders.
- (3) For each servicer described in subsection (1), provide information regarding the servicer's financial condition to the extent that there is a significant risk that the effect on one or more aspects of servicing resulting from such financial condition could have a material impact on pool performance or performance of the securitized product.

**1.8 Trustees**

If the issuer is structured as a trust, identify the trustee and describe the following:

- (a) the trustee's form of organization;
- (b) the trustee's prior experience in securitized product transactions involving assets of the type included in the securitized product transaction that is the subject of the current disclosure;
- (c) the trustee's duties and responsibilities regarding the securitized products under the applicable governing documents and under applicable law;
- (d) any actions that would be required by the trustee upon an event of default, potential event of default, or other breach of a covenant in a transaction agreement, including any required notice to investors, a rating agency, or other person or company;
- (e) how potential events of default are defined;

- (f) any required percentage of a class or classes of securitized products that is needed to require the trustee to take action upon an event of default, potential event of default, or other breach of a transaction covenant;
- (g) any limitations on the trustee's liability under a transaction agreement;
- (h) any indemnification provisions that entitle the trustee to be indemnified from the cash flow that would otherwise be used to pay the securitized products;
- (i) any contractual provision or understanding regarding the trustee's removal, replacement or resignation, as well as how the expenses associated with changing from one trustee to another trustee will be paid.

#### **1.9 Any other party with a material role**

If the securitized product transaction involves an additional party including, without limitation, a custodian, intermediate transferor or liquidity provider in the secondary market, identify that additional party if its role in the securitized product transaction that is the subject of the current disclosure or in respect of the pool assets is material.

For each material additional party, describe the following:

- (a) its role and function in the securitized product transaction;
- (b) its experience in relation to similar asset pools and securitized product transactions;
- (c) the material terms of any agreement with that party regarding the securitized product transaction or the securitized products being distributed.

#### **1.10 Affiliates and certain relationships and related transactions**

Describe the following:

- (a) whether, and how, any persons or companies for which disclosure has been provided under Items 1.2 to 1.9 are affiliated to one another;
- (b) the general character of any business relationship, agreement or understanding, other than the securitized product transaction itself, between two or more persons or companies for which disclosure has been provided under Items 1.2 to 1.9, or any affiliate of those persons or companies, if the business relationship, agreement or understanding satisfies all of the following:
  - (i) it is related to the securitized products being distributed or the pool assets;
  - (ii) it is currently existing or existed during the two years before the date of the prospectus;
  - (iii) it is entered into outside the ordinary course of business, or on terms other than would be obtained in an arm's length transaction with an unrelated party;
  - (iv) it is material to an investor's understanding of the securitized products being distributed.
- (c) any material relationship involving or relating to the securitized product transaction or the pool assets, including the material terms and approximate amount involved, between two or more persons or companies for which disclosure has been provided under Items 1.2 to 1.9, or any affiliate of those persons or companies, that currently exists or that existed during two years before the date of the prospectus, including any of the following:
  - (i) a loan agreement;
  - (ii) a repurchase agreement to finance the acquisition or origination of pool assets;
  - (iii) a servicing agreement;
- (d) whether any person or company for which disclosure has been provided under Items 1.2 to 1.9, or any affiliate of the person or company, is engaged in, or has in the 12 months before the date of the prospectus been engaged in, any transaction that would involve or result in any material conflict of interest with respect to any investor in the securitized products being distributed.

## Item 2 – Significant obligors of pool assets

An “obligor” is a person or company who is directly or indirectly committed by contract or other arrangement to make payments on all or part of the obligations on a pool asset.

A “significant obligor” is any of the following:

- (a) An obligor or a group of affiliated obligors on any pool asset or group of pool assets that collateralizes one or more series or classes of securitized products, if such pool asset or group of pool assets represents 10% or more of the asset pool;
  - (b) A single property or group of related properties securing a pool asset or a group of pool assets that collateralizes one or more series or classes of securitized products, if such pool asset or group of pool assets represents 10% or more of the asset pool;
  - (c) A lessee or group of affiliated lessees if the related lease or group of leases represents 10% or more of an asset pool that collateralizes one or more series or classes of securitized products;
- (1) Identify each significant obligor as of the cut-off date of the securitized product transaction, and describe the following:
  - (a) its form of organization;
  - (b) the general character, history and development of its business;
  - (c) any adverse financial developments since the date of its most recent financial statements;
  - (d) the nature of the concentration of the pool assets with the obligor;
  - (e) the material terms of the pool assets and each agreement with the obligor involving the pool assets.
- (2) If the pool assets relating to a significant obligor represent 10% or more, but less than 20% of the asset pool, provide the following information:
  - (a) for a significant obligor other than a significant obligor described in paragraph (b) of the definition of significant obligor, provide all of the following:
    - (i) the selected annual financial information required by Item 1.3 of Form 51-102F1;
    - (ii) the same selected financial information for any subsequent interim period that ended more than 60 days before the date of the prospectus.
  - (b) for a significant obligor described in paragraph (b) of the definition of significant obligor, provide all of the following:
    - (i) net operating income for the periods specified in Item 1.3 of Form 51-102F1;
    - (ii) net operating income for any subsequent interim period that ended more than 60 days before the date of the prospectus.
- (3) If the pool assets relating to a significant obligor represent 20% or more of the asset pool, provide the financial statements of the significant obligor that would be prescribed under securities legislation and described in the form of prospectus that the significant obligor would be eligible to use at the date of the prospectus, if the significant obligor was distributing securities under a prospectus.
- (4) Subsections (2) and (3) do not apply to a significant obligor whose obligations in respect of the pool assets are guaranteed by the Government of Canada.
- (5) If a significant obligor is an issuer of securitized products, and the applicable pool assets are securitized products, provide the disclosure set out in Items 1 to 10 of this Form in respect of the significant obligor and the securitized products that are part of the pool assets as if the significant obligor were the issuer.

### Item 3 – Pool assets

#### 3.1 General information regarding pool asset types and selection criteria

Describe the following:

- (a) each type of pool asset that will be securitized, including a general description of the material terms of the pool assets;
- (b) the method and criteria used by each originator to originate the assets in the pool, or by each sponsor to select the pool assets to be purchased for the pool, and any changes to the method or criteria and whether the method or criteria can be modified or overridden;
- (c) any exceptions to the criteria in paragraph (b), including a quantification of such exceptions;
- (d) the origination channel and origination process for the pool assets, including:
  - (i) information about how the originator acquired the asset;
  - (ii) the level of origination documentation that was required;
- (e) the cut-off date or similar date for establishing pool compositions;
- (f) any specific due diligence performed on the selection of the pool assets, including verification and risk assurance practices that have been performed by the arranger, sponsor or originator;
- (g) the jurisdiction whose laws and regulations govern the pool assets and the effects of any relevant legal or regulatory provisions that may materially affect pool performance or payments or expected payments on the securitized products ;
- (h) whether the pool assets have been reviewed for compliance with selection criteria or are the subject of a report by a third party to verify the accuracy of the loan or other asset information disclosed in the prospectus;
- (i) if the pool assets have been reviewed for compliance or are the subject of a report by a third party, the identity of the reviewer or third party, the scope of the review or report, and the results or findings of the review or report.

#### 3.2 Pool characteristics

- (1) Provide an introductory overview of the material pool characteristics that includes:
  - (a) the methodology used in determining or calculating the characteristics;
  - (b) a description of any terms or abbreviations used.
- (2) Describe the material characteristics of the pool assets, including, to the extent applicable:
  - (a) the legal nature of each type of pool asset;
  - (b) the number of each type of pool asset;
  - (c) the original balance and outstanding balance or other reasonable measurement of pool asset size, at date of origination, and as of the designated cut-off date;
  - (d) interest rate or rate of return;
  - (e) any cap or floor on interest rates;
  - (f) any significant instalment at loan maturity;
  - (g) any increased instalment rate;
  - (h) capitalized or uncapitalized accrued interest;



- (i) age, maturity, expiry date, remaining term, average life, current payment or prepayment speed, applicable payment grace periods and pool factors;
- (j) service distribution, if different servicers service different pool assets;
- (k) amortization period;
- (l) loan purpose;
- (m) loan status;
- (n) average payment rate of receivables;
- (o) for revolving financial assets, information about:
  - (i) the monthly payment rate;
  - (ii) maximum credit lines;
  - (iii) average account balance;
  - (iv) yield percentage;
  - (v) type of assets;
  - (vi) finance charges, fees and other income earned;
  - (vii) balance reductions granted for refunds, returns, fraudulent charges or other reasons;
  - (viii) percentage of full-balance and minimum payments made.
- (p) for an asset pool containing one or more commercial mortgages, the following information, to the extent material:
  - (i) For each commercial mortgage:
    - (A) The location and present use of each mortgaged property.
    - (B) Net operating income and net cash flow information, as well as the components of net operating income and net cash flow, for each mortgaged property.
    - (C) Current occupancy rates for each mortgaged property.
    - (D) The identity, area occupied by and lease expiration dates for the three largest tenants at each mortgaged property.
    - (E) The nature, amount and priority of all other material mortgages, liens or encumbrances against each mortgaged property.
  - (ii) For each commercial mortgage that represents, by dollar value, 10% or more of the asset pool, measured as of the cut-off date:
    - (A) Any proposed program for the renovation, improvement or development of the mortgaged properties, including the estimated cost of the program and the method of financing to be used.
    - (B) The general competitive conditions to which the properties are or may be subject.
    - (C) The management of the properties.

- (D) The occupancy rate expressed as a percentage for each of the five years before the date of the prospectus.
- (E) The principal business, occupations and professions carried on in, or from the properties.
- (F) The number of tenants occupying 10% or more of the total rentable square footage or meterage of such properties, the principal nature of business of each such tenant, and the principal provisions of the leases with those tenants including, but not limited to: rental per annum, expiration date, and renewal options.
- (G) The average effective annual rental per square foot, square meter or unit for each of the three years prior to the date of the prospectus and the year to date for the year in which the prospectus dated.
- (H) The lease expirations, in the form of a schedule, for each of the previous ten years starting with the year in which the prospectus dated, stating:
  - 1. The number of tenants whose leases will expire.
  - 2. The total area in square feet or square meters covered by such leases.
  - 3. The annual rental represented by such leases.
  - 4. The percentage of gross annual rental represented by such leases.
- (q) whether pool assets are secured or unsecured, and if secured, the type of collateral;
- (r) information about the collateral underlying the loans in the pool, including:
  - (i) the type or use of the underlying property, product or other collateral;
  - (ii) loan-to-value ratio;
  - (iii) the existence of insurance for real estate;
  - (iv) if a valuation has been performed on the collateral, who performed the valuation, when it was performed or updated, and the standard used in measuring the valuation;
- (s) credit score of obligors and other information regarding obligor credit quality;
- (t) billing and payment procedures, including frequency of payment, payment options, fees, charges and origination or payment incentives;
- (u) geographic distribution of the pool assets, including any economic or other factors specific to any jurisdiction, region or sector where a significant portion of the pool assets are or will be located that may materially impact the pool assets or cash flows from the pool assets;
- (v) priority on collateral in event of default.

### 3.3 Delinquency and loss information

“Delinquent”, for purposes of determining if an asset in a pool that collateralizes one or more series or classes of securitized products is delinquent, means a pool asset that is more than 30 or 31 days or a single payment cycle, as applicable, past due from the contractual due date, as determined in accordance with any of the following:

- (a) the transaction agreements for the securitized products;
- (b) the delinquency recognition policies of the sponsor, any affiliate of the sponsor that originated the pool asset, or the servicer of the pool asset;
- (c) the delinquency recognition policies applicable to that pool asset established by the regulator primarily responsible for supervising the financial condition of the sponsor, any affiliate of the sponsor that originates the pool asset, or the servicer of the pool asset, or established by the program or regulator that oversees the program under which the pool asset was originated;

“Non-performing”, for purposes of determining if a pool asset that backs one or more series or classes of securitized products is non-performing, means a pool asset if any of the following is true:

- (a) the pool asset would be treated as wholly or partially charged-off under the requirements in the transaction agreements for the securitized products;
- (b) the pool asset would be treated as wholly or partially charged-off under the charge-off policies of the sponsor, an affiliate of the sponsor that originates the pool asset, or a servicer that services the pool asset;
- (c) the pool asset would be treated as wholly or partially charged-off under the charge-off policies applicable to such pool asset established by the regulator primarily responsible for supervising the financial condition of the sponsor, an affiliate of the sponsor that originates the pool asset, or a servicer that services the pool asset, or established by the program or regulatory entity that oversees the program under which the pool asset was originated;

Provide the following information on delinquencies and losses on the asset pool for each pool asset type as of the cut-off date for the securitized product transaction, or in the case of a master trust, the date specified in the prospectus:

- (a) delinquency experience in 30 or 31 day increments, as applicable, beginning at least with assets that are 30 or 31 days delinquent, as applicable, through the point that assets are written off or charged off as uncollectable;
- (b) the total amount of delinquent and non-performing assets as a percentage of the aggregate asset pool;
- (c) other significant loss and cumulative loss information;
- (d) how delinquencies and non-performance are defined or determined, including whether the criteria used for such definition or determination can be modified or overridden, and whether they are consistent with market practice;
- (e) other material information regarding delinquencies, losses and non-performance particular to the pool asset type, including to the extent applicable information regarding:
  - (i) repossession;
  - (ii) foreclosure;
  - (iii) renegotiation or modification of terms.

### **3.4 Sources of pool cash flow**

If the cash flows that support the securitized products come from more than one source, such as both lease payments and the sale of the residual asset at the end of a lease, describe:

- (a) the specific sources of funds and their uses, including the relative amount and percentage of funds that will be derived from each source;
- (b) any assumptions, data, models and methodology used to derive the amounts in paragraph (a).

### **3.5 Representations and warranties and repurchase obligations**

- (1) Summarize any representation and warranty made concerning the pool assets by each sponsor, originator or any other party, including an affiliate of the foregoing, in connection with the securitized product transaction, and briefly describe the remedies available if a representation and warranty is breached. State whether there is any representation and warranty relating to fraud in the origination of the pool assets.
- (2) If material, for each originator and affiliate of the originator that is required to repurchase or replace a pool asset for breach of a representation and warranty pursuant to the transaction agreements, provide the following disclosure on a pool-by-pool basis for each of the three years prior the date of the prospectus, but only in respect of pool assets of the same class as those collateralizing the securitized products being distributed, and that were securitized in connection with a distribution of securitized products under a prospectus:

- (a) the amount of pool assets that the originator or an affiliate of the originator originated that were the subject of demands to repurchase or replace for a breach of a representation and warranty pursuant to the transaction agreements;
  - (b) the amount of pool assets described in paragraph (a) in respect of which the demands were resolved, and the nature of the resolution;
  - (c) the amount of pool assets described in paragraph (a) in respect of which the demands were not resolved, and the status of the demands as of a date that is not more than 60 days before the date of the prospectus;
  - (d) where the originator rejected a demand to repurchase or replace pool assets on the basis that the assets did not violate a representation and warranty concerning the pool assets, whether an opinion of a third party not affiliated with the originator had been furnished to the trustee or issuer that confirmed that the assets did not violate the representation and warranty.
- (3) If material, for each party that is required to repurchase or replace a pool asset for breach of a representation and warranty pursuant to the transaction agreements, provide the following disclosure on a pool-by-pool basis for each of the three years prior the date of the prospectus, but only in respect of pool assets of the same class as those collateralizing the securitized products being distributed, and that were securitized in connection with a distribution of securitized products under a prospectus:
- (a) the amount of pool assets that were the subject of demands to repurchase or replace for a breach of a representation and warranty pursuant to the transaction agreements;
  - (b) the amount of pool assets described in paragraph (a) in respect of which the demands were resolved, and the nature of the resolution;
  - (c) the amount of pool assets described in paragraph (a) in respect of which the demands were not resolved, and the status of the demands as of a date that is not more than 60 days before the date of the prospectus;
  - (d) where the party rejected a demand to repurchase or replace pool assets on the basis that the assets did not violate a representation and warranty concerning the pool assets, whether an opinion of a third party not affiliated with the originator had been furnished to the trustee or issuer that confirmed that the assets did not violate the representation and warranty.
- (4) Provide information regarding the financial condition of any party with a repurchase or replacement obligation, to the extent that there is a significant risk that the party's financial condition could have a material impact on its ability to comply with the provisions relating to the repurchase or replacement obligations

### **3.6 Claims on pool assets**

- (1) Disclose if any parties other than the securitized products holders have a material direct or contingent claim on any pool assets.
- (2) Describe any material cross-collateralization or cross-default provisions relating to the pool assets.

### **3.7 Revolving periods and prefunding accounts**

- (1) For a securitized product transaction that contemplates a prefunding or revolving period, describe the following:
  - (a) the term or duration;
  - (b) the aggregate amounts and percentages of the pool assets involved;
  - (c) the triggers that would limit or terminate such period.
  - (d) how pool assets may be added, removed or substituted;
  - (e) the acquisition or underwriting criteria for additional pool assets;
  - (f) the identity of any party that makes determinations in respect of changes to the asset pool;
  - (g) any minimum requirement to add or remove pool assets;

- (h) the procedures and standards for temporary investment of funds pending use;
- (i) whether and how an investor would be notified of any changes to the asset pool.

### 3.8 Modification of terms

Describe any provisions in the transaction agreements governing the modification of the terms of any pool asset, including how modification may affect cash flows from the pool assets or payments on the securitized products being distributed.

## Item 4 – Static pool information

### 4.1 General

- (1) Provide static pool information if it would be material.
- (2) If static pool information is provided, provide an introductory overview of the information including:
  - (a) the methodology used in determining or calculating the characteristics of the static pool;
  - (b) a description of any terms or abbreviations used;
  - (c) a description of how the assets in the static pool differ from the pool assets underlying the securitized products;
  - (d) an explanation of material trends.
- (3) If no static pool information is provided, explain why no static pool disclosure is included. If alternative disclosure is included, explain why the alternative disclosure provides more useful information to a prospective investor in understanding and analyzing the securitized product.

### 4.2 Amortizing asset pools

- (1) For amortizing asset pools, if material, provide static pool information regarding delinquencies, cumulative losses and prepayments in respect of the following:
  - (a) for a sponsor with three or more years experience securitizing assets of the type included in the current securitized product transaction, each prior pool of such assets securitized within the last five years;
  - (b) for a sponsor with less than three years experience securitizing assets of the type included in the current securitized product transaction, such assets by vintage origination year for the period the sponsor has been originating or purchasing such assets.
- (2) Provide delinquency, cumulative loss and prepayment information for each prior pool or vintage origination year disclosed under paragraph (1) over the life of the prior pool or vintage origination year. Present delinquency and loss information in the manner set out in Item 3.3.
- (3) Provide the following summary information for the original characteristics of each prior pool or vintage origination year disclosed under paragraph (1), if material and applicable:
  - (a) debt-to-income ratio;
  - (b) number of pool assets;
  - (c) original pool balance;
  - (d) weighted average original pool balance;
  - (e) weighted average interest or note rate;
  - (f) weighted average original term;
  - (g) weighted average remaining term;

- (h) weighted average and minimum and maximum standardized credit score or other applicable measure of obligor credit quality;
- (i) product type;
- (j) loan purpose;
- (k) loan-to-value information;
- (l) distribution of assets by loan or note rate;
- (m) geographic distribution of assets.

#### **4.3 Revolving asset master trusts**

For revolving asset master trusts, provide the following information in appropriate separate increments based on the date of origination of the pool assets, if material and applicable:

- (a) delinquencies;
- (b) cumulative losses;
- (c) prepayments;
- (d) payment rate;
- (e) yield;
- (f) standardized credit score or other applicable measure of obligor credit quality;
- (g) average payment term;
- (h) the percentage of assets originated by each obligor.

#### **Item 5 – Description of the securitized products**

Describe each securitized product being distributed, including:

- (a) its type and category;
- (b) how principal and interest on each class of securitized products is calculated and payable;
- (c) amortization;
- (d) performance or similar triggers or effects, and their effects on the securitized product transaction if triggered;
- (e) overcollateralization, cross-default or cross-collateralization provisions;
- (f) voting requirements to amend the transaction agreements or other relevant documents;
- (g) minimum standards, restrictions or suitability requirements regarding ownership of the securitized product.

#### **Item 6 – Retention of the securitized products**

Disclose whether any person or company for which disclosure has been provided under Items 2 to 1.9, including any affiliate of such person or company, is retaining a portion of a tranche or tranches, and if so, specify the amount retained for each tranche. State whether that person or company has directly or indirectly hedged, or taken any other action, that seeks to transfer in whole or in part the credit risk associated with a retained portion.

## **Item 7 – Structure of the transaction**

### **7.1 Flow of funds**

Describe the material features and assumptions of the flow of funds for the securitized product transaction, including:

- (a) payment allocations, rights and distribution priorities among all classes and within each class of securitized products, with respect to:
  - (i) cash flows;
  - (ii) credit enhancement;
  - (iii) any other structural features in the transaction;
- (b) any requirements directing cash flows, such as reserve accounts or cash collateral accounts, and the purpose and operation of those requirements.

### **7.2 Distribution frequency and cash maintenance**

Disclose:

- (a) the frequency of the distribution dates for the securitized product;
- (b) the collection periods for the pool assets;
- (c) any arrangement for cash held pending use, including the length of time that cash will be held pending a distribution to a holder of a securitized product;
- (d) the identity of the parties with access to cash balances and the authority to make decisions regarding their investment and use.

### **7.3 Fees and expenses**

- (1) Describe the following:
  - (a) all fees and expenses to be paid or payable out of the cash flows from the pool assets;
  - (b) each party that is receiving such fees or expenses, and the general reasons for the receipt;
  - (c) the source of funds for such fees or expenses, if different from other fees or expenses or if such fees or expenses are to be paid from a specified portion of the cash flows;
  - (d) the distribution priority of such fees or expenses;
  - (e) if the amount of fees or expenses is not fixed, the formula used to determine the amounts payable.
- (2) Provide any additional information necessary to help investors understand the timing and amount of the fees or expenses, including:
  - (a) any restrictions or limits;
  - (b) whether and how fees or expenses could change in certain circumstances;
  - (c) whether and how fees or expenses could be changed without notice to, or approval by, securitized products holders;
  - (d) any restrictions on the ability to change a fee or expense amount, such as due to a change in transaction party.

#### 7.4 Excess cash flow

Describe the following:

- (a) the disposition of residual or excess cash flows;
- (b) the identity of any person or company who owns any residual or retained interests in the cash flows and who also satisfies either of the following:
  - (i) is affiliated with, any person or company for which disclosure has been provided under Items 1.2 to 1.9;
  - (ii) has rights that may alter the transaction structure beyond receipt of residual or excess cash flows;
- (c) any requirements to maintain a minimum amount of excess cash flow or spread from, or retained interest in, the transaction and the effects on the transaction if the requirements are not met;
- (d) if material, any arrangements to facilitate a securitization of the excess cash flow or retained interest from the securitized product transaction, including whether any material changes to the transaction structure may be made without the consent of the holders of the securitized products in connection with such securitization;
- (e) any conditions on the payment of excess cash flows, such as priority in payment to certain tranches;
- (f) any investment policies and restrictions in respect of residual or excess cash flows.

#### 7.5 Master trusts

If one or more additional series or classes of securitized products have been or may be issued that are backed by the same asset pool backing the securitized products being distributed, describe the additional securities, providing all material information including the following:

- (a) the relative priority of the additional securities to the securities being distributed and their respective rights to the underlying pool assets and their cash flows;
- (b) the allocations of cash flow from the asset pool and any expenses or losses among the various series or classes;
- (c) the terms under which additional series or classes may be issued and pool assets increased or changed;
- (d) the terms of any required security holder approval or notification of such additional securities;
- (e) which party has the authority to determine whether such additional securities may be issued;
- (f) if there are conditions to an issuance of such additional securities, whether or not there will be an independent verification of the exercise of authority or determinations made by the party in paragraph (e).

#### 7.6 Optional or mandatory redemption or termination

If any class of the securitized products includes an optional or mandatory redemption or termination feature, describe the following:

- (a) the terms for triggering the redemption or termination;
- (b) the identity of any person or company who holds the redemption or termination option or obligation, and whether that person or company is affiliated with any person or company for which disclosure has been provided under Items 1.2 to 1.9;
- (c) the amount of the redemption or repurchase price;
- (d) the redemption or termination procedures, including any notices required to be provided to holders of the securitized products.



## 7.7 Prepayment, maturity and yield considerations

Describe the following:

- (a) any material models used to identify cash flow characteristics with respect to the pool assets, including a description of material assumptions and limitations;
- (b) if material, the degree to which each class of securitized products is sensitive to changes in the rate of payment on the pool assets and the consequences of such changing rate of payment, including provision of statistical information about such consequences such as the effect of prepayments on yield and weighted average life.
- (c) any special allocations of prepayment risks among the classes of securities and whether any class protects other classes from the effects of the uncertain timing of cash flow with respect to the pool assets.

## Item 8 – Credit enhancement and other support, excluding certain derivative instruments

- (1) Describe any material external credit enhancement or other support intended to ensure that the securitized products or pool assets will pay in accordance with their terms in the normal course, including:
  - (a) any bond insurance, letters of credit or guarantees;
  - (b) any liquidity facilities, lending facilities, guaranteed investment contracts or minimum principal payment agreements;
  - (c) any derivatives that provide insurance against losses on the assets in the pool.
- (2) Describe any material internal credit enhancement or other support that is a result of or is part of the structure of the transaction, and that is intended to increase the likelihood that payments will be made on one or more classes of the securitized products in accordance with their terms in the normal course, including:
  - (a) subordination provisions;
  - (b) overcollateralization;
  - (c) reserve accounts;
  - (d) cash collateral accounts or spread accounts;
  - (e) transactions in which receivables may be purchased at a discount or on a deferred basis.
- (3) For each credit enhancement or other support, describe the following:
  - (a) any limits on the timing or amount of the enhancement or support;
  - (b) any conditions that must be met before the enhancement or support can be used;
  - (c) any provisions regarding the substitution of the enhancement or support.
- (4) Identify each entity or group of affiliated entities that provides credit enhancement or other support and is liable or contingently liable to provide payments representing 10% or more of the cash flow supporting one or more classes of securitized products being distributed, and describe:
  - (a) its form of organization;
  - (b) the general character of its business.
- (5) If any entity or group of affiliated entities that provides credit enhancement or other support is liable or contingently liable to provide payments representing 10% or more, but less than 20%, of the cash flow supporting one or more classes of securitized products being distributed, provide all of the following:
  - (a) the selected annual financial information required by Item 1.3 of Form 51-102F1;

- (b) the same selected financial information for any subsequent interim period that ended more than 60 days before the date of the prospectus.
- (6) If any entity or group or affiliated entities that provide credit enhancement or other support is liable or contingently liable to provide payments representing 20% or more of the cash flow supporting a class or series of securitized products being distributed, provide the financial statements of the entity or group of affiliated entities that would be prescribed under securities legislation and described in the form of prospectus that the entity or group would be eligible to use at the date of the prospectus, if the entity or group was distributing securities under a prospectus.

**Item 9 – Certain derivative instruments**

- (1) For each derivative instrument used to alter the payment characteristics of the payments made on the securitized products, and the primary purpose of which is not to provide credit enhancement or other support as described in Item 8, provide the following information:
  - (a) the identity of the derivative counterparty;
  - (b) its form of organization;
  - (c) the general character of its business;
  - (d) the operation and material terms of the derivative instrument, including any limits on the timing or amount of payments or any conditions to payments;
  - (e) the minimum requirements regarding the counterparty;
  - (f) any material provisions regarding termination or substitution of the derivative instrument;
  - (g) the significance percentage.
- (2) For purposes of paragraph (1)(g), the “significance percentage” is the percentage referred to in paragraph (b) calculated as follows:
  - (a) determine the financial significance of the derivative instrument using a reasonable good faith estimate of the maximum probable exposure of the derivative counterparty that is made in substantially the same manner as that used in the sponsor’s internal risk management process in respect of similar instruments;
  - (b) determine the percentage that the amount in paragraph (a) represents of the aggregate principal balance of the pool assets, or, if the derivative instrument relates only to certain classes of securitized products, of the aggregate principal of those classes.
- (3) If the aggregate significance percentage for one or more derivative instruments for which any entity or group of affiliated entities is acting as a derivative counterparty is 10% or more, but less than 20%, provide all of the following:
  - (a) the selected annual financial information specified by Item 1.3 of Form 51-102F1;
  - (b) the same selected financial data for any subsequent interim period that ended more than 60 days before the date of the prospectus.
- (4) If the aggregate significance percentage for one or more derivative instruments for which any entity or group of affiliated entities is acting as a derivative counterparty is 20% or more, provide the financial statements for that entity or group of affiliated entities that would be prescribed under securities legislation and described in the form of prospectus that the entity or group would be eligible to use at the date of the prospectus, if the entity or group was distributing securities under a prospectus.

**Item 10 – Credit ratings**

Disclose the following:

- (a) whether the issuance or sale of any securitized products being distributed is conditioned on the assignment of a credit rating by one or more credit rating agencies;

- (b) the identity of each credit rating agency that will be used and the minimum rating that must be assigned as a condition of the securitized product transaction;
- (c) any arrangements to have the rating assigned be monitored while the securitized products are outstanding;
- (d) if a credit rating agency used in connection with the securitized product transaction has undertaken an analysis of market risks that may have an impact on the credit rating, such as changes in interest rates or prepayment risk, the nature of the market risk that the credit rating agency has identified;
- (e) the name of each credit rating agency whose rating is disclosed and the definition or description of the category in which the class of securities was rated;
- (f) any preliminary credit rating obtained by a sponsor or arranger for any class of the securitized products being distributed;
- (g) whether any credit rating agency has refused to assign a credit rating to a class of securitized products being distributed, and the reasons for refusal if it is related to the structure or the financial viability of the securitized product transaction.

#### **Item 11 – Reports**

Describe the following reports or documents that relate to the securitized products:

- (a) each report or other document to be provided to holders of the securitized products being distributed that is required under the transaction agreements, including provision of the following information:
  - (i) the information that will be contained in the report or other document;
  - (ii) the schedule and manner of distribution or other availability;
  - (iii) the entity or entities that will prepare and provide the report or other document;
  - (iv) whether the report or other document will be available to the public on a Web site, and if so, how to access the Web site and the report or other document;
  - (v) whether one or more parties to the securitized product transaction will provide electronic or paper copies of the reports or documents without charge upon request.
- (b) any report or other document to be filed with a securities regulatory authority, including an explanation of how the public can access the report or other document.

#### **Item 12 – Legal proceedings and regulatory actions**

Provide the disclosure required by Item 23 (Legal Proceedings and Regulatory Actions) of Form 41-101F1 for each party for which disclosure has been provided under Items 1.2 to 1.9.

**Schedule B**  
**Proposed CD Rule and Proposed Certification Amendments**

**PROPOSED NATIONAL INSTRUMENT 51-106**  
**CONTINUOUS DISCLOSURE REQUIREMENTS FOR SECURITIZED PRODUCTS**

**PART 1 INTERPRETATION AND APPLICATION**

**1. Interpretation**

Terms defined in the following Instruments and used in this Instrument have the respective meanings ascribed to those terms in those Instruments:

- (a) National Instrument 41-101 *General Prospectus Requirements*;
- (b) National Instrument 41-103 *Supplementary Prospectus Requirements for Securitized Products*;
- (c) National Instrument 44-101 *Short Form Prospectus Distributions*;
- (d) National Instrument 44-102 *Shelf Distributions*;
- (e) National Instrument 51-102 *Continuous Disclosure Obligations*;
- (f) National Instrument 52-108 *Auditor Oversight*.

**2. Application**

This Instrument applies to a reporting issuer that has issued a securitized product that is outstanding.

**PART 2 CONTINUOUS DISCLOSURE FOR REPORTING ISSUERS OF SECURITIZED PRODUCTS**

**3. Application**

- (1) This Part does not apply to a reporting issuer in respect of a covered bond that it has issued.
- (2) This Part does not apply to a mortgage investment entity in respect of a security that it has issued that is not a debt security.

**4. Payment and performance report for securitized products – Form 51-106F1**

- (1) A reporting issuer must file a report that contains the information required by Form 51-106F1 for securitized products of a series or class that are outstanding no later than 15 days after each payment date specified by a transaction agreement.
- (2) Despite subsection (1), a reporting issuer is not required to complete a part of Form 51-106F1 that is inapplicable due to one or more attributes of the securitized product or the structure of the securitized product transaction under which the securitized product is issued.
- (3) Subsection (1) does not apply in respect of a securitized product if all the following conditions are met:
  - (a) none of the disclosure required by Form 51-106F1 is applicable due to one or more attributes of the securitized product or the structure of the securitized product transaction under which the securitized product was issued;
  - (b) the reporting issuer complies with both of the following:
    - (i) the reporting issuer files a report that contains all information regarding the payment and performance of the securitized product that would be material to an investor;
    - (ii) the reporting issuer files the report described in subparagraph (b)(i) no later than 15 days after each payment date specified by a transaction agreement.

- (4) A report filed under subsection (1) must be signed by one of the following on behalf of the reporting issuer:
  - (a) an authorized officer of the servicer, or if multiple servicers are used, the master servicer;
  - (b) an individual who performs functions similar to a chief executive officer or a chief financial officer of the reporting issuer.

**5. Report of significant events relating to securitized products – Form 51-106F2**

- (1) If an event described in subsection (2) occurs in respect of a reporting issuer, the reporting issuer must do both of the following:
  - (a) immediately issue and file a news release authorized by an executive officer disclosing the event;
  - (b) as soon as practicable, and in any event no later than two business days after the date on which the event occurs, file a Form 51-106F2 with respect to the event.
- (2) For purposes of subsection (1), the events are:
  - (a) a failure to make payment to holders of outstanding securitized products on a payment date specified by a transaction agreement;
  - (b) a change of servicer, trustee of the reporting issuer or trustee for outstanding securitized products;
  - (c) a termination of, or change to, any existing credit enhancement or other support relating to outstanding securitized products, that would be material to an investor, other than by expiration of the agreement on its stated termination date or as a result of all parties completing their obligations under such agreement;
  - (d) the addition of any material credit enhancement or support relating to outstanding securitized products;
  - (e) the bankruptcy or receivership of a sponsor, a depositor, a servicer, a trustee of the reporting issuer, a trustee for outstanding securitized products, a significant obligor, a provider of any material credit enhancement or other support relating to outstanding securitized products, or any other material party to a securitized product transaction under which outstanding securitized products were issued;
  - (f) an early amortization, performance trigger or other event, including an event of default, as specified in a transaction agreement, that would materially alter the payment priority or distribution of cash flows relating to outstanding securitized products or the amortization schedule for the securitized products;
  - (g) a difference of 5% or more occurring in a material pool characteristic of an asset pool for outstanding securitized products from the time of issuance of the securitized products, other than as a result of the pool assets converting into cash in accordance with their terms;
  - (h) a change in the sponsor's interest in outstanding securitized products that would be material to an investor;
  - (i) a change in the credit rating of outstanding securitized products;
  - (j) a change in the credit rating of a significant obligor;
  - (k) the entry into, or amendment or termination of, an agreement that is material to a securitized product transaction under which outstanding securitized products were issued;
  - (l) any event that results in a material modification to the rights of holders of outstanding securitized products;
  - (m) any other event that affects payment or pool performance that would be material to an investor.

- (3) A report filed under paragraph (1)(b) must be signed by one of the following on behalf of the reporting issuer:
  - (a) an authorized officer of the servicer, or if multiple servicers are used, the master servicer;
  - (b) an individual who performs functions similar to a chief executive officer or a chief financial officer of the reporting issuer.
- (4) Despite subsection (1), a reporting issuer satisfies its obligations under subsection (1) if the reporting issuer issues a news release and files a material change report in respect of the event pursuant to subsection 7.1(1) of National Instrument 51-102 *Continuous Disclosure Obligations*, and the material change report complies with all of the following:
  - (a) the material change report contains the disclosure required by Form 51-106F2;
  - (b) the material change report is filed no later than two business days after the date of the event;
  - (c) the material change report is signed by one of the following on behalf of the reporting issuer:
    - (i) an authorized officer of the servicer, or if multiple servicers are used, the master servicer;
    - (ii) an individual who performs functions similar to a chief executive officer or chief financial officer of the reporting issuer.

**6. Annual servicer report**

- (1) This section applies to each servicer that engaged in servicing activities relating to more than 5% of the pool assets collateralizing securitized products of a series or class that are outstanding during the financial year covered by the annual financial statements and annual MD&A filed by the reporting issuer.
- (2) Each servicer must do all of the following:
  - (a) identify each servicing standard in Appendix A of this Instrument that, in the servicer's reasonable opinion, is applicable, or was previously applicable, to any servicing activities it undertook during the reporting issuer's most recently completed financial year;
  - (b) assess its compliance during the reporting issuer's most recently completed financial year with the applicable servicing standards it identified in paragraph (a);
  - (c) prepare a report containing the information required by subsection (3);
  - (d) provide the report in paragraph (c) to the reporting issuer for the reporting issuer to file in accordance with subsection (4).
- (3) Each report prepared by a servicer under paragraph (2)(c) must do all of the following:
  - (a) state that the servicer is required under this Instrument to assess its compliance with the servicing standards in Appendix A of this Instrument;
  - (b) state each applicable servicing standard in Appendix A of this Instrument that the servicer identified pursuant to paragraph (2)(a);
  - (c) for each applicable servicing standard, state whether the servicer complied with the standard during the reporting issuer's most recently-completed financial year, and describe any significant instance of non-compliance identified by the servicer, including any significant instance of non-compliance that occurred during the financial year that has been rectified at the time the report is prepared;
  - (d) identify the period covered by the report.
- (4) A reporting issuer must file each report provided to it pursuant to paragraph (2)(d) by the later of the dates on which it is required to file the following:
  - (a) its AIF if it is required to file an AIF under National Instrument 51-102 *Continuous Disclosure Obligations*;

- (b) its annual financial statements and annual MD&A.
- (5) Each report filed under subsection (4) must be accompanied by a report by a participating audit firm that does all of the following:
  - (a) expresses an opinion by the participating audit firm on the servicer's assessment of compliance with the applicable servicing standards in Appendix A of this Instrument, or states that an opinion cannot be expressed and if so, why it is unable to express such an opinion;
  - (b) indicates that the servicer's assessment of compliance with the applicable servicing standards in Appendix A of this Instrument has been audited in accordance with standards for assurance engagements set out in Canadian GAAS, or standards for attestation engagements issued or adopted by the Public Company Accounting Oversight Board;
  - (c) identifies the period covered by the report.

**7. Annual servicer certificate**

- (1) This section applies to any servicer described in Items 1.7(1)(a), (b) or (c) of Form 41-103F1 *Supplementary Information Required in a Securitized Products Prospectus* that engaged in servicing activities during the financial year covered by the annual financial statements and annual MD&A filed by the reporting issuer.
- (2) Each servicer must provide a reporting issuer with a certificate signed by an authorized officer of the servicer that states all of the following:
  - (a) the officer has supervised a review of the servicer's activities and performance under the applicable servicing agreement for the reporting issuer's most recently completed financial year;
  - (b) to the best of the officer's knowledge, based on such review, the servicer has fulfilled all of its obligations under the applicable servicing agreement in all material respects during the financial year, or if the servicer has failed to fulfil any of its obligations in any material respect, states the nature and status of each such failure.
- (3) A reporting issuer must file each certificate provided to it pursuant to subsection (2) by the later of the dates on which it is required to file the following:
  - (a) its AIF if it is required to file an AIF under National Instrument 51-102 *Continuous Disclosure Obligations*;
  - (b) its annual financial statements and annual MD&A.

**8. Disclosure of breaches by servicer**

The annual MD&A must include a discussion of all of the following:

- (a) any significant instance of non-compliance with an applicable servicing standard in Appendix A of this Instrument that a servicer has disclosed in a report filed under section 6;
- (b) any failure by a servicer to fulfil any of its obligations in any material respect that a servicer has disclosed in a certificate filed under section 7;
- (c) the specific pool assets or securitized product to which the disclosure in paragraphs (a) or (b) relates;
- (d) any steps taken or intended to be taken to address the non-compliance or non-fulfillment, and the timing of those steps.

**PART 3 LANGUAGE OF DOCUMENTS**

**9. French or English**

- (1) A person or company must file a document required to be filed under this Instrument in French or in English.
- (2) Despite subsection (1), if a person or company files a document only in French or only in English but delivers

to securityholders a version of the document in the other language, the person or company must file that other version not later than when it is first delivered to securityholders.

- (3) In Québec, a reporting issuer must comply with linguistic obligations and rights prescribed by Québec law.

#### **PART 4 EXEMPTIONS**

##### **10. Exemptions**

- (1) The regulator or, in Québec, the securities regulatory authority may grant an exemption from this Instrument, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.
- (2) Despite subsection (1), in Ontario only the regulator may grant such an exemption.
- (3) Except in Ontario, an exemption referred to in subsection (1) is granted under the statute referred to in Appendix B of National Instrument 14-101 *Definitions* opposite the name of the local jurisdiction.

#### **PART 5 EFFECTIVE DATE**

##### **11. Effective date**

This Instrument comes in to force on [\*].



## Appendix A Servicing Standards

The following standards are the standards that a servicer must refer to for purposes of section 6 of this Instrument. These standards are not legal obligations under securities legislation, and are intended only to serve as uniform measures against which the servicing of a particular asset pool can be assessed.

### A. General servicing considerations

- (i) Policies and procedures are instituted to monitor any performance or other triggers and events of default in accordance with the transaction agreements.
- (ii) If any material servicing activities are outsourced, policies and procedures are instituted to monitor the third party's performance and execution of such servicing activities in compliance with the transaction agreements.
- (iii) Any requirements in the transaction agreements to maintain a back-up servicer for the pool assets are complied with.
- (iv) A fidelity bond and errors and omissions policy is in effect for the servicer throughout the reporting period in the amount of coverage required by and otherwise in accordance with the terms of the transaction agreements.

### B. Cash collection and administration

- (i) Payments on pool assets are deposited into the appropriate custodial bank accounts and related bank clearing accounts no more than two business days after receipt, or such other number of days specified in the transaction agreements.
- (ii) Payments made via wire transfer on behalf of an obligor or to an investor are made only by authorized personnel.
- (iii) Advances of funds or guarantees regarding collections, cash flows or payments, are made, reviewed and approved as specified in the transaction agreements. Any interest and fees charged for such advances are paid as specified in the transaction agreements.
- (iv) The related accounts for the transaction, such as cash reserve accounts or accounts established as a form of overcollateralization, are separately maintained as set forth in the transaction agreements.
- (v) Each custodial account is maintained at one of the following:
  - 1. a Canadian financial institution as defined in National Instrument 45-106 *Prospectus and Registration Exemptions*, as amended;
  - 2. a Schedule III bank;
  - 3. a financial institution that is regulated by the laws of a foreign jurisdiction as a bank and that is required by the laws of the foreign jurisdiction to insure its deposits or be subject to a deposit guarantee or protection scheme.
- (vi) Unissued checks are safeguarded so as to prevent unauthorized access.
- (vii) Reconciliations are prepared on a monthly basis for all securitized products related bank accounts, including custodial accounts and related bank clearing accounts. These reconciliations comply with all of the following:
  - 1. they are mathematically accurate;
  - 2. they are prepared within 30 days after the bank statement cut-off date, or such other number of days specified in the transaction agreements;
  - 3. they are reviewed and approved by someone other than the person or persons who prepared the reconciliations;
  - 4. they contain explanations for reconciling items, and these reconciling items are resolved within 90 days of their original identification, or such other number of days specified in the transaction agreements.

**C. Investor remittances and reporting**

- (i) Reports to investors, including those to be filed with securities regulatory authorities, are prepared and disseminated in accordance with the transaction agreements and applicable securities legislation requirements. Specifically, such reports:
  - 1. are prepared in accordance with timeframes and other terms set forth in the transaction agreements;
  - 2. provide quantitative information calculated in accordance with the terms specified in the transaction agreements;
  - 3. are filed with the securities regulatory authorities as required by applicable securities legislation;
  - 4. agree with investors' or the trustee's records as to the total unpaid principal balance and number of pool assets serviced by the servicer.
- (ii) Amounts due to investors are allocated and remitted in accordance with timeframes, payment priority and other terms set forth in the transaction agreements.
- (iii) Amounts remitted to an investor are posted within two business days to the servicer's investor records, or such other number of days specified in the transaction agreements.
- (iv) Amounts remitted to investors per the investor reports agree with cancelled checks, or other form of payment, or custodial bank statements.

**D. Pool asset administration**

- (i) Collateral or security on pool assets is maintained as required by the transaction agreements or related pool asset documents.
- (ii) Pool assets and related documents are safeguarded as required by the transaction agreements.
- (iii) Any additions, removals or substitutions to the asset pool are made, reviewed and approved in accordance with any conditions or requirements in the transaction agreements.
- (iv) Payments on pool assets, including any payoffs, made in accordance with the related pool asset documents are posted to the applicable servicer's obligor records no more than two business days after receipt, or such other number of days specified in the transaction agreements, and allocated to principal, interest or other items (e.g., escrow) in accordance with the related pool asset documents.
- (v) The servicer's records regarding the pool assets agree with the servicer's records with respect to an obligor's unpaid principal balance.
- (vi) Changes with respect to the terms or status of an obligor's pool asset (e.g., loan modifications or re-agings) are made, reviewed and approved by authorized personnel in accordance with the transaction agreements and related pool asset documents.
- (vii) Loss mitigation or recovery actions (e.g., forbearance plans, modifications and deeds in lieu of foreclosure, foreclosures and repossessions, as applicable) are initiated, conducted and concluded in accordance with the timeframes or other requirements established by the transaction agreements.
- (viii) Records documenting collection efforts are maintained during the period a pool asset is delinquent in accordance with the transaction agreements and are updated on at least a monthly basis, or such other period specified in the transaction agreements, and describe the servicer's activities in monitoring delinquent pool assets including phone calls, letters and payment rescheduling plans in cases where delinquency is deemed temporary (e.g., illness or unemployment).
- (ix) Adjustments to interest rates or rates of return for pool assets with variable rates are computed based on the related pool asset documents.
- (x) Any funds held in trust for an obligor (such as funds in escrow accounts) are subject to the following procedures:

1. such funds are analyzed, in accordance with the obligor's pool asset documents, on at least an annual basis, or such other period specified in the transaction agreements;
  2. interest on such funds is paid, or credited, to the obligor in accordance with applicable pool asset documents and provincial and territorial laws;
  3. such funds are returned to the obligor within 30 days of full repayment of the related pool asset, or such other number of days specified in the transaction agreements.
- (xi) Payments on behalf of an obligor (such as tax or insurance payments) are made on or before the related penalty or expiration dates, as indicated on the appropriate bills or notices for such payments, provided that any required funds have been received by the servicer at least 30 days prior to these dates, or such other number of days specified in the transaction agreements.
- (xii) Any late payment penalties in connection with any payment to be made on behalf of an obligor are paid from the servicer's funds and not charged to the obligor, unless the late payment was due to the obligor's error or omission.
- (xiii) Payments made on behalf of an obligor are posted within two business days to the obligor's records maintained by the servicer, or such other number of days specified in the transaction agreements.
- (xiv) Delinquencies, charge-offs and uncollectable accounts are recognized and recorded in accordance with the transaction agreements.
- (xv) Any external credit enhancement or other support is maintained as set forth in the transaction agreements.
- (xvi) Quantitative information that has been aggregated is mathematically accurate and information conveyed by the servicer accurately reflects the information that was obtained by the servicer.

**Form 51-106F1**  
**Payment and Performance Report for Securitized Products**

**PART 1 GENERAL PROVISIONS**

This is the Form required under section 4 of National Instrument 51-106 *Continuous Disclosure Requirements for Securitized Products* for a report on the payments to investors and performance of outstanding securitized products issued by a reporting issuer.

A single Form may be used to report the payment and performance of outstanding securitized products of different series and classes.

All information required by this Form must be presented in plain language, and tables, graphs, flow charts or other graphical formats must be used if a reasonable investor will be able to better understand the information being provided.

Information that has been provided in another document may be incorporated by reference into this Form so long as that other document is filed by the reporting issuer.

Write the disclosure so that a reasonable investor is able to understand it. Consider both the level of detail provided and the language used in the document. Additional guidance relating to plain language principles may be available in the companion policy to National Instrument 51-102 *Continuous Disclosure Obligations*. If you use technical terms, explain them in a clear and concise manner.

**PART 2 CONTENT**

**Item 1 Issuer/servicer information**

State the full name of the reporting issuer and the address and telephone number of its head office. Include the former name of the reporting issuer if its name has changed since the last report. If applicable, state the full name of the servicer or master servicer and the address and telephone number of the head office of the servicer.

**Item 2 Payment and pool performance**

- (1) Identify each series and class of securitized products covered by this report (the Reported Securities), and the payment period.
- (2) For each class and series of Reported Securities, provide all of the following:
  - (a) all information regarding payment to investors and pool performance for the payment period that would be material to an investor;
  - (b) information on any significant trends and risks that have affected or may affect pool performance or the performance of the Reported Securities.
- (3) Disclose, to the extent applicable, for each series and class of Reported Securities:
  - (a) applicable record dates, accrual dates, and determination dates for calculating payments to investors and actual payment dates for the payment period;
  - (b) cash flows received and the sources for payments to investors, fees and expenses, including if applicable, portfolio yield;
  - (c) calculated amounts and distribution of the flow of funds for the period itemized by type and priority of payment, including:
    - (i) fees or expenses with an identification of the general purpose of such fees and the party receiving such fees;
    - (ii) payments accrued or made with respect to credit enhancement or other support;
    - (iii) principal, interest and other payments accrued and paid on the Reported Securities by type and by class or series and any principal or interest shortfalls or carryovers;

- (iv) the amount of excess cash flow or excess spread with an identification of how the excess cash flow is disposed of;
- (d) beginning and ending principal balances of the Reported Securities;
- (e) interest rates applicable to the pool assets and the Reported Securities as applicable, in appropriate distributional groups or incremental ranges;
- (f) beginning and ending balances of transaction accounts such as reserve accounts, and significant account activity during the period;
- (g) amounts drawn on any credit enhancement or other support and the amount of coverage remaining under such enhancement;
- (h) number and amount of pool assets at beginning and end of each payment period, and updated pool composition information including
  - (i) weighted average coupon;
  - (ii) weighted average life;
  - (iii) weighted average remaining term;
  - (iv) pool factors and prepayment amounts;
  - (v) for asset-backed securities backed by leases, turn-in rates and residual value realization rates;
- (i) delinquency and loss information and any changes to how delinquencies and loss information are calculated or created;
- (j) information on the amount, terms and general purpose of any advances made or reimbursed during the period, including the general use of funds advanced and the general source of funds for reimbursements;
- (k) any modifications, extensions or waivers to pool asset terms, fees, penalties or payments during the payment period or that have cumulatively become material over time;
- (l) breaches of pool asset representations and warranties or transaction covenants;
- (m) demands made to a party with an obligation to repurchase or replace pool assets for breach of a representation and warranty concerning the pool assets, including the following information grouped by originator, including an affiliate of the originator:
  - (i) the amount of pool assets that were the subject of outstanding demands as at the end of the payment period, and the status of those demands;
  - (ii) the amount of pool assets that were the subject of demands that were resolved during the payment period, and the nature of the resolution;
  - (iii) where the party with the repurchase or replacement obligation rejected a demand to repurchase or replace pool assets on the basis that there was no breach of a representation and warranty concerning the pool assets, whether an opinion of a third party not affiliated with the party had been furnished to the trustee or issuer that confirmed that there was no breach of a representation and warranty;
- (n) information on
  - (i) ratio, including coverage ratio, or other tests used for determining any early amortization, liquidation or other performance trigger;
  - (ii) whether a performance trigger was set off;
- (o) any new issuance of securitized products backed by the same asset pool;
- (p) any pool asset changes, other than in connection with a pool asset converting into cash in accordance with its terms, including

- (i) additions or removals in connection with a prefunding or revolving period;
  - (ii) pool asset substitutions and repurchases, and purchase rates, if applicable;
  - (iii) cash flows available for future purchases, including the balance of any prefunding or revolving accounts, if applicable;
  - (iv) any changes in the solicitation, credit-granting, underwriting, origination, acquisition or pool asset selection criteria or procedures, as applicable, used to originate, acquire or select the new pool assets that would be material to an investor;
- (q) the disclosure required by Items 1.5 (Originator), 2 (Significant obligors of pool assets) and 3 (Pool assets) of Form 41-103F1 *Supplementary Information Required in a Securitized Products Prospectus*, if following a prefunding or revolving period or as a result of a new issuance of securitized products backed by the same pool under a master trust structure, there is any significant change in respect of such disclosure that has not already been disclosed in a previously-filed prospectus or in a previously-filed report using Form 51-106F1.

### Item 3 Legal proceedings

For each party described in Item 1(Parties with significant functions and responsibilities) of Form 41-103F1 *Supplementary Information Required in a Securitized Products Prospectus*, describe the following to the extent the information would be material to an investor:

- (1) Any legal proceedings which that party was party to, or that any of its property is or was the subject of, that arose during the payment period;
- (2) Any legal proceedings which are known to be contemplated;
- (3) Any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority during the payment period;
- (4) Any other penalties or sanctions imposed by a court or a regulatory body;
- (5) Any settlement agreements entered into before a court relating to securities legislation or with a securities regulatory authority during the payment period.

For each proceeding, provide the name of the court or agency, the date the proceeding was instituted, the principal parties to the proceeding, the nature of the claim, the amount claimed, if any, whether the proceeding is being contested, and the present status of the proceeding.

Disclosure of a legal or regulatory proceeding that has previously been disclosed is not required unless there have been material developments during the payment period.

### Item 4 Defaults

If there has been any material default in the payment of principal or interest, or any other material default not cured within 30 days, with respect to any class or series of Reported Securities, state the nature of the default, the amount of the default and the total arrearage on the date of filing this report.

### Item 5 Significant obligors of pool assets

Provide the information required by Item 2 (Significant Obligor of Pool Assets) of Form 41-103F1 *Supplementary Information Required in a Securitized Products Prospectus*. You need not provide any information that has already been provided in a previously-filed prospectus or previously-filed report using Form 51-106F1.

### Item 6 Significant enhancement provider information

Provide the information required by Items 8(4) and (5) (regarding credit enhancement and other support providers), and 9(3) and (4) (regarding derivative counterparties) of Form 41-103F1 *Supplementary Information Required in a Securitized Products Prospectus*. You need not provide any information that has already been provided in a previously-filed prospectus or previously-filed report using Form 51-106F1.

**Form 51-106F2**  
**Report of Significant Events Relating to Securitized Products**

**PART 1 GENERAL PROVISIONS**

**(a) Numbering and headings**

Follow the numbering, headings and ordering of the items in this Form if to do so facilitates the readability of the disclosure for an investor. Disclosure provided in response to any item need not be repeated elsewhere.

**(b) Plain language**

Write the disclosure so that a reasonable investor is able to understand it. Consider both the level of detail provided and the language used in the document. Additional guidance relating to plain language principles may be available in the companion policy to National Instrument 51-102 *Continuous Disclosure Obligations*. If you use technical terms, explain them in a clear and concise manner.

**PART 2 CONTENT**

**Item 1 – Name and address of issuer**

State the full name of the reporting issuer and the address of its principal office in Canada.

**Item 2 – Date of Event**

State the date of the event that required filing of this Form (the Event).

**Item 3 – News release**

State the date and method(s) of dissemination of the news release issued under section 4 of National Instrument 51-106 *Continuous Disclosure Requirements for Securitized Products*.

**Item 4 – Summary of the Event**

Provide a brief but accurate summary of the nature and substance of the Event.

**Item 5 – Full description of the Event**

Supplement the summary required under Item 4 with sufficient disclosure to enable a reasonable investor to appreciate the significance and impact of the Event without having to refer to other material.

**INSTRUCTIONS**

*If you incorporate information by reference to another document, clearly identify the referenced document or any excerpt from it. Unless you have already filed the referenced document or excerpt, you must file it with this form. You must also disclose that the document is on SEDAR at [www.sedar.com](http://www.sedar.com).*

**Item 6 – Contact information**

Give the name and business telephone number of the authorized officer of the servicer, master servicer or the reporting issuer, as applicable, who is signing this form.

**Item 7 – Signature and date**

Sign and date the form.

**PROPOSED AMENDING INSTRUMENT**

**PROPOSED AMENDMENTS TO  
NATIONAL INSTRUMENT 52-109  
CERTIFICATION OF DISCLOSURE IN ISSUERS' ANNUAL AND INTERIM FILINGS**

**1. This Instrument amends National Instrument 52-109 Certification of Disclosure of Issuers' Annual and Interim Filings**

**2. Section 1.1 is amended by**

**(a) repealing and replacing the definition of "certifying officer" with the following:**

"certifying officer" means:

- (a) for an issuer that is not a securitized product issuer, each chief executive officer and each chief financial officer, or in the case of an issuer that does not have a chief executive officer or a chief financial officer, each individual performing similar functions to those of a chief executive officer or chief financial officer;
- (b) for an issuer that is a securitized product issuer, either of the following:
  - (i) an authorized officer of the servicer, or if multiple servicers are used, the master servicer;
  - (ii) each individual performing similar functions to those of a chief executive officer or chief financial officer.

**(b) adding the following definitions after the definition of "Sarbanes-Oxley Act":**

"securitized product" has the same meaning as in section 1 of National Instrument 41-103 *Supplementary Prospectus Disclosure Requirements for Securitized Products*;

"servicer" has the same meaning as in National Instrument 41-103 *Supplementary Prospectus Disclosure Requirements for Securitized Products*;

"securitized product issuer" means a reporting issuer that issued a securitized product that is outstanding, and that is subject to the reporting obligations in National Instrument 51-106 *Supplementary Continuous Disclosure for Securitized Products*;

**3. Subsection 4.2 is repealed and replaced with the following:**

**4.2 Required form of annual certificate – (1)** The required form of annual certificate under subsection 4.1(1) is

- (a) Form 52-109F1, in the case of an issuer that is a non-venture issuer and that is not a securitized product issuer;
  - (b) Form 52-109FV1, in the case of an issuer that is a venture issuer and that is not a securitized product issuer; and
  - (c) Form 52-109FS1, in the case of an issuer that is a securitized product issuer.
- (2) Despite subsection (1)(b), a venture issuer that is not a securitized product issuer may file Form 52-109F1 in the wording prescribed by the Form instead of Form 52-109FV1 for a financial year.
- (3) The required form of annual certificate under subsection 4.1(3) is
- (a) Form 52-109F1 – AIF, in the case of a venture issuer that is not a securitized product issuer; and
  - (b) Form 52-109FS1 – AIF for a venture issuer that is a securitized product issuer.



4. **Section 4.3 is amended by replacing** “an issuer may file an annual certificate” **with** “an issuer that is not a securitized product issuer may file an annual certificate”.
5. **Section 4.4 is amended by replacing** “an issuer may file an annual certificate” **with** “an issuer that is not a securitized product issuer may file an annual certificate”.
6. **Section 4.5 is amended by replacing** “an issuer may file an annual certificate” **with** “an issuer that is not a securitized product issuer may file an annual certificate”.
7. **Section 5.2 is repealed and replaced with the following:**
  - 5.2 **Required form of interim certificate** – (1) The required form of interim certificate under subsection 5.1(1) is
    - (a) Form 52-109F2, in the case of an issuer that is a non-venture issuer and that is not a securitized product issuer;
    - (b) Form 52-109FV2, in the case of an issuer that is a venture issuer and that is not a securitized product issuer; and
    - (c) Form 52-109FS2, in the case of an issuer that is a securitized product issuer.
  - (2) Despite subsection (1)(b), a venture issuer that is not a securitized product issuer may file Form 52-109F2 in the wording prescribed by the Form instead of Form 52-109FV2 for an interim period.
8. **Section 5.3 is amended by replacing** “an issuer may file an interim certificate” **with** “an issuer that is not a securitized product issuer may file an interim certificate”.
9. **Section 5.4 is amended by replacing** “an issuer may file an interim certificate” **with** “an issuer that is not a securitized product issuer may file an interim certificate”.
10. **Section 5.5 is amended by replacing** “an issuer may file an interim certificate” **with** “an issuer that is not a securitized product issuer may file an interim certificate”.
11. **Section 6.1 is repealed and replaced with the following:**
  - 6.1 **Refiled annual financial statements, annual MD&A or AIF** – (1) If an issuer refiles its annual financial statements, annual MD&A or AIF for a financial year, it must file separate annual certificates in the wording prescribed by the required form for that financial year on the date that it refiles the annual financial statements, annual MD&A or AIF, as the case may be.
    - (2) The required form of annual certificate under subsection (1) is
      - (a) Form 52-109F1R, in the case of an issuer that is not a securitized product issuer; and
      - (b) Form 52-109FS1R, in the case of an issuer that is a securitized product issuer.
12. **Section 6.2 is repealed and replaced with the following:**
  - 6.2 **Refiled interim financial statements or interim MD&A** – (1) If an issuer refiles its interim financial statements or interim MD&A for an interim period, it must file separate interim certificates in the wording prescribed by the required form for that interim period on the date that it refiles the interim financial statements or interim MD&A, as the case may be.
    - (2) The required form of interim certificate under subsection (1) is
      - (a) Form 52-109F2R, in the case of an issuer that is not a securitized product issuer; and
      - (b) Form 52-109FS2R, in the case of an issuer that is a securitized product issuer.
13. **The following is added after section 8.5:**
  - 8.5.1 **Exemption for securitized product issuers** – Part 3 does not apply to a securitized product issuer.

14. **The following is added after Form 52-109FV1 – Certification of Annual Filings – Venture Issuer Basic Certificate:**

**FORM 52-109FS1  
CERTIFICATION OF ANNUAL FILINGS  
SECURITIZED PRODUCT ISSUER**

I, **<identify (i) the certifying officer, (ii) his or her title and function in relation to the issuer and (iii) the name of the issuer>**, certify the following:

1. **Review:** I have reviewed all of the following documents of **<identify the issuer>** (the “issuer”):
  - (a) each report filed on Form 51-106F1 in respect of a payment period during the financial year ended **<state the relevant date>** (the “servicer reports”);
  - (b) annual financial statements and annual MD&A for the financial year ended **<state the relevant date>** (the “annual financial statements and annual MD&A”);
  - (c) AIF for the financial year ended **<state the relevant date>** (the “AIF”) [if applicable], including for greater certainty, all documents and information that are incorporated by reference in the AIF;
  - (d) each annual servicer report filed pursuant to section 6 of National Instrument 51-106 *Continuous Disclosure Requirements for Securitized Products* (the “Instrument”) for the financial year ended **<state the relevant date>** (the “annual servicer report(s)”);
  - (e) each annual servicer certificate filed pursuant to section 7 of the Instrument for the financial year ended **<state the relevant date>** (the “annual servicer certificate(s)”);

(the servicer reports, the annual financial statements and annual MD&A, the AIF [if applicable], the annual servicer report(s) and the annual servicing certificate(s) are together the “annual filings”);

2. **No misrepresentations:** Based on my knowledge, having exercised reasonable diligence, the annual filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, for the period covered by the annual filings;
3. **Fair presentation:** Based on my knowledge, having exercised reasonable diligence, the annual financial statements together with the other financial information included in the annual filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the annual filings;
4. Based on my knowledge, having exercised reasonable diligence, the annual filings contain all disclosure required by section 7 of the Instrument; and
5. **<Option #1: use this alternative if a servicer or master servicer is providing the certificate>**

I am responsible for reviewing the activities performed by the servicer(s) and based on my knowledge, having exercised reasonable diligence, and based on the compliance review(s) conducted in preparing the annual servicer certificate(s), the servicer(s) [has/have] fulfilled [its/their] obligations under the servicing agreement(s) except as disclosed in the annual filings.

**<Option #2: use this alternative if a person acting in the capacity of a chief executive officer or chief financial officer is providing the certificate>**

Based on my knowledge, having exercised reasonable diligence, and based on the annual servicer certificate(s), the servicer(s) [has/have] fulfilled [its/their] obligations under the servicing agreement(s) except as disclosed in the annual filings.

[In giving the certifications above, I have reasonably relied on information provided to me by the following parties that are not affiliates of **<insert name of servicer or master servicer if Option #1 is being used, or the name of the issuer if Option #2 is being used>**:

*<insert names of all relevant parties and state their relationship to the issuer>.*

Date: *<insert date of filing>*

\_\_\_\_\_  
[Signature]

[Title]

*< indicate the capacity in which the certifying officer is providing the certificate>*

**15. The following is added after Form 52-109F1R:**

**FORM 52-109FS1R  
CERTIFICATION OF REFILED ANNUAL FILINGS  
SECURITIZED PRODUCT ISSUER**

This certificate is being filed on the same date that *<identify the issuer>* (the “issuer”) has refiled *<identify the filing(s) that have been refiled>*.

I, *<identify (i) the certifying officer, (ii) his or her title and function in relation to the issuer and (iii) the name of the issuer>*, certify the following:

*<Insert all paragraphs included in the annual certificate originally filed with the annual filings.>*

Date: *<insert date of filing>*

\_\_\_\_\_  
[Signature]

[Title]

*< indicate the capacity in which the certifying officer is providing the certificate >*

**16. The following is added after Form 52-109F1 – AIF – Certification of Annual Filings in Connection with Voluntarily Filed AIF:**

**FORM 52-109FS1 AIF  
CERTIFICATION OF ANNUAL FILINGS IN CONNECTION WITH VOLUNTARILY FILED AIF  
SECURITIZED PRODUCT ISSUER**

This certificate is being filed on the same date that *<identify the issuer>* (the “issuer”) has voluntarily filed an AIF.

1. *Review:* I have reviewed all of the following documents of *<identify the issuer>*:
  - (a) each report filed on Form 51-106F1 in respect of a payment period during the financial year ended *<state the relevant date >* (the “servicer reports”);
  - (b) annual financial statements and annual MD&A for the financial year ended *<state the relevant date>* (the “annual financial statements and annual MD&A”);
  - (c) AIF for the financial year ended *<state the relevant date>* (the “AIF”), including for greater certainty, all documents that are incorporated by reference in the AIF;
  - (d) each annual servicer report filed pursuant to section 6 of National Instrument 51-106 *Supplementary Continuous Disclosure Requirements for Securitized Products* (the “Instrument”) for the financial year ended *<state the relevant date>* (the “annual servicer report(s)”);
  - (e) each annual servicer certificate filed pursuant to section 7 of the Instrument for the financial year ended *<state the relevant date>* (the “annual servicer certificate(s)”);

(the servicer reports, the annual financial statements and annual MD&A, the AIF, the annual servicer report(s) and the annual servicer certificate(s) are together the “annual filings”);

*<Insert all paragraphs included in the annual certificates originally filed with the annual filing, other than paragraph 1.>*

Date: *<insert date of filing>*

\_\_\_\_\_  
[Signature]

[Title]

*< indicate the capacity in which the certifying officer is providing the certificate >*

17. *The following is added after Form 52-109FV2 – Certification of Interim Filings – Venture Issuer Basic Certificate:*

**FORM 52-109FS2  
CERTIFICATION OF INTERIM FILINGS  
SECURITIZED PRODUCT ISSUER**

I, *<identify (i) the certifying officer, (ii) his or her title and function in relation to the issuer and (iii) the name of the issuer>*, certify the following:

1. *Review:* I have reviewed all of the following documents of *<identify the issuer>* (the “issuer”):
  - (a) each report on Form 51-106F1 filed in respect of a payment period during the interim period ended *<state the relevant date>* (the “servicer reports”); and
  - (b) the interim financial report and interim MD&A for the interim period ended *<state the relevant date>* (the “interim financial report and interim MD&A”),(the servicer reports and the interim financial statements and interim MD&A are together the “interim filings”);
2. *No misrepresentation:* Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings; and
3. *Fair presentation:* Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

[In giving the certifications above, I have reasonably relied on information provided to me by the following parties that are not affiliates of *<insert name of servicer or master servicer if Option #1 is being used, or the name of the issuer if Option #2 is being used>*:

*<insert names of all relevant parties and state their relationship to the issuer >.*]

Date: *<insert date of filing>*

\_\_\_\_\_  
[Signature]

[Title]

*< indicate the capacity in which the certifying officer is providing the certificate >*

18. *The following is added after Form 52-109F2R – Certification of Refiled Interim Filings:*

**FORM 52-109FS2R  
CERTIFICATION OF REFILED INTERIM FILINGS  
SECURITIZED PRODUCT ISSUER**

This certificate is being filed on the same date that *<identify the issuer>* (the “issuer”) has refiled *<identify the filing(s) that have been refiled>*.

I, *<identify (i) the certifying officer, (ii) his or her title and function in relation to the issuer and (iii) the name of the issuer>*, certify the following:

*<Insert all paragraphs included in the interim certificate originally filed with the interim filing.>*

Date: *<insert date of filing>*

\_\_\_\_\_  
[Signature]

[Title]

*< indicate the capacity in which the certifying officer is providing the certificate >*

19. *This Instrument is effective on [\*].*

**Schedule C**  
**Proposed Exempt Distribution Rules**

**PROPOSED AMENDING INSTRUMENT**

**PROPOSED AMENDMENTS TO**  
**NATIONAL INSTRUMENT 45-106 PROSPECTUS AND REGISTRATION EXEMPTIONS**

**1. National Instrument 45-106 Prospectus and Registration Exemptions is amended by this Instrument.**

**2. Section 1.1 Definitions is amended by adding the following definitions:**

“eligible securitized product investor” means

- (a) a Canadian financial institution or a Schedule III bank;
- (b) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada);
- (c) a subsidiary of any person referred to in paragraph (a) or (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of the subsidiary;
- (d) a person registered under the securities legislation of a jurisdiction of Canada as an adviser or dealer, other than as a scholarship plan dealer or a restricted dealer;
- (e) a pension fund that is regulated by either the federal Office of the Superintendent of Financial Institutions (Canada) or a pension commission or similar regulatory authority of a jurisdiction of Canada or a wholly-owned subsidiary of such a pension fund;
- (f) an entity organized in a foreign jurisdiction that is analogous to any of the entities referred to in paragraphs (a) to (e);
- (g) the Government of Canada or a jurisdiction of Canada, or any Crown corporation, agency or wholly-owned entity of the Government of Canada or a jurisdiction of Canada;
- (h) any national, federal, state, provincial, territorial or municipal government of or in any foreign jurisdiction, or any agency of that government;
- (i) a municipality, public board or commission in Canada and a metropolitan community, school board, the Comité de gestion de la taxe scolaire de l'île de Montréal or an intermunicipal management board in Québec;
- (j) a trust company or trust corporation registered or authorized to carry on business under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in a jurisdiction of Canada or a foreign jurisdiction, acting on behalf of a managed account managed by the trust company or trust corporation, as the case may be;
- (k) a person acting on behalf of a fully managed account managed by the person, if the person is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or a foreign jurisdiction;
- (l) an investment fund if it is one or both of the following:
  - (i) managed by a person registered as an investment fund manager under the securities legislation of a jurisdiction of Canada;
  - (ii) advised by a person authorized to act as an adviser under the securities legislation of a jurisdiction of Canada;
- (m) a registered charity under the *Income Tax Act* (Canada) that obtains advice from an eligibility adviser or an adviser registered under the securities legislation of the jurisdiction of the registered charity;
- (n) an individual who beneficially owns financial assets, as defined in section 1.1 having an aggregate realizable value that, before taxes but net of any related liabilities, exceeds \$5 million;

- (o) a person that is entirely owned by an individual, or individuals referred to in paragraph (n), who holds the beneficial ownership interest in the person directly or through a trust, the trustee of which is a trust company or trust corporation registered or authorized to carry on business under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in a jurisdiction of Canada or a foreign jurisdiction;
- (p) a person, other than an individual or an investment fund, that has net assets of at least \$25 million as shown on its most recently prepared financial statements;
- (q) a person that distributes securities of its own issue in Canada only to persons referred to in paragraphs (a) to (p)."

"**mortgage investment entity**" has the same meaning as in National Instrument 41-103 *Supplementary Prospectus Disclosure Requirements for Securitized Products*;

"**second-level asset**" means a securitized product issued under another securitization program, including, without limitation, a security that has direct or indirect exposure to a credit-linked note, credit default swap or similar claim";

"**short-term securitized product**" means a securitized product that is a negotiable promissory note or commercial paper, in either case maturing not more than one year from the date of issue, including without limitation, asset-backed commercial paper;"

"**securitized product**" has the same meaning as in National Instrument 41-103 *Supplementary Prospectus Disclosure Requirements for Securitized Products*;"

"**servicer**" means a person responsible for the management or collection of pool assets or making allocations or payments to a holder of a securitized product, but does not include a trustee of an issuer of securitized products or for the securitized product that makes allocations or payments."

"**sponsor**" has the same meaning as in National Instrument 41-103 *Supplementary Prospectus Disclosure Requirements for Securitized Products*;

**3. Section 2.3 Accredited Investor is amended by adding the following subsection after subsection (5):**

- (6) This section does not apply to a distribution of a securitized product, other than either of the following:
  - (a) a covered bond;
  - (b) a security, other than a debt security, of a mortgage investment entity.

**4. Section 2.4 Private Issuer is amended by adding the following subsection after subsection (3):**

- (4) Subsection (2) does not apply to a distribution of a securitized product, other than either of the following:
  - (a) a covered bond;
  - (b) a security, other than a debt security, of a mortgage investment entity.

**5. Section 2.9 Offering memorandum is amended by adding the following subsection after subsection (3):**

- (3.1) This section does not apply to a distribution of a securitized product, other than either of the following:
  - (a) a covered bond;
  - (b) a security, other than a debt security, of a mortgage investment entity.

**6. Section 2.10 Minimum amount investment is amended by adding the following subsection after subsection (2):**

- (3) This section does not apply to a distribution of a securitized product, other than either of the following:
  - (a) a covered bond;
  - (b) a security, other than a debt security, of a mortgage investment entity.

**7. Section 2.34 Specified debt is amended by adding the following subsection after subsection (3):**

- (4) Paragraphs (2)(d) and (2)(d.1) do not apply to a distribution of a securitized product, other than either of the following:
  - (a) a covered bond;
  - (b) a security, other than a debt security, of a mortgage investment entity.

**8. Subsections (a) and (b) of section 2.35 Short-term debt are replaced with the following:**

- (a) is not convertible or exchangeable into or accompanied by a right to purchase another security other than a security described in this section,
- (b) has an approved credit rating from an approved credit rating organization, and
- (c) is not a securitized product, other than either of the following:
  - (i) a covered bond;
  - (ii) a security, other than a debt security, of a mortgage investment entity.

**9. Part 2 of National Instrument 45-106 Prospectus and Registration Exemptions is amended by adding a new Division 6: Securitized Product Exemption, as follows:**

**Division 6: Securitized Product Exemption**

**2.44 Securitized product** – (1) The prospectus requirement does not apply to a distribution of a securitized product if all of the following apply:

- (a) the purchaser purchases the securitized product as principal;
  - (b) the purchaser is an eligible securitized product investor;
  - (c) in the case of a distribution by the issuer of the securitized product, at the same time or before the purchaser purchases the securitized product, the issuer delivers an information memorandum to the purchaser that complies with section 2.46.
- (2) Subject to subsection (3), for the purpose of this section, a trust company or trust corporation described in paragraph (l) of the definition of “eligible securitized product investor” in section 1.1 is deemed to be purchasing as principal.
  - (3) Subsection (2) does not apply to a trust company or trust corporation registered under the laws of Prince Edward Island that is not registered or authorized under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in another jurisdiction of Canada.
  - (4) For the purpose of this section, a person described in paragraph (j) of the definition of “eligible securitized product investor” in section 1.1 is deemed to be purchasing as principal.
  - (5) This section does not apply to a distribution of a securitized product to a person if the person was created, or is used, solely to purchase or hold securitized products as an eligible securitized product investor described in paragraph (p) of the definition of “eligible securitized product investor” in section 1.1.

**2.45 Securitized product holder and investor access to information memorandum**

- (1) An issuer must provide a securitized product holder who purchased a securitized product of a particular series distributed under section 2.44 with reasonable access to the information memorandum required under section 2.44 for that series of securitized product.
- (2) An issuer must provide reasonable access to the information memorandum required under section 2.44 to each person who reasonably demonstrates to the issuer that the person is a prospective purchaser and who meets the definition of “eligible securitized product investor” in section 1.1.



- (3) For the purposes of subsections (1) and (2) if an issuer provides an undertaking to the securities regulatory authority to provide access to the website on which its information memorandum has been posted, an issuer may do either or both of the following:
  - (a) use a password to limit access to the website;
  - (b) before providing a person access to an information memorandum, require the person to provide a confidentiality undertaking, or enter into a confidentiality agreement, designed to reasonably restrict the person from providing others with access to the website.
- (4) Subsections (1) and (2) continue to apply until the date that is one year after the date that the last outstanding securitized product of the same series of securitized product ceases to be outstanding.

#### **2.46 Information memorandum requirements**

- (1) An information memorandum required under section 2.44 must comply with each of the following:
  - (a) in respect of a short-term securitized product, be in the required form;
  - (b) disclose sufficient information about the securitized product and securitized product transaction to enable a prospective purchaser to make an informed investment decision;
  - (c) describe the rights of action, whether statutory or contractual, that an investor will have against the issuer, the issuer's directors and officers, the sponsor and the underwriter in the event of a misrepresentation in the information memorandum;
  - (d) describe the resale restrictions that apply to the securitized product;
  - (e) not contain a misrepresentation.
- (2) The required form of information memorandum under paragraph (1)(a) is Form 45-106F7.
- (3) An information memorandum delivered under this section must contain a certificate that states the following:

"This information memorandum does not contain a misrepresentation."
- (4) A certificate under subsection (3) must be signed by the issuer's chief executive officer and chief financial officer or, if the issuer does not have a chief executive officer or chief financial officer, the individual or individuals acting in a similar capacity.
- (5) In addition to the requirements of subsection (4), a certificate referred to in subsection (3) must be signed by an authorized executive officer of each of the following:
  - (a) each promoter,
  - (b) the sponsor if the sponsor has not already signed the certificate as a promoter.
- (6) An information memorandum required under this section must contain a certificate signed by an authorized executive officer of each underwriter who, with respect to the securitized products offered by the information memorandum, is in a contractual relationship with the issuer, that states the following:

"To the best of our knowledge, information and belief, there is no misrepresentation in the information memorandum."
- (7) The issuer must ensure that the certificate under subsection (3) is true at both
  - (a) the date the certificate is signed,
  - (b) the date the information memorandum is delivered to the purchaser.
- (8) An issuer must deliver a copy of the information memorandum required to be delivered to a prospective purchaser under this section to the securities regulatory authority on or before the 10th day after a distribution under the information memorandum.

- (9) On or before the deadline for delivery of an information memorandum to a purchaser under paragraph 2.44(1)(c), the issuer must post a copy of the information memorandum on a website.

**10. Section 6.1 [Report of exempt distribution] is amended by adding the following paragraph after paragraph (i):**

- (i.1) section 2.44 [Securitized products];

**11. Section 6.2 [When report not required] is amended by adding the following subsection after subsection (2):**

- (3) An issuer or underwriter of a short-term securitized product is not required to file a report under section 6.1 for a distribution under section 2.44 if the issuer or underwriter files the report not later than 30 days after the calendar year in which the distribution occurs.

**12. National Instrument 45-106 is amended by adding the following new Part after Part 6:**

**Part 6A – Ongoing Disclosure Requirements for Issuers of Securitized Products**

**6A.1 Application** – (1) This Part does not apply to a reporting issuer.

(2) This Part does not apply to a securitized product that is either of the following:

- (a) a covered bond;
- (b) a security, other than a debt security, of a mortgage investment entity.

(3) This Part applies only to an issuer in respect of a securitized product the issuer has distributed under one of the following exemptions from the prospectus requirement,

- (a) section 2.3 Accredited investor,
- (b) section 2.4 Private issuer,
- (c) section 2.9 Minimum amount investment,
- (d) section 2.10 Offering memorandum,
- (e) paragraphs 2(d) and 2(d.1) of section 2.34, Specified debt,
- (f) section 2.35 Short-term debt,
- (g) section 2.44, Securitized product.

(4) This Part, other than section 6A.6, does not apply to an issuer in respect of a securitized product of a particular series distributed under an exemption from the prospectus requirement listed in subsection (3) if there is no securitized product in that series of securitized product outstanding.

**6A.2 Periodic reporting for securitized products, other than short-term securitized products**

(1) No later than 15 days after each payment date specified by a transaction agreement in respect of a series of securitized product, other than a short-term securitized product, distributed by an issuer under one of the exemptions from the prospectus requirement listed in subsection 6A.1(3), an issuer must do each of the following

- (a) prepare a report that complies with Form 51-106F1 *Payment and Performance Report for Securitized Products* of National Instrument 51-106 *Continuous Disclosure Requirements for Securitized Products*, as if the issuer were a reporting issuer to which that instrument applies,
- (b) deliver a copy of the report to the securities regulatory authority,
- (c) post a copy of the report to a website.

- (2) For the purposes of subsection (1), an issuer is not required to disclose information in the report:
  - (a) unless the information relates to
    - (i) the series of securitized product referred to in subsection (1),
    - (ii) a series of securitized product collateralized by the same pool of assets as the series referred to in subsection (1);
  - (b) required by the following items of Form 51-106F1 *Payment and Performance Report for Securitized Products*
    - (i) Item 3 Legal Proceedings,
    - (ii) Item 5 Significant obligors of pool assets,
    - (iii) Item 6 Significant enhancement provider information.
- (3) The report required under subsection (1) must be signed by either of the following
  - (a) an authorized officer of the servicer, or if multiple servicers are used, the master servicer,
  - (b) the individual or individuals who perform functions for the issuer similar to those performed by a chief executive officer and a chief financial officer.

**6A.3 Report of significant events for securitized products, other than short-term securitized products**

- (1) If an event described in any of paragraphs 5(2)(a) to (m) of National Instrument 51-106 *Continuous Disclosure Requirements for Securitized Products* occurs in respect of a series of securitized product, other than a short-term securitized product, distributed under an exemption from the prospectus requirement listed in subsection 6A.1(3), the issuer must do each of the following:
  - (a) prepare a report that complies with Form 51-106F2 *Report of Significant Events Relating to Securitized Products*, as if the issuer were a reporting issuer to which that instrument applies,
  - (b) as soon as practicable, and in any event no later than two business days after the date on which the event occurs
    - (i) deliver a copy of the report to the securities regulatory authority,
    - (ii) post a copy of the report on a website,
    - (iii) send the report to each holder of a securitized product in that series of securitized product, or otherwise advise holders of that series of securitized product that a report of significant events has been issued, and briefly describe the nature of the event that requires the form to be prepared.
- (2) For the purposes of subsection (1), an issuer is only required to disclose in the report information that relates to:
  - (a) the series of securitized product referred to in subsection (1);
  - (b) a series of securitized product collateralized by the same pool of assets as the series referred to in subsection (1).
- (3) Despite subsection (1), an issuer is not required to disclose in the report the information required by item 3 of Form 51-106F2 *Report of Significant Events Relating to Securitized Products*.
- (4) The report required under subsection (1) must be signed by either of the following
  - (a) an authorized officer of the servicer, or if multiple servicers are used, the master servicer,

- (b) the individual or individuals who perform functions for the issuer similar to those performed by a chief executive officer and a chief financial officer.

**6A.4 Periodic disclosure for short-term securitized products**

- (1) An issuer that has distributed a short-term securitized product of a particular series under an exemption from the prospectus requirement listed in subsection 6A.1(3), must prepare a periodic disclosure report in the required form dated as of the end of the last business day of each month, for that series of short-term securitized product.
- (2) The required form for the periodic disclosure report required by subsection (1) is Form 45-106F8.
- (3) Within 15 days of the end of each month, an issuer must
  - (a) deliver a copy of the periodic disclosure report referred to in subsection (1) to the securities regulatory authority,
  - (b) post a copy of the periodic disclosure report referred to in subsection (1) to a website.
- (4) An issuer may prepare a report under subsection (1) for more than one series of short-term securitized product if the report identifies each series and discloses each series separately.
- (5) The report required under subsection (1) must be signed by either of the following:
  - (a) an authorized officer of the servicer or similar service provider, or if multiple servicers are used, the master servicer;
  - (b) the individual or individuals who perform functions for the issuer similar to those performed by a chief executive officer and a chief financial officer.

**6A.5 Timely disclosure for short-term securitized products**

- (1) An issuer that has distributed a short-term securitized product of a series under an exemption from the prospectus requirement listed in subsection 6A.1(3) must prepare a report disclosing each of the following if an investor would reasonably require the information to make an informed investment decision:
  - (a) a change to either of the following,
    - (i) any of the information required to be disclosed in the most recently delivered report required under section 6A.4,
    - (ii) the disclosure in the information memorandum required under section 2.44,
  - (b) an event that affects payments or pool performance.
- (2) As soon as practicable, and in any event no later than two business days after the date on which the change referred to in subsection (1) occurs, an issuer must
  - (a) deliver the report referred to in subsection (1) to the securities regulatory authority,
  - (b) post the report referred to in subsection (1) to a website.
- (3) The report required under subsection (1) must be signed by either of the following:
  - (a) an authorized officer of the servicer or similar service provider or if multiple servicers are used, the master servicer;
  - (b) the individual or individuals who perform functions for the issuer similar to those performed by a chief executive officer and a chief financial officer.

**6A.6 Securitized product holder access to ongoing disclosure**

- (1) An issuer must provide a securitized product holder who purchased a securitized product of a particular series distributed under an exemption from the prospectus requirement listed in subsection 6A.1(3), reasonable access to the documents required by this Part, applicable to that series of securitized product.
- (2) An issuer must provide reasonable access to each document required by this Part to each person who reasonably demonstrates to the issuer that the person is a prospective purchaser and who meets the definition of “eligible securitized product investor” in section 1.1.
- (3) For the purposes of subsections (1) and (2), if an issuer provides an undertaking to the securities regulatory authority to provide access to the website on which the documents required by this Part are posted, the issuer may do either or both of the following:
  - (a) use a password to limit access to the website;
  - (b) before providing a person access to the documents required under this Part, require the person to provide a confidentiality undertaking, or enter into a confidentiality agreement, designed to reasonably restrict the person from providing others with access to the website.
- (4) Subsections (1) and (2) continue to apply until the date that is one year after the date that the last outstanding securitized product of the same series of securitized product ceases to be outstanding.

**13. Form 45-106F1 Report of Exempt Distribution is amended by this Instrument by inserting the following industry classifications after “☐ Real estate”:**

- ☐ Securitized product (other than short-term securitized product)
- ☐ Short-term securitized product

**14. National Instrument 45-106 Prospectus and Registration Exemptions is amended by adding the following form:****Form 45-106F7 Information Memorandum for Short-Term Securitized Products**

Instructions:

- (1) Using language that is plain and easy to understand by an investor, provide the information required by this form.
- (2) Supplement the information required by this form to provide sufficient information about the short-term securitized product and securitized product transaction for a prospective purchaser to make an informed investment decision.

**Item 1 – Parties**

- 1.1 Identify each of the parties (a “significant party”) with a significant role in the structuring of the securitization transaction, the creditworthiness and liquidity of the program, the selection, acquisition, analysis and management of the assets, the distribution of securitized products, and the payment to securitized product holders, including, for example, the issuer, sponsor, liquidity providers, credit enhancement providers, administrative agent or similar service provider, financial services agent and, if applicable, collateral manager. For each significant party
  - (a) identify its jurisdiction and form of organization,
  - (b) describe its role and function, and
  - (c) describe its experience generally and with respect to substantially similar pools of assets.
- 1.2 Disclose all of the following for the sponsor, each liquidity provider and each provider of material program credit enhancement,
  - (a) state whether or not it is a bank or Schedule III bank,

- (b) if it is not a financial institution referred to in subsection (a), identify the prudential or similar supervisory governing legislation that applies to the entity, if any,
  - (c) state its credit rating.
- 1.3 Disclose whether any significant party is retaining a tranche or a portion of a tranche, and if so, describe the tranche or portion of the tranche to be retained and specify the amount of each tranche or portion of a tranche retained.

## **Item 2 – Structure**

Include diagrams that set out both

- (a) the basic structure of the securitization program,
- (b) in simplified form, the cash flows of the securitization program.

## **Item 3 – Description of program**

- 3.1 Describe the investment guidelines applied to the pool assets which limit the types and credit quality of assets and asset originators that may be financed by the issuer and disclose the method of selecting the eligible assets.
- 3.2 If the issuer will or may participate in any leveraged transactions or transactions that will or may include direct or indirect exposure to any of the assets described in section 4.3, state that in bold.
- 3.3 Describe the circumstances under which pool asset performance or other risk events will result in short-term securitized products ceasing to be issued.
- 3.4 Disclose the anticipated amount and nature of liquidity support under liquidity facilities.
- 3.5 Disclose the anticipated amount and nature of program-wide credit enhancement.
- 3.6 Disclose any other protections provided to holders of securitized products.
- 3.7 Disclose whether or not holders of securitized products will have a security interest over the collateral
- 3.8 Disclose the priority on collateral in an event of default.
- 3.9 Disclose the program establishment date and the winding-up date, if applicable.

## **Item 4 Summary of pool assets**

- 4.1 For each series of short-term securitized product to be distributed, disclose
  - (a) the range of asset types that may be held by the pool including maximum or minimum proportion, if applicable,
  - (b) the manner in which the issuer will gain direct or indirect exposure to each of the underlying assets for example, exposure may be gained through a note, loan, or direct purchase,
  - (c) the due diligence or verification procedures that have been or will be applied in respect of the pool assets, if applicable.
- 4.2 If the issuer has acquired pool assets, provide, for each series of short-term securitized product to be distributed, the information required by Items 4, 5 and 6 of Form 45-106F8.
- 4.3 Disclose whether or not the pool assets include, will include or will otherwise have direct or indirect exposure (including through second-level assets) to any of the following:
  - (a) collateralized debt obligations, or similar obligations, whether synthetic or cash flow;

- (b) securitized products that are secured against or represent interests in assets held in managed portfolios of multiple asset classes for which sequentially subordinated tranches of securitized product are issued with the lowest tranches absorbing the first dollar of credit losses;
  - (c) securitized products backed by assets described in paragraphs (a) or (b);
  - (d) credit-linked notes and other structured finance products;
  - (e) credit default swaps;
  - (f) other credit derivatives;
  - (g) synthetic assets or derivatives;
  - (h) sub-prime assets.
- 4.4 If pool assets will include or will otherwise have direct or indirect exposure (including through second-level assets) to any of the assets described in section 4.3:
  - (a) describe those assets;
  - (b) disclose the process for obtaining the assets;
  - (c) disclose the internal rate of return to equity if that was a consideration in structuring the securitized product transaction.

**Item 5 – Description of short-term securitized product and offering**

- 5.1 Describe each series of short-term securitized product to be distributed, including each of the following in the description:
  - (a) whether certificates will be in registered or bearer form and the delivery procedures;
  - (b) certificate denominations;
  - (c) term to maturity;
  - (d) maximum principal amount to be outstanding at any one time;
  - (e) the material terms of the trust indenture or similar agreement under which the short-term securitized products are issued.
- 5.2 Disclose the purpose of the net proceeds from the distribution of the short-term securitized products.
- 5.3 Describe the distribution process.

**Item 6 - Flow of funds**

- 6.1 Describe the flow of funds for the securitization program, including payment allocations, rights, payment dates, and payment priorities.
- 6.2 For second-level assets, disclose the ranking of the securitization program in priority of payments if it would reasonably be required by a prospective purchaser to make an informed investment decision.

**Item 7 – Conflicts of interest**

- 7.1 Describe each existing conflict of interest and each reasonably anticipated conflict of interest between or among a significant party (as defined in Item 1) and a securitized product holder.
- 7.2 Disclose relationships or affiliations between or among significant parties that a prospective purchaser would reasonably require to make an informed investment decision with respect to the short-term securitized product.

- 7.3 For each significant party, disclose material limitations of liability and indemnifications that have been negotiated with the issuer.

**Item 8 – Fees and expenses**

Describe all fees and expenses to be paid or payable out of the cash flows from the pool assets, and identify each party that is receiving those fees or expenses and the general reason for the fee or expense.

**Item 9 – Risk factors**

Describe in order of significance, starting with the most important, the risk factors required to be disclosed to enable a prospective purchaser to make an informed investment decision with respect to the short-term securitized product.

*Guidance: Examples of risk factors, in no particular order, might include:*

- (a) *credit risks, including*
  - *the extent of diversification of assets and conversely, any correlation risks*
  - *loan to value ratio, i.e., amount of loan to obligor compared to the value of collateralized assets,*
  - *collateral quality, including whether the assets are secured and the ability for the conduit or trustee to sell the collateral,*
  - *servicer quality, including experience, inspections to which it is subject, and valuation systems used,*
- (b) *liquidity risks, including limits on liquidity support, and conditions that may exist or arise that could prevent liquidity support from being provided,*
- (c) *counterparty risks, i.e., quality of credit enhancers such as originators or of swap counterparties,*
- (d) *legal risks, including*
  - *true sale issues,*
  - *bankruptcy remoteness issues,*
  - *other claims or contingent claims on pool assets,*
- (e) *tax risks,*
- (f) *cash flow risks such as the risk of delayed payments, prepayments, and collection, and commingling risks,*
- (g) *reinvestment risk or basis risk relating to cash available between payment dates,*
- (h) *disclosure risks,*
- (i) *default risks including*
  - *material or permanent impairment to pool assets,*
  - *writing down of rated notes,*
  - *paying in kind of notes,*
  - *material cross-default provisions,*
- (j) *modification risks, including the ability of a party to waive or modify the requirements, activities or standards that would otherwise apply under the issuer's constating documents or the transaction agreements or program documentation,*
- (k) *back-up risks relating to the appointment of a replacement party as one of the significant parties,*



- (l) *interest rate and currency risk and associated hedging,*
- (m) *risks associated with partial hedging strategies.*

**Item 10 – Program documents and transaction agreements**

Describe the material terms of the existing program documents and transaction agreements.

**Item 11 – Financial Leverage**

Describe all financial leverage used or reasonably anticipated to be used to fund the acquisition, origination or refinancing of the program's assets.

**Item 12 – Credit rating of securitized product**

If a significant party (as defined in Item 1) has asked for and received a credit rating, or if the issuer is aware that it has received any other kind of rating, from one or more credit rating organizations for the series of short-term securitized product to be distributed and the rating or ratings continue in effect, disclose each of the following:

- (a) each rating received from a credit rating organization;
- (b) for each rating disclosed under paragraph (a), the name of the credit rating organization that has assigned the rating;
- (c) any factors or considerations identified by the credit rating organization as giving rise to unusual risks associated with the series of short-term securitized product;
- (d) any announcement made by, or any proposed announcement known to the issuer that is to be made by, a credit rating organization to the effect that the organization is reviewing or intends to revise or withdraw a rating previously assigned and required to be disclosed under this section.

**Item 13 – Resale restrictions**

13.1 State the following:

"These securitized products will be subject to a number of resale restrictions, including a restriction on trading. Unless the issuer becomes a reporting issuer a purchaser will not be able to trade the securitized products unless it complies with an applicable exemption from the prospectus and registration requirements under securities legislation."

13.2 Describe any other resale restrictions that will apply to the securitized products.

**Item 14 – Purchasers' and securitized product holders' rights**

- 14.1 Describe all statutory and, if applicable, contractual rights available to a purchaser in the event of a misrepresentation in the information memorandum.
- 14.2 Describe all statutory and contractual rights, if any, available to a securitized product holder in respect of any ongoing disclosure required to be provided by the issuer.

**Item 15 – Ongoing reporting obligations**

- 15.1 Disclose all documents that will be delivered to or made reasonably available to securitized product holders.
- 15.2 Indicate whether the documents referred to in section 15.1 will be sent to securitized product holders and if not, how they will be made reasonably available.
- 15.3 Disclose the frequency at which each of the documents referred to in section 15.1 will be provided or made reasonably available to securitized product holders.

**Item 16 – Date and certificate of issuer and sponsor**

State the following on the certificate page of the information memorandum:

“Dated [insert the date the certificate page of the information memorandum is signed].

**This information memorandum does not contain a misrepresentation.”**

**Item 17 – Date and certificate of underwriter**

State the following on the certificate page of the information memorandum:

“Dated [insert the date the certificate page of the information memorandum is signed].

**To the best of our knowledge, information and belief, there is no misrepresentation in the information memorandum.**

**15. National Instrument 45-106 Prospectus and Registration Exemptions is amended by adding the following form:**

**Form 45-106F8**  
***Periodic Disclosure Report for Short-Term Securitized Products***  
***Distributed under an Exemption from the Prospectus Requirement***

Instructions:

- (1) Using language that is plain and easy to understand by an investor, provide the information required by this form.
- (2) An issuer is not required to repeat disclosure that has been made in a previously required periodic disclosure report if
  - (a) the previous report contains the disclosure required by this report,
  - (b) the issuer identifies the previous report in this report, including the date of that previous report and the location of the disclosure within that report,
  - (c) the issuer states that the prior disclosure is incorporated by reference into this report.

**Item 1 – Parties**

Provide a diagram with the identity and role of each party with a significant function or responsibility in relation to the issuer or the securitization transaction, including the sponsor, liquidity providers and credit enhancement providers.

**Item 2 – Program Information**

Provide the following disclosure of the short-term securitized product program:

- (a) the total level of commitments for purchases entered into;
- (b) the number of transactions, the amount of short-term securitized product issued in respect of each transaction and the total amount of short-term securitized product issued;
- (c) credit ratings of the program, known to the issuer, that have been issued by a credit rating organization, including the name of the credit rating organization that issued the credit rating,
- (d) in respect of liquidity facilities
  - (i) the name of each liquidity provider,
  - (ii) the total amount of liquidity available from each liquidity provider and the percent it represents of the total available liquidity support,
  - (iii) a description of the liquidity support, including whether full or partial,
  - (iv) the credit rating of each liquidity provider, including the name of the credit rating organization that issued the credit rating;

- (e) in respect of each program level credit enhancement,
  - (i) the form of credit enhancement,
  - (ii) the amount required and available,
  - (iii) the percent that the credit enhancement represents of the total level of commitments referred to in paragraph (a);
- (f) for each credit enhancement provider,
  - (i) the name of the credit enhancement provider,
  - (ii) the amount and form of credit enhancement provided,
  - (iii) the percent the credit enhancement represents of the total of short-term securitized product issued of that series,
  - (iv) the credit rating of the credit enhancement provider, including the name of the credit rating organization that issued the credit rating;
- (g) average maturity in days;
- (h) any other information that an investor would reasonably require in respect of payments or pool performance to make an informed investment decision in respect of the short-term securitized product.

**Item 3 – Program compliance events**

- (a) If any of the following events has occurred, disclose that fact and provide a description of the event and state its current status,
  - (i) bankruptcy of the issuer;
  - (ii) a significant amortization event or program event of default;
  - (iii) a program-wide credit enhancement draw;
  - (iv) a program-wide liquidity draw.
- (b) Disclose whether the sum of committed liquidity plus cash or cash equivalents available to pay maturing notes complies with the program's required liquidity support.
- (c) Disclose whether the credit enhancement that has been committed to the program is greater than or equal to the program's required credit enhancement.

**Item 4 – Composition of series**

Provide a diagram disclosing the aggregate composition of the series of short-term securitized product broken down to disclose each of the following:

- (a) each asset type, expressed as a dollar amount and a percent of the aggregate assets;
- (b) the industry of the seller of the assets, expressed as a dollar amount and a percent of the aggregate assets;
- (c) the percent of assets in the series acquired from each seller.

**Item 5 – Transaction summary**

For each transaction that remains outstanding, disclose all of the following, using to the extent practicable, one or more diagrams:

- (a) the transaction number;

- (b) a description of the assets, including, if material,
  - (i) average remaining term of assets,
  - (ii) the total dollar amount of outstanding short-term securitized product,
  - (iii) whether the assets are revolving or amortizing,
  - (iv) the number of obligors,
  - (v) weighted average life expressed in months;
- (c) the industry in which the seller does business;
- (d) each credit rating issued by a credit rating organization in respect of the seller of the assets;
- (e) each credit rating issued by a credit rating organization in respect of the transaction;
- (f) a brief description of financial leverage used;
- (g) the assets' performance, including
  - (i) measurement of collections, including applicable metric and method of measurement,
  - (ii) aggregate outstanding asset balance,
  - (iii) available credit enhancement, specified as a dollar amount and a percent of asset balance,
  - (iv) the most recently completed month's default ratio, including basis of presentation,
  - (v) 12 month average default ratio, including basis of presentation,
  - (vi) the most recently completed month's defaults relative to available credit enhancement,
  - (vii) the most recently completed month's delinquencies, including basis of presentation,
  - (viii) other performance ratios that would reasonably be expected to be material to an investor,
  - (ix) whether there has been a default or early amortization in the most recently completed month relating to payment, asset performance or bankruptcy and if so, a description and current status (e.g., waived, plan for resolution, wind-down),
- (h) hedges.

**Item 6 – Second-level Assets**

- (a) For any second-level assets held by the securitization program, disclose each of the following:
  - (i) a brief description of the second-level assets and the securitization program issuing them;
  - (ii) a summary of the performance of the second-level assets, including, to the extent significant, the information required by paragraph (f) of Item 5.
- (b) If the second-level assets are those of a reporting issuer or an issuer subject to ongoing or continuous reporting obligations in a foreign jurisdiction, state the identity of that issuer and the location at which such ongoing or continuous reporting can be found.

**Item 7 – Program Activity** – Disclose the program activity for the period, including each of the following:

- (a) assets that have been added to the pool, including types of assets and dollar amounts;
- (b) assets that no longer form part of the pool, including types of assets and dollar amounts;

- (c) the reason for assets having been added to or no longer forming part of the pool, e.g., refinancing, liquidation, maturity, liquidity draw;
- (d) commitment reductions and increases.

**Item 8 – Report Information** –State each of the following:

- (a) date of the report;
- (b) period covered by the report;
- (c) contact information, including name, phone number and email address of a contact person for the issuer.

**16. *This Instrument is effective on •.***

**PROPOSED AMENDING INSTRUMENT**

**PROPOSED AMENDMENTS TO  
NATIONAL INSTRUMENT 45-102 RESALE OF SECURITIES**

1. ***National Instrument 45-102 Resale of Securities is amended by this Instrument.***
2. ***Part 1 – Definitions is amended by adding the following definition:***

“securitized product” has the same meaning as in NI 45-106;
3. ***Part 2 – First Trades is amended by adding the following section:***

**2.15 First Trade in a Securitized Product** – The first trade of a securitized product distributed under section 2.44 of NI 45-106 is a distribution.
4. ***Companion Policy 45-102CP – To National Instrument 45-102 Resale of Securities is amended by adding the following section:***

**1.18 First trades of securitized products** – The first trade of a securitized product distributed under section 2.44 of NI 45-106 is deemed to be a distribution to which the prospectus requirement would then apply. Consequently, an investor who acquires a securitized product under that exemption from the prospectus requirement may typically only resell the securitized product if the investor does one of the following:

  - (a) relies on section 2.44 of NI 45-106,
  - (b) qualifies the distribution of the securitized product by prospectus,
  - (c) applies for and obtains a discretionary exemption from the prospectus requirement.

It is not necessary for a certificate issued in respect of a securitized product to bear a legend stating the resale restrictions; however, the information memorandum used to distribute the securitized product is required to disclose these resale restrictions.
5. ***This Instrument is effective on ●.***

Schedule D  
Proposed Consequential Amendments

PROPOSED AMENDING INSTRUMENT

PROPOSED AMENDMENTS TO  
NATIONAL INSTRUMENT 41-101 *GENERAL PROSPECTUS REQUIREMENTS*

1. ***This Instrument amends National Instrument 41-101 General Prospectus Requirements.***
2. ***Subsection 1.1(1) is amended by adding the following definition after the definition of “SEC issuer”:***

“securitized product” has the same meaning as in section 1.1 of National Instrument 41-103 *Supplementary Prospectus Disclosure Requirements for Securitized Products*;
3. ***Form 41-101F1 – Information Required in a Prospectus is amended by repealing item 10.3 and replacing it with the following:***

**Securitized products**

10.3(1) This section applies only if securitized products are being distributed under the prospectus.

(2) Include in the prospectus the disclosure required by National Instrument 41-103 *Supplementary Prospectus Disclosure Requirements for Securitized Products*. For greater certainty, issuers distributing securitized products that are subject to National Instrument 41-103 must comply with the specific instructions or requirements in Form 41-103F1 *Supplementary Information Required in a Securitized Products Prospectus* if the instruction or requirement is applicable. However, issuers must also comply with the applicable instructions or requirements in this Form that address areas that are not otherwise covered by the instructions or requirements in Form 41-103F1.
4. ***This Instrument is effective on [\*].***

**PROPOSED AMENDING INSTRUMENT**

**PROPOSED AMENDMENTS TO  
NATIONAL INSTRUMENT 44-101 SHORT FORM PROSPECTUS DISTRIBUTIONS**

1. ***This Instrument amends National Instrument 44-101 Short Form Prospectus Distributions.***
2. ***Section 1.1 is amended by adding the following definition after the definition of “permitted supranational agency”:***  
  

“securitized product” has the same meaning as in section 1.1 of National Instrument 41-103 *Supplementary Prospectus Disclosure Requirements for Securitized Products*;
3. ***Form 44-101F1 is amended by repealing item 7.3 and replacing it with the following:***  
  

7.3      *Securitized Products*

  - (1)      This section applies only if securitized products are being distributed under the prospectus.
  - (2)      Include in the prospectus the disclosure required by National Instrument 41-103 *Supplementary Prospectus Disclosure Requirements for Securitized Products*. For greater certainty, issuers distributing securitized products that are subject to National Instrument 41-103 must comply with the specific instructions or requirements in Form 41-103F1 *Supplementary Information Required in a Securitized Products Prospectus* if the instruction or requirement is applicable. However, issuers must also comply with the applicable instructions or requirements in this Form that address areas that are not otherwise covered by the instructions or requirements in Form 41-103F1.
4. ***This Instrument is effective on [\*].***



**PROPOSED AMENDING INSTRUMENT**

**PROPOSED AMENDMENTS TO  
NATIONAL INSTRUMENT 51-102 CONTINUOUS DISCLOSURE OBLIGATIONS**

1. ***This Instrument amends National Instrument 51-102 Continuous Disclosure Obligations.***
2. ***Subsection 1.1(1) is amended by***
  - (a) ***repealing the definition of “principal obligor”;***
  - (b) ***adding the following definition after the definition of “SEC issuer”:***

*“securitized product” has the same meaning as in section 1.1 of National Instrument 41-103 *Supplementary Prospectus Disclosure Requirements for Securitized Products*;*
3. ***Form 51-102F2 – Annual Information Form is amended by repealing item 5.3 and replacing it with the following:***

*5.3 – Companies with Securitized Products Outstanding*

If your company had securitized products outstanding, disclose the following information:

  - (1) *Series and Class Information* – Identify each series and class of securitized products that was outstanding;
  - (2) *Payment and Performance Reports (Form 51-106F1)* – List each payment and performance report filed in respect of each class or series listed in subsection (1) in respect of a payment period any part of which occurred during the three most recently completed financial years of your company, or the lesser period commencing on the first date on which securitized products of the relevant class or series were outstanding. List the date each report was filed.
4. ***This Instrument is effective on [\*].***

**Annex I**  
**Local Information**

**ADDITIONAL INFORMATION REQUIRED IN ONTARIO**

**Authority for the Proposed Materials**

The Proposed Securitized Products Rules are being proposed for implementation in Ontario as rules.

National Instrument 41-103 *Supplementary Prospectus Disclosure Requirements for Securitized Products* and the consequential amendments to each of National Instrument 41-101 *General Prospectus Requirements* and National Instrument 44-101 *Short Form Prospectus Requirements*, are being proposed under the authority of paragraph 143(1)39 of the *Securities Act*, which provides the Commission with the authority to make rules requiring or respecting the preparation, form and content of preliminary prospectuses and prospectuses.

National Instrument 51-106 *Continuous Disclosure Requirements for Securitized Products* (other than subsections 6(1) and (2), and subsections 7(1) and (2)) and the consequential amendments to National Instrument 51-102 *Continuous Disclosure Obligations* are being proposed under paragraph 143(1)22 of the *Securities Act*, which provides the Commission with the authority to make rules prescribing requirements in respect of the preparation of documents providing for continuous disclosure. Assuming we proceed with proposed National Instrument 51-106 *Continuous Disclosure Requirements for Securitized Products*, we would require rule-making authority in respect of subsections 6(1) and (2) and subsections 7(1) and (2) of the Instrument.

The amendments to National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* are being proposed under paragraphs 143(1)58, 59, 60 and 61 of the *Securities Act*.

The amendments to National Instrument 45-106 *Prospectus and Registration Exemptions* and National Instrument 45-102 *Resale of Securities* are being proposed under paragraph 143(1)20 of the *Securities Act*.

**Alternatives Considered**

No alternatives to this approach were considered.

**Unpublished Materials**

In proposing the Proposed Securitized Products Rules, we have not relied upon any significant unpublished study, report or decision.

## **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](http://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](http://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
11/03/2010	49	Abattis Biologix Corporation - Common Shares	1,119,220.00	22,906,000.00
01/01/2010 to 12/01/2010	4	Aberdeen Canada - Emerging Markets Equity Fund (Commingled) - Units	35,128,250.00	259,037.90
01/01/2010 to 12/01/2010	19	Aberdeen Canada - Global Equity Fund (Commingled) - Units	318,899,593.20	3,601,286.24
02/01/2010 to 11/01/2010	1	Aberdeen Canada - Socially Responsible Global Fund (Commingled) - Units	1,238,590.99	15,348.59
01/01/2010 to 12/31/2010	70	Acorn Diversified Trust - Trust Units	5,443,867.77	550,180.00
12/15/2010 to 01/21/2011	131	Alto Ventures Ltd. - Common Shares	3,482,000.00	N/A
12/17/2010 to 12/23/2010	52	Arcturus Ventures Inc. - Units	830,368.00	7,543,763.00
12/31/2010 to 01/07/2011	16	Arcturus Ventures Inc. - Units	901,570.00	7,210,829.00
01/27/2011	1	Bison Income Trust II - Trust Units	300,000.00	30,000.00
01/12/2011 to 01/17/2011	6	Bison Income Trust II - Trust Units	891,500.00	89,150.00
12/22/2010 to 12/31/2010	30	Blackdog Resources Ltd. - Flow-Through Shares	1,190,117.36	3,305,631.00
02/24/2011	4	Burlington Coat Factory Warehouse Corporation - Notes	1,722,350.00	4.00
08/31/2010	6	Calston Exploration Inc. - Common Shares	430,000.00	4,300,000.00
02/10/2011 to 02/11/2011	37	Canadian Horizons First Mortgage Investment Corporation - Preferred Shares	805,510.00	805,510.00
03/10/2011	1	Canadian Imperial Bank of Commerce - Notes	1,000,000.00	10,000.00
02/01/2011	2	Capital Direct I Income Trust - Trust Units	250,000.00	25,000.00
02/10/2011 to 02/14/2011	1	CFI Trust - Note	110,000,000.00	1.00
12/20/2010	121	Charger Energy Corp. - Common Shares	19,266,000.00	19,266,000.00
01/01/2010 to 12/31/2010	10	CIBC Pooled Balanced Fund - Units	10,084,184.76	835,503.00
01/01/2010 to 12/31/2010	16	CIBC Pooled Canadian Bond Index Fund - Units	178,238,877.70	15,347,760.00
01/01/2010 to 12/31/2010	1	CIBC Pooled Canadian Bond Index Plus Fund - Units	4,539,000.00	444,047.00

**Notice of Exempt Financings**

<b>Transaction Date</b>	<b>No. of Purchasers</b>	<b>Issuer/Security</b>	<b>Total Purchase Price (\$)</b>	<b>No. of Securities Distributed</b>
01/01/2010 to 12/31/2010	19	CIBC Pooled Canadian Equity Fund - Units	1,792,377.67	298,275.00
01/01/2010 to 12/31/2010	9	CIBC Pooled Canadian Equity S&P/TSX Index Fund - Units	57,013,941.67	6,085,538.00
01/01/2010 to 12/31/2010	28	CIBC Pooled Canadian Money Market Fund - Units	44,851,352.30	4,149,565.00
01/01/2010 to 12/31/2010	13	CIBC Pooled Canadian Value Fund - Units	4,822,952.76	430,523.00
01/01/2010 to 12/31/2010	19	CIBC Pooled EAFE Equity Fund - Units	4,800,237.45	693,263.00
01/01/2010 to 12/31/2010	21	CIBC Pooled Fixed Income Fund - Units	6,435,115.91	601,016.00
01/01/2010 to 12/31/2010	1	CIBC Pooled Global Balanced Fund - Units	8,508,734.04	894,706.00
01/01/2010 to 12/31/2010	7	CIBC Pooled International Equity Index Fund - Units	5,398,393.15	735,968.00
01/01/2010 to 12/31/2010	18	CIBC Pooled Long Term Bond Index Fund - Units	186,848,983.37	16,104,777.00
01/01/2010 to 12/31/2010	9	CIBC Pooled Smaller Companies Fund - Units	235,589.45	8,562.00
01/01/2010 to 12/31/2010	17	CIBC Pooled US Equity S&P 500 Enhanced Index Fund - Units	3,287,177.50	488,877.00
01/01/2010 to 12/31/2010	9	CIBC Pooled US Equity S&P 500 Index Fund - Units	55,038,013.54	9,705,690.00
02/23/2011	1	Clear Channel Communications, Inc. - Note	1,687,080.00	1.00
01/08/2010 to 12/31/2010	6	Comgest Growth PLC - Common Shares	257,519,010.61	8,347,023.99
02/28/2011	2	Comstock Resources, Inc. - Notes	2,921,700.00	3,000.00
03/02/2011	3	CONSOL Energy Inc. - Notes	1,703,450.00	1,750.00
02/01/2010 to 11/01/2010	27	Crestline Offshore Fund, Ltd. - Common Shares	93,321,263.45	100,768.61
02/03/2011	2	Desiree Resources Inc. - Units	80,000.00	400,000.00
03/09/2011	1	Diversified Convertibles Fund - Trust Units	91,041,250.00	9,104,125.00
12/13/2010	1	E-Commerce China Dangdang Inc. - American Depositary Shares	160,000.00	10,000.00
12/29/2010	76	Ecuador Capital Corp. - Common Shares	2,387,249.55	15,914,997.00
12/23/2010	41	Energold Drilling Corp. - Common Shares	17,249,999.40	6,442,162.00
02/04/2011	1	Fifth Street Finance Corp. - Common Shares	939,357.38	75,000.00
02/07/2011 to 02/08/2011	4	First Leaside Mortgage Fund - Trust Units	182,716.00	182,716.00

**Notice of Exempt Financings**

<b>Transaction Date</b>	<b>No. of Purchasers</b>	<b>Issuer/Security</b>	<b>Total Purchase Price (\$)</b>	<b>No. of Securities Distributed</b>
02/10/2011 to 02/15/2011	5	First Leaside Wealth Management Fund - Limited Partnership Units	73,000.00	73,000.00
01/26/2010 to 02/01/2011	11	First Leaside Wealth Management Fund - Units	269,059.00	269,059.00
02/02/2011 to 02/07/2011	10	First Leaside Wealth Management Fund - Units	330,838.00	330,838.00
03/21/2011	4	First Mexican Gold Corp. - Units	309,600.00	687,999.00
02/01/2011	1	Flatiron Market Neutral LP - Limited Partnership Units	2,000,000.00	1,366.68
01/28/2011	1	Gold World Resources Inc. - Units	14,000.00	280,000.00
02/24/2011	5	IamGold Corporation - Flow-Through Shares	43,316,000.00	1,700,000.00
01/04/2010	1	Imperial Capital Acquisition Fund IV (Institutional) 2 Limited Partnership - Units	55,935.81	55,935.81
04/01/2010	1	Imperial Capital Acquisition Fund IV (Institutional) 2 Limited Partnership - Units	37,859.21	37,859.21
04/28/2010	1	Imperial Capital Acquisition Fund IV (Institutional) 2 Limited Partnership - Units	955,880.00	955,880.00
07/02/2010	1	Imperial Capital Acquisition Fund IV (Institutional) 2 Limited Partnership - Units	19,066.55	19,066.55
10/01/2010	1	Imperial Capital Acquisition Fund IV (Institutional) 2 Limited Partnership - Units	35,088.90	35,088.90
01/04/2011	1	Imperial Capital Acquisition Fund IV (Institutional) 2 Limited Partnership - Units	67,499.37	67,499.37
01/04/2010		Imperial Capital Acquisition Fund IV (Institutional) 3 Limited Partnership - Units		55,935.82
04/01/2010	1	Imperial Capital Acquisition Fund IV (Institutional) 3 Limited Partnership - Units	37,859.20	37,859.21
07/02/2010	1	Imperial Capital Acquisition Fund IV (Institutional) 3 Limited Partnership - Units	19,066.55	19,066.55
10/01/2010	1	Imperial Capital Acquisition Fund IV (Institutional) 3 Limited Partnership - Units	35,088.90	35,088.90
01/04/2011	1	Imperial Capital Acquisition Fund IV (Institutional) 3 Limited Partnership - Units	67,499.39	67,499.39
01/04/2010	1	Imperial Capital Acquisition Fund IV (Institutional) 4 Limited Partnership - Units	27,967.95	27,967.95
04/01/2010	1	Imperial Capital Acquisition Fund IV (Institutional) 4 Limited Partnership - Units	18,929.63	18,929.63
04/29/2010	1	Imperial Capital Acquisition Fund IV (Institutional) 4 Limited Partnership - Units	477,940.00	477,940.00
07/02/2010	1	Imperial Capital Acquisition Fund IV (Institutional) 4 Limited Partnership - Units	9,533.28	9,533.28
10/01/2010	1	Imperial Capital Acquisition Fund IV (Institutional) 4 Limited Partnership - Units	17,545.15	17,545.15

**Notice of Exempt Financings**

<b>Transaction Date</b>	<b>No. of Purchasers</b>	<b>Issuer/Security</b>	<b>Total Purchase Price (\$)</b>	<b>No. of Securities Distributed</b>
01/04/2011	1	Imperial Capital Acquisition Fund IV (Institutional) 4 Limited Partnership - Units	33,750.97	33,750.97
01/04/2010	1	Imperial Capital Acquisition Fund IV (Institutional) 5 Limited Partnership - Units	27,697.95	27,967.95
04/01/2010	1	Imperial Capital Acquisition Fund IV (Institutional) 5 Limited Partnership - Units	18,929.63	18,929.63
07/02/2010	1	Imperial Capital Acquisition Fund IV (Institutional) 5 Limited Partnership - Units	9,533.28	9,533.28
10/01/2010	1	Imperial Capital Acquisition Fund IV (Institutional) 5 Limited Partnership - Units	17,545.15	17,545.15
01/04/2011	1	Imperial Capital Acquisition Fund IV (Institutional) 5 Limited Partnership - Units	33,750.93	33,750.93
04/29/2010	1	Imperial Capital Acquisition IV (Institutional) 5 Limited Partnership - Units	477,940.00	477,940.00
01/01/2010 to 12/31/2010	48	Jarislowsky International Equity Fund - Units	106,091,459.84	5,490,398.62
01/01/2010 to 12/31/2010	42	Jarislowsky Special Equity Fund - Units	23,333,550.40	1,089,308.21
01/01/2010 to 12/31/2010	72	Jarislowsky, Fraser Balanced Fund - Units	246,480,856.03	18,242,635.59
01/01/2010 to 12/31/2010	16	Jarislowsky, Fraser Bond Fund - Units	24,020,417.76	2,172,800.09
01/01/2010 to 12/31/2010	52	Jarislowsky, Fraser Canadian Equity Fund - Units	226,269,409.41	7,142,845.61
01/01/2010 to 12/31/2010	17	Jarislowsky, Fraser Global Balanced Fund - Units	11,776,929.12	1,135,511.80
01/01/2010 to 12/31/2010	10	Jarislowsky, Fraser Global Equity Fund - Units	3,555,607.31	451,981.12
01/01/2010 to 12/31/2010	45	Jarislowsky, Fraser Money Market Fund - Units	306,905,308.05	30,690,530.81
01/01/2010 to 12/31/2010	19	Jarislowsky, Fraser Special Bond Fund - Units	6,515,000.00	641,893.24
01/01/2010 to 12/31/2010	8	Jarislowsky, Fraser U.S. Equity Fund - Units	86,210,150.21	12,779,780.86
01/01/2010 to 12/31/2010	21	Jarislowsky, Fraser U.S. Money Market Fund - Units	38,235,103.65	3,685,400.00
12/30/2010	28	Joslyn Energy Development Incorporated - Common Shares	998,002.75	NA
02/16/2011	5	Kinder Morgan, Inc. - Common Shares	217,089,690.00	7,401,500.00
02/28/2011	10	Kingwest Avenue Portfolio - Units	461,609.59	15,078.58
02/15/2011	2	Kingwest Canadian Equity Portfolio - Units	37,414.63	3,055.35
02/15/2011	1	Kingwest High Income Fund - Units	25,000.00	4,355.02
02/28/2011	1	Kingwest High Income Fund - Units	60,000.00	10,315.13



**Notice of Exempt Financings**

<b>Transaction Date</b>	<b>No. of Purchasers</b>	<b>Issuer/Security</b>	<b>Total Purchase Price (\$)</b>	<b>No. of Securities Distributed</b>
02/15/2011	3	Kingwest U.S. Equity Portfolio - Units	89,100.33	5,813.86
12/17/2010	31	Klondike Gold Corp. - Flow-Through Units	617,000.00	3,085,000.00
02/22/2011	13	Kobo Inc. - Common Shares	23,970,140.66	6,209,881.00
03/04/2011 to 03/10/2011	29	Lions Gate Metals Inc. - Flow-Through Shares	6,031,200.40	1,052,632.00
12/10/2010	7	Loncor Resources Inc. - Units	371,451.00	2,553,671.00
02/11/2011	28	Longbow Capital Limited Partnership #19 - Limited Partnership Units	2,670,000.00	2,670.00
01/01/2010 to 12/31/2010	1	Manulife Advantage Fund II - Units	422,726.72	36,393.72
01/01/2010 to 12/31/2010	1	Manulife American Small to Mid Cap Fund - Units	100.00	10.00
01/01/2010 to 12/31/2010	2	Manulife Bond Fund - Units	129,241,017.77	12,766,596.80
01/01/2010 to 12/31/2010	1	Manulife Canadian Balanced Fund - Units	84,281,259.36	7,936,179.13
01/01/2010 to 12/31/2010	1	Manulife Canadian Bond Fund - Units	27,189,000.00	2,582,670.99
01/01/2010 to 12/31/2010	1	Manulife Canadian Bond Plus Fund - Units	25,280,120.47	2,434,392.01
01/01/2010 to 12/31/2010	1	Manulife Canadian Core Fund - Units	24,055,839.73	1,804,750.78
01/01/2010 to 12/31/2010	2	Manulife Canadian Equity Fund - Units	11,881,304.89	373,631.24
01/01/2010 to 12/31/2010	1	Manulife Canadian Equity Index Fund - Units	71,450,606.25	5,470,630.94
01/01/2010 to 12/31/2010	1	Manulife Canadian Equity Value Fund - Units	2,907,544.87	305,467.88
01/01/2010 to 12/31/2010	1	Manulife Canadian Fixed Income Fund - Units	22,209,917.91	2,147,786.33
01/01/2010 to 12/31/2010	1	Manulife Canadian Growth Fund - Units	3,457,078.07	259,607.22
01/01/2010 to 12/31/2010	1	Manulife Canadian Large Cap Growth Fund - Units	2,124,272.67	243,707.52
02/16/2011	1	Mega Precious Metals Inc. - Common Shares	201,898.00	342,200.00
03/14/2011	15	Mega Uranium Ltd. - Units	6,600,000.00	6,000,000.00
03/03/2011	3	MEMC Electronic Materials, Inc. - Notes	34,114,500.00	35,000.00
03/01/2011	1	Midland Power Utility Corporation - Debenture	1,200,000.00	1.00
08/13/2010	1	Mondrian Emerging Markets Equity Fund - Units	7,059,080.00	374,610.22
02/22/2011	1	Mondrian Emerging Markets Equity Fund - Units	8,238,500.00	471,677.28

**Notice of Exempt Financings**

<b>Transaction Date</b>	<b>No. of Purchasers</b>	<b>Issuer/Security</b>	<b>Total Purchase Price (\$)</b>	<b>No. of Securities Distributed</b>
01/27/2011	22	Morrison Laurier Mortgage Corporation - Preferred Shares	686,000.00	68,600.00
12/31/2010	50	NADG US Supermarket Anchored Fund (Canadian) Limited Partnership - Limited Partnership Units	35,025,000.00	140.00
03/31/2010 to 12/31/2010	24	NewGen Mining Fund LP - Units	3,843,143.00	70,210.08
01/24/2011 to 02/02/2011	467	Newport Balanced Fund - Trust Units	37,917,989.41	NA
02/03/2011 to 02/12/2011	17	Newport Balanced Fund - Trust Units	625,803.02	5,749.00
01/01/2011 to 01/10/2011	29	Newport Canadian Equity Fund - Trust Units	533,836.24	3,108.00
01/24/2011 to 02/02/2011	105	Newport Canadian Equity Fund - Trust Units	2,714,406.33	13,937.00
02/03/2011 to 02/12/2011	25	Newport Canadian Equity Fund - Trust Units	1,219,248.28	7,610.00
01/01/2011 to 01/10/2011	5	Newport Fixed Income Fund - Trust Units	129,223.24	1,222.72
01/24/2011 to 02/02/2011	5	Newport Fixed Income Fund - Trust Units	150,000.00	711.00
01/01/2011 to 01/10/2011	23	Newport Global Equity Fund - Trust Units	711,435.00	10,681.00
01/24/2011 to 02/02/2011	118	Newport Global Equity Fund - Trust Units	5,886,080.41	83,742.00
02/03/2011 to 02/12/2011	21	Newport Global Equity Fund - Trust Units	667,203.60	10,382.00
01/24/2011 to 02/02/2011	63	Newport Strategic Yield LP - Trust Units	3,739,003.10	287,314.00
01/01/2011 to 01/10/2011	53	Newport Yield Fund - Trust Units	1,400,757.75	11,135.00
01/24/2011 to 02/02/2011	134	Newport Yield Fund - Trust Units	5,507,302.91	23,889.00
02/03/2011 to 02/12/2011	16	Newport Yield Fund - Trust Units	872,718.58	5,572.00
04/15/2010 to 12/01/2010	16	Noumena Multi-Strategy Fund - Units	1,709,225.00	170,923.00
12/22/2010	125	Pacific Ridge Exploration Ltd. - Flow-Through Shares	4,520,200.20	8,588,834.00
12/07/2010 to 12/13/2010	38	Perfeco International Eenergy Inc. - Units	3,002,500.00	6,005,000.00
02/03/2011 to 02/10/2011	49	PetroToro Inc. - Receipts	10,000,000.00	20,000,000.00
12/03/2010	75	Porto Enegy Corp. - Units	17,596,009.80	29,326,683.00

**Notice of Exempt Financings**

<b>Transaction Date</b>	<b>No. of Purchasers</b>	<b>Issuer/Security</b>	<b>Total Purchase Price (\$)</b>	<b>No. of Securities Distributed</b>
01/01/2010 to 12/31/2010	10	Premium Value Partnership LP - Units	1,864,058.87	2,950.18
12/30/2010 to 12/31/2010	49	Rallyemont Enegy Inc. - Common Shares	4,868,112.30	6,200,569.00
03/08/2011	4	RJK Exporations Ltd. - Units	305,100.00	2,034,000.00
02/01/2010 to 12/01/2010	20	Robson Alpha Scout Fund - Units	166,787.60	27,298.76
01/27/2011	1	ROI Private Capital Trust Series R - Units	1,000,000.00	1,000,000.00
01/19/2011	1	ROI Private Capital Trust Series R - Units	800,000.00	800,000.00
01/14/2011	1	ROI Private Capital Trust Series R - Units	700,000.00	700,000.00
02/15/2011	2	Royal Bank of Canada - Notes	1,285,310.00	0.00
01/26/2011	27	Royal Bank of Canada - Notes	3,855,792.20	3,874.00
01/02/2010	66	Scopus Fund Ltd. - Common Shares	181,246,627.66	7,630.34
03/08/2011	13	Sheltered Oak Resources Corp. - Common Shares	1,650,999.97	15,799,999.00
03/15/2011	1	Shoal Point Energy Ltd. - Units	41,300.00	118,000.00
12/20/2010	39	Silver Quest Resources Ltd. - Common Shares	1,907,124.00	2,542,832.00
12/22/2010	31	Silverback Energy Ltd. - Common Shares	12,320,988.75	2,574,473.00
12/24/2010	31	Sola Resources Corp. - Common Shares	544,875.00	10,897,500.00
12/30/2010	38	Soldi Ventures Inc. - Common Shares	2,057,400.00	6,181,000.00
12/21/2010 to 12/23/2010	31	Solitaire Minerals Corp. - Flow-Through Units	1,323,039.95	NA
03/04/2011	19	Spot Coffee (Canada) Ltd. - Units	1,150,000.00	11,500,000.00
12/08/2010	39	Stellar Pacific Ventures Inc. - Units	1,147,520.00	1,258.00
12/30/2010	26	Swift Resources Inc. - Flow-Through Shares	780,900.00	6,507,500.00
12/30/2010	56	Terra Ventures Inc. - Flow-Through Shares	3,999,980.00	7,333,300.00
01/31/2011	34	The Absolute Resource Fund L.P. - Limited Partnership Interest	14,051,804.87	34.00
02/07/2011	2	The Goldman Sachs Group, Inc. - Notes	29,658,000.00	2.00
02/07/2011	3	The Goldman Sachs Group, Inc. - Notes	17,760,100.14	3.00
09/01/2010 to 10/01/2010	3	Trent River Offshore Ltd. - Common Shares	18,704,415.00	1,825.00
12/23/2010	36	Uracan Resources Ltd. - Units	6,227,490.20	22,595,634.00
11/25/2010	32	Valhalla Resources Ltd. - Common Shares	545,000.00	7,152,702.00
10/21/2010	40	Vampt Beverage Corp. - Common Shares	698,332.50	2,784,443.00

**Notice of Exempt Financings**

---

<b>Transaction Date</b>	<b>No. of Purchasers</b>	<b>Issuer/Security</b>	<b>Total Purchase Price (\$)</b>	<b>No. of Securities Distributed</b>
11/15/2010	11	Vampt Beverage Corp. - Common Shares	183,000.00	520,000.00
02/28/2011	151	Vertex Fund - Trust Units	13,426,864.35	NA
02/28/2011	9	Vertex Managed Value Portfolio - Trust Units	3,643,559.86	NA
12/16/2010	37	Virginia Energy Resources Inc. - Common Shares	2,000,000.00	4,000,000.00
02/02/2011 to 02/08/2011	6	Wimberly Fund - Trust Units	33,985.00	33,985.00
02/10/2011 to 02/11/2011	4	Wimberly Fund - Trust Units	21,542.00	21,542.00
02/09/2011 to 02/15/2011	2	Wimberly Fund - Trust Units	16,915.00	16,915.00

## Chapter 11

# IPOs, New Issues and Secondary Financings

---

**Issuer Name:**

5N Plus Inc.

Principal Regulator - Quebec

**Type and Date:**

Preliminary Short Form Prospectus dated March 25, 2011

NP 11-202 Receipt dated March 25, 2011

**Offering Price and Description:**

125,028,000.00 - 13,590,000 Subscription Receipts, each representing the right to receive one common share Price:

\$9.20 per Subscription Receipt

**Underwriter(s) or Distributor(s):**

National Bank Financial Inc.

GMP Securities L.P.

CIBC World Markets Inc.

TD Securities Inc.

Versant Partners Inc.

Cormark Securities Inc.

HSBC Securities (Canada) Inc.

M Partners Inc.

Stonecap Securities Inc.

**Promoter(s):**

-

**Project #1716430**

---

**Issuer Name:**

ABCOURT MINES INC.

Principal Regulator - Quebec

**Type and Date:**

Preliminary Short Form Prospectus dated March 24, 2011

NP 11-202 Receipt dated March 24, 2011

**Offering Price and Description:**

Minimum Offering: \$3,500,000.00 - \* Units; Maximum

Offering: \$5,500,000.00 - \* Units Price: \$ \* per Unit

**Underwriter(s) or Distributor(s):**

Industrial Alliance Securities Inc.

**Promoter(s):**

-

**Project #1715412**

---

**Issuer Name:**

Convertibles Portfolio Fund

Principal Regulator - Ontario

**Type and Date:**

Preliminary Long Form Non-Offering Prospectus dated March 23, 2011

NP 11-202 Receipt dated March 24, 2011

**Offering Price and Description:**

-

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

First Asset Investment Management Inc.

**Project #1715233**

---

**Issuer Name:**

Faircourt Short-Term Flow-Through 2011 National Class

Faircourt Short-Term Flow-Through 2011 Quebec Class

Principal Regulator - Ontario

**Type and Date:**

Preliminary Long Form Prospectus dated March 28, 2011

NP 11-202 Receipt dated March 29, 2011

**Offering Price and Description:**

Maximum Offering: \$25,000,000.00 - 2,500,000 National Class Units Price: \$10.00 per National Class Unit

**Underwriter(s) or Distributor(s):**

Scotia Capital Inc.

BMO Nesbitt Burns Inc.

National Bank Financial Inc.

Canaccord Genuity Corp.

HSBC Securities (Canada) Inc.

Macquarie Private Wealth Inc.

Raymond James Ltd.

Desjardins Securities Inc.

Mackie Research Capital Corporation

Wellington West Capital Markets Inc.

Dundee Securities Ltd.

Manulife Securities Incorporated

Union Securities Ltd.

**Promoter(s):**

Faircourt Short-Term FT 2011 Management Ltd.

Faircourt Asset Management Inc.

**Project #1718426/1718427**

**Issuer Name:**

First Trust Advantaged Short Duration High Yield Bond Fund  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Long Form Prospectus dated March 28, 2011  
NP 11-202 Receipt dated March 28, 2011

**Offering Price and Description:**

\$ \* (\* Class A Units and/or Class F Units) Maximum Price:  
\$12.00 per Class A Unit or Class F Unit

Minimum Purchase: 100 Units

**Underwriter(s) or Distributor(s):**

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

**Promoter(s):**

First Defined Portfolio Management Co.

**Project #1717170**

---

**Issuer Name:**

Front Street Enhanced Yield Fund  
Front Street Global Opportunities Fund  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Simplified Prospectus dated March 23, 2011  
NP 11-202 Receipt dated March 28, 2011

**Offering Price and Description:**

Series A, B, F and X Shares

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

Front Street Capital 2004

**Project #1717421**

**Issuer Name:**

Front Street MLP Income Fund II Ltd.  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Long Form Prospectus dated March 23, 2011  
NP 11-202 Receipt dated March 24, 2011

**Offering Price and Description:**

Maximum \$ \* (\* Equity Shares) Price: \$10.00 per Equity Share

**Underwriter(s) or Distributor(s):**

CIBC World Markets Inc.  
RBC Dominion Securities Inc.  
National Bank Financial Inc.  
BMO Nesbitt Burns Inc.  
Scotia Capital Inc.  
TD Securities Inc.  
Canaccord Genuity Corp.  
Dundee Securities Ltd.  
GMP Securities L.P.  
HSBC Securities (Canada) Inc.  
Macquarie Private Wealth Inc.  
Raymond James Ltd.  
Wellington West Capital Markets Inc.  
Sherbrooke Street Capital (SSC) Inc.  
Tuscarora Capital Inc.

**Promoter(s):**

Front Street Capital 2004

**Project #1715324**

---

**Issuer Name:**

Great Panther Silver Limited  
Principal Regulator - British Columbia

**Type and Date:**

Preliminary Short Form Prospectus dated March 29, 2011  
NP 11-202 Receipt dated March 29, 2011

**Offering Price and Description:**

\$21,000,000.00 - 5,000,000 Common Shares Price: \$4.20 per Offered Share

**Underwriter(s) or Distributor(s):**

Salman Partners Inc.  
CIBC World Markets Inc.  
Stonecap Securities Inc.  
Dundee Securities Ltd.  
Stifel Nicolaus Canada Inc.

**Promoter(s):**

-

**Project #1718882**

**Issuer Name:**

International Forest Products Limited  
Principal Regulator - British Columbia

**Type and Date:**

Preliminary Short Form Prospectus dated March 24, 2011  
NP 11-202 Receipt dated March 24, 2011

**Offering Price and Description:**

\$50,050,000.00 - 7,150,000 Class "A" Subordinate Voting  
Shares Price: \$7.00 per Subordinate Voting Share

**Underwriter(s) or Distributor(s):**

Scotia Capital Inc.  
RBC Dominion Securities Inc.  
BMO Nesbitt Burns Inc.  
Raymond James Ltd.  
TD Securities Inc.  
Dundee Securities Ltd.

**Promoter(s):**

-

**Project #1715353**

---

**Issuer Name:**

IROC Energy Services Corp.  
Principal Regulator - Alberta

**Type and Date:**

Preliminary Short Form Prospectus dated March 25, 2011  
NP 11-202 Receipt dated March 25, 2011

**Offering Price and Description:**

9,352,743.40 Treasury Offering (6,680,531 Common  
Shares) \$12,228,256.60 Secondary Offering (8,734,469  
Common Shares Price: \$1.40 per Offered Share

**Underwriter(s) or Distributor(s):**

Acumen Capital Finance Partners Limited  
Altacorp Capital Inc.

**Promoter(s):**

-

**Project #1716587**

---

**Issuer Name:**

Manitok Energy Inc.  
Principal Regulator - Alberta

**Type and Date:**

Preliminary Short Form Prospectus dated March 24, 2011  
NP 11-202 Receipt dated March 24, 2011

**Offering Price and Description:**

\$20,000,000.00 (Minimum Offering); \$25,000,000.00  
(Maximum Offering) - A Minimum of 12,500,000 Offered  
Shares and a Maximum of 15,625,000 Offered Shares  
Price: \$1.60 per Offered Share

**Underwriter(s) or Distributor(s):**

Integral Wealth Securities Limited

**Promoter(s):**

-

**Project #1715534**

**Issuer Name:**

Midway Energy Ltd.  
Principal Regulator - Alberta

**Type and Date:**

Preliminary Short Form Prospectus dated March 24, 2011  
NP 11-202 Receipt dated March 24, 2011

**Offering Price and Description:**

\$30,001,200.00 - Offering of 6,522,000 Common Shares at  
\$4.60 per Common Share - and -  
Distribution of 2,000,000 Common Shares issuable upon  
the exchange of previously issued Special Warrants

**Underwriter(s) or Distributor(s):**

GMP Securities L.P.  
BMO Nesbitt Burns Inc.  
Wellington West Capital Markets Inc.  
Desjardins Securities Inc.  
Stifel Nicolaus Canada Inc.  
Macquarie Capital Markets Canada Ltd.

**Promoter(s):**

-

**Project #1715568**

---

**Issuer Name:**

Norrep Income Growth Class of Norrep Opportunities Corp.  
Principal Regulator - Alberta

**Type and Date:**

Preliminary Simplified Prospectus dated March 23, 2011  
NP 11-202 Receipt dated March 24, 2011

**Offering Price and Description:**

Mutual Fund Series and Series F Shares

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

Norrep Inc.

**Project #1714910**

**Issuer Name:**

North American Advantaged Convertibles Fund  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Long Form Prospectus dated March 23, 2011  
NP 11-202 Receipt dated March 24, 2011

**Offering Price and Description:**

Maximum \$\* (\* Units); Price: \$10.00 per Unit

**Underwriter(s) or Distributor(s):**

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

**Promoter(s):**

First Asset Investment Management Inc.

**Project #1715101**

---

**Issuer Name:**

Pretium Resources Inc.  
Principal Regulator - British Columbia

**Type and Date:**

Preliminary Short Form Prospectus dated March 22, 2011  
NP 11-202 Receipt dated March 23, 2011

**Offering Price and Description:**

\$ - \* Units Price: \$ \* per Unit

**Underwriter(s) or Distributor(s):**

CIBC World Markets Inc.  
Citigroup Global Markets Canada Inc.  
UBS Securities Canada Inc.

**Promoter(s):**

-

**Project #1714501**

---

**Issuer Name:**

Pure Technologies Ltd.  
Principal Regulator - Alberta

**Type and Date:**

Preliminary Short Form Prospectus dated March 25, 2011  
NP 11-202 Receipt dated March 25, 2011

**Offering Price and Description:**

\$20,002,200.00 - 3,922,000 Common Shares Price: \$5.10  
per Common Share

**Underwriter(s) or Distributor(s):**

Canaccord Genuity Corp.  
Cormark Securities Inc.  
Fraser Mackenzie Limited

**Promoter(s):**

-

**Project #1716524**

---

**Issuer Name:**

Rocky Mountain Liquor Inc.  
Principal Regulator - Alberta

**Type and Date:**

Preliminary Short Form Prospectus dated March 29, 2011  
NP 11-202 Receipt dated March 29, 2011

**Offering Price and Description:**

Minimum of \$5,000,000.00 and a maximum of  
\$8,000,000.00 - \* % Convertible Unsecured Subordinated  
Debentures Due April 30, 2016 Price: \$1,000 per  
Debenture

**Underwriter(s) or Distributor(s):**

National Bank Financial Inc.

**Promoter(s):**

-

**Project #1718476**

---

**Issuer Name:**

Thomson Reuters Corporation  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Base Shelf Prospectus dated March 25, 2011  
NP 11-202 Receipt dated March 28, 2011

**Offering Price and Description:**

US\$3,000,000,000.00 - Debt Securities (unsecured)

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

-

**Project #1716503**

---

**Issuer Name:**

W 7 Acquisition Corp.  
Principal Regulator - British Columbia

**Type and Date:**

Preliminary CPC Prospectus dated March 25, 2011  
NP 11-202 Receipt dated March 25, 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 #1704692**

---



**Issuer Name:**

Zargon Oil & Gas Ltd.  
Principal Regulator - Alberta

**Type and Date:**

Preliminary Short Form Prospectus dated March 23, 2011  
NP 11-202 Receipt dated March 23, 2011

**Offering Price and Description:**

\$33,900,000.00 - 1,500,000 Common Shares

**Underwriter(s) or Distributor(s):**

Scotia Capital Inc.  
CIBC World Markets Inc.  
Peters & Co. Limited  
TD Securities Inc.  
FirstEnergy Capital Corp.

**Promoter(s):**

-

**Project #1714871**

**Issuer Name:**

Integra U.S. Value Growth Fund  
Integra Balanced Fund  
Principal Regulator - Ontario

**Type and Date:**

Amendment #1 dated March 16, 2011 to the Simplified  
Prospectuses and Annual Information Form dated August  
26, 2010  
NP 11-202 Receipt dated March 24, 2011

**Offering Price and Description:**

-

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

-

**Project #1609479**

**Issuer Name:**

Andor Mining Inc.  
Principal Regulator - Ontario

**Type and Date:**

Final CPC Prospectus dated March 22, 2011  
NP 11-202 Receipt dated March 23, 2011

**Offering Price and Description:**

Minimum Offering: \$400,000.00 or 2,000,000 Common  
Shares Maximum Offering: \$600,000 or 3,000,000  
Common Shares Price: \$0.20 per Common Share

**Underwriter(s) or Distributor(s):**

Raymond James Ltd.

**Promoter(s):**

George Elliott

**Project #1697929**

**Issuer Name:**

Banro Corporation  
Principal Regulator - Ontario

**Type and Date:**

Final Short Form Prospectus dated March 25, 2011  
NP 11-202 Receipt dated March 28, 2011

**Offering Price and Description:**

C\$56,875,000.00 - 17,500,000 Common Shares Issuable  
on Exercise of Outstanding Special Warrants

**Underwriter(s) or Distributor(s):**

GMP Securities L.P.  
CIBC World Markets Inc.  
Cormark Securities Inc.  
Raymond James Ltd.

**Promoter(s):**

-

**Project #1709942**

**Issuer Name:**

BNP Paribas Global Equity Exposure Fund  
Principal Regulator - Ontario

**Type and Date:**

Final Simplified Prospectus dated March 16, 2011  
NP 11-202 Receipt dated March 24, 2011

**Offering Price and Description:**

Mutual fund securities at net asset value

**Underwriter(s) or Distributor(s):**

BNP Paribas Investment Partners Canada Ltd.

**Promoter(s):**

BNP Paribas Investment Partners Canada Ltd.

**Project #1694700**

**Issuer Name:**

Canadian Tire Corporation, Limited  
Principal Regulator - Ontario

**Type and Date:**

Final Base Shelf Prospectus dated March 23, 2011  
NP 11-202 Receipt dated March 24, 2011

**Offering Price and Description:**

\$750,000,000.00 - Medium Term Notes (unsecured)

**Underwriter(s) or Distributor(s):**

BMO NESBITT BURNS INC.  
CIBC WORLD MARKETS INC.  
HSBC SECURITIES (CANADA) INC.  
NATIONAL BANK FINANCIAL INC.  
RBC DOMINION SECURITIES INC.  
SCOTIA CAPITAL INC.  
TD SECURITIES INC.

**Promoter(s):**

-

**Project #1699442**

**Issuer Name:**

Energy Fuels Inc.  
Principal Regulator - Ontario

**Type and Date:**

Final Short Form Prospectus dated March 24, 2011  
NP 11-202 Receipt dated March 25, 2011

**Offering Price and Description:**

Minimum: \$5,000,000.00 / 10,000,000 Units; Maximum:  
\$10,000,000.00/ 20,000,000 Units Price: \$0.50 per Unit

**Underwriter(s) or Distributor(s):**

Dundee Securities Ltd.  
Haywood Securities Inc.  
Scotia Capital Inc.  
Versant Partners Inc.  
Cormark Securities Inc.  
Toll Cross Securities Inc.

**Promoter(s):**

-

**Project #1702275**

---

**Issuer Name:**

Feronia Inc.  
Principal Regulator - Ontario

**Type and Date:**

Final Short Form Prospectus dated March 28, 2011  
NP 11-202 Receipt dated March 28, 2011

**Offering Price and Description:**

\$25,025,000.00 - 38,500,000 Units Price: \$0.65 per Unit

**Underwriter(s) or Distributor(s):**

Wellington West Capital Markets Inc.

**Promoter(s):**

-

**Project #1710080**

---

**Issuer Name:**

Gazit America Inc.  
Principal Regulator - Ontario

**Type and Date:**

Final Short Form Prospectus dated March 28, 2011  
NP 11-202 Receipt dated March 29, 2011

**Offering Price and Description:**

\$57,415,131.90 - UP TO 18,227,027 RIGHTS TO  
SUBSCRIBE FOR UP TO 9,113,513 UNITS AT A PRICE  
OF \$6.30 PER UNIT (EACH UNIT CONSISTING OF ONE  
COMMON SHARE AND ONE WARRANT)

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

First Capital Realty Inc.

**Project #1680641**

**Issuer Name:**

Horizons Gold Yield Fund  
Principal Regulator - Ontario

**Type and Date:**

Final Short Form Prospectus dated March 25, 2011  
NP 11-202 Receipt dated March 25, 2011

**Offering Price and Description:**

Maximum \$39,999,999.60 Class A Units:  
4,040,404 Class A Units  
\$9.90 per Class A Unit  
Maximum \$10,000,000 Class F Units  
1,000,000 Class F Units  
\$10.00 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:**

North American Tungsten Corporation Ltd.  
Principal Regulator - British Columbia

**Type and Date:**

Final Short Form Prospectus dated March 24, 2011  
NP 11-202 Receipt dated March 25, 2011

**Offering Price and Description:**

\$10,000,000.00 - 20,000,000 Units \$0.50 per Offered Unit

**Underwriter(s) or Distributor(s):**

Fraser Mackenzie Limited  
Stifel Nicolaus Canada Inc.  
Octagon Capital Corporation  
Scotia Capital Inc.

**Promoter(s):**

-

**Project #1708348**

**Issuer Name:**

Scotia Money Market Fund (Manager Class units)  
 Scotia Canadian Income Fund (Manager Class units)  
 Scotia Canadian Corporate Bond Fund (Manager Class and Class I units)  
 Scotia Short-Mid Government Bond Fund (Manager Class and Class I units)  
 Scotia Short Term Bond Fund (Manager Class units)  
 Scotia Advantaged Income Fund (Manager Class units)  
 Scotia Canadian Dividend Fund (Manager Class units)  
 Scotia Canadian Equity Fund (Manager Class and Class I units)  
 Scotia Canadian Small Cap Fund (Manager Class units)  
 Scotia North American Equity Fund (Manager Class units)  
 Scotia Cyclical Opportunities Fund (Manager Class units)  
 Scotia U.S. Equity Fund (Manager Class and Class I units)  
 Scotia International Equity Fund (Manager Class and Class I units)  
 Principal Regulator - Ontario

**Type and Date:**

Amended and Restated Simplified Prospectuses dated March 17, 2011 (the amended prospectus), amending and restating the Simplified Prospectuses of the above Issuers dated December 17, 2010 and for Amendment No. 1 dated March 17, 2011 to the Annual Information Form (amendment no. 1) dated December 17, 2010  
 NP 11-202 Receipt dated March 23, 2011

**Offering Price and Description:**

-

**Underwriter(s) or Distributor(s):**

Scotia Securities Inc.

**Promoter(s):**

Scotia Asset Management L.P.

**Project #1658309**

---

**Issuer Name:**

Scotia T-Bill Fund (Class A units)  
 Scotia Premium T-Bill Fund  
 Scotia Money Market Fund (Class A, Class I and Premium Class units)  
 Scotia U.S. \$ Money Market Fund (Class A units)  
 Scotia Mortgage Income Fund (Class A, Class F and Class I units)  
 Scotia Bond Fund (Class A and Class I units)  
 Scotia Canadian Income Fund (Class A, Class F and Class I units)  
 Scotia U.S. \$ Bond Fund (Class A and Class F units)  
 Scotia Global Bond Fund (Class A, Class F and Class I units)  
 Scotia Diversified Monthly Income Fund (Class A and Class F units)  
 Scotia Canadian Balanced Fund (Class A and Class F units)  
 Scotia Canadian Dividend Income Fund (Class A and Class I units)  
 Scotia Canadian Dividend Fund (Class A, Class F and Class I units)  
 Scotia Canadian Blue Chip Fund (Class A, Class F and Class I units)  
 Scotia Canadian Growth Fund (Class A, Class F and Class I units)  
 Scotia Canadian Small Cap Fund (Class A, Class F and Class I units)  
 Scotia Resource Fund (Class A, Class F and Class I units)  
 Scotia U.S. Blue Chip Fund (formerly Scotia U.S. Growth Fund) (Class A, Class F and Class I units)  
 Scotia U.S. Value Fund (Class A, Class F and Class I units)  
 Scotia International Value Fund (Class A, Class F and Class I units)  
 Scotia Pacific Rim Fund (Class A, Class F and Class I units)  
 Scotia Global Small Cap Fund (Class A, Class F and Class I units)  
 Scotia Global Opportunities Fund (Class A, Class F and Class I units)  
 Scotia CanAm® Index Fund (Class A and Class F units)  
 Scotia Nasdaq Index Fund (Class A and Class F units)  
 Principal Regulator - Ontario

**Type and Date:**

Amendment #1 dated March 17, 2011 to the Simplified Prospectuses and Annual Information Forms dated December 17, 2010  
 NP 11-202 Receipt dated March 23, 2011

**Offering Price and Description:**

-

**Underwriter(s) or Distributor(s):**

Scotia Securities Inc.

**Promoter(s):**

Scotia Asset Management L.P.

**Project #1658338**

---

**Issuer Name:**

Scotia Money Market Fund  
 Scotia Canadian Income Fund  
 Scotia Diversified Monthly Income Fund  
 Scotia Canadian Dividend Fund  
 Scotia Canadian Growth Fund  
 Scotia International Value Fund  
 Scotia Global Opportunities Fund  
 (Advisor Class Units)  
 Principal Regulator - Ontario

**Type and Date:**

Amendment #1 dated March 17, 2011 to the Simplified  
 Prospectuses and Annual Information Forms dated  
 December 17, 2010

NP 11-202 Receipt dated March 23, 2011

**Offering Price and Description:**

-

**Underwriter(s) or Distributor(s):**

Scotia Securities Inc.

**Promoter(s):**

Scotia Asset Management L.P.

**Project #1658325**

**Issuer Name:**

Serabi Mining plc  
 Principal Regulator - Ontario

**Type and Date:**

Final Long Form Prospectus dated March 23, 2011  
 NP 11-202 Receipt dated March 23, 2011

**Offering Price and Description:**

Maximum Offering: \$4,950,000.00 (9,000,000 Units);  
 Minimum Offering: \$2,530,000.00 (4,600,000 Units)  
 10,070,000 Ordinary Shares and 5,035,000 Ordinary Share  
 Purchase Warrants Issuable on Exercise of 10,070,000  
 Special Warrants

**Underwriter(s) or Distributor(s):**

Fraser Mackenzie Limited

**Promoter(s):**

-

**Project #1695527**

**Issuer Name:**

Sprott Gold Bullion Fund  
 Principal Regulator - Ontario

**Type and Date:**

Final Simplified Prospectus dated March 24, 2011  
 NP 11-202 Receipt dated March 25, 2011

**Offering Price and Description:**

Series A, Series F and Series I Units @ Net Asset Value

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

SPROTT ASSET MANAGEMENT L.P.

**Project #1697669**

**Issuer Name:**

Sprott Physical Gold Trust  
 Principal Regulator - Ontario

**Type and Date:**

Final Base Shelf Prospectus dated March 22, 2011  
 NP 11-202 Receipt dated March 23, 2011

**Offering Price and Description:**

U.S.\$1,500,000,000.00 - Trust Units

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

Sprott Asset Management LP

**Project #1710319**

**Issuer Name:**

Stone 2011 Flow-Through Limited Partnership  
 Principal Jurisdiction - Ontario

**Type and Date:**

Preliminary Long Form Prospectus dated February 11,  
 2011

Withdrawn on March 29, 2011

**Offering Price and Description:**

\$50,000,000.00 (Maximum Offering); \$5,000,000.00  
 (Minimum Offering) Maximum of 2,000,000 and Minimum of  
 200,000 Units Price: \$25 per Unit Minimum Subscription:  
 100 Units

**Underwriter(s) or Distributor(s):**

CIBC World Markets Inc.  
 National Bank Financial Inc.  
 RBC Dominion Securities Inc.  
 BMO Nesbitt Burns Inc.  
 Scotia Capital Inc.  
 TD Securities Inc.  
 Canaccord Genuity Corp.  
 GMP Securities L.P.  
 Wellington West Capital Markets Inc.  
 HSBC Securities (Canada) Inc.  
 Macquarie Private Wealth Inc.  
 Manulife Securities Incorporated  
 Raymond James Ltd.  
 Burgeonvest Bick Securities Limited  
 Dundee Securities Ltd.  
 Industrial Alliance Securities Inc.  
 Mackie Research Capital Corporation  
 Union Securities Ltd.

**Promoter(s):**

Stone 2011 Flow-Through GP Inc.  
 Stone Asset Management Limited

**Project #1696713**

## Chapter 12

# Registrations

### 12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Name Change	From: Baring Asset Management, Inc. To: Baring Asset Management LLC	Exempt Market Dealer, Portfolio Manager and Investment Fund Manager	December 31, 2010
Name Change	From: Kilburn Ogilvie Investment Management Ltd. To: Kilburn Ogilvie Waymann Investment Management Ltd.	Portfolio Manager	March 16, 2011
Change in Registration Category	Arrow Hedge Partners Inc.	From: Portfolio Manager, Exempt Market Dealer and Commodity Trading Manager To: Portfolio Manager, Exempt Market Dealer, Commodity Trading Manager and Investment Fund Manager	March 24, 2011
Voluntary Surrender	Gersan Capital Corp.	Exempt Market Dealer	March 24, 2011
Change in Registration Category	Dixon Mitchell Investment Counsel Inc.	From: Portfolio Manager To: Portfolio Manager, Exempt Market Dealer	March 25, 2011
Consent to Suspension (Pending Surrender)	Cornerstone Securities Canada Inc.	Exempt Market Dealer	March 28, 2011
Change in Registration Category	Highwater Capital Management Corp.	From: Portfolio Manager, Exempt Market Dealer and Commodity Trading Manager To: Portfolio Manager, Exempt Market Dealer, Commodity Trading Manager and Investment Fund Manager	March 29, 2011

This page intentionally left blank

# Index

<b>1660690 Ontario Ltd.</b>		<b>Bank of Montreal</b>	
Notice from the Office of the Secretary .....	3744	Decision – s 5.1 of OSC Rule 48-501 Trading	
Order – s. 127 .....	3792	During Distributions, Formal Bids and Share	
		Exchange Transactions .....	3780
<b>1778445 Ontario Inc.</b>		<b>Baring Asset Management LLC</b>	
Notice from the Office of the Secretary .....	3744	Name Change .....	4023
Order – ss. 127(1), 127(7), 127(8) .....	3791		
<b>2100228 Ontario Inc.</b>		<b>Baring Asset Management, Inc.</b>	
Notice from the Office of the Secretary .....	3744	Name Change .....	4023
Order – s. 127 .....	3792		
<b>2108375 Ontario Inc.</b>		<b>Blackett, Sylvan</b>	
Notice from the Office of the Secretary .....	3744	Notice from the Office of the Secretary .....	3744
Order – s. 127 .....	3792	Order – ss. 127(1), 127(7), 127(8) .....	3791
<b>2126375 Ontario Inc.</b>		<b>BMO Asset Management Inc.,</b>	
Notice from the Office of the Secretary .....	3744	Decision – s 5.1 of OSC Rule 48-501 Trading	
Order – s. 127 .....	3792	During Distributions, Formal Bids and Share	
		Exchange Transactions .....	3780
<b>2126533 Ontario Inc.</b>		<b>BMO Harris Investment Management Inc.,</b>	
Notice from the Office of the Secretary .....	3744	Decision – s 5.1 of OSC Rule 48-501 Trading	
Order – s. 127 .....	3792	During Distributions, Formal Bids and Share	
		Exchange Transactions .....	3780
<b>2150129 Ontario Inc.,</b>		<b>BMO Nesbitt Burns Inc.,</b>	
Notice from the Office of the Secretary .....	3744	Decision – s 5.1 of OSC Rule 48-501 Trading	
Order – ss. 127(1), 127(7), 127(8) .....	3791	During Distributions, Formal Bids and Share	
		Exchange Transactions .....	3780
<b>2152042 Ontario Inc.</b>		<b>Boily, Bernard</b>	
Notice from the Office of the Secretary .....	3744	Notice of Hearing – ss. 127, 127.1 .....	3730
Order – s. 127 .....	3792	Notice from the Office of the Secretary .....	3745
<b>2173817 Ontario Inc.</b>		<b>Canadian Derivatives Clearing Corporation</b>	
Notice from the Office of the Secretary .....	3744	Order – s. 147 .....	3788
Order – s. 127 .....	3792		
<b>Allarde, Naida</b>		<b>Canadian Disciplined Persons List</b>	
Notice from the Office of the Secretary .....	3746	News Release .....	3740
Order – s. 127 .....	3793		
<b>Arconti, Alexander Flavio</b>		<b>CI Investments Inc.</b>	
Notice from the Office of the Secretary .....	3743	Decision .....	3755
Order – ss. 127(7), 127(8) .....	3786		
<b>Arconti, Luigino</b>		<b>Cornerstone Securities Canada Inc.</b>	
Notice from the Office of the Secretary .....	3743	Consent to Suspension (Pending Surrender) .....	4023
Order – ss. 127(7), 127(8) .....	3786		
<b>Arrow Hedge Partners Inc.</b>		<b>Disciplined Persons List</b>	
Change in Registration Category .....	4023	News Release .....	3740
<b>Ashanti Corporate Services Inc.</b>		<b>Dixon Mitchell Investment Counsel Inc.</b>	
Notice of Hearing – ss. 127(7), 127.1 .....	3736	Change in Registration Category .....	4023
Notice from the Office of the Secretary .....	3747		
		<b>Dominion International Resource Management Inc.</b>	
		Notice of Hearing – ss. 127(7), 127.1 .....	3736
		Notice from the Office of the Secretary .....	3747

<b>Dynamic Advantage Bond Class</b>		<b>Dynamic Far East Value Fund</b>	
Decision .....	3770	Decision.....	3770
<b>Dynamic Advantage Bond Fund</b>		<b>Dynamic Financial Services Fund</b>	
Decision .....	3770	Decision.....	3770
<b>Dynamic Alpha Performance Fund</b>		<b>Dynamic Focus+ Balanced Fund</b>	
Decision .....	3770	Decision.....	3770
<b>Dynamic Aurion Canadian Equity Class</b>		<b>Dynamic Focus+ Equity Fund</b>	
Decision .....	3770	Decision.....	3770
<b>Dynamic Aurion Tactical Balanced Class</b>		<b>Dynamic Global Energy Class (to be renamed to Dynamic Strategic Energy Class)</b>	
Decision .....	3770	Decision.....	3770
<b>Dynamic Aurion Total Return Bond Class</b>		<b>Dynamic Global Infrastructure Fund</b>	
Decision .....	3770	Decision.....	3770
<b>Dynamic Aurion Total Return Bond Fund</b>		<b>Dynamic Global Real Estate Fund</b>	
Decision .....	3770	Decision.....	3770
<b>Dynamic Canadian Bond Fund</b>		<b>Dynamic Global Value Balanced Fund</b>	
Decision .....	3770	Decision.....	3770
<b>Dynamic Canadian Dividend Class</b>		<b>Dynamic Global Value Class</b>	
Decision .....	3770	Decision.....	3770
<b>Dynamic Contrarian Fund</b>		<b>Dynamic Global Value Fund</b>	
Decision .....	3770	Decision.....	3770
<b>Dynamic Diversified Real Asset Fund</b>		<b>Dynamic Income Opportunities Fund</b>	
Decision .....	3770	Decision.....	3770
<b>Dynamic Dividend Fund</b>		<b>Dynamic Power Balanced Class</b>	
Decision .....	3770	Decision.....	3770
<b>Dynamic Dividend Income Class</b>		<b>Dynamic Power Canadian Growth Class</b>	
Decision .....	3770	Decision.....	3770
<b>Dynamic Dividend Income Fund</b>		<b>Dynamic Power Emerging Markets Fund</b>	
Decision .....	3770	Decision.....	3770
<b>Dynamic Dollar-Cost Averaging Fund</b>		<b>Dynamic Power Global Navigator Class</b>	
Decision .....	3770	Decision.....	3770
<b>Dynamic EAFE Value Class</b>		<b>Dynamic Power Hedge Fund</b>	
Decision .....	3770	Decision.....	3770
<b>Dynamic Emerging Markets Class</b>		<b>Dynamic Real Estate &amp; Infrastructure Income Fund</b>	
Decision .....	3770	Decision.....	3770
<b>Dynamic Emerging Markets Class</b>		<b>Dynamic Real Return Bond Fund</b>	
Decision .....	3770	Decision.....	3770
<b>Dynamic Energy Income Fund</b>		<b>Dynamic Short Term Bond Fund</b>	
Decision .....	3770	Decision.....	3770
<b>Dynamic Equity Income Fund</b>		<b>Dynamic Small Business Fund</b>	
Decision .....	3770	Decision.....	3770
<b>Dynamic European Value Fund</b>		<b>Dynamic Strategic Yield Class</b>	
Decision .....	3770	Decision.....	3770



<b>Dynamic Strategic Yield Fund</b>		<b>Harris myCFO Investment Advisory Services LLC</b>	
Decision .....	3770	Decision – s 5.1 of OSC Rule 48-501 Trading	
<b>Dynamic Value Balanced Class</b>		During Distributions, Formal Bids and Share	
Decision .....	3770	Exchange Transactions .....	3780
<b>Dynamic Value Balanced Fund</b>		<b>Harris N.A.,</b>	
Decision .....	3770	Decision – s 5.1 of OSC Rule 48-501 Trading	
<b>Dynamic Venture Opportunities Fund Ltd</b>		During Distributions, Formal Bids and Share	
Decision .....	3770	Exchange Transactions .....	3780
<b>Gersan Capital Corp.</b>		<b>Hewitt, Christine</b>	
Voluntary Surrender .....	4023	Notice of Hearing – ss. 127(1), 127.1 .....	3729
<b>Gestion Placements Desjardins Inc. / Desjardins</b>		Notice from the Office of the Secretary .....	3745
<b>Investment Management Inc.</b>		Notice from the Office of the Secretary .....	3746
Ruling – s. 74(1) .....	3794	Order – s. 127(1) .....	3793
<b>Giangrosso, Bernardo</b>		OSC Reasons .....	3799
Notice from the Office of the Secretary .....	3746	<b>Hibbert, Marlon Gary</b>	
Order – s. 127 .....	3793	Notice of Hearing – ss. 127(7), 127.1 .....	3736
<b>Gold Participation and Income Fund</b>		Notice from the Office of the Secretary .....	3747
Decision .....	3776	<b>Highwater Capital Management Corp.</b>	
<b>Goodman &amp; Company Canadian Value Strategy</b>		Change in Registration Category .....	4023
Decision .....	3770	<b>HIM Money, Inc.,</b>	
<b>Goodman &amp; Company Equity Income Strategy</b>		Decision – s 5.1 of OSC Rule 48-501 Trading	
Decision .....	3770	During Distributions, Formal Bids and Share	
<b>Goodman &amp; Company Global Value Strategy</b>		Exchange Transactions .....	3780
Decision .....	3770	<b>Innovative Gifting Inc.</b>	
<b>Goodman &amp; Company Growth Strategy</b>		Notice of Hearing – ss. 127(1), 127.1 .....	3729
Decision .....	3770	Notice from the Office of the Secretary .....	3745
<b>Goodman &amp; Company, Investment Counsel Ltd.</b>		Notice from the Office of the Secretary .....	3746
Decision .....	3770	Order – s. 127(1) .....	3793
<b>Goodman Private Wealth Management Core Equity</b>		OSC Reasons .....	3799
<b>Pool</b>		<b>Intact Financial Corporation</b>	
Decision .....	3770	Order – s. 104(2)(c) .....	3784
<b>Goodman Private Wealth Management Diversified</b>		<b>K&amp;S Global Wealth Creative Strategies Inc.</b>	
<b>Bond Pool</b>		Notice from the Office of the Secretary .....	3746
Decision .....	3770	Order – s. 127 .....	3793
<b>Harris Bank N.A.</b>		<b>Kabash Resource Management</b>	
Decision – s 5.1 of OSC Rule 48-501 Trading		Notice of Hearing – ss. 127(7), 127.1 .....	3736
During Distributions, Formal Bids and Share		Notice from the Office of the Secretary .....	3747
Exchange Transactions .....	3780	<b>Kilburn Ogilvie Investment Management Ltd.</b>	
<b>Harris Investment Management, Inc.,</b>		Name Change .....	4023
Decision – s 5.1 of OSC Rule 48-501 Trading		<b>Kilburn Ogilvie Waymann Investment Management Ltd.</b>	
During Distributions, Formal Bids and Share		Name Change .....	4023
Exchange Transactions .....	3780	<b>Lobban, Maxine</b>	
<b>Harris Investor Services Inc.</b>		Notice from the Office of the Secretary .....	3746
Decision – s 5.1 of OSC Rule 48-501 Trading		Order – s. 127 .....	3793
During Distributions, Formal Bids and Share		<b>Lobban, Wayne</b>	
Exchange Transactions .....	3780	Notice from the Office of the Secretary .....	3746
		Order – s. 127 .....	3793

<b>Lombardi, Paola</b>		<b>NI 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings</b>	
Notice from the Office of the Secretary .....	3744	News Release .....	3742
Order – s. 127 .....	3792	Request for Comments .....	3811
<b>Lushington, Terence</b>		<b>North American Capital Inc.</b>	
Notice of Hearing – ss. 127(1), 127.1 .....	3729	Notice from the Office of the Secretary .....	3743
Notice from the Office of the Secretary .....	3745	Order – ss. 127(7), 127(8) .....	3786
Notice from the Office of the Secretary .....	3746	<b>North American Financial Group Inc.</b>	
Order – s. 127(1) .....	3793	Notice from the Office of the Secretary .....	3743
OSC Reasons .....	3799	Order – ss. 127(7), 127(8) .....	3786
<b>Marquis Institutional Bond Portfolio</b>		<b>OSC Staff Notice 11-739 (Revised) – Policy Reformulation Table of Concordance and List of New Instruments</b>	
Decision .....	3770	Notice .....	3722
<b>Marquis Institutional Canadian Equity Portfolio</b>		<b>OSC Staff Notice 41-702 – Prospectus Practice Directive #1 – Personal information forms and other procedural matters regarding preliminary prospectus filings</b>	
Decision .....	3770	Notice .....	3725
<b>Marquis Institutional Equity Portfolio</b>		<b>OSC Staff Notice 41-703 – Corporate Finance Prospectus Practice Directive #2 – Exemption from certain prospectus requirements to be evidenced by a receipt</b>	
Decision .....	3770	Notice .....	3727
<b>Marquis Institutional Growth Portfolio</b>		<b>Pareto Corporation</b>	
Decision .....	3770	Decision – s. 1(10) .....	3755
<b>Mulvihill Capital Management Inc.</b>		<b>Persaud, Kevin</b>	
Decision .....	3776	Notice from the Office of the Secretary .....	3746
<b>New Life Capital Advantage Inc.</b>		Order – s. 127 .....	3793
Notice from the Office of the Secretary .....	3744	<b>Pogachar, L. Jeffrey</b>	
Order – s. 127 .....	3792	Notice from the Office of the Secretary .....	3744
<b>New Life Capital Corp.</b>		Order – s. 127 .....	3792
Notice from the Office of the Secretary .....	3744	<b>Power To Create Wealth Inc. (Panama)</b>	
Order – s. 127 .....	3792	Notice of Hearing – ss. 127(7), 127.1 .....	3736
<b>New Life Capital Investments Inc.</b>		Notice from the Office of the Secretary .....	3747
Notice from the Office of the Secretary .....	3744	<b>Power To Create Wealth Inc.</b>	
Order – s. 127 .....	3792	Notice of Hearing – ss. 127(7), 127.1 .....	3736
<b>New Life Capital Strategies Inc.</b>		Notice from the Office of the Secretary .....	3747
Notice from the Office of the Secretary .....	3744	<b>Premium Income Corporation</b>	
Order – s. 127 .....	3792	Decision .....	3776
<b>NI 41-102 Supplementary Prospectus Disclosure Requirements for Securitized Products</b>		<b>Price, Alan S.</b>	
News Release .....	3742	Notice from the Office of the Secretary .....	3744
Request for Comments .....	3811	Order – s. 127 .....	3792
<b>NI 45-102 Resale of Securities</b>		<b>Pyrford International Limited,</b>	
News Release .....	3742	Decision – s 5.1 of OSC Rule 48-501 Trading During Distributions, Formal Bids and Share Exchange Transactions .....	3780
Request for Comments .....	3811		
<b>NI 45-106 Prospectus and Registration Exemptions</b>			
News Release .....	3742		
Request for Comments .....	3811		
<b>NI 51-106 Continuous Disclosure Requirements for Securitized Products</b>			
News Release .....	3742		
Request for Comments .....	3811		

<b>QuantFX Asset Management Inc.</b>		<b>Uranium One Inc.</b>	
Notice of Hearing – ss. 37, 127 .....	3729	Decision.....	3759
Notice from the Office of the Secretary .....	3743		
<b>Ramoutar, Justin</b>		<b>Z2A Corp.</b>	
Notice from the Office of the Secretary .....	3744	Notice of Hearing – ss. 127(1), 127.1 .....	3729
Order – ss. 127(1), 127(7), 127(8) .....	3791	Notice from the Office of the Secretary .....	3745
		Notice from the Office of the Secretary .....	3746
<b>Ramoutar, Pamela</b>		Order – s. 127(1) .....	3793
Notice from the Office of the Secretary .....	3744	OSC Reasons .....	3799
Order – ss. 127(1), 127(7), 127(8) .....	3791		
<b>RBC Global Asset Management Inc.</b>		<b>Zemlinsky, Rostislav</b>	
Decision .....	3766	Notice of Hearing – ss. 37, 127 .....	3729
		Notice from the Office of the Secretary .....	3743
<b>Rezwealth Financial Services Inc.</b>			
Notice from the Office of the Secretary .....	3744		
Order – ss. 127(1), 127(7), 127(8) .....	3791		
<b>Schneider Electric S.A.</b>			
Decision .....	3749		
<b>Shtromvaser, Lucien</b>			
Notice of Hearing – ss. 37, 127 .....	3729		
Notice from the Office of the Secretary .....	3743		
<b>Simply Wealth Financial Group Inc.</b>			
Notice from the Office of the Secretary .....	3746		
Order – s. 127 .....	3793		
<b>Smith, Willoughby</b>			
Notice from the Office of the Secretary .....	3744		
Order – ss. 127(1), 127(7), 127(8) .....	3791		
<b>Star Hedge Managers Corp. II</b>			
Decision .....	3764		
<b>Stoker Ostler Wealth Advisors, Inc.,</b>			
Decision – s 5.1 of OSC Rule 48-501 Trading			
During Distributions, Formal Bids and Share			
Exchange Transactions .....	3780		
<b>Sullivan, Bruyette, Speros &amp; Blayney, Inc.,</b>			
Decision – s 5.1 of OSC Rule 48-501 Trading			
During Distributions, Formal Bids and Share			
Exchange Transactions .....	3780		
<b>Tajac Capital Inc.</b>			
Cease Trading Order .....	3809		
<b>Tiffin Financial Corporation</b>			
Notice from the Office of the Secretary .....	3744		
Order – ss. 127(1), 127(7), 127(8) .....	3791		
<b>Tiffin, Daniel</b>			
Notice from the Office of the Secretary .....	3744		
Order – ss. 127(1), 127(7), 127(8) .....	3791		
<b>Tsatskin, Vadim</b>			
Notice of Hearing – ss. 37, 127 .....	3729		
Notice from the Office of the Secretary .....	3743		

This page intentionally left blank