The Ontario Securities Commission

OSC Bulletin

May 13, 2011

Volume 34, Issue 19

(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:	Fax: 416-593-8122
Market Regulation Branch:	Fax: 416-595-8940
Compliance and Registrant Regulation Branch	
- Compliance:	Fax: 416-593-8240
- Registrant Regulation:	Fax: 416-593-8283
Corporate Finance Branch	
- Team 1:	Fax: 416-593-8244
- Team 2:	Fax: 416-593-3683
- Team 3:	Fax: 416-593-8252
- Insider Reporting:	Fax: 416-593-3666
- Mergers and Acquisitions:	Fax: 416-593-8177
Enforcement Branch:	Fax: 416-593-8321
Executive Offices:	Fax: 416-593-8241
General Counsel's Office:	Fax: 416-593-3681
Investment Funds Branch:	Fax: 416-593-3699
Office of the Secretary:	Fax: 416-593-2318

THOMSON REUTERS

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

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

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

U.S.	$175
Outside North America	$400

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

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

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

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

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

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

ISSN 0226-9325

THOMSON REUTERS

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

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

Table of Contents

Chapter 1

Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

May 13, 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 19th 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

SCHEDULED OSC HEARINGS

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 16-18, May 25, May 27-31 and June 3, 2011 10:00 a.m. May 26, 2011 2:00 p.m.	**Nelson Financial Group Ltd., Nelson Investment Group Ltd., Marc D. Boutet, Stephanie Lockman Sobol, Paul Manuel Torres, H.W. Peter Knoll** s. 127 J. Waechter/S. Chandra in attendance for Staff Panel: JEAT/MCH

May 16, 2011 4:45 p.m.	**Nelson Financial Group Ltd., Nelson Investment Group Ltd., Marc D. Boutet, Stephanie Lockman Sobol, Paul Manuel Torres, H.W. Peter Knoll** s. 127 J. Waechter/S. Chandra in attendance for Staff Panel: EPK
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 17, 2011 11:00 a.m.	**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.** s.127 C. Perschy 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: MGC
May 25, 2011 9:00 a.m.	**Axcess Automation LLC, Axcess Fund Management, LLC, Axcess Fund, L.P., Gordon Alan Driver, David Rutledge, 6845941 Canada Inc. carrying on business as Anesis Investments, Steven M. Taylor, Berkshire Management Services Inc. carrying on business as International Communication Strategies, 1303066 Ontario Ltd. Carrying on business as ACG Graphic Communications, Montecassino Management Corporation, Reynold Mainse, World Class Communications Inc. and Ronald Mainse** s. 127 Y. Chisholm in attendance for Staff Panel: CP/PLK
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: VK/CWMS
May 26, 2011 10:00 a.m.	**CI Financial Corp.** s. 21.7 S. Angus/E. O'Donovan in attendance for Staff Panel: MGC/SA

May 31, 2011 11:00 a.m.	**Firestar Capital Management Corp., Kamposse Financial Corp., Firestar Investment Management Group, Michael Ciavarella and Michael Mitton** s. 127 H. Craig in attendance for Staff Panel: CP
June 1, 2011 10:00 a.m.	**An Application by The Special Committee of Directors of the Vengrowth Funds** s. 127 S. Angus/S. O'Hearn in attendance for Staff Panel: JEAT/MGC
June 1-2, 2011 10:00 a.m.	**Hector Wong** s. 21.7 A. Heydon in attendance for Staff Panel: EPK/PLK
June 6 and June 8-9, 2011 10:00 a.m.	**Lehman Brothers & Associates Corp., Greg Marks, Kent Emerson Lounds and Gregory William Higgins** s. 127 C. Rossi in attendance for Staff Panel: CP/CWMS
June 6, June 8-10, and June 15-16, 2011 10:00 a.m. June 7, 2011 2:00 p.m.	**Innovative Gifting Inc., Terence Lushington, Z2A Corp., and Christine Hewitt** s. 127 M. Vaillancourt in attendance for Staff Panel: JDC/MCH
June 6, 2011 11:00 a.m. June 8-10, June 14-17 and June 22-23, 2011 10:00 a.m. June 13 and June 20, 2011 11:00 a.m.	**York Rio Resources Inc., Brilliante Brasilcan Resources Corp., Victor York, Robert Runic, George Schwartz, Peter Robinson, Adam Sherman, Ryan Demchuk, Matthew Oliver, Gordon Valde and Scott Bassingdale** s. 127 H. Craig/C. Watson in attendance for Staff Panel: VK/EPK
June 7, 2011 2:30 p.m.	**Peter Sbaraglia** s. 127 S. Horgan/P. Foy in attendance for Staff Panel: CP
June 10, 2011 10:00 a.m.	**QuantFX Asset Management Inc., Vadim Tsatskin, Lucien Shtromvaser and Rostislav Zemlinsky** s.127 C. Rossi in attendance for Staff Panel: MGC
June 14 and June 17, 2011 10:00 a.m.	**Carlton Ivanhoe Lewis, Mark Anthony Scott, Sedwick Hill, Leverage Pro Inc., Prosporex Investment Club Inc., Prosporex Investments Inc., Prosporex Ltd., Prosporex Inc., Prosporex Forex SPV Trust, Networth Financial Group Inc., and Networth Marketing Solutions** s. 127 and 127.1 H. Daley in attendance for Staff Panel: JDC/MCH

June 20 and June 22-30, 2011 10:00 a.m.	**Nest Acquisitions and Mergers, IMG International Inc., Caroline Myriam Frayssignes, David Pelcowitz, Michael Smith, and Robert Patrick Zuk** s. 37, 127 and 127.1 C. Price in attendance for Staff Panel: JDC/MCH
June 22, 2011 10:00 a.m.	**Energy Syndications Inc., Green Syndications Inc., Syndications Canada Inc., Land Syndications Inc. and Douglas Chaddock** s. 127 C. Johnson in attendance for Staff Panel: JEAT
June 29, 2011 3:00 p.m.	**Bernard Boily** s.127 and 127.1 M. Vaillancourt/U. Sheikh in attendance for Staff Panel: VK
July 11, 2011 10:00 a.m.	**Global Energy Group, Ltd., New Gold Limited Partnerships, Christina Harper, Howard Rash, Michael Schaumer, Elliot Feder, Vadim Tsatskin, Oded Pasternak, Alan Silverstein, Herbert Groberman, Allan Walker, Peter Robinson, Vyacheslav Brikman, Nikola Bajovski, Bruce Cohen and Andrew Shiff** s. 127 H. Craig in attendance for Staff Panel: TBA
July 11, 2011 10:00 a.m.	**Global Energy Group, Ltd., New Gold Limited Partnerships, Christina Harper, Vadim Tsatskin, Michael Schaumer, Elliot Feder, Oded Pasternak, Alan Silverstein, Herbert Groberman, Allan Walker, Peter Robinson, Vyacheslav Brikman, Nikola Bajovski, Bruce Cohen and Andrew Shiff** s. 37, 127 and 127.1 H. Craig in attendance for Staff Panel: TBA
July 15, 2011 10:00 a.m.	**Hillcorp International Services, Hillcorp Wealth Management, Suncorp Holdings, 1621852 Ontario Limited, Steven John Hill, and Danny De Melo** s. 127 A. Clark in attendance for Staff Panel: TBA
July 20, 2011 10:00 a.m.	**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"** s. 127 B. Shulman in attendance for Staff Panel: JEAT
July 20, 2011 11:00 a.m.	**L.T.M.T. Trading Ltd. also known as L.T.M.T. Trading and Bernard Shaw** s. 127 A. Heydon in attendance for Staff Panel: JEAT

July 26, 2011 11:00 a.m.	**Marlon Gary Hibbert, Ashanti Corporate Services Inc., Dominion International Resource Management Inc., Kabash Resource Management, Power to Create Wealth Inc. and Power to Create Wealth Inc. (Panama)** s. 127 S. Chandra in attendance for Staff Panel: TBA
July 29, 2011 10:00 a.m.	**North American Financial Group Inc., North American Capital Inc., Alexander Flavio Arconti, and Luigino Arconti** s. 127 M. Vaillancourt in attendance for Staff Panel: TBA
August 10, 2011 10:00 a.m.	**Ciccone Group, Medra Corporation, 990509 Ontario Inc., Tadd Financial Inc., Cachet Wealth Management Inc., Vince Ciccone, Darryl Brubacher, Andrew J. Martin., Steve Haney, Klaudiusz Malinowski and Ben Giangrosso** s. 127 M. Vaillancourt in attendance for Staff Panel: TBA
September 6-12, September 14-26 and September 28, 2011 10:00 a.m.	**Anthony Ianno and Saverio Manzo** s. 127 and 127.1 A. Clark in attendance for Staff Panel: EPK/PLK
September 8, 2011 10:00 a.m.	**American Heritage Stock Transfer Inc., American Heritage Stock Transfer, Inc., BFM Industries Inc., Denver Gardner Inc., Sandy Winick, Andrea Lee McCarthy, Kolt Curry and Laura Mateyak** s. 127 J. Feasby in attendance for Staff Panel: JEAT
September 14-23, September 28-October 4, 2011 10:00 a.m.	**Juniper Fund Management Corporation, Juniper Income Fund, Juniper Equity Growth Fund and Roy Brown (a.k.a. Roy Brown-Rodrigues)** s.127 and 127.1 D. Ferris in attendance for Staff Panel: VK/MCH
October 3-7 and October 12-21, 2011 10:00 a.m.	**FactorCorp Inc., FactorCorp Financial Inc. and Mark Twerdun** s. 127 C. Price in attendance for Staff Panel: TBA
October 12-24 and October 26-27, 2011 10:00 a.m.	**Helen Kuszper and Paul Kuszper** s. 127 and 127.1 U. Sheikh in attendance for Staff Panel: JDC/CWMS
October 17-24 and October 26-31, 2011 10:00 a.m.	**Richvale Resource Corp., Marvin Winick, Howard Blumenfeld, John Colonna, Pasquale Schiavone, and Shafi Khan** s. 127(7) and 127(8) C. Johnson in attendance for Staff Panel: EPK/MCH

November 7, November 9-21, November 23-December 2, 2011 10:00 a.m.	**Majestic Supply Co. Inc., Suncastle Developments Corporation, Herbert Adams, Steve Bishop, Mary Kricfalusi, Kevin Loman and CBK Enterprises Inc.** s. 37, 127 and 127.1 D. Ferris in attendance for Staff Panel: EPK/PLK
November 14-21 and November 23-28, 2011 10:00 a.m.	**Shaun Gerard McErlean, Securus Capital Inc., and Acquiesce Investments** s. 127 M. Britton in attendance for Staff Panel: TBA
December 1-5 and December 7-15, 2011 10:00 a.m.	**Marlon Gary Hibbert, Ashanti Corporate Services Inc., Dominion International Resource Management Inc., Kabash Resource Management, Power to Create Wealth Inc. and Power to Create Wealth Inc. (Panama)** s. 127 S. Chandra in attendance for Staff Panel: TBA
December 5 and December 7-16, 2011 10:00 a.m.	**L. Jeffrey Pogachar, Paola Lombardi, Alan S. Price, New Life Capital Corp., New Life Capital Investments Inc., New Life Capital Advantage Inc., New Life Capital Strategies Inc., 1660690 Ontario Ltd., 2126375 Ontario Inc., 2108375 Ontario Inc., 2126533 Ontario Inc., 2152042 Ontario Inc., 2100228 Ontario Inc., and 2173817 Ontario Inc.** s. 127 M. Britton in attendance for Staff Panel: EPK/PLK
January 18-30, 2012 10:00 a.m.	**Global Energy Group, Ltd., New Gold Limited Partnerships, Christina Harper, Vadim Tsatskin, Michael Schaumer, Elliot Feder, Oded Pasternak, Alan Silverstein, Herbert Groberman, Allan Walker, Peter Robinson, Vyacheslav Brikman, Nikola Bajovski, Bruce Cohen and Andrew Shiff** s. 37, 127 and 127.1 H. Craig in attendance for Staff Panel: TBA
TBA	**Yama Abdullah Yaqeen** s. 8(2) J. Superina in attendance for Staff Panel: TBA
TBA	**Microsourceonline Inc., Michael Peter Anzelmo, Vito Curalli, Jaime S. Lobo, Sumit Majumdar and Jeffrey David Mandell** s. 127 J. Waechter in attendance for Staff Panel: TBA
TBA	**Frank Dunn, Douglas Beatty, Michael Gollogly** s.127 K. Daniels in attendance for Staff Panel: TBA
TBA	**MRS Sciences Inc. (formerly Morningside Capital Corp.), Americo DeRosa, Ronald Sherman, Edward Emmons and Ivan Cavric** s. 127 and 127(1) D. Ferris in attendance for Staff Panel: TBA

TBA

Goldpoint Resources Corporation, Pasqualino Novielli also known as Lee or Lino Novielli, Brian Patrick Moloney also known as Brian Caldwell, and Zaida Pimentel also known as Zaida Novielli

s. 127(1) and 127(5)

C. Watson in attendance for Staff

Panel: TBA

TBA

Gold-Quest International, 1725587 Ontario Inc. carrying on business as Health and Harmoney, Harmoney Club Inc., Donald Iain Buchanan, Lisa Buchanan and Sandra Gale

s.127

H. Craig in attendance for Staff

Panel: TBA

TBA

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

s.127(1) and (5)

J. Feasby/C. Rossi in attendance for Staff

Panel: TBA

TBA

M P Global Financial Ltd., and Joe Feng Deng

s. 127 (1)

M. Britton in attendance for Staff

Panel: TBA

TBA

Shane Suman and Monie Rahman

s. 127 and 127(1)

C. Price in attendance for Staff

Panel: TBA

TBA

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

s.127

H. Craig in attendance for Staff

Panel: TBA

TBA

Brilliante Brasilcan Resources Corp., York Rio Resources Inc., Brian W. Aidelman, Jason Georgiadis, Richard Taylor and Victor York

s. 127

H. Craig in attendance for Staff

Panel: TBA

TBA

Abel Da Silva

s.127

C. Watson in attendance for Staff

Panel: TBA

TBA

Sextant Capital Management Inc., Sextant Capital GP Inc., Otto Spork, Robert Levack and Natalie Spork

s. 127

T. Center in attendance for Staff

Panel: TBA

TBA

Paul Azeff, Korin Bobrow, Mitchell Finkelstein, Howard Jeffrey Miller and Man Kin Cheng (a.k.a. Francis Cheng)

s. 127

T. Center/D. Campbell in attendance for Staff

Panel: TBA

TBA

Maple Leaf Investment Fund Corp.,
Joe Henry Chau (aka: Henry Joe Chau, Shung Kai Chow and Henry Shung Kai Chow), Tulsiani Investments Inc., Sunil Tulsiani and Ravinder Tulsiani

s.127

A. Perschy/C. Rossi in attendance for Staff

Panel: TBA

TBA

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

s. 127 and 127.1

H. Craig in attendance for Staff

Panel: TBA

TBA

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

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

s. 127

H. Craig/C.Rossi in attendance for Staff

Panel: TBA

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

s. 127

H. Craig/C. Rossi in attendance for Staff

Panel: TBA

TBA **Paul Donald**

s. 127

C. Price 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

ADJOURNED SINE DIE

Global Privacy Management Trust and Robert Cranston

Livent Inc., Garth H. Drabinsky, Myron I. Gottlieb, Gordon Eckstein, Robert Topol

Portus Alternative Asset Management Inc., Portus Asset Management Inc., Boaz Manor, Michael Mendelson, Michael Labanowich and John Ogg

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

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

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

1.1.2 OSC Staff Notice 33-735 – Sale of Exempt Securities to Non-Accredited Investors

OSC STAFF NOTICE 33-735

SALE OF EXEMPT SECURITIES TO NON-ACCREDITED INVESTORS

Purpose of this Notice

Staff of the Ontario Securities Commission (staff or we) are concerned that some issuers (including companies and investment funds) and dealers are selling exempt securities in reliance on the accredited investor exemption (AI exemption) to individual investors who do not meet the definition of an Accredited Investor (as set out below). This Notice provides our view on the Accredited Investor definition and the AI exemption contained in National Instrument 45-106 *Prospectus and Registration Exemptions* (NI 45-106) and our expectations of issuers and dealers who sell exempt securities to Accredited Investors.

In Ontario, issuers and registered dealers are permitted to sell exempt securities without a prospectus if they sell to individual investors who meet minimum asset or income thresholds, referred to as Accredited Investors. However, we have found that many dealers do not collect adequate know-your-client (KYC) information to reasonably determine whether the investor is in fact an Accredited Investor. This raises significant investor protection concerns. Issuers and dealers should review their current practices for selling exempt securities to Accredited Investors.

We will continue to closely monitor the activities of issuers and dealers that sell exempt securities, including conducting compliance reviews of those firms. We will take enforcement proceedings or other regulatory action where issuers and dealers are acting contrary to securities law by selling exempt securities under the AI exemption to investors who are not Accredited Investors.

Accredited Investor

Generally, a security sold to an investor in Ontario must be issued pursuant to a prospectus. A prospectus is a comprehensive disclosure document that sets out detailed information about the company or investment fund, describing the securities being issued and the risk associated with purchasing those securities. However, in recognition of the relative sophistication of certain investors and their ability to withstand financial loss, securities laws permit the sale of securities to Accredited Investors without a prospectus. Securities that are exempt from the prospectus requirement are referred to as exempt securities. A sale of exempt securities to an Accredited Investor is referred to as a sale under the AI exemption. The definition of an Accredited Investor is set out in section 1.1 of NI 45-106. Issuers and dealers should refer to that section before selling a security to Accredited Investors.

Section 1.1 of NI 45-106 enumerates the specific circumstances in which an investor will be considered an Accredited Investor, some of which apply to corporations, and others of which apply to individuals. Dealers and issuers frequently rely on that portion of the Accredited Investor definition relating to an individual investor's income, financial assets, or net assets when determining if that individual investor meets the definition. Section 1.1 of NI 45-106 defines an Accredited Investor as:

- An individual who, either alone or with a spouse, beneficially owns *financial assets* having an aggregate realizable value before taxes, but net of any related liabilities, that exceeds $1,000,000;
- An individual whose *net income* before taxes exceeded $200,000 in each of the two most recent calendar years or whose net income before taxes combined with that of a spouse exceeded $300,000 in each of the two most recent calendar years *and* who, in either case, reasonably expects to exceed that net income level in the current calendar year; or
- A individual who, either alone or with a spouse, has *net assets* of at least $5,000,000.

Financial Assets versus Net Assets

As stated above, staff is concerned that some issuers and dealers are selling exempt securities in reliance on the AI exemption to individual investors who do not meet the Accredited Investor definition. A frequent misunderstanding of the Accredited Investor definition relates to the respective meanings of "financial assets" and "net assets". The two concepts are different and should not be confused with each other.

Financial assets include (i) cash, (ii) securities, or (iii) a contract of insurance, deposit or an evidence of a deposit that is not a security for the purposes of securities legislation. The value of an investor's personal residence or other real estate is **not** included in the calculation of financial assets. By comparison, *net assets* includes all of the investor's assets, minus all of his or her liabilities, and so could include an investor's personal residence and other real estate. For more guidance, please refer to section 3.5 of the Companion Policy to NI 45-106.

It has come to our attention that in assessing whether their clients meet the Accredited Investor definition, some dealers are not making it clear to their clients that the client's personal residence or other real estate cannot be included in their financial assets. As a result, these issuers and dealers may be selling exempt securities in reliance on the AI exemption to investors who do not, in fact, meet the definition of an Accredited Investor, contrary to securities laws.

Our Expectations for Issuers and Dealers Selling Securities to Accredited Investors

The issuer and dealer selling a security are responsible for determining whether an investor meets the definition of Accredited Investor and is therefore eligible to purchase exempt securities. Pursuant to NI 45-106, an issuer has an obligation to ensure that exempt securities are only distributed under the AI exemption to investors who meet the definition of an Accredited Investor. Generally, an issuer will engage a dealer to distribute its exempt securities to investors. It is important that an issuer ensure that the distribution of its securities through the dealer will be made in compliance with securities law.

The following is a non-exhaustive list of steps that dealers should take in order to meet their obligations under securities laws when selling exempt securities to an Accredited Investor:

- *Read and understand the definition of Accredited Investor:* Compliance with securities law begins with understanding securities law. Pursuant to Part 11 of NI 31-103 *Registration Requirements and Exemptions* (NI 31-103), we expect registered firms to provide adequate training to their chief compliance officers and dealing representatives to ensure that they understand the definition of an Accredited Investor and how to determine whether a client meets the definition. Dealers should pay specific attention to the difference between financial assets and net assets.

- *Develop an accurate form for collecting KYC information:* Section 13.2 of NI 31-103 requires registrants to collect KYC information, which includes the client's financial circumstances, their investment objective, and risk tolerance. Information collected on a KYC form should help to determine whether the client meets the definition of an Accredited Investor. Dealers should also review and update the KYC form to ensure that the dollar thresholds used for net assets and net financial assets are correct.

- *Explain the Accredited Investor definition to clients and ensure that their KYC forms are properly completed:* Dealers should explain the Accredited Investor definition to clients before they complete their KYC form. Many clients may not initially understand the distinction between financial assets and net assets, and are likely to include the value of their personal residence or other real estate in both cases. Dealers should explain to clients what a financial asset is, and should also make it clear to them that the value of their personal residence or other real estate is not to be included in calculating their financial assets.

- *Do not sell an exempt security if you do not have sufficient information to determine whether the client qualifies as an Accredited Investor:* Subscription agreements for exempt securities usually contain a statement (commonly referred to as the accredited investor certificate) that the investor is purchasing the security as an Accredited Investor, and investors are asked to initial or place a check mark in a box to indicate that the statement applies to them. It is not sufficient for issuers and their dealers to simply rely on the client's initialling or checking off of this box; the information contained in the client's completed KYC form or other documentation (see below) must also demonstrate that they meet the definition of an Accredited Investor.

- *Ensure the exempt security is suitable for the client:* Section 13.3 of NI 31-103 requires a registrant to take reasonable steps to ensure that a particular investment is suitable for a client. Even if a client qualifies as an Accredited Investor, a registrant must still assess whether the exempt security in question is suitable for the investor. As described in CSA Staff Notice 33-315 *Suitability Obligation and Know Your Product*, there are two key requirements for determining suitability in order to comply with NI 31-103. Registrants must understand (i) the general investment needs and objectives of their clients and any other factors necessary for them to be able to determine whether a proposed purchase or sale is suitable (KYC information), and (ii) the attributes and associated risks of the securities they are recommending to clients (commonly referred to as the know-your-product).

- *Review the KYC form:* The Chief Compliance Officer (CCO) of the dealer should review the completed KYC form to ensure that the information collected is complete and consistent with that portion of the Accredited Investor definition to be relied on and that the trade is suitable for the client. Where conflicting information exists between the accredited investor certificate and the KYC form, the dealer must take appropriate follow-up steps to ensure that the investor is in fact an Accredited Investor. Evidence of follow-up procedures should be documented in client files and reviewed by the CCO.

- *Retain documentation:* Dealers should maintain records to support the reliance on the Accredited Investor definition, including KYC forms and the dealing representative's notes. We do not consider a verbal

representation from the investor that they are accredited as sufficient support that they meet the Accredited Investor definition.

- *Establish policies and procedures:* Dealers should establish policies and procedures to ensure that exempt securities are only distributed under the AI exemption to investors who meet the Accredited Investor definition.

- *Report the sale of exempt securities to the OSC:* Issuers must ensure that sales of exempt securities made in reliance on the AI exemption are reported to the OSC by filing a Form 45-106F1 (as required by NI 45-106), and that full purchaser details are included in the completed form.

The content of this notice is to assist you in understanding the Accredited Investor definition and the AI exemption contained in NI 45-106. We also describe procedures that we expect a dealer to undertake in order to meet its obligations when selling exempt securities to an Accredited Investor. We encourage you to seek legal advice where further clarification is required.

Questions

If you have any questions regarding the contents of this Notice, please refer them to any of the following:

Carlin Fung
Senior Accountant
Compliance Registrant and Regulation Branch
416-593-8226
cfung@osc.gov.on.ca

Jason Koskela
Legal Counsel
Corporate Finance Branch
416-595-8922
jkoskela@osc.gov.on.ca

Melissa Schofield
Senior Legal Counsel
Investment Funds Branch
416-595-8777
mschofield@osc.gov.on.ca

May 13, 2011

1.1.3 Notice of Ministerial approval of Memorandum of Understanding between certain provincial securities regulators and the Investment Industry Regulatory Organization of Canada (IIROC) and the Mutual Fund Dealers Association of Canada (MFDA) concerning MFDA access to the National Registration Database (NRD)

On March 14, 2011, the Minister of Finance approved, pursuant to section 143.10 of the *Securities Act* (Ontario), the memorandum of understanding between certain provincial securities regulators, IIROC and the MFDA concerning MFDA access to NRD (the MOU). The MOU is intended to facilitate the sharing of information concerning compliance and enforcement matters that relate to current and former MFDA Member firms and Approved Persons or applicants for MFDA membership or approval.

The MOU came into effect in Ontario on March 14, 2011. The MOU signed by certain provincial securities regulators, IIROC and the MFDA was published in the Bulletin on January 21, 2011. (See (2011) 34 OSCB 711.)

May 13, 2011

1.3 News Releases

1.3.1 Abraham Herbert Grossman and Hanoch Ulfan Each Sentenced to 21 Months in Jail for Breaching Ontario Securities Act

FOR IMMEDIATE RELEASE
May 4, 2011

ABRAHAM HERBERT GROSSMAN AND HANOCH ULFAN EACH SENTENCED TO 21 MONTHS IN JAIL FOR BREACHING ONTARIO SECURITIES ACT

TORONTO – Justice Sparrow of the Ontario Court of Justice today sentenced Abraham Herbert Grossman and Hanoch Ulfan each to 21 months in jail and two years of probation for breaches of the *Securities Act* (Ontario) (the Act). Under the terms of the probation orders, Mr. Grossman and Mr. Ulfan are prohibited from trading in securities for a two-year period and are to report monthly to a probation officer. Maitland Capital Inc. (Maitland) was also fined $1 million for breaches of the Act.

On March 24, 2011, following a trial pursuant to the quasi-criminal prosecution provisions of the Act, Justice Sparrow found Mr. Grossman and Mr. Ulfan guilty of running a "boiler room" operation, which raised approximately $5.5 million by selling Maitland shares through high pressure telephone sales tactics to investors throughout Canada and in other countries.

Mr. Grossman and Mr. Ulfan were each sentenced to a total of 21 months in jail for trading in securities without registration, trading in securities without a prospectus, giving prohibited undertakings regarding the future value of Maitland shares, making prohibited representations regarding Maitland being listed on a stock exchange in the future and making misleading statements in a document filed with the Ontario Securities Commission (OSC). As directors and officers of Maitland, Mr. Grossman and Mr. Ulfan were sentenced on a further four counts of breaching the Act.

Maitland was sentenced to a fine of $1 million for trading in securities without registration, trading in securities without a prospectus, giving prohibited undertakings regarding the future value of Maitland Capital shares, making prohibited representations regarding Maitland Capital Inc. listing on a stock exchange in the future and making misleading statements.

Mr. Grossman, Mr. Ulfan, Maitland and others continue to be subject to cease trade orders originally issued by the OSC on January 24, 2006. These cease trade orders and other documents related to this matter are available on the OSC website at www.osc.gov.on.ca.

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

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)

1.3.2 OSC Panel Finds Goldpoint Resources Corporation, Pasqualino Novielli, Brian Patrick Moloney and Zaida Pimentel in Breach of Ontario Securities Act

FOR IMMEDIATE RELEASE
May 6, 2011

OSC PANEL FINDS
GOLDPOINT RESOURCES CORPORATION,
PASQUALINO NOVIELLI, BRIAN PATRICK MOLONEY
AND ZAIDA PIMENTEL IN BREACH OF
ONTARIO SECURITIES ACT

TORONTO – In a decision released today, an Ontario Securities Commission (OSC) panel found, among other things, that Goldpoint Resources Corporation (Goldpoint), Pasqualino Novielli, Brian Patrick Moloney and Zaida Pimentel committed fraud through an investment scheme operating out of Toronto, which took approximately $1.6 million from 110 investors from across Canada.

The panel found that Goldpoint, Mr. Novielli, Mr. Moloney and Ms. Pimentel actively promoted and solicited investments in Goldpoint and traded in securities without meeting the registration or prospectus requirements under the Act.

The panel also found that Goldpoint made prohibited representations and used high pressure sales tactics when advising investors about the future value of Goldpoint securities, contrary to the public interest. False and misleading statements that Goldpoint had profitable mining ventures in Ghana were made on the Goldpoint website and in promotional materials. The panel also found that Goldpoint, Mr. Novielli, Mr. Moloney and Ms. Pimentel engaged in these acts knowing that Goldpoint had no underlying legitimate business.

Goldpoint, Mr. Novielli, Mr. Moloney and Ms. Pimentel were also found to have engaged in unauthorized diversion of investor funds and to have used a significant portion of this money to fund activities unrelated to Goldpoint operations.

A sanctions and costs hearing will be scheduled. Documents relating to this matter are available on the OSC website at www.osc.gov.on.ca.

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

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 Notices from the Office of the Secretary

1.4.1 Biovail Corporation et al.

FOR IMMEDIATE RELEASE
May 5, 2011

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

AND

IN THE MATTER OF
BIOVAIL CORPORATION, EUGENE N. MELNYK,
BRIAN H. CROMBIE, JOHN R. MISZUK AND
KENNETH G. HOWLING

TORONTO – The Commission issued an Order following a sanctions hearing held today in the above named matter.

A copy of the Order dated May 5, 2011 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

For media inquiries:

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

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 FactorCorp Inc. et al.

FOR IMMEDIATE RELEASE
May 6, 2011

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

AND

IN THE MATTER OF
FACTORCORP INC.,
FACTORCORP FINANCIAL INC., AND
MARK IVAN TWERDUN

TORONTO – The Commission issued an Order in the above named matter which provides that the hearing dates scheduled from September 12 to 30, 2011 be vacated; and the hearing on the merits shall commence on October 3, 2011 and continue to October 21, 2011 except for October 10 and 11, 2011.

A copy of the Order dated May 5, 2011 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

For media inquiries:

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

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 York Rio Resources Inc. et al.

FOR IMMEDIATE RELEASE
May 6, 2011

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

AND

IN THE MATTER OF
YORK RIO RESOURCES INC.,
BRILLIANTE BRASILCAN RESOURCES CORP.,
VICTOR YORK, ROBERT RUNIC,
GEORGE SCHWARTZ, PETER ROBINSON,
ADAM SHERMAN, RYAN DEMCHUK,
MATTHEW OLIVER, GORDON VALDE AND
SCOTT BASSINGDALE

TORONTO – Following a hearing held on May 3, 2011, the Commission issued an Order on a Motion in the above named matter which provides that (i) the York Motion is dismissed; and (ii) the Merits Hearing shall resume on June 6, 2011 at 11:00 a.m., and continue on June 8, 9 and 10, 2011 at 10:00 a.m., June 13, 2011 at 11:00 a.m., June 14, 15, 16 and 17 at 10:00 a.m., June 20, 2011 at 11:00 a.m., June 22 and 23, 2011 at 10:00 a.m., and such further and other dates and times as are agreed by the Parties and fixed by the Office of the Secretary;

A copy of the Order on a Motion dated May 5, 2011 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

For media inquiries:

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

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 Global Energy Group, Ltd. et. al.

FOR IMMEDIATE RELEASE
May 9, 2011

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

AND

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

TORONTO – The Commission issued an Order in the above named matter which provides that the hearing on the merits is to commence on January 18, 2012 at 10:00 a.m. at the offices of the Commission, 20 Queen Street West, 17th Floor, Toronto, and shall continue on January 19, 20, 23, 24, 25, 26, 27 and 30, 2012 and February 1, 2, 3, 6, 7, 8, 9, and 10, 2012, or such further or other dates as may be agreed to by the parties and fixed by the Office of the Secretary; and the parties attend before the Commission on July 11, 2011 at 10:00 a.m., for a status hearing at the offices of the Commission, 20 Queen Street West, 17th Floor, Toronto.

A copy of the Order dated May 3, 2011 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

For media inquiries:

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

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 Global Energy Group, Ltd. et al.

FOR IMMEDIATE RELEASE
May 9, 2011

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

AND

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

TORONTO – The Commission issued an Order in the above named matter which provides that, pursuant to subsections 127(7) and 127(8) of the Act, the Temporary Order is extended against all named Respondents, except Rash, to the conclusion of the hearing on the merits; and the Temporary Order is extended against Rash until July 12, 2011, and that the hearing is adjourned to July 11, 2011 at 10:00 a.m., at which time Rash will have the opportunity to make submissions regarding any further extension of the Temporary Order against him.

A copy of the Order dated May 3, 2011 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

For media inquiries:

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

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 Goldpoint Resources Corporation et al.

FOR IMMEDIATE RELEASE
May 6, 2011

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

AND

IN THE MATTER OF
GOLDPOINT RESOURCES CORPORATION, PASQUALINO NOVIELLI also known as Lee or Lino Novielli, BRIAN PATRICK MOLONEY also known as Brian Caldwell, and ZAIDA PIMENTEL also known as Zaida Novielli

TORONTO – Following the hearing on the merits in the above noted matter, the Panel released its Reasons and Decision.

A copy of the Reasons and Decision dated May 5, 2011 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

For media inquiries:

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

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 QuantFX Asset Management Inc. et al.

FOR IMMEDIATE RELEASE
May 9, 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 Commission issued an Order in the above named matter which provides that the Temporary Order is extended with respect to Tsatskin to June 13, 2011 and that the hearing in this matter is adjourned to June 10, 2011 at 10:00 a.m. or on such other date as provided by the Secretary's Office and agreed to by the parties.

A copy of the Order dated April 27, 2011 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

For media inquiries:

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

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 L.T.M.T. Trading Ltd. et al.

FOR IMMEDIATE RELEASE
May 10, 2011

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

AND

IN THE MATTER OF
L.T.M.T. TRADING LTD. also known as
L.T.M.T. TRADING and BERNARD SHAW

TORONTO – The Commission issued an Order in the above named matter which provides that this matter be set down for a hearing on the merits on July 20, 2011 at 11:00 a.m., followed by a hearing on sanctions on the same day; and Staff and the Respondents may file written submissions ten (10) days prior to the hearing on the merits and the hearing on sanctions.

A copy of the Order dated May 6, 2011 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

For media inquiries:

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

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 Ciccone Group et al.

FOR IMMEDIATE RELEASE
May 11, 2011

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

AND

IN THE MATTER OF
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

TORONTO – The Commission issued an Order in the above named matter which provides that, pursuant to subsections 127(7) and (8) of the Act, (i) the Temporary Order is extended as against Ciccone Group, Medra, 990509, Cachet, Tadd, Ciccone, Malinowski, Brubacher and Martin to August 11, 2011; and (ii) the Hearing is adjourned to August 10, 2011 at 10 a.m. or such other date or time as may be set by the Secretary's office.

A copy of the Order dated May 10, 2011 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

For media inquiries:

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

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)

1.4.10 York Rio Resources Inc. et al.

FOR IMMEDIATE RELEASE
May 11, 2011

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

AND

IN THE MATTER OF
YORK RIO RESOURCES INC.,
BRILLIANTE BRASILCAN RESOURCES CORP.,
VICTOR YORK, ROBERT RUNIC,
GEORGE SCHWARTZ, PETER ROBINSON,
ADAM SHERMAN, RYAN DEMCHUK,
MATTHEW OLIVER, GORDON VALDE AND
SCOTT BASSINGDALE

TORONTO – The Commission issued an Order in the above named matter which provides that Staff may make an application to the Ontario Superior Court of Justice to vary the April 15, 2011 order of that court such that the Examinations shall take place in Vancouver on June 6, 2011 or such other date as advised by Staff of the Commission.

A copy of the Order dated May 10, 2011 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

For media inquiries:

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

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)

Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Sprott Asset Management L.P. and Sprott Diversified Yield Fund

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – relief granted to allow global fixed income fund to invest more than 10% of net assets in debt securities issued by a foreign government of supranational agency, subject to certain conditions. National Instrument 81-102 Mutual Funds.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 2.1(1), 19.1.

May 3, 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
SPROTT ASSET MANAGEMENT L.P.
(the Filer)

AND

IN THE MATTER OF
SPROTT DIVERSIFIED YIELD FUND
(the Fund)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer and the Fund for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for an exemption pursuant to section 19.1 of National Instrument 81-102 *Mutual Funds* (**NI 81-102**) from subsection 2.1(1) of NI 81-102, which prohibits a mutual fund from investing more than 10% of the net asset value of the fund, taken at market value at the time of the transaction, in securities of any issuer (the **Exemption Sought**).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions:

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

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

Interpretation

Terms defined in MI 11-102, National Instrument 14-101 *Definitions* and NI 81-102 have the same meaning if used in this decision, unless otherwise defined.

Representations

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

1. The Filer is a limited partnership established under the laws of the Province of Ontario and is registered as an adviser in the category of portfolio manager in Ontario, British Columbia, Alberta, Saskatchewan, Manitoba, New Brunswick, Nova Scotia and Newfoundland and Labrador and as an exempt market dealer in Ontario. The Filer is not in default of securities legislation in any province or territory of Canada.

2. The Filer is the manager and portfolio adviser of the Fund, the securities of which are qualified for distribution in each province and territory of Canada under a simplified prospectus and annual information form filed with the applicable securities regulatory authorities. The Fund is a reporting issuer and is not in default of securities legislation in any of the jurisdictions in Canada.

3. The Fund's investment objective is to maximize the total return of the Fund and to provide income by investing primarily in debt and debt-like securities of corporate and government issuers from around the world.

4. The portfolio adviser will achieve the Fund's investment objective by taking a flexible approach in investing in debt instruments and the allocation will depend on the portfolio adviser's view of economic and market conditions. In addition, the portfolio adviser will select the Fund's investments

in an effort to take advantage of the credit cycle and the differences in currencies, interest rates and credits between countries based on global macroeconomic and political analysis. Capital is allocated based on the portfolio adviser's assessment of anticipated market opportunities and expected risk reward profile.

5. The Fund would like to invest a portion of its assets in the Foreign Government Securities (as defined hereinafter).

6. Section 2.1(1) of NI 81-102 prohibits the Fund from purchasing a security of an issuer, other than a "government security" as defined in NI 81-102 or a security issued by a clearing corporation, if immediately after the purchase more than 10% of the net asset value of the Fund, taken at market value at the time of the purchase, would be invested in securities of the issuer.

7. To achieve the investment objective of the Fund, the Fund wishes to have the ability to invest up to:

   (a) 35% of the Fund's net asset value, taken at market value at the time of purchase, in evidences of indebtedness of any one issuer if those evidences of indebtedness are issued, or guaranteed fully as to principal and interest, by a permitted supranational agency (as such term is defined in NI 81-102) or governments other than the government of Canada, the government of a jurisdiction or the government of the United States of America and are rated "AAA" by Standard & Poor's, or have an equivalent rating by one or more other approved credit rating organizations; and

   (b) 20% of the Fund's net asset value, taken at market value at the time of purchase, in evidences of indebtedness of any one issuer if those evidences of indebtedness are issued, or guaranteed fully as to principal and interest, by a permitted supranational agency (as such term is defined in NI 81-102) or governments other than the government of Canada, the government of a jurisdiction or the government of the United States of America and are rated "AA" by Standard & Poor's, or have an equivalent rating by one or more other approved credit rating organizations

   (such evidences of indebtedness are collectively referred to as **Foreign Government Securities**).

8. The Foreign Government Securities are not within the meaning of "government securities" as such term is defined in NI 81-102. Therefore, absent the Exemption Sought, the Fund could not invest in the Foreign Government Securities.

9. The Filer believes that the Exemption Sought will be in the best interest of the Fund as it will enhance the ability of the Fund to pursue and achieve its investment objective.

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 Fund may only invest up to:

   (i) 35% of the proportion of its net asset value then invested in evidences of indebtedness, taken at market value at the time of purchase, in evidences of indebtedness of any one issuer if those evidences of indebtedness are issued, or guaranteed fully as to principal and interest, by supranational agencies (as defined in NI 81-102) or governments other than the government of Canada, the government of a jurisdiction, or the government of the United States of America and are rated "AAA" by Standard & Poor's, or have an equivalent rating by one or more other approved credit rating organizations; and

   (ii) 20% of the proportion of its net asset value then invested in evidences of indebtedness, taken at market value at the time of purchase, in evidences of indebtedness of any one issuer if those evidences of indebtedness are issued, or guaranteed fully as to principal and interest, by supranational agencies (as defined in NI 81-102) or governments other than the government of Canada, the government of a jurisdiction, or the government of the United States of America and are rated "AA" by Standard & Poor's, or have an equivalent rating by one or more other approved credit rating organizations;

(b) subparagraphs (i) and (ii) above shall not be combined for any one issuer;

(c) the securities that are purchased pursuant to this Decision are traded on a mature and liquid market;

(d) the acquisition of the securities purchased pursuant to this Decision is consistent with the fundamental investment objectives of the Fund;

(e) the simplified prospectus of the Fund discloses any additional risks associated with the concentration of the net assets of the Fund in securities of fewer issuers, such as the potential additional exposure to the risk of de-fault of the issuer in which the Fund has so invested and the risks, including foreign exchange risks, of investing in the country in which that issuer is located; and

(f) the simplified prospectus or annual information form of the Fund discloses, in the investment strategy section, the details of the Exemption Sought along with the conditions imposed and the type of securities covered by this Decision.

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

2.1.2 Brookfield Homes 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).

May 5, 2011

Brookfield Homes Corporation
8500 Executive Park Avenue
Suite 300
Fairfax, Virginia
United States
22031

Dear Sirs/Mesdames:

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

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

As the Applicant has represented to the Decision Makers that:

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

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

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

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

each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision

Maker with the jurisdiction to make the decision has been met and orders that the Applicant is not a reporting issuer.

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

2.1.3 Financial Services Income STREAMS Corporation – s. 1(10)

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Fund deemed to have ceased to be a reporting issuer – Fund meets requirements set out in CSA Staff Notice 12-307.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 1(10).
CSA Staff Notice 12-307 – Applications for a Decision that an Issuer is not a Reporting Issuer.

April 29, 2011

Financial Services Income STREAMS Corporation
Royal Trust Tower
P.O. Box 341, 77 King Street West
Suite 4500
Toronto, Ontario
M5K 1K7

Dear Sirs/Mesdames:

Re: Financial Services Income STREAMS Corporation (the "Applicant")

Application for a decision under the securities legislation of Ontario, Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador (the "Jurisdictions") that the Applicant is not a reporting issuer.

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

As the Applicant has represented to the Decision Makers that:

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

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

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

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

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

"Vera Nunes"
Manager, Investment Funds Branch

2.1.4 BMO Nesbitt Burns Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Filer provides significant management and administrative services to certain funds and is therefore an insider and a reporting insider for such funds under National Instrument 55-104 Insider Reporting Requirements and Exemptions – filer required to file insider reports in respect of securities of funds over which it has control or direction, regardless of whether it has such control or direction in its capacity as administrator of the funds or in its capacity as adviser to a clients of its private client division (PCD) – decisions regarding the voting, acquisition, disposition and holding of the securities in the accounts are made in all circumstances by different individuals from those involved in the administration of the Funds – filer maintains appropriate policies to prevent dissemination of material non-public information about the funds – there is physical separation between the administrator and the advisers in the PCD – the advisers in the PCD do not have access to material undisclosed information about the funds or significant power or influence over the funds – relief from the insider reporting requirements granted, subject to conditions.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 107.
National Instrument 55-104 Insider Reporting Requirements and Exemptions, Parts 3 and 4.

May 6, 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
BMO NESBITT BURNS INC.
(the Filer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) granting the Primary Insider Reporting Requirement Relief and the Supplementary Insider Reporting Requirement Relief (each as defined below) in

respect of Securities of a Fund held in an Account (each as defined below) with respect to which the Filer is an insider solely as a result of acting as a management company that provides significant management or administrative services to the Fund.

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

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

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

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.

(a) **NI 55-104** means National Instrument 55-104 – *Insider Reporting Requirements and Exemptions*.

(b) **Primary Insider Reporting Requirement Relief** means relief from the requirements to file

(i) insider reports under section 107 of the *Securities Act* (Ontario) and sections 3.2 and 3.3 of NI 55-104, and

(ii) insider reports under any provisions of Canadian securities legislation substantially similar to section 107 of the *Securities Act* (Ontario) and sections 3.2 and 3.3 of NI 55-104.

(c) **Supplementary Insider Reporting Requirement Relief** means relief from the requirements to file

(i) insider reports under sections 3.1, 3.4 and 3.5 and Part 4 of NI 55-104,

(ii) insider reports under any provisions of Canadian securities legislation substantially similar to sections 3.1, 3.4 and 3.5 and Part 4 of NI 55-104, and

(iii) an insider profile under National Instrument 55-102 – *System for Electronic Disclosure by Insiders (SEDI)*.

Representations

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

1. The Filer is a corporation incorporated under the laws of Canada. Its head office is located in Toronto, Ontario.

2. The Filer is a full-service investment firm that is registered as an investment dealer, a futures commission merchant and an investment fund manager with the Ontario Securities Commission. It is also a member of the Investment Industry Regulatory Organization of Canada (**IIROC**).

3. BMO Capital Markets (**BMO CM**) is a business unit of the Filer which provides various products and services to corporate, institutional and governmental clients. BMO CM acts as administrator (the **Administrator**) to five publicly-offered non-redeemable investment funds – Coxe Commodity Strategy Fund, Star Hedge Managers Corp., T. Boone Pickens Energy Fund, Star Portfolio Corp. and Star Hedge Managers Corp. II (collectively, the **Existing Funds**) – each of which is a reporting issuer in each province and territory of Canada. The head office of the Existing Funds is located in Toronto, Ontario.

4. In the future, the Administrator may act as administrator to other publicly offered non-redeemable investment funds (the **Future Funds** and, together with the Existing Funds, the **Funds**), which will also be reporting issuers in Canada.

5. Private Client Division (**PCD**) is a business unit of the Filer which provides, among other things, full-service brokerage services to a range of clients.

6. The Filer may hold securities (**Securities**) issued by the Funds in discretionary or managed accounts (**Accounts**) on behalf of its clients. These accounts may be managed by investment advisers within PCD (**Advisers**).

7. Advisers may exercise discretionary authority over the Securities in the Accounts, which authority may include the power to direct the voting of the Securities and the power to direct the acquisition or disposition of the Securities.

8. Because the activities of the Administrator and PCD are carried out by separate business units, decisions regarding the voting, acquisition, disposition and holding of the Securities in the Accounts are made in all circumstances by different individuals (i.e., the Advisers) from those who are involved in the administration of the Funds (i.e., the individuals performing the functions of the Administrator).

9. The Filer maintains appropriate policies (the **Policies**) to prevent the dissemination of material non-public information about the Funds to, among others, the Advisers, including appropriate practices and procedures, as contemplated by OSC Policy 33-601 – *Guidelines for Policies and*

Procedures Concerning Inside Information relating to the Administrator and the Advisers. There is also physical separation between the Administrator and the Advisers.

10. The Advisers that make, advise on, participate in the formulation of, or exercise influence over, decisions regarding the voting, acquisition or disposition of the Securities in the Accounts do not have access to material undisclosed information about a Fund or significant power or influence over a Fund.

11. Section 107 of the *Securities Act* (Ontario) and Parts 3 and 4 of NI 55-104 impose certain reporting requirements on insiders, including management companies that provide significant management or administrative services to an issuer.

12. Because the Filer is a "management company" within the meaning of NI 55-104 and provides significant management and administrative services to the Funds, the insider reporting requirements oblige the Filer to file insider reports in respect of the Securities over which it has control or direction, regardless of whether it has such control or direction in its capacity as administrator of the Funds or in its capacity as adviser to a client of PCD.

13. Pursuant to a decision dated May 10, 2010 (the **Previous Order**), the Ontario Securities Commission granted the Filer the Primary Insider Reporting Requirement Relief and the Supplementary Insider Reporting Requirement Relief, subject to certain terms and conditions. The Previous Order will expire on May 7, 2011.

14. The Filer acknowledges the Primary Insider Reporting Requirement Relief and the Supplementary Insider Reporting Requirement Relief relates only to Securities of a Fund held in an Account, and that it remains subject to the insider reporting requirements in all other respects.

15. The Filer is not in default of any of its obligations under securities legislation in any of Ontario, British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Prince Edward Island, Nova Scotia, Newfoundland and Labrador, Yukon, Northwest Territories or Nunavut.

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 in relation to the Primary Insider Reporting Requirement Relief is that

1. the Previous Order is revoked; and

2. the Primary Insider Reporting Requirement Relief is granted in respect of Securities of a Fund held in an Account with respect to which the Filer is an insider solely as a result of acting as a management company that provides significant management or administrative services to the Fund so long as

   (a) decisions regarding the voting, acquisition, disposition or holding of the Securities in the Accounts are made in all circumstances by different individuals (i.e., the Advisers) from those who are involved in the administration of the Funds (i.e., the individuals performing the functions of the Administrator);

   (b) the Filer maintains the Policies;

   (c) there is physical separation between the Administrator and the Advisers; and

   (d) the Advisers that make, advise on, participate in the formulation of, or have influence over, decisions regarding the voting, acquisition or disposition of the Securities in the Accounts do not have access to material undisclosed information about a Fund or significant power or influence over a Fund.

"Edward P. Kerwin"
Ontario Securities Commission

"Margot Howard"
Ontario Securities Commission

The decision of the principal regulator under the Legislation in relation to the Supplementary Insider Reporting Requirement Relief is that

1. the Previous Order is revoked; and

2. the Supplementary Insider Reporting Requirement Relief is granted in respect of Securities of a Fund held in an Account with respect to which the Filer is an insider solely as a result of acting as a management company that provides significant management or administrative services to the Fund so long as the conditions set out in paragraphs 2(a), (b), (c) and (d) under the decision granting the Primary Insider Reporting Requirement Relief are satisfied.

"Michael Brown"
Ontario Securities Commission

2.1.5 Lone Pine Resources Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – relief from prospectus requirement during the waiting period in connection with the delivery of a preliminary prospectus prepared in compliance with U.S. securities law to Canadian purchasers of securities under an initial public offering – cross-border offering of securities – Canadian purchasers of securities will receive both the U.S. preliminary prospectus and the Canadian preliminary prospectus, which are substantively the same except that the Canadian preliminary prospectus contains additional oil and gas disclosure prepared in compliance with applicable Canadian securities laws – in absence of relief, Canadian purchasers of securities under the initial public offering will be unable to trade their securities to U.S. persons for a period of at least six months.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 53, 65, 74(1).

Citation: Lone Pine Resources Inc., Re, 2011 ABASC 270

May 6, 2011

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

AND

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

AND

IN THE MATTER OF
LONE PINE RESOURCES INC.
(the Filer)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (each, a **Decision Maker**) has received an application for a decision under the securities legislation of the Jurisdictions (the **Legislation**) that the Filer be exempted from the requirement contained in the Legislation to file and obtain a receipt for both a preliminary prospectus and a prospectus (the **Prospectus Requirement**) in connection with the delivery of the US Preliminary Prospectus (as defined below) to prospective purchasers resident in each of the provinces of Canada other than Québec (the **Canadian Offering Jurisdictions**) during the period (the **Waiting Period**) between the issuance of a receipt for the Canadian Preliminary Prospectus (as defined below) and the issuance of a receipt for the associated final prospectus (the **Exemption Sought**).

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

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

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

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

Interpretation

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

Representations

This decision is based on the following facts and representations made by the Filer:

1. The Filer was incorporated under the laws of the state of Delaware on September 30, 2010.

2. The Filer's principal office is located in Calgary, Alberta.

3. The Filer intends to conduct an initial public offering (the **IPO**) of shares of its common stock on a "cross-border" basis both in Canada and in the United States (**US**), and in connection therewith to cause all shares of its common stock offered in the IPO (**Offered Shares**) to be: (i) registered under the 1933 Act; and (ii) qualified for distribution under the local securities legislation of each of the Canadian Offering Jurisdictions.

4. The Filer has to date filed, in respect of the IPO: (i) a registration statement with the SEC, which includes a prospectus prepared in accordance with the 1933 Act, with amendments thereto filed subsequent to the initial filing (as amended, the **US Registration Statement**); and (ii) a preliminary long form base PREP prospectus in each of the Canadian Offering Jurisdictions, with amended and restated versions thereof filed subsequent to the initial filing (as amended and restated, the **Canadian Preliminary Prospectus**).

5. The Filer wishes to register all of the Offered Shares under the 1933 Act pursuant to the US

Registration Statement, including any Offered Shares offered and sold in the Canadian Offering Jurisdictions (the **Canadian Placed Shares**). If the Canadian Placed Shares are not registered under the 1933 Act, then for the purposes of US federal securities law they would be subject to resale restrictions for a six-month period following completion of the IPO during which they could not be offered or sold in the US or to US persons (as defined in Regulation S under the 1933 Act) and there could be no selling efforts directed at the US.

6. The US Registration Statement has not yet been declared effective by the SEC.

7. The Filer intends to file: (i) one or more further amendments to the US Registration Statement with the SEC; and (ii) one or more further amended and restated preliminary base PREP prospectuses (each, a **Further Amendment**) in the Canadian Offering Jurisdictions.

8. The Filer has applied to list its common stock on the Toronto Stock Exchange and the New York Stock Exchange.

9. No marketing activities have yet occurred with respect to the IPO. In connection with the marketing of the IPO: (i) a further amended and restated version of the Canadian Preliminary Prospectus will be distributed during the Waiting Period to prospective purchasers of Offered Shares in the Canadian Offering Jurisdictions; and (ii) a further amended preliminary prospectus prepared in accordance with US federal securities law (the **US Preliminary Prospectus**) will be distributed to prospective purchasers of Offered Shares in the US.

10. Compliance with US federal securities law relating to registration of the Canadian Placed Shares under the 1933 Act requires that prospective purchasers in the Canadian Offering Jurisdictions also be provided with copies of the US Preliminary Prospectus (the **US Delivery Requirement**) and, ultimately, the final US prospectus forming part of the US Registration Statement (together with the US Preliminary Prospectus, the **US Prospectus**), as applicable.

11. Absent the Exemption Sought, delivery of the US Preliminary Prospectus to prospective purchasers in the Canadian Offering Jurisdictions during the Waiting Period is contrary to the Prospectus Requirement and not otherwise permitted under the Legislation.

12. In the Filer's particular circumstances, delivery of the Canadian Preliminary Prospectus will not satisfy the US Delivery Requirement by reason of the differences in Oil and Gas Disclosure (as defined below) described in paragraphs 13 and 14 below.

13. Reserves data and other oil and gas information including production and operating data (collectively, **Oil and Gas Disclosure**) that is contained in the Canadian Preliminary Prospectus will, other than as noted in paragraph 15 below, be prepared in accordance with applicable Canadian disclosure requirements and conventions and, in particular, the applicable requirements of National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* (**NI 51-101**). The Oil and Gas Disclosure prepared in accordance with NI 51-101 will not be contained in the US Preliminary Prospectus.

14. The Oil and Gas Disclosure contained in the US Preliminary Prospectus will be prepared in accordance with the applicable US disclosure requirements and conventions and, in particular, the applicable rules and regulations of the SEC.

15. The Canadian Preliminary Prospectus will contain certain additional Oil and Gas Disclosure that is also contained in the US Preliminary Prospectus as the historical financial statements of the issuer contained in the Canadian Preliminary Prospectus are prepared in accordance with US generally accepted accounting principles (**US GAAP**). Accordingly, in addition to Oil and Gas Disclosure in accordance with applicable Canadian disclosure requirements and conventions, the Canadian Preliminary Prospectus includes, in the notes to the financial statements pursuant to US GAAP, supplementary information with respect to oil and gas activities, including estimates of proved oil and gas reserves and a standardized measure of discounted future net cash flows relating to proved oil and gas reserve quantities. This supplementary information is presented in accordance with the oil and gas reserves estimation and disclosure requirements of the US Financial Accounting Standards Board, which align with corresponding SEC rules and regulations concerning reserves estimation and reporting.

16. The disclosure contained in the Canadian Preliminary Prospectus and the US Preliminary Prospectus will, at the time of their distribution to prospective purchasers of Offered Shares, be substantively the same, except that the Oil and Gas Disclosure prepared in accordance with NI 51-101 will not be contained in the US Preliminary Prospectus.

17. The Canadian Preliminary Prospectus includes a description of principal differences between the methodology and other requirements under NI 51-101 and those applicable under corresponding US standards.

18. The Filer is of the view that the US Preliminary Prospectus does not disclose any material facts relating to the Offered Shares for the purposes of Canadian purchasers of Offered Shares that is not also included in the Canadian Preliminary Prospectus.

19. If the Exemption Sought is granted, Canadian purchasers of Offered Shares will, subject to and in accordance with the applicable provisions of US federal securities law, have a right of action thereunder against the Filer, any applicable underwriter and certain other parties if the US Prospectus contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. This right of action under US federal securities law is in addition to any right of action for misrepresentation that a Canadian purchaser of Offered Shares may have under the securities legislation of the jurisdiction of Canada in which the purchaser is resident.

20. A Canadian purchaser of Offered Shares will receive the Canadian final prospectus in respect of the IPO and will only be able to purchase Offered Shares through an underwriter that is registered in the purchaser's Canadian jurisdiction of residence, unless an exemption from the dealer registration requirement is available.

21. The Filer is not in default of the securities legislation of any jurisdiction of Canada.

Decision

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

The decision of the Decision Makers under the Legislation is that the Exemption Sought is granted, provided that a prospective purchaser of Offered Shares resident in a Canadian Offering Jurisdiction to whom a copy of the US Preliminary Prospectus is delivered during the Waiting Period will also be delivered a copy of the Canadian Preliminary Prospectus.

“Glenda Campbell, QC”
Vice-Chair
Alberta Securities Commission

“Stephen Murison”
Vice-Chair
Alberta Securities Commission

2.1.6 Chai Cha Na Mining Inc.

Headnote

Application for partial revocation of cease trade order – variation of cease trade order to permit certain trades for the purpose of debt settlement and private placement financing – partial revocation granted subject to conditions.

Statutes Cited

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

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

AND

IN THE MATTER OF
CHAI CHA NA MINING INC.
(the Applicant)

DECISION

WHEREAS the securities of the Applicant are subject to a temporary cease trade order made by the Director dated October 4, 2010 pursuant to paragraph 2 of subsection 127(1) and subsection 127(5) of the Act, as extended by a further order made by the Director dated October 15, 2010 pursuant to paragraph 2 of subsection 127(1) of the Act (collectively, the **Cease Trade Order**), directing that trading in the securities of the Applicant cease until the Cease Trade Order is revoked;

AND WHEREAS the Applicant has made an application to the Ontario Securities Commission (the **Commission**) pursuant to subsection 144(1) of the Act (the **Application**) for an order (the Order) partially revoking the Cease Trade Order;

AND WHEREAS the Applicant has represented to the Commission as follows:

1. The Applicant was incorporated on February 12, 2007 under the *Canada Business Corporations Act*. Its head office is located in Mississauga, Ontario.

2. The Applicant is a reporting issuer in British Columbia, Alberta and Ontario and is also subject to cease trade orders issued by the British Columbia Securities Commission (**BCSC**) dated October 5, 2010 and the Alberta Securities Commission (**ASC**) dated January 17, 2011. No revocation application has been made to the BCSC or ASC by the Applicant. A partial revocation application is being made to the BCSC simultaneously with the Application to the Commission.

3. The Applicant is authorized to issue an unlimited number of common shares without par value (the Common Shares), of which 17,342,875 are issued and outstanding.

4. The Applicant's Common Shares are listed on the Canadian National Stock Exchange (the CNSX).

5. The Cease Trade Order was issued as a result of the failure of the Applicant to file its audited annual financial statements and related management's discussion and analysis for the year ended May 31, 2010 (collectively the **2010 Annual Statements**) on or before the filing deadline as required by section 4.1 of National Instrument 51-102 *Continuous Disclosure Obligations*.

6. The Applicant's failure to file the 2010 Annual Statements was a result of financial distress.

7. The Applicant intends to conduct a debt settlement and to conduct a financing, both through the issuance of units (**Units**). Each Unit will consist of one Common Share and one share purchase warrant (a **Warrant**). Each Warrant entitles the holder thereof to purchase one additional Common Share at a price of $0.05 per share for five years following the issuance of the Units.

8. The Applicant seeks to vary the Cease Trade Order to allow it to issue Units, to settle up to $200,000 in debt (the **Debt Settlement**) and to conduct a financing by way of private placement of up to $300,000 (the **Financing**). The Applicant proposes to issue the Units at a (deemed) price of $0.03 per Unit.

9. As the Debt Settlement and Financing will involve trades in the securities of the Applicant (including for greater certainty, acts in furtherance of trades in securities of the Applicant), it cannot be completed without a variation of the Cease Trade Order.

10. The proceeds from the Financing shall be used to:

    (a) prepare and file all outstanding continuous disclosure documents with a view to obtaining a full revocation of the Cease Trade Order and the cease trade orders in effect in British Columbia and Alberta;

    (b) pay filing fees to the Commission, the BCSC and the ASC;

    (c) fund the preparation of the applications for the revocation of the Cease Trade Order and the cease trade orders in effect in British Columbia and Alberta

    (d) pay outstanding accounts, for a property payment and for funding the Applicant's ongoing operations.

11. Specifically, the proceeds from the Financing will be used as follows:

(a)	Legal, accounting and audit fees:	$80,000
(b)	Regulatory filing fees (including penalties for late filings of materials):	$17,175
(c)	Property payment:	$35,000
(d)	Outstanding accounts:	$37,103
(e)	Office and administration (6 months):	$50,000
(f)	General working capital	$80,722
	Total:	**$300,000**

12. Creditors who participate in the Debt Settlement (the Creditors) will participate pursuant to the exemption in Section 2.14 of National Instrument 45-106 *Prospectus and Registration Exemptions* (**NI 45-106**).

13. Investors who participate in the Financing (the **Subscribers**) will participate pursuant to exemptions in either Section 2.3 or 2.5 of NI 45-106.

14. The Applicant reasonably believes that it will have sufficient resources upon completion of the Debt Settlement and Financing to bring its continuous disclosure obligations up to date and pay all related outstanding fees.

15. The Applicant intends to apply to the CNSX for re-instatement for trading after it has brought its continuous disclosure obligations up to date and paid all related outstanding fees.

16. Prior to the completion of the Debt Settlement and Financing, the Creditors in respect of the Debt Settlement and the Subscribers in respect of the Financing will:

    (a) receive a copy of the Cease Trade Order;

    (b) receive a copy of this Order; and

    (c) receive written notice from the Applicant, and will provide a written acknowledgment of such notice to the Applicant, that all of the Applicant's securities, including the Units, Common Shares and Warrants issued in connection with the Financing and Debt Settlement, will remain subject to the Cease Trade Order until it is revoked, and that the granting of this Order does not guarantee the issuance of a full revocation in the future.

17. Upon issuance of this Order, the Applicant will issue a press release and file a material change report announcing the Financing, Debt Settlement and this Order.

18. To bring its continuous disclosure record up to date, the Applicant intends, within a reasonable time following completion of the Financing, to file on SEDAR the following documents (collectively, the **Required Documents**):

    (a) the 2010 Annual Statements;

(b) interim financial statements and related management's discussion and analysis for the three, six and nine month periods ended August 31, 2010, November 30, 2010 and February 28, 2011, respectively (the **2011 Interim Statements**);

(c) all certifications by the Chief Executive Officer and the Chief Financial Officer of the Applicant with respect to the Applicant's 2010 Annual Statements and 2011 Interim Statements required by National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*; and

(d) all other continuous disclosure documents required by applicable securities legislation to be filed by the Applicant.

19. Other than the Cease Trade Order, the Applicant has not previously been subject to a cease trade order by the Commission.

20. Upon completion of the Financing and filing of the Required Documents, the Applicant will apply to the Commission and to the other securities regulatory authorities where cease trade orders are in effect for a full revocation of the Cease Trade Order and those other cease trade orders.

21. The Applicant is not considering, nor is it involved in any discussions relating to a reverse take-over, merger, amalgamation or other form of combination or transaction similar to any of the foregoing.

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

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

IT IS ORDERED pursuant to section 144 of the Act that the Cease Trade Order is partially revoked solely to permit trades in securities of the Applicant (including, for greater certainty, acts in furtherance of trades in securities of the Applicant) that are necessary for and are in connection with the Debt Settlement and Financing, provided that:

(a) prior to completion of the Debt Settlement and Financing, each Creditor in respect of the Debt Settlement and each Subscriber in respect of the Financing will:

(i) receive a copy of the Cease Trade Order;

(ii) receive a copy of this Order; and

(iii) receive written notice from the Applicant, and acknowledge that all of the Applicant's securities, including the securities issued in connection with the Debt Settlement and Financing, will remain subject to the Cease Trade Order until it is revoked, and that the granting of this Order does not guarantee the issuance of a full revocation order in the future;

(b) the Applicant undertakes to make available copies of the written acknowledgements to staff of the Commission on request; and

(c) this Order will terminate on the earlier of:

(i) the date on which the both the Debt Settlement and Financing are completed; and

(ii) 120 days from the date hereof.

DATED at Toronto, Ontario on this 5th day of May, 2011.

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

2.1.7 UBS Securities LLC

Headnote

Multilateral Instrument 11-102 section 4.7(1) – Exemption granted from requirement to file Form 31-103 F1 – U.S. broker/dealer subject to U.S. reporting requirements registered as exempt market dealer and thus required to file Form 31-103 F1 pursuant to section 12.1 of National Instrument 31-103 – Conditions concerning filing of SEC Form X-17a-5 (FOCUS Report) in lieu of Form 31-103F1 and notification of any issues.

Applicable Legislative Provisions

Multilateral Instrument 11-102, s. 4.7(1).
National Instrument 31-103, ss. 12.1, 15.1.

May 6, 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
UBS SECURITIES LLC
(the "Filer")

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer (the "**Application**") for a decision under the securities legislation of the Jurisdiction of the principal regulator (the "**Legislation**") that, for the purposes of section 12.1 – *Capital Requirements* ("**Section 12.1**") of National Instrument 31-103 *Registration Requirements and Exemptions* ("**NI 31-103**") the Filer be permitted to calculate its excess working capital using United States ("U.S.") Securities and Exchange Commission ("**SEC**") Form X-17a-5 (FOCUS Report) (the "**FOCUS Report**") rather than Form 31-103F1 *Calculation of Excess Working Capital* ("**Form 31-103F1**") and for the purposes of section 12.12(1)(b) – *Delivering Financial Information – Dealer* ("**Section 12.12(1)(b)**") of NI 31-103, the Filer be permitted to deliver the FOCUS Report in lieu of Form 31-103F1 (the "**Exemption Sought**").

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

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

(b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* is intended to be relied upon in each of the other provinces and territories of Canada (the "**Canadian Jurisdictions**").

Interpretation

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

Representations

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

1. The Filer is a limited liability company organized under the laws of the State of Delaware. Its head office is located at 677 Washington Boulevard, Stamford, CT 06901.

2. The Filer is an indirect wholly owned subsidiary of UBS AG, a publicly owned Swiss banking corporation.

3. The Filer is registered as a broker-dealer with the U.S. SEC, and is a member of the Financial Industry Regulatory Authority ("**FINRA**"). The Filer is a member of a number of major U.S. securities exchanges, including the New York Stock Exchange and NASDAQ.

4. The Filer is subject to regulatory capital requirements under the *Securities Exchange Act of 1934*, specifically SEC Rule 15c3-1 *Net Capital Requirements for Brokers or Dealers* ("**SEC Rule 15c3-1**"), that are designed to provide protections that are substantially similar to the protections provided by the regulations regarding excess working capital to which dealer members of the Investment Industry Regulatory Organization of Canada ("**IIROC**") are subject, and the Filer is in compliance in all material respects with SEC Rule 15c3-1. The SEC and FINRA have the responsibility for ensuring that the Filer operates in compliance with SEC Rule 15c3-1.

5. The Filer is a Foreign Approved Participant of the Montreal Exchange and a Registered Futures Commission Merchant of ICE Futures Canada, Inc. The Filer is also a member of the Chicago Board of Trade, the Chicago Mercantile Exchange, ICE Futures Exchange, and other principal U.S. commodity exchanges.

6. The Filer provides a variety of capital raising, investment banking, market making, brokerage, and advisory services, including fixed income and equity sales and research, commodities trading, foreign exchange sales, emerging markets activities, securities lending, investment banking and derivatives dealing for governments, corporate

and financial institutions. The Filer also conducts proprietary trading activities.

7. The Filer is required to prepare and file a FOCUS Report with United States regulators, which is the financial and operational report containing a net capital calculation.

8. The FOCUS Report provides a more comprehensive description of the business activities of the Filer, and more accurately reflects those activities including client lending activity, than would be provided by Form 31-103F1, and the minimum SEC Rule 15c3-1 requirements applicable to the Filer are a substantially greater amount than the minimum requirement of NI 31-103.

Exempt Market Dealer Registration

9. The Filer is registered in the category of exempt market dealer ("**EMD**") in the Canadian Jurisdictions.

10. Under NI 31-103, EMDs are generally permitted to act as dealers in trading securities being distributed under a prospectus exemption or securities that, were the trades distributions, would be exempt from the prospectus requirement, and are subject to capital, insurance and proficiency requirements and other ongoing compliance requirements.

11. Under NI 31-103, the Filer is required to calculate its excess working capital using Form 31-103F1.

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, as long as:

(a) the Filer is registered under the securities legislation of the United States in a category of registration that permits it to carry on the activities in the United States that registration as an investment dealer would permit it to carry on in the Jurisdiction;

(b) by virtue of the registration referred to in paragraph (a), including required membership in one or more self-regulatory organizations, the Filer is subject to SEC Rule 15c3-1 and SEC Rule 17a-5 *Reports to be Made by Certain Brokers and Dealers* ("**SEC Rule 17a-5**"); and that the protections provided by SEC Rule 15c3-1 and SEC Rule 17a-5 in respect of maintaining excess net capital are substantially similar to the protections provided by the capital requirements of IIROC that would be applicable to the Filer if it were registered under the Legislation as an investment dealer and were a member of IIROC;

(c) the Filer submits the FOCUS Report in lieu of Form 31-103F1;

(d) the Filer prepares the FOCUS Report on an unconsolidated basis;

(e) the Filer does not guarantee any debt of a third party;

(f) the Filer gives prompt written notice to the principal regulator of any significant issues arising from analysis by U.S. securities regulators of the FOCUS report filed by the Filer pursuant to FINRA and SEC requirements;

(g) the Filer gives written notice to the principal regulator immediately if excess net capital as calculated on line 25, page 6 of the FOCUS Report is less than zero, and ensures that such capital is not less than zero for 2 consecutive days; and

(h) the Filer provides the principal regulator with at least five days written notice prior to any repayment of subordinated intercompany debt or termination of a subordination agreement with respect to intercompany debt.

"Erez Blumberger"
Deputy Director
Ontario Securities Commission

2.1.8 UNX Energy Corp.

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)(b).

Citation: UNX Energy Corp., Re, 2011 ABASC 275

May 10, 2011

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN,
MANITOBA, ONTARIO, NEW BRUNSWICK,
NOVA SCOTIA, PRINCE EDWARD ISLAND AND
NEWFOUNDLAND AND LABRADOR
(THE JURISDICTIONS)

AND

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

AND

IN THE MATTER OF
UNX ENERGY CORP. (THE FILER)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the **Decision Maker**) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) for an decision deeming the Filer to have ceased to be a reporting issuer in the Jurisdictions.

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

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

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

Interpretation

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

Representations

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

1. The Filer was continued under the laws of Alberta and has a head office in Calgary, Alberta.

2. A special meeting of holders of all of the issued and outstanding common shares of the Filer (the **Filer's Shares**) and holders of options to acquire the Filer's Shares (together, the **security holders**) was held on April 27, 2011, at which time a plan of arrangement as hereinafter described (**Plan of Arrangement**) was approved. The security holders voted together as a single class, with each shareholder entitled to one vote for each common share held and each option holder entitled to one vote for each option held. The resolution approving the Plan of Arrangement was approved by 98.89% of the votes cast.

3. The Plan of Arrangement was approved by the Court of Queen's Bench of Alberta on April 27, 2011.

4. Upon the Articles of Arrangement being filed on April 29, 2011, HRT Participações em Petróleo S.A. (**HRT**) acquired all of the Filer's Shares.

5. The Filer's Shares were delisted from the TSX Venture Exchange at the opening of the markets on April 29, 2011.

6. The authorized capital of the Filer consists of an unlimited number of the Filer's Shares, all of which are held by HRT.

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

8. The outstanding securities of the Filer are beneficially owned, directly or indirectly, by less than 15 security holders in each of the jurisdictions in Canada and less than 51 security holders in total in Canada.

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

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

11. The Filer did not voluntarily surrender its status as a reporting issuer in British Columbia pursuant to BC Instrument 11-502 *Voluntary Surrender of Reporting Issuer Status* (the **BC Instrument**) in order to avoid the 10-day waiting period under the BC Instrument.

12. As the Filer is a reporting issuer in British Columbia, the Filer is not eligible to use the

simplified procedure under CSA Staff Notice 12-307 *Application for a Decision that an Issuer is not a Reporting Issuer* in order to apply for the decision sought.

13. The Filer seeks an order deeming the Filer to have ceased to be a reporting issuer in the Jurisdictions.

14. Upon the grant of the relief requested, the Filer will not be a reporting issuer or the equivalent in any jurisdiction of Canada.

Decision

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

The decision of the Decision Makers under the Legislation is that the Filer is deemed to have ceased to be a reporting issuer.

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

2.2 Orders

2.2.1 Biovail Corporation et al. – ss. 127, 127.1

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

AND

IN THE MATTER OF
BIOVAIL CORPORATION, EUGENE N. MELNYK,
BRIAN H. CROMBIE, JOHN R. MISZUK AND
KENNETH G. HOWLING

ORDER
(Sections 127 and 127.1)

WHEREAS on March 24, 2008, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing and related Statement of Allegations (the "Notice of Hearing") against Biovail Corporation, Eugene N. Melnyk ("Melnyk"), Brian H. Crombie, John R. Miszuk and Kenneth G. Howling;

AND WHEREAS on September 30, 2010, the Commission issued its Reasons and Decision relating to Melnyk's role in relation to the matters set out in the Notice of Hearing (the "Merits Reasons");

AND WHEREAS by Orders dated November 2, 2010 and January 26, 2011, the Commission announced that a sanctions hearing relating to Melnyk would be scheduled for May 4, 2011;

UPON being informed that Melnyk has provided an undertaking to Staff of the Commission stating that:

(a) he will withdraw the appeal that he has filed relating to the Merits Reasons and he will not appeal this Order;

(b) he will not issue a press release in relation to this matter; and

(c) he will not make any public statement inconsistent with this Order;

UPON hearing submissions from counsel for Melnyk and for Staff of the Commission jointly recommending the sanctions set out below and the issue of this Order;

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

IT IS HEREBY ORDERED that:

1. Melnyk is reprimanded;

2. Melnyk is prohibited from acting as an officer or director of a reporting issuer (as defined in the *Securities Act*), or of a subsidiary of a reporting issuer, for a period of 5 years from the date of this Order;

3. Melnyk shall pay $565,000.00 in respect of a portion of the costs of the investigation and hearing in relation to this matter within 30 days of this Order;

4. For greater clarity, and in light of the preliminary prospectus that was filed with the Commission on April 15, 2011 relating to J5 Acquisition Corp. in which Melnyk is expected to hold approximately 62.2% of the common shares upon completion of the proposed offering:

   (i) in this Order, "subsidiary" has the meaning given to that term in National Instrument 45-106 *Prospectus and Registration Exemptions*, namely, an issuer that is controlled directly or indirectly by another issuer and includes a subsidiary of that issuer; and

   (ii) for a period of five years from the date of this Order, Melnyk will not be permitted, directly or indirectly, to

      (a) act as an integral part of the mind and management of a reporting issuer or a subsidiary of a reporting issuer (each a Specified Issuer), or perform functions similar to those normally performed

by an officer or director of a Specified Issuer, including: appointing officers or participating in any meeting of a board, or any committee thereof, in respect of proposing or nominating directors of a Specified Issuer; providing instructions or direction to management of a Specified Issuer or to any legal or financial advisors of any Specified Issuer; having signing authority for a Specified Issuer including without limitation signing authority over any bank or other accounts of a Specified Issuer; and hiring or supervising key staff of a Specified Issuer or participation in decisions relating to executive compensation;

(b) be involved in any of the matters referred to in section 3.4 (Board Mandate) of National Policy 58-201 *Corporate Governance Guidelines* in relation to the board of a Specified Issuer;

(c) make any recommendations to, participate in any discussions with or attempt in any way to influence management or the board of a Specified Issuer in relation to

1. compliance with any obligations that may be applicable to a Specified Issuer under Ontario securities law; and

2. preparation of any disclosure documents required to be filed by a Specified Issuer under Ontario securities law except as required by law or in respect of any disclosure describing Melnyk personally or describing his relationship to a Specified Issuer;

(d) enter into any oral or written retainer agreement as a consultant or advisor to a Specified Issuer;

(e) play a significant role (other than as an investor) in the raising of financing by, or the solicitation of investments in a Specified Issuer; and

(f) play a significant role in the business of, including playing a significant role in negotiating on the behalf of, a Specified Issuer.

DATED at Toronto this 5th day of May, 2011.

"James E. A. Turner"

"Paulette L. Kennedy"

"Mary G. Condon"

2.2.2 FactorCorp 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
FACTORCORP INC.,
FACTORCORP FINANCIAL INC., AND
MARK IVAN TWERDUN

ORDER
(Section 127(1) of the Securities Act)

WHEREAS by Order of the Superior Court of Justice dated October 17, 2007, KPMG Inc. ("KPMG") was appointed Receiver and Manager (the "Receiver") over the assets, undertakings and properties of FactorCorp Inc. ("FactorCorp") and FactorCorp Financial Inc. ("FactorCorp Financial") and by Order of the Superior Court of Justice dated October 30, 2007, the appointment of the Receiver was confirmed and extended until further Order of the Court. The Receiver was discharged by court order dated March 18, 2009;

AND WHEREAS by Order of the Superior Court of Justice dated March 25, 2008, FactorCorp and FactorCorp Financial were adjudged bankrupt effective as of December 4, 2007, a Bankruptcy Order was made against FactorCorp and FactorCorp Financial and KPMG was appointed Trustee of the Estates of FactorCorp and FactorCorp Financial (the "Trustee");

AND WHEREAS on May 12, 2009, 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 (the "Act"), accompanied by a Statement of Allegations filed by Staff of the Commission ("Staff") on the same date against FactorCorp, FactorCorp Financial, and Mark Twerdun ("Twerdun");

AND WHEREAS on May 12, 2009, a temporary order was continued against Twerdun, as varied on October 26, 2007, until this proceeding is concluded and a decision of the Commission is rendered or until the Commission considers it appropriate;

AND WHEREAS Twerdun brought a motion for particulars by Notice of Motion dated September 25, 2009;

AND WHEREAS on October 5, 2009, Staff consented to an order that it provide a reply to the demand for particulars;

AND WHEREAS Staff provided a reply to the demand for particulars on November 2, 2009 with the agreement of Twerdun;

AND WHEREAS on December 16, 2009, the Commission ordered that a motion brought by Twerdun to address an issue in respect of the cooperation of witnesses be heard on February 4, 2010;

AND WHEREAS on February 4, 2010, Twerdun brought a motion for disclosure and to address an issue in respect of the cooperation of witnesses;

AND WHEREAS on February 4, 2010, Staff consented to provide a letter to potential witnesses clarifying their ability to cooperate with Twerdun in this matter if they so desired and to obtain documents from the Trustee;

AND WHEREAS on February 5, 2010, Staff provided to Twerdun a letter to potential witnesses clarifying their ability to cooperate with Twerdun in this matter if they so desired;

AND WHEREAS on May 6, 2010 and July 30, 2010, following receipt of certain documents from the Trustee, Staff provided disclosure to Twerdun of documents sought by him by motion on February 4, 2010;

AND WHEREAS on October 22, 2010, the Commission ordered that the hearing on the merits take place between September 12, 2011 and September 30, 2011, except for September 20, 2011;

AND WHEREAS Staff and the Respondents have agreed to re-schedule the hearing on the merits for three weeks in October 2011;

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

IT IS HEREBY ORDERED that the hearing dates scheduled from September 12 to 30, 2011 be vacated;

IT IS FURTHER ORDERED that the hearing on the merits shall commence on October 3, 2011 and continue to October 21, 2011 except for October 10 and 11, 2011.

DATED at Toronto, this 5th day of May 2011.

"Christopher Portner"

2.2.3 York Rio Resources Inc. et al. – s. 127 of the Act and Rule 3 of the OSC Rules of Practice

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

AND

IN THE MATTER OF
YORK RIO RESOURCES INC.,
BRILLIANTE BRASILCAN RESOURCES CORP.,
VICTOR YORK, ROBERT RUNIC,
GEORGE SCHWARTZ, PETER ROBINSON,
ADAM SHERMAN, RYAN DEMCHUK,
MATTHEW OLIVER, GORDON VALDE AND
SCOTT BASSINGDALE

ORDER ON A MOTION
(Section 127 of the Securities Act; Rule 3 of the Ontario Securities Commission Rules of Practice)

WHEREAS on March 2, 2010, the Commission issued a Notice of Hearing pursuant to sections 37, 127 and 127.1 of the Act accompanied by a Statement of Allegations dated March 2, 2010, issued by Staff of the Commission ("**Staff**") with respect to York Rio Resources Inc. ("**York Rio**"), Brilliante Brasilcan Resources Corp. ("**Brilliante**"), Victor York ("**York**"), Robert Runic ("**Runic**"), George Schwartz ("**Schwartz**"), Peter Robinson ("**Robinson**"), Adam Sherman ("**Sherman**"), Ryan Demchuk ("**Demchuk**"), Matthew Oliver ("**Oliver**"), Gordon Valde ("**Valde**") and Scott Bassingdale ("**Bassingdale**"), (collectively, the "**Respondents**");

AND WHEREAS on March 3, 2010, the Commission ordered that the hearing be adjourned until April 12, 2010;

AND WHEREAS on April 12, 2010, Staff, Demchuk and counsel for York appeared before the Commission;

AND WHEREAS on April 12, 2010, Staff informed the Commission that all parties had either been served with notice of the hearing or that service had been attempted on all parties;

AND WHEREAS on April 12, 2010, Staff informed the Commission that counsel for Sherman, counsel for Robinson and counsel for Oliver had contacted Staff and indicated that they could not attend the hearing on April 12, 2010 but could attend at a later date;

AND WHEREAS on April 12, 2010, the Commission heard submissions from Staff, Demchuk and counsel for York;

AND WHEREAS on April 13, 2010, the hearing was adjourned to June 10, 2010;

AND WHEREAS on June 10, 2010, Staff appeared before the Commission and informed the Commission that all parties had either been served with notice of the hearing or that service had been previously attempted on all parties;

AND WHEREAS on June 10, 2010, upon hearing submissions from Staff, the hearing was adjourned to July 21, 2010;

AND WHEREAS on July 21, 2010, Staff appeared before the Commission and informed the Commission that all parties had either been served with notice of the hearing or that service had been previously attempted on all parties;

AND WHEREAS on July 21, 2010, the hearing was adjourned to August 30, 2010 for the purpose of conducting a pre-hearing conference;

AND WHEREAS on August 30, 2010, Staff appeared before the Commission and informed the Commission that all parties had either been served with notice of the pre-hearing conference or that service had been previously attempted on all parties;

AND WHEREAS on August 30, 2010, Staff, York and counsel for Robinson and Sherman appeared before the Commission and the pre-hearing conference was commenced;

AND WHEREAS on August 30, 2010, the Commission ordered that the hearing be adjourned to October 12, 2010 at 3:30 p.m. for the purpose of continuing the pre-hearing conference;

AND WHEREAS on October 12, 2010, Staff appeared before the Commission and informed the Commission that all parties had either been served with notice of the pre-hearing conference or that service had been previously attempted on all parties;

AND WHEREAS on October 12, 2010, Staff, York, Schwartz and counsel for Sherman appeared before the Commission and the pre-hearing conference was continued and scheduling of the hearing on the merits was discussed;

AND WHEREAS on October 12, 2010, the Commission ordered that the hearing on the merits (the "**Merits Hearing**") shall commence on March 21, 2011 at 10:00 a.m. at the offices of the Commission, 20 Queen Street West, 17th floor, Toronto and shall continue on March 23, 24 25, 28, 29, 30, 31, 2011 and May 2, 4, 5, 6, 9, 10, 11, 12, 13 and 16, 2011, or such further or other dates as may be agreed to by the parties and fixed by the Office of the Secretary;

AND WHEREAS on October 12, 2010, the Commission ordered that the motion brought by Schwartz and York (the "**Dismissal or Adjournment Motion**") shall be heard on November 26, 2010;

AND WHEREAS on November 5, 2010, the Commission approved a Settlement Agreement between Staff and Robinson;

AND WHEREAS on November 26, 2010, the Dismissal or Adjournment Motion was adjourned to December 13, 2010, peremptory to Schwartz and York, and Schwartz and York were ordered to provide Staff with the name, curriculum vitae, witness summary and any expert's report for each expert witness they intend to call by December 6, 2010;

AND WHEREAS on December 15, 2010, having considered the submissions of Schwartz, York and Staff at a hearing on December 13, 2010, the Commission dismissed the Dismissal or Adjournment Motion (the "**December 15, 2010 Motion Decision**");

AND WHEREAS on February 7, 2011 Schwartz and York commenced an appeal to the Ontario Divisional Court from the December 15, 2010 Motion Decision pursuant to section 9 of the Act (the "**Appeal**");

AND WHEREAS Schwartz and York moved for an adjournment of the Merits Hearing pending the outcome of the Appeal (the "**Adjournment Motion**");

AND WHEREAS, on February 10, 2011, having considered the submissions of Schwartz and York and Staff, the Commission gave an oral ruling dismissing the Adjournment Motion, and issued reasons for the ruling on March 30, 2011;

AND WHEREAS the Merits Hearing commenced on March 21, 2011 and continued on March 22, 23 and 24, 2011;

AND WHEREAS in the course of the Merits Hearing, on March 28, 2011, Schwartz brought Notice of Motion for an order that the Merits Hearing be terminated or alternatively that "all things and materials relating to York Rio be excluded" from the evidence in the Merits Hearing (the "**Schwartz Motion**");

AND WHEREAS the Notice of Motion sought leave to bring the Schwartz Motion without notice, pursuant to Rule 3.8 of the Ontario Securities Commission *Rules of Procedure* (2010), 33 O.S.C.B. 8017 (the "**Rules**"), and to give oral evidence in support of the Schwartz Motion as permitted under Rule 3.7(3) of the Rules;

AND WHEREAS the Notice of Motion was not served on Staff or the other parties at least ten days before the day the Schwartz Motion was to be heard, as required by Rule 3.2(2) of the Rules;

AND WHEREAS a Memorandum of Fact and Law was not provided in support of the Schwartz Motion, as required by Rule 3.6(1) of the Rules;

AND WHEREAS Schwartz filed and served a binder of materials in support of the Schwartz Motion (the "**Schwartz Motion Materials**"), but no Affidavit or other evidence was provided in support of the Schwartz Motion;

AND WHEREAS on March 28, 2011, Staff filed and served a copy of its Notice of Motion, which had been filed with the Ontario Court of Justice on January 14, 2010, seeking an Order to Extend Detention of Things Seized Pursuant to Section 159(2) of the *Provincial Offences Act*, R.S.O. c. P.33, as amended (the "**POA**") (the "**Motion for an Order to Extend Detention**");

AND WHEREAS on March 28, 2011, upon considering Rule 3.8 and Rule 1.6(2) of the Rules, and particularly considering that Schwartz is self-represented, the Commission, rather than refusing to hear the Schwartz Motion, as permitted by Rule 3.9 of the Rules, adjourned the Merits Hearing to allow Schwartz and Staff to file and serve their respective materials pursuant to the Rules;

AND WHEREAS on March 28, 2011, the Commission ordered that Staff shall file and serve a Memorandum of Fact and Law, by 5:00 p.m. on March 30, 2011, to address, in particular, the question: what is the effect (in terms of admissibility of evidence) of not including reference to York Rio in paragraph 1 of the Search Warrant, which reference was subsequently included in the related detention orders? (the "**Question**");

AND WHEREAS the Commission ordered that Schwartz shall file and serve a Memorandum of Fact and Law, by 3:30 p.m. on April 1, 2011, to address, in particular, the Question;

AND WHEREAS the Commission ordered that it would hear the oral submissions of Schwartz and Staff in relation to the Schwartz Motion and the Question at 10:00 a.m. on April 5, 2011;

AND WHEREAS on March 29, 2011, Staff informed the Commission that York wished to join the Schwartz Motion and was seeking leave to bring his motion without notice, pursuant to Rule 3.8 of the Rules, and to give oral evidence in support of the Schwartz Motion, as permitted under Rule 3.7(3) of the Rules, and on March 30, 2011, York withdrew his request to join the Schwartz Motion;

AND WHEREAS on March 30, 2011, Staff filed and served a Memorandum of Fact and Law;

AND WHEREAS on April 1, 2011, Schwartz filed and served a Memorandum of Fact and Law;

AND WHEREAS on April 5, 2011, Staff and Schwartz appeared before the Commission and gave oral submissions in relation to the Schwartz Motion, and York attended and informed the Commission that he was not joining the Schwartz Motion;

AND WHEREAS Schwartz submitted, in the Schwartz Motion, that on October 20, 2008, Wayne Vanderlaan ("**Vanderlaan**"), a Provincial Offences Officer employed as a Senior Investigator at the Commission,

swore an Information to Obtain a Search Warrant ("**ITO**") under section 158 of the POA;

AND WHEREAS in the ITO, Vanderlaan stated that he had reasonable grounds to believe that at the offices of CD Capital ("**CD Capital**"), operating as Brilliante Brasilcan Resources Corp. ("**Brilliante**") at 1315 Finch Avenue West, Suite 501, Toronto, Ontario (the "**Premises**"), there are things and materials relating to Brilliante, CD Capital, York, Brian Aidelman ("**Aidelman**"), Jason Georgiadis ("**Georgiadis**") and Richard Taylor ("**Taylor**"); that the things to be searched for are documents, records and materials relating to Brilliante, including records relating to CD Capital, Brilliante, York, Aidelman, Georgiadis and Taylor that there are reasonable grounds to believe will afford evidence as to the commission of offences contrary to sections 25, 38, 53, 126.1 and 122 of the Act;

AND WHEREAS in the ITO, Vanderlaan did not include, in the things to be searched for, documents, records and materials relating to York Rio;

AND WHEREAS in the ITO, Vanderlaan stated that Staff has been investigating York Rio since early 2008; that York Rio is an Ontario corporation that lists York as its sole director and 965 Bay Street, Toronto as its address; and that Staff had identified connections between York Rio and Brilliante;

AND WHEREAS the search warrant issued by a Provincial Judge or Justice of the Peace on October 16, 2008 (the "**Search Warrant**") did not include reference to York Rio but identified, as the things to be searched for at the Premises, documents, records and materials relating to Brilliante, Aidelman, York, Georgiadis and Taylor (collectively, the "**Brilliante Respondents**");

AND WHEREAS in an Affidavit sworn January 14, 2010 in support of the Motion for an Order to Extend Detention (the "**Vanderlaan Affidavit**"), Vanderlaan stated that a Detention Order was obtained from a Justice of the Peace on November 18, 2008 and extended on January 19, 2009, July 17, 2009 and August 13, 2009;

AND WHEREAS Vanderlaan appended to the Vanderlaan Affidavit his earlier affidavit, sworn July 10, 2009, which was filed with the Ontario Court of Justice in support of an earlier motion to extend detention ("**Vanderlaan's July 10, 2009 Affidavit**"), stating that York was the sole director of York Rio from its inception on May 10, 2004 until October 28, 2008, one week after the execution of the Search Warrant, when he ceased to be a director;

AND WHEREAS in Vanderlaan's July 10, 2009 Affidavit, Vanderlaan stated: (i) that at the time he swore the ITO, he did not have reasonable grounds to believe that the sale of York Rio securities was occurring at the Premises, but only had reasonable grounds to believe that the sale of Brilliante securities was occurring at the Premises; (ii) that observations during the search and evidence seized during the search included call lists, lead lists, scripts and other information indicating that York Rio securities and Brilliante securities were being sold from the Premises; (iii) that Brilliante and York Rio materials were closely intermingled making it difficult to distinguish and/or separate the materials at the Premises; (iv) that sales order forms that were seized identified several false names that were used to sell Brilliante or York Rio securities and that several individuals working at the Premises were selling both Brilliante and York Rio securities; (v) that Staff's Report to a Justice, filed on November 18, 2008, included an appendix describing the items seized including information as to whether the item seized related to Brilliante or York Rio or did not reference either company; and (vi) that upon considering the Report to a Justice, filed on November 18, 2008; the Justice of the Peace ordered the continued detention of all items seized;

AND WHEREAS on April 5, 2011, Schwartz did not provide the Panel with any additional evidence;

AND WHEREAS on April 5, 2011, having considered the submissions of Schwartz and Staff, the Commission gave an oral ruling dismissing the Schwartz Motion with reasons to follow;

AND WHEREAS on April 5, 2011, the Commission ordered that: (i) the Schwartz Motion is dismissed; and (ii) the Merits Hearing shall resume on May 2, 3, 4, 5, 6, 9, 11, 12, and 13, 2011, and such further or other dates as may be agreed to by the parties and fixed by the Office of the Secretary;

AND WHEREAS on April 15, 2011, York brought Notice of Motion for an order that the Merits Hearing be terminated or alternatively that "all things and materials relating to York Rio be excluded" from the evidence in the Merits Hearing (the "**York Motion**");

AND WHEREAS York filed and served, along with the Notice of Motion, a Memorandum of Fact and Law and stated that he would rely on the Schwartz Motion Materials, but did not provide any affidavit or other evidence in support of the York Motion;

AND WHEREAS the York Motion is very similar to the Schwartz Motion;

AND WHEREAS on April 21, 2011, Staff filed a Memorandum of Fact and Law in response to the York Motion, and advised that it would rely on the Brief of Authorities it had filed and served in the Schwartz Motion;

AND WHEREAS on April 21, 2011, Schwartz and York brought Notice of Motion for an adjournment to allow for Staff to provide disclosure in relation to Runic (the "**Runic Disclosure**"), and to allow the Respondents one month to review the Runic Disclosure and prepare for the continuation of the Merits Hearing (the "**Adjournment Motion**");

AND WHEREAS on April 27, 2011, Staff advised that it would take no position on the Adjournment Motion;

AND WHEREAS on May 2, 2011, Staff, York and Schwartz appeared before the Commission, and York stated that he was not prepared to address the York Motion and requested that it be heard when the Merits Hearing resumes on June 6, 2011;

AND WHEREAS on May 2, 2011, the Commission adjourned the hearing of the York Motion to May 3, 2011;

AND WHEREAS on May 3, 2011, Staff and York appeared before the Commission, Schwartz having advised Staff that he would not attend, and York gave oral submissions but did not present any evidence in support of the York Motion apart from the Schwartz Motion Materials;

AND WHEREAS on May 3, 2011, the Commission reserved its decision on the York Motion;

AND WHEREAS on May 3, 2011, the Commission granted the Adjournment Motion and ordered that the Merits Hearing will resume on June 6, 2011 at 11:00 a.m., and continue on June 8, 9 and 10, 2011 at 10:00 a.m., June 13, 2011 at 11:00 a.m., June 14, 15, 16 and 17 at 10:00 a.m., June 20, 2011 at 11:00 a.m., June 22 and 23, 2011 at 10:00 a.m., and such further and other dates and times as are agreed by the Parties and fixed by the Office of the Secretary;

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

IT IS ORDERED THAT:

(i) the York Motion is dismissed;

(ii) the Merits Hearing shall resume on June 6, 2011 at 11:00 a.m., and continue on June 8, 9 and 10, 2011 at 10:00 a.m., June 13, 2011 at 11:00 a.m., June 14, 15, 16 and 17 at 10:00 a.m., June 20, 2011 at 11:00 a.m., June 22 and 23, 2011 at 10:00 a.m., and such further and other dates and times as are agreed by the Parties and fixed by the Office of the Secretary;

DATED at Toronto this 5th day of May, 2011.

"Vern Krishna"

"Edward Kerwin"

2.2.4 Fortress Energy Inc. – s. 144

Headnote

Section 144 – full revocation of cease trade order upon remedying of defaults.

Statutes Cited

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

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

AND

IN THE MATTER OF
FORTRESS ENERGY INC.
(the Reporting Issuer)

ORDER
(Section 144)

Background

On April 25, 2011, the Director made an order under paragraph 2 of subsection 127(1) of the Act (the Cease Trade Order) that all trading in securities of the Reporting Issuer, whether direct or indirect, shall cease until further order by the Director.

The Order was made because the Reporting Issuer was in default of certain filing requirements under Ontario securities law as described in the Cease Trade Order.

The Reporting Issuer has applied to the Ontario Securities Commission under section 144 of the Act for a revocation of the Cease Trade Order.

Representations

This order is based on the following facts represented by the Reporting Issuer:

1. The Reporting Issuer is a reporting issuer under the securities legislation of the provinces of Ontario, Alberta, British Columbia, Saskatchewan, Manitoba, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador.

2. The Reporting Issuer has filed all outstanding continuous disclosure documents that are required to be filed under Ontario securities law.

3. The Reporting Issuer has paid all outstanding activity, participation and late filing fees that are required to be paid.

4. The Reporting Issuer was also subject to similar cease trade orders issued by the Alberta

Securities Commission (AB) and l'Autorité des marchés financiers (QU) as a result of the failure to make the filings described in the Cease Trade Order. The order issued by the AB was revoked on May 4, 2011.

5. The Reporting Issuer's SEDAR profile and SEDI issuer profile supplement are current and accurate.

Order

The Director is of the opinion that it would not be prejudicial to the public interest to revoke the Cease Trade Order.

It is ordered under section 144 of the Act that the Cease Trade Order is revoked.

Dated: May 9th, 2011

"Lisa Enright"
Manager, Corporate Finance

2.2.5 Global Energy Group, Ltd. et. al. – s. 127

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

AND

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

ORDER
(Section 127 of the Securities Act)

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

AND WHEREAS the Notice of Hearing stated that a hearing would be held at the offices of the Commission on June 14, 2010;

AND WHEREAS on June 14, 2010, Staff confirmed that the Commission had received the affidavit of Kathleen McMillan sworn June 11, 2010 which indicated that service of the Notice of Hearing and Statement of Allegations was attempted on all Respondents personally, electronically, through their counsel or at their last known address;

AND WHEREAS on June 14, 2010, Staff, Schaumer, Silverstein, Brikman, Shiff, counsel for Feder and an agent for counsel for Robinson attended the hearing;

AND WHEREAS on June 14, 2010, Staff informed the Commission that they had received messages from Harper and Groberman that they would not be attending the hearing;

AND WHEREAS on June 14, 2010, Staff informed the Commission that they had received a message from Tsatskin stating that his lawyer would be unable to appear at the hearing;

AND WHEREAS on June 14, 2010, Staff informed the Commission they had received a message from counsel for Pasternak, Walker and Brikman that he would not be attending the hearing;

AND WHEREAS on June 14, 2010, upon hearing submissions from Staff and counsel for Feder, the hearing was adjourned to September 1, 2010;

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

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

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

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

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

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

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

AND WHEREAS on November 8, 2010, upon hearing the submissions of Staff, Schaumer, Shiff, Silverstein, and counsel for Pasternak, Walker and Brikman, it was ordered that the hearing be adjourned to December 7, 2010 at 2:30 p.m. to continue the pre-hearing conference;

AND WHEREAS on December 7, 2010, Staff confirmed that the Commission had received the affidavit of Charlene Rochman sworn December 7, 2010, which indicated that all parties, except for Bajovski or Cohen, had been served with notice of the pre-hearing conference personally, electronically, through their counsel or at their last known address;

AND WHEREAS Staff continued to have no current effective address for service for Bajovski and Cohen;

AND WHEREAS on December 7, 2010, Staff, Schaumer, Silverstein, counsel for Pasternak, Walker and Brikman, and an agent for new counsel for Feder attended the hearing;

AND WHEREAS on December 7, 2010, Staff informed the Commission that, depending on settlement efforts, Staff might seek to bring an application to hold the hearing on the merits in writing;

AND WHEREAS on December 7, 2010 upon hearing submissions from Staff, Schaumer, Silverstein, counsel for Pasternak, Walker and Brikman, and the agent for counsel for Feder, it was ordered that the hearing be adjourned to February 16, 2011 at 2:00 p.m. to set dates for the hearing on the merits and that Staff renew efforts to obtain an effective address for service on Bajovski and Cohen.

AND WHEREAS on February 16, 2011 Staff confirmed that the Commission had received the affidavit of Charlene Rochman sworn on February 14, 2011, which indicated that all parties, except for Bajovski and Cohen, had been served with notice of the pre-hearing conference, personally, electronically, through their counsel or at their last known address;

AND WHEREAS Staff continued to have no current effective address for service for Bajovski and Cohen;

AND WHEREAS on February 16, 2011, Staff, Schaumer, Shiff, and counsel for Feder attended the hearing;

AND WHEREAS on February 16, 2011, upon hearing submissions from Staff, Schaumer, Shiff and counsel for Feder, it was ordered that the hearing be adjourned to May 3, 2011 at 10:00 a.m. for a pre-hearing conference to set the dates for the hearing on the merits, and that Staff would renew efforts to obtain an effective address for service on Bajovski and Cohen;

AND WHEREAS on May 3, 2011, Staff confirmed that the Commission had received the affidavit of Charlene Rochman sworn on May 2, 2011, which indicated that all parties, except for Bajovski and Cohen, had been served with notice of the pre-hearing conference personally, electronically, through their counsel or at their last known address;

AND WHEREAS on May 3, 2011, Staff confirmed that they had renewed their efforts to obtain an effective address for service on Bajovski and Cohen, but that they continue to have no current effective address for service for Bajovski and Cohen;

AND WHEREAS on May 3, 2011, Staff, Schaumer, Silverstein and Shiff appeared before the

Commission, and scheduling of the hearing on the merits was discussed;

AND WHEREAS on May 3, 2011, Schaumer, Silverstein and Shiff had no objection that the dates of the hearing on the merits be set;

IT IS ORDERED THAT the hearing on the merits is to commence on January 18, 2012 at 10:00 a.m. at the offices of the Commission, 20 Queen Street West, 17th Floor, Toronto, and shall continue on January 19, 20, 23, 24, 25, 26, 27 and 30, 2012 and February 1, 2, 3, 6, 7, 8, 9, and 10, 2012, or such further or other dates as may be agreed to by the parties and fixed by the Office of the Secretary;

AND IT IS FURTHER ORDERED that the parties attend before the Commission on July 11, 2011 at 10:00 a.m., for a status hearing at the offices of the Commission, 20 Queen Street West, 17th Floor, Toronto.

DATED at Toronto this 3rd day of May, 2011.

"Mary G. Condon"

2.2.6 Global Energy Group, Ltd. et al. – ss. 127(7), 127(8)

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

AND

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

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

WHEREAS on July 10, 2008, the Ontario Securities Commission (the "Commission") issued a temporary order, pursuant to subsections 127(1) and (5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), that all trading by Global Energy Group, Ltd. ("Global Energy") and the New Gold Limited Partnerships (the "New Gold Partnerships") (together, the "Corporate Respondents") and their officers, directors, employees and/or agents in securities of the New Gold Partnerships shall cease (the "First Temporary Order");

AND WHEREAS on July 10, 2008, the Commission ordered that the First Temporary Order shall expire on the 15th day after its making unless extended by order of the Commission;

AND WHEREAS on July 15, 2008, the Commission issued a Notice of Hearing to consider, among other things, the extension of the First Temporary Order, such hearing to be held on July 23, 2008 at 11:00 a.m.;

AND WHEREAS the Notice of Hearing sets out that the hearing is to consider, *inter alia*, whether, in the opinion of the Commission, it is in the public interest, pursuant to subsections 127(7) and (8) of the Act, to extend the First Temporary Order until such time as considered necessary by the Commission;

AND WHEREAS a hearing was held on July 23, 2008 at 11:00 a.m. where Staff and counsel for Global Energy appeared but no counsel appeared for the New Gold Partnerships;

AND WHEREAS on July 23, 2008, the First Temporary Order was continued until August 6, 2008 and the hearing in this matter was adjourned until August 5, 2008 at 3:00 p.m. on consent of Staff and counsel for Global Energy;

AND WHEREAS a hearing was held on August 5, 2008 at 3:00 p.m. where Staff and counsel for Global Energy appeared but no counsel appeared for the New Gold Partnerships;

AND WHEREAS on August 5, 2008, the First Temporary Order was continued until December 4, 2008 and the hearing in this matter was adjourned until December 3, 2008 at 10:00 a.m. on consent of Staff and counsel for Global Energy;

AND WHEREAS on December 3, 2008, on the basis of the record for the written hearing and on consent of Staff and counsel for Global Energy, a Panel of the Commission ordered that the First Temporary Order be extended until June 11, 2009 and that the hearing in this matter be adjourned to June 10, 2009, at 10:00 a.m.;

AND WHEREAS on June 10, 2009, Staff advised the Commission that Victor Tsatskin, a.k.a. Vadim Tsatskin ("Tsatskin"), an agent of Global Energy, would not be attending the hearing and was not opposed to Staff's request for the extension of the First Temporary Order and no counsel had communicated with Staff on behalf of the New Gold Partnerships;

AND WHEREAS on June 10, 2009, on hearing the submissions of Staff, a Panel of the Commission ordered that the First Temporary Order be extended until October 9, 2009 and that the hearing in this matter be adjourned to October 8, 2009, at 10:00 a.m.;

AND WHEREAS on October 8, 2009, on hearing the submissions of Staff, a Panel of the Commission ordered that the First Temporary Order be extended until March 11, 2010 and that the hearing in this matter be adjourned to March 10, 2010, at 10:00 a.m.;

AND WHEREAS on March 10, 2010, on hearing the submissions of Staff, a Panel of the Commission ordered that the First Temporary Order be extended until July 12, 2010 and that the hearing in this matter be adjourned to July 9, 2010, at 11:30 a.m.;

AND WHEREAS on April 7, 2010, the Commission issued a temporary cease trade order pursuant to subsections 127(1) and 127(5) of the Act ordering the following (the "Second Temporary Order"):

i) Christina Harper ("Harper"), Howard Rash ("Rash"), Michael Schaumer ("Schaumer"), Elliot Feder ("Feder"), Tsatskin, Oded Pasternak ("Pasternak"), Alan Silverstein ("Silverstein"), Herbert Groberman ("Groberman"), Allan Walker ("Walker"), Peter Robinson ("Robinson"), Vyacheslav Brikman ("Brikman"), Nikola Bajovski ("Bajovski"), Bruce Cohen ("Cohen") and Andrew Shiff ("Shiff") (collectively, the "Individual Respondents"), shall cease trading in all securities; and

ii) that any exemptions contained in Ontario securities law do not apply to the Individual Respondents.

AND WHEREAS, on April 7, 2010, the Commission ordered that the Second Temporary Order shall expire on the 15th day after its making unless extended by order of the Commission;

AND WHEREAS on April 14, 2010, the Commission issued a Notice of Hearing to consider, among other things, the extension of the Second Temporary Order, to be held on April 20, 2010 at 3:00 p.m;

AND WHEREAS the Notice of Hearing sets out that the Hearing is to consider, amongst other things, whether, in the opinion of the Commission, it is in the public interest, pursuant to subsections 127(7) and (8) of the Act, to extend the Second Temporary Order until the conclusion of the hearing, or until such further time as considered necessary by the Commission;

AND WHEREAS on April 20, 2010, a hearing was held before the Commission and none of the Individual Respondents appeared before the Commission to oppose Staff's request for the extension of the Second Temporary Order;

AND WHEREAS on April 20, 2010, the Commission was satisfied that Staff had served or made reasonable attempts to serve each of the Individual Respondents with copies of the Second Temporary Order, the Notice of Hearing, and the Evidence Brief of Staff as evidenced by the Affidavit of Kathleen McMillan, sworn on April 20, 2010, and filed with the Commission;

AND WHEREAS on April 20, 2010, the Commission considered the evidence and submissions before it and the Commission was of the opinion that: in the absence of a continuing cease-trade order, the length of time required to conclude a hearing could be prejudicial to the public interest; and, it was in the public interest to extend the Second Temporary Order;

AND WHEREAS on April 20, 2010, pursuant to subsections 127(7) and (8) of the Act, the Second Temporary Order was extended to June 15, 2010 and the hearing in this matter was adjourned to June 14, 2010, at 10:00 a.m.;

AND WHEREAS on June 14, 2010, a hearing was held before the Commission and the Commission ordered that the Second Temporary Order be extended until September 1, 2010 and the hearing be adjourned to September 1, 2010, at 1:00 p.m.;

AND WHEREAS on June 14, 2010, on hearing the submissions of Staff, a Panel of the Commission ordered that the First Temporary Order be extended until September 1, 2010 and that the hearing in this matter be adjourned to September 1, 2010, at 1:00 p.m.;

AND WHEREAS on September 1, 2010, the Commission considered the evidence and submissions before it and the Commission was of the opinion that: in the absence of a continuing cease-trade order, the length of time required to conclude a hearing could be prejudicial to the public interest;

AND WHEREAS on September 1, 2010, pursuant to subsections 127(7) and 127(8) of the Act, the First Temporary Order and Second Temporary Order were extended to November 9, 2010 and the hearing in this matter was adjourned to November 8, 2010 at 10:00 a.m.;

AND WHEREAS on September 1, 2010, it was further ordered pursuant to subsections 127(1) and (2) of the Act that, notwithstanding the Second Temporary Order, Feder is permitted to trade securities in an account in his own name or in an account of his registered retirement savings plans (as defined in the *Income Tax Act* (Canada)) in which he has the sole legal and beneficial ownership, provided that:

(i) the securities traded are listed and posted for trading on the Toronto Stock Exchange, the New York Stock Exchange or NASDAQ (or their successor exchanges) which is a reporting issuer; and

(ii) he carries out any permitted trading through a dealer registered with the Commission (which dealer must be given a copy of this order) and through accounts opened in his name only (the "Amended Second Temporary Order").

AND WHEREAS on November 8, 2010, Staff, Schaumer, Shiff, Silverstein, counsel for Rash, and counsel for Pasternak, Walker and Brikman, attended the hearing; and whereas Harper and Groberman had each advised Staff that they would not be attending the hearing; and whereas no person attended on behalf of the Corporate Respondents; and whereas Tsatskin, Bajovski and Cohen did not appear;

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

AND WHEREAS on November 8, 2010, the Commission considered the evidence and submissions before it and the Commission was of the opinion that it was in the public interest that the First Temporary Order and the Amended Second Temporary Order be extended to December 8, 2010 and the hearing in this matter be adjourned to December 7, 2010 at 2:30 p.m.;

AND WHEREAS on December 7, 2010, Staff, Schaumer, Silverstein, counsel for Pasternak, Walker and Brikman, and agent for new counsel for Feder attended the hearing; and whereas no person appeared on behalf of the Corporate Respondents; and whereas Harper, Rash, Tsatskin, Groberman, Bajovski, Cohen and Shiff did not appear;

AND WHEREAS on December 7, 2010, the Commission was satisfied that all of the Respondents had been properly served with notice of the hearing;

AND WHEREAS on December 7, 2010, Staff requested the extension of the First Temporary Order against the Corporate Respondents and the Amended Second Temporary Order against the Individual Respondents, and Schaumer, Silverstein, and counsel for Pasternak, Walker and Brikman consented to the extension of the Amended Second Temporary Order;

AND WHEREAS on December 7, 2010, agent for new counsel for Feder informed the Commission that he did not have instructions as to whether Feder consented to an extension of the Amended Second Temporary Order;

AND WHEREAS on December 7, 2010, Staff informed the Commission that depending on settlement efforts, Staff might seek to bring an application to hold the next hearing in this matter in writing;

AND WHEREAS on December 7, 2010, the Commission directed that the First Temporary Order against the Corporate Respondents, and the Amended Second Temporary Order against the Individual Respondents, be consolidated into a single temporary order (the "Temporary Order");

AND WHEREAS on December 7, 2010, the Commission considered the evidence and submissions before it and the Commission was of the opinion that it was in the public interest that pursuant to subsection 127(7) and 127(8) of the Act, the Temporary Order be extended to March 3, 2011, without prejudice to Feder to bring a motion if he opposes the extension and that the hearing in this matter be adjourned to February 16, 2011 at 2:00 p.m.

AND WHEREAS on February 16, 2011, Staff, Schaumer, Shiff, counsel for Feder attended the hearing; and whereas no person appeared on behalf of the Corporate Respondents; and whereas counsel for Pasternak, Walker and Brikman, Harper, Rash, Tsatskin, Groberman, Bajovski and Cohen did not appear;

AND WHEREAS on February 16, 2011, Staff requested the extension of the Temporary Order against the Individual Respondents and Corporate Respondents; and Schaumer and Shiff consented to the extension of the Temporary Order;

AND WHEREAS on February 16, 2011, counsel for Feder consented to the extension of the Temporary Order of December 7, 2010, save and except for the exceptions outlined in this order;

AND WHEREAS on February 16, 2011, the Commission considered the evidence and submissions

before it and the Commission was of the opinion that it was in the public interest to adjourn the hearing to May 3, 2011 at 10:00 a.m. and further extended the Temporary Order until May 4, 2011;

AND WHEREAS on February 16, 2011, it was further ordered pursuant to subsections 127(7) and (8) of the Act, that the Temporary Order be extended to May 4, 2011, save and except that:

(a) Feder is permitted to trade securities in an account in his own name or in an account of his registered retirement savings plan (as defined in the *Income Tax Act* (Canada)) in which Feder has the sole legal and beneficial ownership, provided that:

(i) the securities traded are listed and posted for trading on the Toronto Stock Exchange, the New York Stock Exchange, or NASDAQ (or their successor exchanges) which is a reporting issuer; and

(ii) that Feder carries out any permitted trading through a dealer registered with the Commission (which dealer must be given a copy of this order) and through accounts opened in Feder's name only; and

(b) Feder is permitted to contact the existing shareholders of (i) Genesis Rare Diamonds (Ontario) Ltd. (ii) Kimberlite Diamond Corporation and (iii) their subsidiaries, none of which is a reporting issuer, or their counsel and to discuss/explore the potential for the sale of Feder's shares in those corporations to any or all of their existing shareholders and/or the purchase of Feder's shares in those corporations by the respective corporations for cancellation, provided that Feder's shares are not actually sold and/or purchased without Feder first obtaining a further exemption/order from the Commission that permits such sale(s) and/or purchase(s);

AND WHEREAS on May 3, 2011, Staff, Schaumer, Shiff, and Silverstein attended the hearing, no one appeared on behalf of the Corporate Respondents; and counsel for Pasternak, Walker and Brikman and counsel for Rash; Harper, Groberman, Bajovski and Cohen did not appear;

AND WHEREAS on May 3, 2011, Staff requested an extension of the Temporary Order against the Individual Respondents and Corporate Respondents; and Schaumer, Shiff and Silverstein did not object to an extension of the Temporary Order;

AND WHEREAS on May 3, 2011, the Commission considered the evidence and submissions before it and the Commission was of the opinion that it was in the public interest to make this order;

IT IS ORDERED that pursuant to subsections 127(7) and 127(8) of the Act, the Temporary Order is extended against all named Respondents, except Rash, to the conclusion of the hearing on the merits;

IT IS FURTHER ORDERED that the Temporary Order is extended against Rash until July 12, 2011, and that the hearing is adjourned to July 11, 2011 at 10:00 a.m., at which time Rash will have the opportunity to make submissions regarding any further extension of the Temporary Order against him.

DATED at Toronto this 3rd day of May, 2011

“Mary G. Condon”

2.2.7 QuantFX Asset Management Inc. et al. – ss. 127(7), 127(8)

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

AND

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

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

WHEREAS on April 9, 2010, the Ontario Securities Commission (the "Commission") issued a 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 (the "Temporary Order"):

(i) that QuantFX Asset Management Inc. ("QuantFX"), Vadim Tsatskin ("Tsatskin"), Lucien Shtromvaser ("Shtromvaser") and Rostislav Zemlinsky ("Zemlinsky"), collectively the "Respondents", cease trading in all securities; and

(ii) that any exemptions contained in Ontario securities law do not apply to the Respondents;

AND WHEREAS on April 9, 2010, the Commission ordered that the Temporary Order shall expire on the 15th day after its making unless extended by order of the Commission;

AND WHEREAS on April 13, 2010, the Commission issued a Notice of Hearing to consider, among other things, the extension of the Temporary Order, to be held on April 23, 2010;

AND WHEREAS on April 23, 2010 and October 13, 2010, the Commission extended the Temporary Order;

AND WHEREAS the Temporary Order expires on November 19, 2010;

AND WHEREAS on November 10, 2010, the Commission issued a Notice of Hearing pursuant to sections 37, 127 and 127.1 of the Act accompanied by a Statement of Allegations dated November 10, 2010, issued by Staff of the Commission ("Staff") with respect to QuantFX, Tsatskin, Shtromvaser and Zemlinsky;

AND WHEREAS on November 17, 2010, the Commission issued an Amended Notice of Hearing to correct a typographical error;

AND WHEREAS on November 18, 2010, a hearing was held at 4:00 p.m. and Staff and counsel for QuantFX, Shtromvaser and Zemlinsky appeared before the Commission, Tsatskin did not attend the Hearing, but had advised Staff that he consents to Staff's request for an extension of the Temporary Order and the Commission was satisfied that Staff properly served the Respondents;

AND WHEREAS on November 18, 2010, counsel for QuantFX, Shtromvaser and Zemlinsky advised the Commission that QuantFX, Shtromvaser and Zemlinsky consented to Staff's request for an extension of the Temporary Order;

AND WHEREAS on November 18, 2010, the Commission considered the evidence and submissions before it and the Commission was of the opinion that it was in the public interest to extend the Temporary Order;

AND WHEREAS the Commission ordered that:

(i) pursuant to subsections 127(7) and (8) of the Act, the Temporary Order be extended to January 27, 2011;

(ii) the hearing in this matter be adjourned to January 26, 2011 at 12:00 p.m. or on such other date as provided by the Secretary's Office and agreed to by the parties; and

(iii) the purpose of the hearing to be held on January 26, 2011 be to set dates for the hearing on the merits.

AND WHEREAS on January 26, 2011, a hearing was held at 12:00 p.m. and Staff appeared before the Commission and no one appeared on behalf of any of the Respondents;

AND WHEREAS Staff requested an extension of the Temporary Order for six weeks to March 8, 2011;

AND WHEREAS Staff advised the Commission that Tsatskin and counsel for QuantFX, Shtromvaser and Zemlinsky consented to the extension of the Temporary Order and the adjournment of the hearing and the Commission was satisfied that Staff properly served the Respondents;

AND WHEREAS the Commission ordered that the Temporary Order be extended to March 9, 2011 and that the hearing in this matter be adjourned to March 8, 2011 at 12:00 p.m.;

AND WHEREAS on March 8, 2011, a hearing was held at 12:00 p.m. and Staff appeared before the Commission and no one appeared on behalf of any of the Respondents;

AND WHEREAS the Commission was satisfied that the Respondents were properly served with notice of the hearing;

AND WHEREAS Staff advised the Commission that counsel for QuantFX, Shtromvaser and Zemlinsky consented to an adjournment of the hearing and an extension of the Temporary Order for one month;

AND WHEREAS Staff requested that the hearing be adjourned and the Temporary Order extended for approximately six weeks;

AND WHEREAS the Commission ordered that the Temporary Order be extended to April 28, 2011 and that the hearing in this matter be adjourned to April 27, 2011;

AND WHEREAS on March 28, 2011 the Commission approved settlement agreements between Staff and the Respondents QuantFX, Shtromvaser and Zemlinsky;

AND WHEREAS on April 27, 2011, a hearing was held at 10:00 a.m. and Staff appeared before the Commission and no one appeared on behalf of Tsatskin;

AND WHEREAS the Commission was satisfied that Tsatskin was properly served with notice of the hearing;

AND WHEREAS Staff requested that the Temporary Order in respect of Tsatskin be extended for approximately six weeks;

AND WHEREAS the Commission is of the opinion that it is in the public interest to extend the Temporary Order in respect of Tsatskin;

AND WHEREAS QuantFX, Shtromvaser and Zemlinsky are subject to the orders of the Commission made on March 28, 2011;

IT IS ORDERED that the Temporary Order is extended with respect to Tsatskin to June 13, 2011 and that the hearing in this matter is adjourned to June 10, 2011 at 10:00 a.m. or on such other date as provided by the Secretary's Office and agreed to by the parties.

DATED at Toronto this 27th day of April, 2011.

"Mary G. Condon"

2.2.8 Russell Implementation Services Inc. – s. 80 of the CFA

Headnote

Section 80 of the Commodity Futures Act (Ontario) – International adviser exempted from the adviser registration requirement in section 22(1)(b) of the CFA where such adviser acts as an adviser in respect of commodity futures contracts or commodity futures options (commodities) for certain institutional investors in Ontario – Commodities are primarily traded on commodity futures exchanges outside of Canada and primarily cleared outside of Canada.

Terms and conditions on exemption ruling correspond to the relevant terms and conditions on the comparable exemption from the adviser registration requirement available to international advisers in respect of securities set out in section 8.26 of NI 31-103 Registration Requirements and Exemptions – Exemption also subject to a "sunset clause" condition.

May 6, 2011

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

AND

IN THE MATTER OF
RUSSELL IMPLEMENTATION SERVICES INC.

ORDER
(Section 80 of the CFA)

UPON the application (the **Application**) to the Ontario Securities Commission (the **Commission**) by Russell Implementation Services Inc. (the **Filer**) for an Order of the Commission, pursuant to section 80 of the CFA, that the Filer, and any individuals engaging in, or holding themselves out as engaging in, the business of advising others on the Filer's behalf, is exempt from the adviser registration requirement in the CFA (as defined below) in connection with the Filer acting as an adviser to Permitted Clients (as defined below) in Ontario, in respect of Contracts (as defined below) to the extent that it would be a Permitted Commodity Activity (as defined below) for the Filer;

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

AND WHEREAS for the purposes of this Order;

"adviser registration requirement in the CFA" means the requirement set out in paragraph 22(1)(b) of the CFA that prohibits a person or company from acting as an adviser, as defined in the CFA, unless the person or company satisfies the applicable provisions of subsection 22(1) of the CFA;

"adviser registration requirement in the OSA" means the requirement set out in subsection 25(3) of the OSA that prohibits a person or company from acting as an adviser, as defined in the OSA, unless the person or company satisfies the applicable provisions of subsection 25(3) of the OSA;

"CFMA" means The Commodities Futures Modernization Act of 2000 of the U.S.A.;

"CFTC" means the United States Commodity Futures Trading Commission;

"Contract" has the meaning ascribed to that term in subsection 1(1) of the CFA;

"Foreign Contract" means any Contract that is primarily traded on one or more organized exchanges that are located outside of Canada and primarily cleared through one or more clearing corporations that are located outside of Canada;

"NI 31-103" means National Instrument 31-103 *Registration Requirements and Exemptions*;

"OSA" means the *Securities Act* (Ontario);

"Permitted Client" has the meaning set forth in section 8.26 of NI 31-103;

"Permitted Commodity Activity" means providing advice with respect to Foreign Contracts on the same terms and conditions that the Filer is permitted to provide advice, pursuant to the exemption from the requirement to register under the CFMA as a commodity trading adviser upon which the Filer relies in the foreign jurisdiction where its head office is located, with respect to any commodity futures contract or any commodity futures option; and

"SEC" means the United States Securities and Exchange Commission.

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

AND UPON the Filer having represented to the Commission that:

1. The Filer is a corporation established under the laws of the State of Washington, U.S.A. and its principal place of business is Seattle, Washington, U.S.A.

2. The Filer is registered as an investment adviser under the U.S. Investment Advisers Act of 1940, as amended.

3. The Filer relies upon an exemption from the requirement to register under the CFMA as a commodity trading adviser. Pursuant to this exemption, the Filer is permitted to provide advice with respect to a commodity futures contract or a commodity futures option in the U.S.A. if the Filer (i) is registered as an investment adviser under the U.S. Investment Advisers Act of 1940, (ii) does not primarily act as a commodity trading adviser and (iii) does not act as a commodity trading adviser to any investment trust, syndicate or similar form of enterprise that is engaged primarily in trading in any commodity for future delivery or on or subject to the rules of any contract market or registered derivatives transaction facility.

4. The Filer engages in the business of an adviser with respect to securities and with respect to Contracts in Washington, U.S.A.

5. The Filer advises Ontario clients that are Permitted Clients with respect to securities in reliance on the exemption in section 8.26 of NI 31-103 from the adviser registration requirement in the OSA. The Filer also acts as a sub-adviser in reliance on the exemption in section 7.3 of Ontario Securities Commission Rule 35-502 in respect of mutual funds established under the laws of Ontario and advised by its affiliate, Russell Investments Canada Limited.

6. The Filer has already filed Form 31-103F2 Submission to Jurisdiction and Appointment of Agent for Service with the Commission in order to rely on the exemption in section 8.26 of NI 31-103.

7. The Filer has provided and will provide to each Ontario client the notice required by section 8.26 of NI 31-103.

8. In addition to providing advice in respect of securities as described in paragraph 5 above, the Filer proposes to act also as an adviser to Permitted Clients in Ontario in respect of Foreign Contracts, provided that the advice is limited to Permitted Commodity Activity.

9. The Filer is not, and will not be, registered as an adviser under the CFA or the OSA.

10. Paragraph 22(1)(b) of the CFA prohibits a person or company from acting as an adviser unless the person or company is registered as an adviser under the CFA, or is registered as a representative or as a partner or an officer of a registered adviser and is acting on behalf of such registered adviser, and otherwise satisfies the applicable requirements specified in subsection 22(1) of the CFA.

11. There is currently no comparable rule or regulation under the CFA that provides an exemption from the adviser registration requirement in the CFA for a person or company acting as an adviser, in respect of Foreign Contracts, that corresponds to the exemption from the adviser registration

requirement of the OSA contained in section 8.26 of NI 31-103.

12. But for the exemption, the Filer would not be entitled to provide advice that is limited to Permitted Commodity Activity to Permitted Clients in Ontario.

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

IT IS ORDERED, pursuant to section 80 of the CFA, that the Filer, and any individuals engaging in, or holding themselves out as engaging in, the business of advising others on the Filer's behalf, is exempted from the adviser registration requirement in the CFA, for a period of five years, in connection with the Filer acting as an adviser to Permitted Clients in respect of Foreign Contracts provided that:

(a) the Filer limits its activities as an adviser in respect of Foreign Contracts to Permitted Commodity Activity;

(b) the Filer does not advise in Canada as to trading in Contracts that are not Foreign Contracts, unless providing such advice is incidental to its providing advice on Foreign Contracts;

(c) the Filer's head office or principal place of business is in the United States;

(d) the Filer is registered, operates under an exemption from registration or is otherwise legally permitted, under the CFMA, to carry on the activities in the U.S.A. that registration as an adviser, as defined in the CFA, would permit it to carry on in Ontario;

(e) the Filer engages in the business of an adviser, as defined in the CFA, in the foreign jurisdiction in which its head office or principal place of business is located;

(f) as at the end of the Filer's most recently completed financial year, not more than 10% of the aggregate consolidated gross revenue of the Filer, its affiliates and its affiliated partnerships is derived from the portfolio management activities of the Filer, its affiliates and its affiliated partnerships in Canada;

(g) before advising a Permitted Client, the Filer notifies the Permitted Client of all of the following:

(i) the Filer is not registered in the local jurisdiction to provide the advice described under paragraph (b) of this Order;

(ii) the foreign jurisdiction in which the Filer's head office or principal place of business is located;

(iii) all or substantially all of the Filer's assets may be situated outside of Canada;

(iv) there may be difficulty enforcing legal rights against the Filer because of the above;

(v) the name and address of the Filer's agent for service of process in Ontario;

(h) the Filer has submitted to the Commission a completed Form 31-103F2 Submission to Jurisdiction and Appointment of Agent for Service;

(i) the Permitted Client is a resident of Canada; and

(j) the Filer complies with the filing and fee payment requirements applicable to an unregistered exempt international firm under Ontario Securities Commission Rule 13-502 Fees.

"Edward P. Kerwin"
Commissioner
Ontario Securities Commission

"Margot C. Howard"
Commissioner
Ontario Securities Commission

2.2.9 Capital Gold Corporation – s. 1(10)

Headnote

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

Applicable Legislative Provisions

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

May 10, 2011

Capital Gold Corporation
c/o Fasken Martineau DuMoulin LLP
333 Bay Street, Suite 2400
Toronto, Ontario
M5H 2T6

Dear Sir / Madam:

Re: Capital Gold Corporation (the Applicant) – Application for an order under clause 1(10)(b) of the *Securities Act* (Ontario) that the Applicant is not a reporting issuer

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

As the Applicant has represented to the Commission that:

(a) The outstanding securities of the Applicant, including debt securities are beneficially owned, directly or indirectly, by less than 15 security holders in Ontario and less than 51 security holders in Canada;

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

(c) The Applicant is not in default of any of its obligations under the Act as a reporting issuer; and

(d) The Applicant will not be a reporting issuer or the equivalent in any jurisdiction in Canada immediately following the Director granting the relief requested.

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

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

2.2.10 L.T.M.T. Trading Ltd. et al. – s. 127

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

AND

**IN THE MATTER OF
L.T.M.T. TRADING LTD. also known as
L.T.M.T. TRADING and BERNARD SHAW**

**ORDER
(Section 127)**

WHEREAS on April 8, 2011, the Commission issued a Notice of Hearing pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), accompanied by a Statement of Allegations dated April 8, 2011 issued by Staff of the Commission ("Staff") with respect to L.T.M.T. Trading Ltd., also known as L.T.M.T. Trading and Bernard Shaw (collectively, the "Respondents");

AND WHEREAS the Notice of Hearing set the date for the hearing in this matter for May 6, 2011 at 10:00 a.m.;

AND WHEREAS on May 6, 2011, Staff attended the hearing and no one appeared on behalf of the Respondents;

AND WHEREAS the Commission was satisfied that the Respondents were properly served with the Notice of Hearing and the disclosure brief;

AND WHEREAS Staff made submissions at 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 be set down for a hearing on the merits on July 20, 2011 at 11:00 a.m., followed by a hearing on sanctions on the same day;

IT IS FURTHER ORDERED THAT Staff and the Respondents may file written submissions ten (10) days prior to the hearing on the merits and the hearing on sanctions.

DATED at Toronto this 6th day of May, 2011.
"James E. A. Turner"

2.2.11 Ciccone Group et al. – ss. 127(7), 127(8)

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

AND

IN THE MATTER OF
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

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

WHEREAS on April 21, 2010, the Ontario Securities Commission (the "Commission") issued a temporary order pursuant to sections 127(1) and 127(5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") that the Respondents cease trading in securities; that the exemptions contained in Ontario securities law do not apply to all of the Respondents except 990509 Ontario Inc. ("990509"); and that trading in the securities of 990509 and Medra Corporation ("Medra") cease (the "Temporary Order");

AND WHEREAS on April 21, 2010, the Commission ordered that the Temporary Order shall expire on the 15th day after its making unless extended by order of the Commission;

AND WHEREAS on April 22, 2010, the Commission issued a notice of hearing giving notice that it will hold a hearing (the "Hearing") on May 3, 2010 at 10 a.m., to consider, among other things, whether it is in the public interest to extend the Temporary Order pursuant to subsections 127(7) and (8) of the Act until the conclusion of the Hearing, or until such further time as considered necessary by the Commission;

AND WHEREAS on May 3, 2010, the Commission extended the Temporary Order against all of the named respondents to October 22, 2010 and adjourned the Hearing to October 21, 2010;

AND WHEREAS on October 21, 2010, the Commission extended the Temporary Order as against Ciccone Group, Medra, 990509, Cachet Wealth Management Inc. ("Cachet"), Tadd Financial Inc. ("Tadd"), Vince Ciccone ("Ciccone"), Klaudiusz Malinowski ("Malinowski"), Darryl Brubacher ("Brubacher") and Andrew J. Martin ("Martin") to January 26, 2011 and adjourned the Hearing to January 25, 2011;

AND WHEREAS on January 25, 2011, the Commission extended the Temporary Order as against Ciccone Group, Medra, 990509, Cachet, Tadd, Ciccone, Malinowski, Brubacher and Martin to May 11, 2011 and adjourned the Hearing to May 10, 2011;

AND WHEREAS the Commission is advised that Staff of the Commission ("Staff") requires additional time to complete its investigation;

AND WHEREAS Staff advised the Commission that Medra, Brubacher, Martin, Tadd, Malinowski and Cachet consent to an extension of the Temporary Order for a period of three months;

AND WHEREAS Ciccone Group, 990509 and Ciccone did not consent or object to the extension of the Temporary Order for a period of three months and no one appeared on their behalf to speak to this matter;

AND WHEREAS upon the submissions of Staff and upon review of the evidence filed by Staff, 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 (8) of the Act that:

(i) the Temporary Order is extended as against Ciccone Group, Medra, 990509, Cachet, Tadd, Ciccone, Malinowski, Brubacher and Martin to August 11, 2011;

(ii) the Hearing is adjourned to August 10, 2011 at 10 a.m. or such other date or time as may be set by the Secretary's office.

DATED at Toronto this 10th day of May, 2011.

"James D. Carnwath"

2.2.12 2100 Xenon Group LLC – s. 80 of the CFA

Headnote

Section 80 of the Commodity Futures Act (Ontario) – International adviser exempted from the adviser registration requirement in section 22(1)(b) of the CFA where such adviser acts as an adviser in respect of commodity futures contracts or commodity futures options (commodities) for certain institutional investors in Ontario – Commodities are primarily traded on commodity futures exchanges outside of Canada and primarily cleared outside of Canada.

Terms and conditions on exemption ruling correspond to the relevant terms and conditions on the comparable exemption from the adviser registration requirement available to international advisers in respect of securities set out in section 8.26 of NI 31-103 Registration Requirements and Exemptions.

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

AND

IN THE MATTER OF
2100 XENON GROUP LLC

ORDER
(Section 80 of the CFA)

UPON the application (the "**Application**") of 2100 Xenon Group LLC (the "**Applicant**") to the Ontario Securities Commission (the "**Commission**") pursuant to Section 80 of the CFA that the Applicant and its representatives, directors, officers, members and employees acting as on its behalf (collectively, the "**Representatives**"), be exempt from the registration requirement under paragraph 22(1)(b) of the CFA in respect of engaging in the business of advising "Permitted Clients" (as defined below) only as to trading in Foreign Contracts and does not advise in Canada as to trading in Contracts that are not Foreign Contracts, unless providing such advice is incidental to its providing advice on Foreign Contracts.

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

AND WHEREAS for the purposes of this Order;

"CFA Adviser Registration Requirement" means the requirement in the CFA that prohibits a person or company from acting as an adviser unless the person or company is registered in the appropriate category of registration under the CFA;

"CFTC" means the United States Commodity Futures Trading Commission;

"Contract" has the meaning ascribed to that term in subsection 1(1) of the CFA;

"Foreign Contract" means a Contract that is primarily traded on one or more organized exchanges that are located outside of Canada and primarily cleared through one or more clearing corporations that are located outside of Canada;

"International Adviser Exemption" means the exemption set out in section 8.26 of NI 31-103 from the OSA Adviser Registration Requirement;

"NFA" means the United States National Futures Association;

"NI 31-103" means National Instrument 31-103 *Registration Requirements and Exemptions*, as amended;

"OSA" means the *Securities Act*, R.S.O. 1990, c. S.5, as amended;

"OSA Adviser Registration Requirement" means the requirement in the OSA that prohibits a person or company from acting as an adviser unless the person or company is registered in the appropriate category of registration under the OSA;

"Permitted Client" has the meaning ascribed to that term in subsection 8.26(2) [international adviser] of NI 31-103;

"SEC" means the United States Securities and Exchange Commission; and

"U.S. Advisers Act" means the United States Investment Advisers Act of 1940.

AND UPON the Applicant having represented to the Commission that:

1. The Applicant is a limited liability company organized under the laws of the State of Delaware, United States of America.

2. The Applicant is a specialized portfolio manager that manages investments for institutional investors across multiple strategies utilizing exchange traded futures contracts. The Applicant is part of the Old Mutual group of companies, a global insurance and financial services company. As at September 30, 2010, the Applicant and its affiliates had over $300 billion in assets under management.

3. The Applicant is registered in the United States with the SEC as an investment adviser under the U.S. Advisers Act.

4. The Applicant is not registered in any capacity under NI 31-103.

5. The Applicant is registered with the CFTC as a commodity trading advisor and is an approved

member of the NFA. The Applicant engages in the business of commodity trading advising in the United States.

6. The Applicant is not registered in any capacity under the CFA.

7. Institutional investors that are Permitted Clients seek to engage the Applicant as a discretionary investment manager for purposes of implementing certain specialized investment strategies.

8. The Applicant seeks to act as a discretionary investment manager on behalf of prospective institutional investors that are Permitted Clients. The proposed advisory services would include the use of specialized investment strategies employing Foreign Contracts. The proposal advising services would indicate de minion's advising on Canadian futures.

9. Were the proposed advisory services limited to securities, the Applicant could rely on the International Adviser Exemption and carry out such activities on behalf of Permitted Clients on a basis that would be exempt from the OSA Adviser Registration Requirement including incidental advising on Canadian securities.

10. There is currently no exemption from the CFA Adviser Registration Requirement that is equivalent to the International Adviser Exemption under NI 31-103. Consequently, in order to advise Permitted Clients in Ontario as to trading in Foreign Contracts and de minion's advising on Canadian futures, the Applicant would be required to satisfy the CFA Adviser Registration Requirement and would have to apply for registration in Ontario as an adviser under the CFA in the category of commodity trading manager.

11. The Applicant submits that it would not be prejudicial to the public interest for the Commission to grant the requested relief as:

    (a) the Applicant will only advise Permitted Clients as to trading in Foreign Contracts and de minion's advising on Canadian futures;

    (b) Permitted Clients seek to access certain specialized portfolio management services provided by the Applicant, including advice on trading Foreign Contracts;

    (c) the Applicant meets the prescribed conditions to rely on the International Adviser Exemption in connection with the provision of advice to Permitted Clients with respect to foreign securities; and

    (d) the Applicant would provide advice to Permitted Clients as to trading in Foreign Contracts on terms and conditions that are analogous to the prescribed terms and conditions of the International Adviser Exemption.

AND UPON being satisfied that it would not be prejudicial to the public interest for the Commission to grant the exemption requested on the basis of the terms and conditions proposed,

IT IS ORDERED pursuant to Section 80 of the CFA that the Applicant and its Representatives are not subject to the requirements of paragraph 22(1)(b) of the CFA in respect of the provision of advice to Permitted Clients as to the trading of Foreign Contracts, for a period of five years, provided that:

1. the Applicant provides advice to Permitted Clients only as to trading in Foreign Contracts and does not advise in Canada as to trading in Contracts that are not Foreign Contracts, unless providing such advice is incidental to its providing advice on Foreign Contracts;

2. the Applicant's head office or principal place of business remains in the United States;

3. the Applicant remains registered in the United States in a category of registration that permits it to carry on the activities in the United States that registration as an adviser under the CFA Adviser Registration Requirement would permit it to carry on in Ontario;

4. the Applicant continues to engage in the business of adviser, as defined in the CFA, in the United States;

5. as at the end of the Applicant's most recently completed financial year, not more than 10% of the aggregate consolidated gross revenue of the Applicant, its affiliates and its affiliated partnerships is derived from the portfolio management activities of the Applicant, its affiliates and its affiliated partnerships in Canada;

6. before advising a Permitted Client with respect to Foreign Contracts, the Applicant notifies the Permitted Client of all of the following:

    (i) the Applicant is not registered in the local jurisdiction to provide the advice described under paragraph 1 of this Order;

    (ii) the foreign jurisdiction in which the Applicant's head office or principal place of business is located;

(iii) all or substantially all of the Applicant's assets may be situated outside of Canada;

(iv) there may be difficulty enforcing legal rights against the Applicant because of the above;

(v) the name and address of the Applicant's agent for service of process in Ontario;

7. the Applicant has submitted to the Commission a completed Form 31-103F2 *Submission to Jurisdiction and Appointment of Agent for Service*;

8. the Permitted Client is a resident of Canada; and

9. by December 1 of each year, the Applicant notifies the Commission if it is relying on the exemption from registration granted pursuant to this order.

May 10, 2011

"Christopher Portner"
Commissioner
Ontario Securities Commission

"Kevin J. Kelly"
Commissioner
Ontario Securities Commission

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

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

AND

IN THE MATTER OF
YORK RIO RESOURCES INC.,
BRILLIANTE BRASILCAN RESOURCES CORP.,
VICTOR YORK, ROBERT RUNIC,
GEORGE SCHWARTZ, PETER ROBINSON,
ADAM SHERMAN, RYAN DEMCHUK,
MATTHEW OLIVER, GORDON VALDE AND
SCOTT BASSINGDALE

ORDER
(Section 152 of the Securities Act)

WHEREAS on March 2, 2010 a Notice of Hearing and Statement of Allegations were issued against York Rio Resources Inc., Brilliante Brasilican Resources Corp., Victor York, Robert Runic, George Schwartz, Peter Robinson, Adam Sherman, Ryan Demchuk, Matthew Oliver, Gordon Valde and Scott Bassingdale (the "Proceedings");

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

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

AND WHEREAS on March 21, 2011, the Commission ordered that Staff may make an application to the Ontario Superior Court of Justice for an Order pursuant to section 152 of the *Securities Act*, R.S.O. 1990, c.S.5, as amended (the "Act");

AND WHEREAS on April 15, 2011, Staff brought an application to the Ontario Superior Court of Justice and obtained an order pursuant to section 152 of the Act that:

(a) Vern Krishna and Edward Kerwin are appointed as Commissioners to take the evidence outside of Ontario of Wayne Koch and Robert Palkowski for use in [the Proceedings] before [the Commission];

(b) the examinations of Wayne Koch and Robert Palkowski (the "Examinations") shall take place in Vancouver during the week of May 2, 2011, or at such other time no later than May 9, 2011 as may be ordered by the Supreme Court of British Columbia;

(c) the procedural and evidentiary rules of Ontario will apply to the Examinations to the extent permissible by the laws of British Columbia;

(d) the Examinations shall be conducted via video and audio link to the [Commission]'s hearing room so that the Commissioners sitting in Toronto, are able to observe and participate in the Examinations and make any required evidentiary rulings; and

(e) the Registrar prepare and issue a Letter of Request addressed to the judicial authorities of the British Columbia Supreme Court requesting the issuing of such process as is necessary to compel Wayne Koch and Robert Palkowski to attend and be examined before the Commissioners.

AND WHEREAS on May 3, 2011, the Proceedings were adjourned by the Commission to June 6, 2011;

IT IS HEREBY ORDERED THAT Staff may make an application to the Ontario Superior Court of Justice to vary the April 15, 2011 order of that court such that the Examinations shall take place in Vancouver on June 6, 2011 or such other date as advised by Staff of the Commission;

Dated at Toronto this 10th day of May, 2011.

"Vern Krishna"

"Edward P. Kerwin"

Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions, Orders and Rulings

3.1.1 Minvestec Capital Corp. – s. 31

**IN THE MATTER OF STAFF'S RECOMMENDATION
FOR TERMS AND CONDITIONS ON THE REGISTRATION OF
MINVESTEC CAPITAL CORP.**

**OPPORTUNITY TO BE HEARD BY THE DIRECTOR
Section 31 of the Securities Act (Ontario)**

Decision

1. For the reasons outlined below, my decision is to impose the terms and conditions set out below on Minvestec Capital Corp. (Minvestec) for a minimum period of six months.

Overview

2. Paragraph 12.12(1)(a) of National Instrument 31-103 *Registration Requirements and Exemptions* (NI 31-103) requires that annual financial statements be delivered to the Commission within 90 days after the end of a registered dealer's financial year. Section 12.10 of NI 31-103 requires that annual financial statements delivered to the Commission be audited.

3. Minvestec filed its audited financial statements for the year ended September 30, 2010 on March 17, 2011, 51 business days after they were due. By letter dated March 18, 2011, Staff recommended to the Director that terms and conditions be imposed on Minvestec's registration. The terms and conditions had two parts. Part one required the filing of monthly year-to-date unaudited financial statements and capital calculations for a minimum period of six months. Part two required Minvestec to review its procedures for compliance with Ontario securities law and to provide a report with the Commission no later than April 15, 2011. The letter also advised Minvestec that late filing fees were due.

Process for requesting an opportunity to be heard

4. Under section 31 of the Act, if a registrant wants to oppose Staff's recommendation for terms and conditions, the registrant may request an opportunity to be heard (OTBH). By email dated March 23, 2011, Minvestec requested an OTBH. My decision is based on the written submissions of Staff (Mark Skuce, Legal Counsel, Compliance and Registrant Regulation Branch) and Minh-Thu Dao-Huy (President of Minvestec).

Submissions

5. Staff submits that the filing of annual audited financial statements by registrants is one of the most serious regulatory requirements in the Act. Financial solvency is one of the essential components of a registrant's continued suitability for registration. Financial statements are the principal tool enabling Staff to monitor a registrant's financial viability and capital position. As a result, the late filing of audited financial statements raises serious potential regulatory concerns and needs to be addressed in serious fashion.

6. For these reasons, Staff uniformly recommends the imposition of terms and conditions on the registration of registrants that don't file their annual audited financial statements on a timely basis. In Staff's opinion, the filing of annual audited financial statements is a serious regulatory obligation and only in extremely rare circumstances would Staff not recommend imposing terms and conditions on a registrant that filed its financial statements late.

7. Minvestec submits that their financial statements were completed and that the audit report was available in early December 2010. Minvestec advised that the late filing of its annual audited financial statements resulted from the inadvertent failure of Minvestec's Chief Compliance Officer to ensure that the financial statements were filed on a timely basis. Minvestec also advised that they were not aware that the financial statements were late until advised by Staff in March 2011. Minvestec has now implemented appropriate automatic reminder systems and asked its counsel

to remind them of filing deadlines. As well, the Chief Compliance Officer has certified that the problem that led to the failure to satisfy the filing requirement has been rectified.

8. Minvestec also requested that the late filing fee be waived on the basis that this is a "first offence" for a relatively new registrant. Minvestec also asked whether they could satisfy part one of the proposed terms and conditions by filing unaudited financial statements and the calculation of minimum required capital for two three month periods instead of monthly for six months. The request was made on the basis that Minvestec is a relatively new small firm and that the costs of doing these filings on a monthly basis was not warranted in the circumstances.

Decision and reasons

9. My decision is to impose part one of the terms and conditions recommended by Staff on the registration of Minvestec for a minimum period of six months starting May 31, 2011. It is Staff's longstanding position that it is the responsibility of the registrant to ensure that its annual audited financial statements are filed on a timely basis. As set out above, Staff's view is that the filing of annual audited financial statements is the most important of a registrant's ongoing filing obligations. Only in rare and extenuating circumstances will a registrant be permitted to file its financial statements late and not be placed on the recommended terms and conditions. In my view, these rare and extenuating circumstances are not present in this case.

10. However, in my view it is not necessary to impose part two of the recommended terms and conditions since I believe Minvestec has already taken appropriate action to ensure that future filings of annual audited financial statements will be made on a timely basis.

11. The terms and conditions imposed on Minvestec's registration are as follows:

The Firm shall file on a monthly basis with the Registrant Conduct and Risk Analysis team of the Ontario Securities Commission, attention Financial Analyst, starting with the month ending May 31, 2011 the following information:

(a) year-to-date unaudited financial statements including a balance sheet and an income statement, both prepared in accordance with generally accepted accounting principles; and

(b) month end calculation of minimum required capital;

no later than three weeks after each month end.

12. I was also asked to waive the late filing fees. My decision is that the late filing fees will not be waived. As set out above, Minvestec did not file its audited financial statements on a timely basis, nor was Minvestec aware that it did not file its financial statements on a timely basis until so advised by Staff. See *Re Rampart Investment Management Company* (2003) 26 OSCB. 7509, which set out the following on the issue of late filing fees:

> "The penalty for late filings was intended to reflect the importance that is placed on the obligation that each registrant has to make timely filings and in furthering that notion, to provide registrants with the appropriate incentive to ensure that proper attention is given to the matter and that the registrant does not fail to meet its filing obligations whether deliberately or through inadvertence. Granting an exemption in situations where the failure was not deliberate would remove any incentive for registrants to assume responsibility for meeting their obligations."

13. Lastly, I was asked to amend the proposed terms and conditions to require the filings on a three month basis, instead of on a monthly basis. As above, I did not amend part one of the proposed terms and conditions recommended by Staff, Minvestec, as a registrant, is required to ensure that it has the minimum amount of excess working capital at all times. It is also required to maintain appropriate books and records at all times. As a result, the information needed to prepare the monthly filings proposed by Staff should be readily available to Minvestec on a monthly basis at minimal cost.

"Marrianne Bridge", FCA
Deputy Director, Compliance and Registrant Regulation Branch
Ontario Securities Commission

April 27, 2011

* * * * *

Corrigendum

Released: May 3, 2011

1. The reference to “Section 2.13” and “adviser’s” in the first sentence of paragraph 2 of the decision are removed and replaced with “Paragraph 12.12(1)(a)” and “dealer’s”, respectively. The sentence now reads:

> “Paragraph 12.12(1)(a) of National Instrument 31-103 *Registration Requirements and Exemptions* (NI 31-103) requires that annual financial statements be delivered to the Commission within 90 days after the end of a registered dealer’s financial year.”

2. The reference to “portfolio manager’s” in the second sentence of paragraph 5 of the decision is removed and replaced with “registrant’s”. The sentence now reads:

> “Financial solvency is one of the essential components of a registrant’s continued suitability for registration.”

3.1.2 Goldpoint Resources Corporation et al.

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

AND

IN THE MATTER OF
GOLDPOINT RESOURCES CORPORATION,
PASQUALINO NOVIELLI also known as
Lee or Lino Novielli, BRIAN PATRICK MOLONEY
also known as Brian Caldwell, and
ZAIDA PIMENTEL also known as Zaida Novielli

REASONS AND DECISION

Hearing:	September 21, 22, 23, 24, 25, 28 and 30, 20 October 1, 20 December 16, 20		
Decision:	May 5, 2011		
Panel:	Mary G. Condon	–	Commissioner and Chair of the Panel
	David L. Knight, FCA	–	Commissioner
Appearances:	Matthew Boswell	–	For the Ontario Securities Commission
	Pasqualino Novielli	–	For himself
	Brian Patrick Moloney	–	For himself
	Zaida Pimentel	–	For herself
		–	No one appeared for Goldpoint Resources Corporation

TABLE OF CONTENTS

REASONS AND DECISION

I. BACKGROUND

A. History of the Proceeding

[1] This was a hearing before the Ontario Securities Commission (the "**Commission**") pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "**Act**"), to consider whether Pasqualino Novielli ("**Novielli**"), Brian Patrick Moloney ("**Moloney**"), Zaida Pimentel ("**Pimentel**") (collectively, the "**Individual Respondents**") and Goldpoint Resources Corporation ("**Goldpoint**") (collectively, the "**Respondents**"), breached the Act and acted contrary to the public interest.

[2] On April 30, 2008, the Commission issued a temporary cease trade order (the "**Temporary Order**"), pursuant to subsections 127(1) and (5) of the Act, which ordered that: all trading in securities by Goldpoint shall cease; all trading in Goldpoint securities shall cease; and Novielli and Moloney, among others, shall cease trading in all securities.

[3] On May 1, 2008, the Commission issued a Notice of Hearing for a hearing to be held on May 14, 2008 to consider, among other things, whether it was in the public interest to extend the Temporary Order pursuant to subsections 127(7) and (8) of the Act. The Temporary Order was extended on May 14, 2008, July 18, 2008, September 16, 2008 and November 28, 2008.

[4] On December 19, 2008, the Commission issued a Notice of Hearing, pursuant to sections 37, 127 and 127.1 of the Act, in connection with the Amended Statement of Allegations issued by Staff of the Commission ("**Staff**") on December 18, 2008 with respect to the Respondents (the "**Allegations**"). Staff alleges that the Respondents engaged in a fraudulent illegal distribution between August 2007 and May 2008 (the "**Material Time**").

[5] The Commission further extended the Temporary Order on January 6, 2009, February 17, 2009, and March 23, 2009. On May 14, 2009, following a pre-hearing conference, the Commission ordered that the hearing on the merits (the "**Merits Hearing**") would commence on September 21, 2009. On June 15, 2009, the Temporary Order was extended until the conclusion of the Merits Hearing.

[6] The Merits Hearing took place on September 21, 22, 23, 24, 25, 28 and 30, 2009 and October 1, 2009. Staff and the Respondents made closing submissions on December 16, 2009.

B. The Respondents

1. Goldpoint

[7] Goldpoint was incorporated in Ontario on August 31, 2007, with a registered office address of 2 Bloor Street West, Suite 100, Toronto, Ontario. The Corporation Profile Report lists Novielli as its President and sole director. No other individuals are listed.

[8] There is no record of Goldpoint having been registered under the Act. In Ontario, Goldpoint has never been a reporting issuer as defined by the Act, nor has it filed a prospectus or preliminary prospectus with the Commission.

2. Novielli

[9] Novielli, a resident of Woodbridge, Ontario, was registered with PFSL Investments Canada Ltd. as a salesperson in the category of mutual fund dealer from May 5, 2006 to June 26, 2008.

3. Moloney

[10] Moloney was a resident of Toronto, Ontario. There is no record of Moloney having been registered under the Act in any capacity.

4. Pimentel

[11] Pimentel, a resident of Woodbridge, Ontario, is Novielli's spouse. There is no record of Pimentel having been registered under the Act in any capacity.

II. ISSUES

A. The Allegations

[12] Staff alleges that:

(a) During the Material Time, the Respondents engaged or participated in acts, practices or courses of conduct relating to Goldpoint securities that the Respondents knew or reasonably ought to have known perpetrated a fraud on persons or companies, contrary to subsection 126.1(b) of the Act and contrary to the public interest;

(b) During the Material Time, the Respondents traded in securities of Goldpoint without being registered to trade in securities, contrary to subsection 25(1)(a) of the Act and contrary to the public interest;

(c) During the Material Time, the Respondents traded in securities of Goldpoint when a preliminary prospectus and a prospectus had not been filed and receipts had not been issued for them by the Director, contrary to subsection 53(1) of the Act and contrary to the public interest;

(d) During the Material Time, Novielli, Moloney, Pimentel and employees, agents or representatives of Goldpoint made representations, without the written permission of the Director, with the intention of effecting a trade in securities of Goldpoint, that the Goldpoint securities would be listed on a stock exchange or quoted on any quotation and trade reporting system, contrary to subsection 38(3) of the Act and contrary to the public interest;

(e) During the Material Time, Novielli, Moloney, Pimentel and employees, agents or representatives of Goldpoint gave undertakings, with the intention of effecting a trade in securities of Goldpoint, as to the future value or price of the securities of Goldpoint, contrary to subsection 38(2) of the Act and contrary to the public interest;

(f) During the Material Time, Novielli, Moloney, and Pimentel, being directors or officers of Goldpoint, did authorize, permit or acquiesce in the commission of the violations of sections 126.1, 25, 53 and 38 of the Act, as set out above, by Goldpoint or by the employees, agents or representatives of Goldpoint, which constitute offences under subsection 122(1)(c) of the Act, contrary to subsection 122(3) and section 129.2 of the Act and contrary to the public interest; and

(g) On or about September 9, 2008, Pimentel made statements to Staff appointed to make an investigation or examination under the Act, during an examination conducted by Staff, that she had never worked for Goldpoint, that, in a material respect and at the time and in the light of the circumstances under which they were made, were misleading or untrue, contrary to subsection 122(1)(a) of the Act and contrary to the public interest.

B. Roadmap

[13] The order in which we will address the allegations is as follows:

(a) During the Material Time, did the Respondents trade without registration, contrary to subsection 25(1)(a) of the Act and contrary to the public interest?

(b) During the Material Time, did the Respondents engage in a distribution without a prospectus, contrary to subsection 53(1) of the Act and contrary to the public interest?

(c) During the Material Time, did the Respondents give prohibited undertakings, contrary to subsection 38(2) of the Act and contrary to the public interest?

(d) During the Material Time, did the Respondents make prohibited representations, contrary to subsection 38(3) of the Act and contrary to the public interest?

(e) During the Material Time, did the Respondents engage in fraud, contrary to subsection 126.1(b) of the Act and contrary to the public interest?

(f) During the Material Time, were the Individual Respondents directors or officers of Goldpoint who authorized, permitted or acquiesced in Goldpoint's alleged non-compliance with Ontario securities law, contrary to section 129.2 or subsection 122(3) of the Act and contrary to the public interest?

(g) On or about September 9, 2008, did Pimentel make materially untrue statements to Staff in a compelled examination, contrary to subsection 122(1)(a) of the Act and contrary to the public interest?

III. THE EVIDENCE

[14] During the course of the hearing, we heard from thirteen witnesses called by Staff. These included two Staff investigators, four employees of Goldpoint who worked as "qualifiers" (the "**Qualifiers**"), one employee of Goldpoint who worked as a bookkeeper (the "**Bookkeeper**") and six individuals who invested in Goldpoint (the "**Investors**". In these reasons, we will identify the investor witnesses as Investors One to Six).

[15] Two Staff investigators, Scott Boyle ("**Boyle**") and Wayne Vanderlaan ("**Vanderlaan**"), testified with respect to their investigation of the Respondents' conduct. They testified about the operations of Goldpoint and the conduct of the Individual Respondents and explained the documentary evidence led by Staff. They also testified about the compelled examinations of the Individual Respondents that were conducted by Staff pursuant to section 13 of the Act.

[16] The Qualifiers who testified were Armine Khudinyan ("**Khudinyan**"), Oliver MacIntosh ("**MacIntosh**"), Farzaneh "Julia" Jamalian ("**Jamalian**") and Ivana Tonello ("**Tonello**"). The Qualifiers were Goldpoint employees who phoned individuals from call lists and offered them information about Goldpoint. The Qualifiers testified about their interaction with investors or prospective investors and about certain aspects of Goldpoint's operations with which they were familiar.

[17] The Bookkeeper, Gugun "Grace" Huang ("**Huang**"), testified about her work with Novielli and Moloney and about Goldpoint's accounting system.

[18] The Investors testified about their financial circumstances during the Material Time, their interaction with Goldpoint and its representatives, primarily by telephone, and the documents they received from Goldpoint.

[19] The Respondents did not testify or lead evidence, although they introduced documentary evidence regarding Goldpoint's operations in Ghana in the course of their cross-examination of Staff witnesses. The Respondents made submissions on the evidence led by Staff at the end of the Merits Hearing.

IV. ANALYSIS

A. The Commission's Mandate

[20] The Commission's mandate is found in section 1.1 of the Act, which states:

> **1.1 Purposes** – The purposes of this Act are,
>
> (a) to provide protection to investors from unfair, improper or fraudulent practices; and
>
> (b) to foster fair and efficient capital markets and confidence in capital markets.

[21] Section 2.1 of the Act states that the Commission shall have regard to the following fundamental principles in pursuing the purposes of the Act:

> **2.1 Principles to consider** – In pursuing the purposes of this Act, the Commission shall have regard to the following fundamental principles:
>
> …
>
> 2. The primary means for achieving the purposes of this Act are,
>
> i. requirements for timely, accurate and efficient disclosure of information,
>
> ii. restrictions on fraudulent and unfair market practices and procedures, and
>
> iii. requirements for the maintenance of high standards of fitness and business conduct to ensure honest and responsible conduct by market participants.
>
> …

[22] The Commission's exercise of its public interest jurisdiction is framed by this mandate and these guiding principles.

B. The Standard of Proof

[23] The standard of proof that must be met by Staff in Commission proceedings is the civil standard of the balance of probabilities (*Re Limelight Entertainment Inc.* (2008), 31 O.S.C.B. 1727 ("***Limelight***") at paragraphs 125-126).

[24] In *F.H. v. McDougall*, [2008] 3 S.C.R. 41 ("***McDougall***"), the Supreme Court of Canada reaffirmed that "there is only one civil standard of proof at common law and that is proof on a balance of probabilities", which requires the trier of fact to decide "whether it is more likely than not that the event occurred" (*McDougall*, *supra*, at paragraphs 40 and 44). The Court noted that "the evidence must always be sufficiently clear, convincing and cogent to satisfy the balance of probabilities test" (*McDougall*, *supra*, at paragraph 46).

[25] Staff must prove its allegations on a balance of probabilities.

C. Does the Commission have jurisdiction over the Respondents?

[26] The majority of investors involved in this matter were located outside of Ontario, primarily in the province of Alberta. Other investors were located in British Columbia, Saskatchewan and Manitoba. However, we find there is a sufficient nexus to Ontario for the Commission to have jurisdiction over the conduct of the Respondents.

[27] In *Gregory & Co. v. Quebec (Securities Commission)*, [1961] S.C.R. 584 ("***Gregory***"), the Supreme Court of Canada held that the fact that securities were sold to customers outside of Quebec did not support a conclusion that the appellant was not trading in securities in Quebec (See also *Libman v. The Queen*, [1985] 2 S.C.R. 178 at paragraphs 3-5; *R. v. Stucky* (2009), 256 O.A.C. 4; *Re Lett* (2004), 27 O.S.C.B. 3215 at paragraph 69; and *Re Allen* (2005), 28 O.S.C.B. 8541 at paragraphs 20-21).

[28] In this case, we find that there is sufficient evidence before us to conclude that there is a significant connection to Ontario. The Individual Respondents resided in Ontario during the Material Time. Goldpoint is an Ontario corporation with a registered address of 2 Bloor Street West, Toronto. Its physical office was located in Ontario, at 40 Wellesley Street East, Toronto, following its relocation from 232 Merton Street, Toronto, in January 2008. Marketing materials were sent to investors from Goldpoint's Ontario offices. Investors sent their completed and signed subscription agreements to Goldpoint's office in Ontario. Goldpoint Share Certificates were mailed from Ontario under the direction of the Respondents. Finally, investor funds were deposited in bank accounts located in Ontario. We find that the Commission has jurisdiction over the conduct of the Respondents in this matter.

D. Did the Respondents trade Goldpoint shares without registration, contrary to subsection 25(1)(a) of the Act and contrary to the public interest?

[29] Staff introduced certificates prepared under section 139 of the Act, which state that Goldpoint, Moloney and Pimentel had never been registered under the Act, and were not registered in any capacity during the Material Time. Although Novielli was registered as a mutual fund dealer during the Material Time, his registration did not permit him to sell Goldpoint shares.

1. The Law

[30] Subsection 25(1)(a) of the Act, as it read during the Material Time, provided that:

> **25. (1) Registration for trading** – No person or company shall,
>
> (a) trade in a security or act as an underwriter unless the person or company is registered as a dealer, or is registered as a salesperson or as a partner or as an officer of a registered dealer and is acting on behalf of the dealer;
>
> …
>
> and the registration has been made in accordance with Ontario securities law and the person or company has received written notice of the registration from the Director and, where the registration is subject to terms and conditions, the person or company complies with such terms and conditions.

[31] The registration requirement is an essential element of Ontario securities law. As the Commission stated in *Limelight*, *supra*, at paragraph 135:

> … The requirement that an individual be registered in order to trade in securities is an essential element of the regulatory framework with the purpose of achieving the regulatory objectives of the Act. Registration serves an important gate-keeping mechanism ensuring that only properly qualified

> and suitable individuals are permitted to be registrants and to trade with or on behalf of the public. Through the registration process, the Commission attempts to ensure that those who trade in securities meet the applicable proficiency requirements, are of good character, satisfy the appropriate ethical standards and comply with the Act.

[32] The Supreme Court of Canada has emphasized the importance of the registration requirement for investor protection, one of the objects of the Act. In *Gregory*, the Supreme Court stated:

> The paramount object of the Act is to ensure that persons who, in the province, carry on the business of trading in securities or acting as investment counsel, shall be honest and of good repute and, in this way, to protect the public, in the province or elsewhere, from being defrauded as a result of certain activities initiated in the province by persons therein carrying on such a business...
>
> (*Gregory*, *supra*, at 588; see also: *Re First Global Ventures, S.A.* (2007), 30 O.S.C.B. 10473 ("***First Global***") at paragraph 122)

[33] For a breach of subsection 25(1)(a) of the Act to occur, a trade in securities is required. As such, it is necessary to turn to subsection 1(1) of the Act for the definition of a trade:

[34] "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,
>
> (e) any act, advertisement, solicitation, conduct or negotiation directly or indirectly in furtherance of any of the foregoing;

[35] Whether an act is an act in furtherance of a trade is a question of fact. A guiding consideration is the proximity of the impugned act to an actual trade:

> There is no bright line separating acts, solicitations and conduct indirectly in furtherance of a trade from acts, solicitations and conduct not in furtherance of a trade. Whether a particular act is in furtherance of an actual trade is a question of fact that must be answered in the circumstances of each case. A useful guide is whether the activity in question had a sufficiently proximate connection to an actual trade.
>
> (*Re Costello* (2003), 26 O.S.C.B. 1617, at paragraph 47)

[36] In determining whether a person or company has engaged in acts in furtherance of a trade, the Commission has taken "a contextual approach" that examines "the totality of the conduct and the setting in which the acts have occurred" (*Limelight*, *supra*, at paragraph 131). The Commission in *Limelight* stated:

> The primary consideration is, however, the effect of the acts on investors and potential investors. The Commission considered this issue in *Re Momentas Corporation* (2006), 29 O.S.C.B. 7408, at paragraphs 77-80, noting that "acts directly or indirectly in furtherance of a trade" include (i) providing promotional materials, agreements for signature and share certificates to investors, and (ii) accepting money; a completed sale is not necessary. In our view, depositing an investor cheque in a bank account is an act in furtherance of a trade.
>
> (*Limelight*, *supra*, at paragraph 131)

[37] Other activities that have been considered by the Commission to be acts in furtherance of a trade include, but are not limited to, setting up a website that offers securities or information to investors over the internet (see, for example, *Re First Federal Capital (Canada) Crop.* (2004), 27 O.S.C.B. 1603 at paragraph 45 and *Re American Technology Exploration Corp.* (1998), L.N.B.C.S.C. 1 (B.C.S.C.)).

2. Analysis

(a) Goldpoint

[38] The Investors testified about their purchases of Goldpoint shares. Investor One, for instance, testified that he and his spouse purchased 10,000 Goldpoint shares (5,000 shares each) for $7,500 on March 4, 2008, as evidenced by a Subscription Agreement and a cheque dated the same day, as well as Goldpoint Share Certificates issued to him and his spouse.

[39] Other Investors gave similar evidence, namely, that Investor Two purchased 6,667 shares for $5,000 on February 10, 2008, Investor Three purchased 6,667 shares for $5,000 on January 18, 2008, Investor Four purchased 13,334 shares for $10,000 on November 1, 2007, Investor Five purchased 33,334 shares for $25,000 on November 27, 2007 and Investor Six purchased 13,334 shares for $10,000 on November 28, 2007. As in the case of Investor One, their testimony is supported by copies of Goldpoint Subscription Agreements, cheques and Goldpoint Share Certificates which were entered into evidence.

[40] During the hearing, we were also provided with documents prepared by Capital Transfer Agency Inc. ("**Capital Transfer**"), the transfer agent retained by Goldpoint to issue share certificates and to keep a ledger on behalf of Goldpoint. These documents include:

- A contract entitled "Transfer Agency and Registrarship Agreement" between Capital Transfer and Goldpoint dated November 13, 2007;
- Copies of directions given by Goldpoint to Capital Transfer authorizing the issuance of shares from Goldpoint's treasury;
- Copies of Goldpoint Share Certificates issued by Capital Transfer; and
- Summary documents related to Goldpoint shares, such as a Certified Shareholder List and a List of Certificates issued.

[41] In considering documentary evidence obtained from Capital Transfer, we take note of Vanderlaan's testimony that the Capital Transfer records could not be used to generate a comprehensive list of investors. However, Moloney conceded during the hearing that he took no issue with the Capital Transfer evidence. No other Respondents raised this issue in cross-examination.

[42] We also received as evidence banking records pertaining to Goldpoint's account at the Royal Bank of Canada ("**RBC**") into which investor funds were deposited (the "**Goldpoint RBC Account**"). These banking records include cheques and account statements evidencing various transfers of funds.

[43] The Capital Transfer documents establish that 1,939,067 Goldpoint shares were issued to more than 110 investors during the period from November 16, 2007 to April 28, 2008. In consideration for its shares (issued and to be issued), Goldpoint received $1,696,750, which was deposited into Goldpoint bank accounts from October 18, 2007 to May 1, 2008, as evidenced by various banking records. The vast majority (and perhaps all) of the shares were purchased by investors at $0.75 per share. It appears that, of the total proceeds of $1,696,750, approximately $240,000 was in respect of shares still to be issued at May 1, 2008. The evidence establishes that Goldpoint sold its shares for valuable consideration.

[44] Goldpoint had a website located at www.goldpointresources.com (the "**Goldpoint Website**"). The Goldpoint Website contained descriptions of Goldpoint's purported operations in Ghana, a representation about the company's accountants and a news release dated March 15, 2007 announcing a "non-brokered private placement of 12 million units" (the "**News Release**"). The content of the Goldpoint Website is discussed in more detail below at paragraph 147.

[45] Elia Pandeli ("**Pandeli**") gave evidence relating to the Goldpoint Website in an examination conducted by Staff on June 27, 2008. Staff introduced the transcript of this examination into evidence through Vanderlaan because Pandeli was out of the country at the time and was unable to testify viva voce.

[46] In the examination, Pandeli stated that:

- he and his company, Edit Undo Design, were contacted by Novielli some time around September 2007 to provide design services to create the Goldpoint Website;
- he was provided with the News Release to be posted on the Goldpoint Website;
- his arrangement with Goldpoint was that he must be contacted if any of the information on the website was to be changed;

- he was never contacted to edit the website's information; and
- the original version of the Goldpoint Website, created in late 2007, was at no point changed or modified.

[47] While the Respondents did not have the opportunity to cross-examine Pandeli, his statements are supported by the evidence that Staff adduced during the hearing from Boyle and Vanderlaan. According to Boyle and Vanderlaan, Staff's investigation of the Goldpoint Website included a search of Goldpoint's office at 40 Wellesley Street on May 1, 2008, pursuant to a search warrant. During the search, Staff investigators seized, among other things, a computer from the premises. Staff investigators located on this computer a PDF document of the News Release found on the Goldpoint Website.

[48] Boyle testified that he investigated the Goldpoint Website using the "Who is" domain tool, a website that enables users to identify when a website is set up. The report generated by the "Who is" domain tool shows that the website was created on September 24, 2007 and last modified on October 27, 2007. Boyle also testified that he investigated the electronic "properties" of the News Release and determined that the document was created on October 27, 2007. The evidence is consistent with Pandeli's testimony that he was contacted by Goldpoint to create the Goldpoint Website some time around September 2007 and that the information on the Goldpoint Website had not been changed since the News Release was created and uploaded onto the website on October 27, 2007.

[49] Case law has established that a website need not specifically offer securities in order for its creation and maintenance to constitute an act in furtherance of a trade. Where a website is designed to excite the reader about the company as an investment prospect, the material on the website is considered an advertisement or solicitation to investors to purchase the company's shares (*American Technology*, *supra*, at 9). Given the content of the Goldpoint Website, as described at paragraphs 44 and 147, there is no doubt that the Goldpoint Website was designed to excite the reader about the company's prospects and to solicit investments.

[50] For the reasons above, we find that Goldpoint engaged in trading and acts in furtherance of trading Goldpoint securities.

(b) Novielli

[51] During the hearing, Investor Six testified that after his initial purchase of 13,334 Goldpoint shares, Novielli called him and solicited him to purchase a further 50,000 Goldpoint shares. Investor Six recalled Novielli saying in the course of their conversation that Goldpoint had done some more drilling and was ready to start mining if enough money could be raised. As a result of Novielli's solicitation, Investor Six purchased a further 30,000 Goldpoint shares.

[52] Vanderlaan's investigation also located investors who were contacted by Novielli for the purpose of soliciting purchases of Goldpoint shares. For example, an investor informed Vanderlaan that Novielli called him and tried to convince him to change his mind after the investor declined to purchase more Goldpoint shares subsequent to his initial investment. Novielli did not address this issue during his cross-examination of Vanderlaan.

[53] Based on the evidence, we find that Novielli was personally involved in soliciting further purchases of Goldpoint shares by investors who had already invested in Goldpoint. He therefore engaged in trading or acts in furtherance of trades.

[54] Staff presented evidence to show that Novielli's involvement also included the development of the Goldpoint Website. Staff referred to the transcript of its examination of Pandeli to show that Pandeli met with both Novielli and Moloney to discuss the creation of the Goldpoint Website. In the examination, Pandeli stated that Novielli and Moloney discussed the content of the Goldpoint Website. In particular, Pandeli stated that Novielli approved the content of the website and signed off on each page.

[55] We further note that Pandeli's statements are supported by Staff's evidence described at paragraphs 47 to 48 above. Novielli had the opportunity to cross-examine Vanderlaan on the Pandeli transcript, but did not do so. We accept Pandeli's statements about Novielli's contribution to the Goldpoint Website.

[56] At paragraph 49, we found that the Goldpoint Website was designed to excite the reader about the company as an investment prospect. We find that, by providing content for the website and authorizing its release, Novielli engaged in acts in furtherance of trades.

[57] We received evidence that the Goldpoint Share Certificates bear Novielli's signature and that an account opening statement from RBC shows that Novielli was one of the two signatories on the Goldpoint RBC Account where investor funds were deposited. The evidence establishes that Novielli signed share certificates and accepted funds for the purpose of an investment, acts that have been found by the Commission in Limelight to be acts in furtherance of a trade.

[58] To summarize, we find that Novielli engaged in trades or acts in furtherance of trades by soliciting investors, developing the Goldpoint Website, signing Goldpoint Share Certificates and accepting funds for the purpose of an investment.

(c) Moloney

[59] During the hearing, we heard evidence that Moloney spoke to investors on the phone, albeit using the alias Brian Caldwell ("**Caldwell**"). Specifically, Investor Four testified that he received calls from an individual who identified himself as Caldwell. According to Investor Four, Caldwell told him that he had missed out on previous opportunities that Caldwell had previously called him about. Caldwell then told him that Goldpoint had a big gold property in Africa, and the shares were being sold at 75 cents per share with a minimum investment of $10,000. Caldwell's call resulted in Investor Four investing $10,000.

[60] The evidence establishes that Caldwell was an alias used by Moloney. Khudinyan, a Qualifier who testified, identified Moloney, who was present in the hearing room, as "Caldwell". Staff also introduced documentary evidence showing that Moloney used the name "Caldwell" in renting the premises on Merton Street which Goldpoint occupied prior to its relocation to Wellesley Street in January, 2008.

[61] Staff also submits that Moloney engaged in acts in furtherance of trades by authorizing the issuance of Goldpoint shares and being a signatory on the Goldpoint RBC Account. Documentary evidence from Capital Transfer shows that Moloney was responsible for directing the issuance of Goldpoint shares to investors. An account statement pertaining to the Goldpoint RBC Account shows that Moloney was a signatory on the Goldpoint RBC Account, the account in which investor funds were deposited.

[62] Further, Staff submits that Moloney was involved in the creation of the Goldpoint Website and provided content for the website. As discussed at paragraph 54, Pandeli gave evidence in his examination that he had met with Moloney and received instructions regarding the Goldpoint Website from Moloney.

[63] Moloney cross-examined Vanderlaan on the transcripts of Pandeli's examination. More specifically, Moloney cross-examined Vanderlaan on Pandeli's statements concerning the identity of the person who "signed off" on the content to be created for the Goldpoint Website, the nature of the input given by Moloney, the source of the photographs on the Goldpoint Website, and the statements made by Pandeli about Moloney and Novielli being "equal partners".

[64] As Moloney was unable to cross-examine Pandeli directly, we are reluctant to make findings on the extent of Moloney's role in approving the content of the website. However, we find that Moloney's cross-examination was not sufficient to undermine Staff's evidence that Moloney met with Pandeli and that he discussed the content of the website with Pandeli. We are prepared to accept Pandeli's statements that he and Moloney met and discussed the content of the website. Based on the evidence, we find that Moloney was aware of the content of Goldpoint Website.

[65] Considering all the evidence, we find that Moloney engaged in trading or acts in furtherance of trades by soliciting investors, authorizing the issuance of Goldpoint shares, accepting investor funds and participating in the creation of the Goldpoint Website.

(d) Pimentel

[66] Staff alleges that Pimentel engaged in trading or acts in furtherance of trading securities of Goldpoint. More specifically, Staff alleges that Pimentel called investors and prospective investors as a Goldpoint qualifier, was the "supervisor" or "manager" of the Goldpoint qualifiers, and generally managed the Goldpoint office.

[67] Pimentel did not testify, but in her closing submissions, she denied that she sold Goldpoint shares. She characterized her involvement in Goldpoint's operations as minimal and administrative in nature:

> MS PIMENTEL: Goldpoint was a company of which my spouse was an officer and director. I never entered into a written or oral employment or consulting contract with Goldpoint. I did not recognize that there was any harm in my helping out at the Goldpoint office, for example, making photocopies, answering the phone, going for coffees, et cetera. I did not attend at the Goldpoint office on any regular basis, for example, an eight-hour work day. I only attended at the Goldpoint office on an infrequent basis, often to meet my spouse for coffee or lunch.
>
> …
>
> I never engaged in the sale of Goldpoint shares. I never signed any Goldpoint documents as an officer or director. On one occasion only, I executed a document as a witness to the signature of my spouse in this capacity as an authorized signing officer of Goldpoint. I never contributed any content or comment to Goldpoint's website or business plan. I never acted as a directing mind of Goldpoint. I never advised any consultant of Goldpoint that I was representing the company in a supervisory role.

> With respect to the $250 cheques that were issued to me, it was my understanding that it was a proportionate amount of my spouse's consulting fees. I occasion [sic] attended at the Goldpoint office to ask my spouse for money for groceries or household expenses. I understood that the cheques issued to me were to be a charge-back to his draw on this consulting fees. The notations on the cheques as to wages, consulting fees or time periods are in reference to my spouse's compensation.
>
> (Hearing Transcript, December 16, 2009, pp. 37-39)

[68] Contrary to Pimentel's submissions, we were presented with evidence that Pimentel was actively involved in the solicitation of investors. All of the Qualifiers identified Pimentel while she was in the hearing room, or from a photograph, as "Diane" or "Diana". One of the Qualifiers, Khudinyan, observed that Pimentel attended the Goldpoint office "almost everyday" (Hearing Transcript, September 24, 2009, p. 37). According to Khudinyan, Pimentel's initial role was "just calling people" as a qualifier (Hearing Transcript, September 24, 2009, p. 26), but "after they got more stuff, she was just providing us with lists and more or less supervising, making sure we were doing it right" (Hearing Transcript, September 24, 2009, p. 38).

[69] Pimentel's supervisory role was confirmed by all of the Qualifiers. They testified that they viewed Pimentel as their manager or supervisor. In their testimony, they described tasks undertaken by Pimentel on a daily, or near daily, basis:

- Two of the Qualifiers, Kyudinyan and Jamalian, testified that Pimentel explained or showed them what they would be doing as a qualifier;
- Two of the Qualifiers, Kyudinyan and Jamalian, testified that Pimentel showed them the script that the qualifiers were to read from when talking to prospective investors (the "**Script**");
- Three of the Qualifiers, Jamalian, MacIntosh and Tonello, testified that Pimentel provided them with lists of prospective investors to call daily and collected lead sheets from the qualifiers; and
- Two of the Qualifiers, Khudinyan and Jamalian, testified that after the Goldpoint office was shut down, Pimentel answered their inquiries concerning when they would return to work.

[70] The Qualifers' testimony is supported by documentary evidence adduced by Staff, which includes Goldpoint documents obtained during a search of the Goldpoint office and cheques payable to Pimentel. For example, some of the cheques payable to Pimentel had writing in the memo line:

- "Contract Work For Feb 9 to 16";
- "wages"
- "Feb 24 March 1"
- "wage March 16 – 22"
- "wages Mar 29 – April 5"
- "wage Apr 6 – 12"
- "wage April 13 – 19"

[71] These documents are consistent with the statements made by the Qualifiers about Pimentel working at Goldpoint with the qualifiers, and her use of the name "Diane" or "Diana".

[72] We do not accept Pimentel's claim that her involvement in Goldpoint was minimal and administrative in nature. We find that the testimony from the Qualifiers and the documentary evidence establish that Pimentel, also known as Diane or Diana, attended Goldpoint's office on a regular basis and that she initially called prospective investors as a qualifier and later took on a supervisory or managerial role. As a supervisor or manager, she provided qualifiers with lists of prospective investors to call as well as the Script the qualifiers were to read from when talking to investors. She addressed various concerns of the qualifiers. She also collected the qualifiers' lead sheets, which contained information about prospective investors.

[73] We find that Pimentel's involvement in directly soliciting investors and supervising the sales process constituted trading or acts in furtherance of trading under the definition found in subsection 1(1) of the Act.

3. Conclusion: Trading without Registration

[74] For the reasons given at paragraphs 29, 50, 58, 65 and 73 above, we find that Goldpoint, Moloney and Pimentel, who have never been registered under the Act in any capacity, traded Goldpoint securities during the Material Time, and that Novielli traded Goldpoint securities, although his registration in the category of mutual fund dealer did not allow him to do so.

[75] For the reasons set out at paragraphs 86 to 110 below, we find that the Respondents cannot avail themselves of the accredited investor exemption from the registration requirement. We conclude, therefore, that by trading Goldpoint shares without registration, no exemption being available, the Respondents contravened subsection 25(1)(a) of the Act and acted contrary to the public interest.

E. Did the Respondents engage in the distribution of Goldpoint shares without a prospectus, contrary to subsection 53(1) of the Act and contrary to the public interest?

[76] The section 139 certificate filed by Staff establishes that Goldpoint is not and has never been a "reporting issuer" in Ontario, as defined by the Act, and has never filed a prospectus or preliminary prospectus with the Commission.

1. The Law

[77] Subsection 53(1) of the Act sets out the prospectus requirement:

> **53. (1) Prospectus required** – No person or company shall trade in a security on his, her or its own account or on behalf of any other person or company if the trade would be a distribution of the security, unless a preliminary prospectus and a prospectus have been filed and receipts have been issued for them by the Director.

[78] "Distribution" is defined in subsection 1(1)(a) of the Act to mean "a trade in securities of an issuer that have not been previously issued".

[79] The prospectus requirement plays an important role in the protection of investors. It is integral to ensuring that prospective investors have sufficient information to ascertain the risk level of their investment and to make informed investment decisions (*First Global*, *supra*, at paragraph 145).

2. Analysis

[80] As stated at paragraph 74 above, we find that the Respondents traded Goldpoint shares. We find further that the shares were previously unissued shares.

[81] At paragraph 43, we found, based on the Capital Transfer documents, that 1,939,067 Goldpoint shares were issued to more than 110 investors during the period from November 16, 2007 to April 28, 2008. We further found that in consideration for its shares (issued and unissued), Goldpoint received $1,696,750 from October 18, 2007 to May 1, 2008.

[82] The Capital Transfer documents also show that the Goldpoint shares issued by Capital Transfer were previously unissued shares from Goldpoint's treasury.

[83] We therefore find that previously unissued shares of Goldpoint were sold to investors, and those trades were a distribution within the meaning of the Act.

3. Conclusion: Distribution without a Prospectus

[84] For the reasons given at paragraphs 76 to 83 above, we find that the Respondents distributed Goldpoint securities without a prospectus. For the reasons set out at paragraphs 86 to 110 below, we find that the accredited investor exemption from the prospectus requirement is not available to the Respondents.

[85] We conclude, therefore, that the Respondents engaged in a distribution of Goldpoint shares without a prospectus, contrary to subsection 53(1) of the Act and contrary to the public interest.

F. Were Registration and Prospectus Exemptions Available to the Respondents?

1. The Law

[86] Once Staff has established that the Respondents traded Goldpoint shares without registration and engaged in a distribution without a prospectus, the onus shifts to the Respondents to prove that an exemption from those requirements was

available in the circumstances (*Limelight*, *supra*, at paragraph 142). In this case, the Respondents relied on the accredited investor exemption.

[87] Section 2.3 of National Instrument 45-106 – *Prospectus and Registration Exemptions* ("**NI 45-106**") provides an exemption from the registration and prospectus requirements otherwise applicable pursuant to subsections 25(1)(a) and 53(1) of the Act. Section 2.3 of NI 45-106 states:

> 2.3(1) The dealer registration requirement does not apply in respect of a trade in a security if the purchaser purchases the security as principal and is an accredited investor.
>
> (2) The prospectus requirement does not apply to a distribution of a security in the circumstances referred to in subsection (1).

[88] The term "accredited investor" is defined in section 1.1 of NI 45-106, the relevant portion of which is as follows:

> "accredited investor" means
>
> …
>
> (j) an individual who, either alone or with a spouse, beneficially owns, directly or indirectly, financial assets having an aggregate realizable value that before taxes, but net of any related liabilities, exceeds $1,000,000,
>
> (k) an individual whose net income before taxes exceeded $200,000 in each of the 2 most recent calendar years or whose net income before taxes combined with that of a spouse exceeded $300,000 in each of the 2 most recent calendar years and who, in either case, reasonably expects to exceed that net income level in the current calendar year,
>
> (l) an individual who, either alone or with a spouse, has net assets of at least $5,000,000,
>
> …

[89] For ease of reference, paragraph (j) of the accredited investor definition will be referred to as the "**Net Financial Assets Test**" and paragraph (k) will be referred to as the "**Net Income Test**".

[90] Guidance with respect to the interpretation of the accredited investor exemption is provided in Companion Policy 45-106CP – *Prospectus and Registration Exemptions* ("**45-106CP**").

[91] Section 1.10 of 45-106CP confirms that the burden of compliance with the accredited investor exemption is upon the Respondents: "A person trading securities is responsible for determining when an exemption is available".

[92] Further, section 1.10 of 45-106CP provides guidance with respect to what is required of the seller of securities in determining the availability of the accredited investor exemption:

> … In determining whether an exemption is available, a person may rely on factual representations by a purchaser, provided that the person has no reasonable grounds to believe that those representations are false. However, the person trading securities is responsible for determining whether, given the facts available, the exemption is available. Generally, a person trading securities under an exemption should retain all necessary documents that show the person properly relied upon the exemption.
>
> For example….under the accredited investor exemption, the seller must have a reasonable belief that the purchaser understands the meaning of the definition of "accredited investor". Prior to discussing the particulars of the investment with the purchaser, the seller should discuss with the purchaser the various criteria for qualifying as an accredited investor and whether the purchaser meets any of the criteria.
>
> It is not appropriate for a person to assume an exemption is available. For instance an [sic] seller should not accept a form of subscription agreement that only states that the purchaser is an accredited investor. Rather the seller should request that the purchaser provide the details on how they fit within the accredited investor definition.

[93] Pursuant to subsection 6.1(a) of NI 45-106, an issuer that relies on an exemption from the prospectus requirement is required to file a Form 45-106F1 – *Report of Exempt Distribution* ("**Form 45-106F1**") with the Commission.

2. Analysis

[94] Based on the section 139 certificate adduced by Staff, we find that Goldpoint did not file Forms 45-106F1.

[95] However, the Goldpoint Subscription Agreement, a form prepared by Goldpoint to be signed by investors, contains a number of clauses indicating that the company sought to rely on an exemption provided by NI 45-106.

[96] Clause 1(c)(iv) of the Goldpoint Subscription Agreement is as follows:

> The Shares are being sold by the Corporation only by way of private placement and only under the statutory exemptions from the registration and prospectus requirements contained in Section 2.3 of the National Instrument 45-106 implemented in Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland & Labrador, Northwest Territories, Nova Scotia, Nunavut, Ontario, Quebec, Prince Edward Island and Saskatchewan, or contained in the laws, rules and regulations of any other state or country in which the Subscriber resides or to which the Subscriber is otherwise subject. The Corporation is not currently issuing a prospectus, offering memorandum or other document in respect of the offering of Shares, and, as a consequence of acquiring Shares pursuant to this exemption, certain protections, right to rescission or damages, will not be available to the Subscriber. The Subscriber may not receive certain information that would otherwise be required to be provided to it under applicable securities legislation and the Corporation is herein relieved under statutory exemption from certain obligations that would otherwise apply under applicable securities legislation;
>
> [emphasis added]

[97] Clause 2 of the Goldpoint Subscription Agreement, which is captioned "Certification of Investor Accreditation for Individuals and Corporate Entities", effectively seeks a representation from prospective investors that they meet either the Net Financial Assets Test or the Net Income Test:

> 2. The Subscriber certifies to the Corporation (and acknowledges that the Corporation, and its counsel, are relying thereon) that:
>
> - It beneficially own [*sic*] (either individually or with a spouse) financial assets having an aggregate realizable value that, before taxes net of any related liabilities, exceeds one million dollars; or
> - It has had a net income before taxes in each of the two most recent years in excess of two hundred thousand dollars, or have [sic] had a joint income with his or her spouse in excess of three hundred thousand dollars in each of those two years, and reasonably expect [sic] such income to exceed two hundred thousand dollars (three hundred thousand dollars in the case of joint income) in the current year; or
> - If it is a company, limited partnership, limited liability partnership, trust or estate, other than mutual fund or non-redeemable investment fund, each of the owners, partners or equity holders is an accredited investor under the other definitions above.

[98] Testimony from Investors and Qualifiers regarding telephone conversations between representatives of Goldpoint (the "**Goldpoint Representatives**") and investors also indicates that Goldpoint was seeking to rely on the accredited investor exemption. More specifically, Qualifiers testified that they were instructed to ask prospective investors whether they were accredited, and if not, follow-up phone calls would not be made to solicit purchases of Goldpoint shares.

[99] However, we find that Investors Two, Three, Four, Five and Six were not accredited investors at the time they purchased Goldpoint shares, based on their evidence about their net income, net assets and net financial assets.

[100] In addition, the steps taken by the Respondents were insufficient to comply with the accredited investor exemption. Clause 2 of the Goldpoint Subscription Agreement, excerpted above, is insufficient to establish that a particular investor was an accredited investor for the purpose of relying on the accredited investor exemption. Goldpoint should have determined whether each investor was in fact accredited based upon facts provided by that investor about his or her financial position in relation to the Net Assets Test or the Net Income Test. The clause as it stands is a mere representation that the purchaser qualifies as an accredited investor.

[101] Further, while there is evidence that Goldpoint Representatives in some cases made efforts to ascertain an investor's status as an accredited investor, these efforts were insufficient for two reasons. First, not every investor contacted by Goldpoint Representatives was asked about his or her financial position or whether he or she was an accredited investor. Of the six Investors who testified, only Investors Two, Three and Six testified that they had conversations with Goldpoint regarding either their financial status or the accredited investor exemption. Investor One testified that he was not asked about his financial position or whether he was an accredited investor. Investor Four did not recall having a conversation with Goldpoint regarding either his financial status or the accredited investor exemption.

[102] Second, even if investors were asked about either their financial status or the accredited investor exemption, the information they were given with respect to the term "accredited investor" was deficient. For instance, Investors Two and Six testified about the definition of accredited investor with which they were provided. We find that these definitions were not accurate. When Investor Three told a Goldpoint Representative that he did not qualify as an accredited investor, the Goldpoint Representative stated that the investor was "close enough" (Hearing Transcript, September 28, 2009, p. 114).

[103] The evidence of the Qualifiers is consistent with that of the Investors. According to all of the Qualifiers, the steps taken by Goldpoint's qualifiers at the initial phone calls made to prospective investors were as follows:

1) The qualifiers would call individuals, whose names and numbers were on lists provided by Goldpoint;

2) They would introduce themselves and Goldpoint to prospective investors by reading from a Script provided by the company;

3) They would tell prospective investors, in accordance with the Script, that the prospective investor had previously been contacted with respect to an investment in Petrolifera, in which the prospective investor had chosen not to invest and which had subsequently performed particularly well as an investment;

4) They would ask prospective investors if Goldpoint could send the prospective investors materials regarding the investment; and

5) If an investor was interested, they would ask if the investor was an "accredited investor".

[104] The definition of "accredited investor" that the Qualifiers would provide to prospective investors was a definition provided by Goldpoint. Three of the four Qualifiers who testified (Khudinyan, Jamalian and Tonello) stated they recalled the definition of "accredited investor" provided to them by Goldpoint as including significant non-financial assets such as real estate and vehicles in calculating whether the individual had sufficient assets to qualify as an "accredited investor" pursuant to the Net Financial Assets Test. Another of the Qualifiers (McIntosh) stated that he was unsure as to whether the definition of "accredited investor" provided by Goldpoint included real estate.

[105] If the Qualifiers deemed that the prospective investor was accredited under the definition provided to them by Goldpoint, the Qualifiers would ask the individual if he or she was "liquid". More specifically, two of the Qualifiers testified that they would ask the prospective investor if he or she had $10,000 in liquid assets.

[106] Prospective investors who were deemed by Goldpoint to be accredited and who were interested in receiving information about Goldpoint would be sent materials and would be told that a "senior consultant" would contact them to discuss the investment further. Prospects who were deemed to be accredited investors and interested in investing would then have their information recorded on a "lead sheet" which would be used by the "senior consultant" in a subsequent phone call to the individual.

[107] Qualifiers were told to adhere to the Script. For instance, Khudinyan testified that "… the first thing that I was really told and it was stressed to keep as close to the [S]cript as possible, to not improvise" (Hearing Transcript, September 24, 2009, p. 21). MacIntosh also stated in his testimony that "we were pretty much told to stick to the script" by Novielli and Moloney (Hearing Transcript, September 24, 2009, p. 95).

[108] The Qualifiers' testimony establishes that the initial process for qualifying individuals as "accredited investors" was flawed and unreliable. It is also clear from the evidence that Goldpoint exerted considerable control over how the Qualifiers interacted with prospective investors.

[109] Three of the Qualifiers testified that they were provided with a written document that contained a materially inaccurate definition of "accredited investor". This definition inappropriately included real estate in calculating whether an investor met the Net Financial Assets Test.

[110] In summary, we find that five of the six Investors were not accredited investors during the Material Time, that Goldpoint did not take the required steps to comply with the accredited investor exemption, and that Goldpoint did not file Forms 45-

106F1. We therefore find that the accredited investor exemption, pursuant to section 2.3 of NI 45-106, was not available for sales of Goldpoint shares during the Material Time.

3. Conclusion: Unregistered Trading and Illegal Distribution

[111] Accordingly, as stated at paragraph 74 above, we find that the Respondents traded Goldpoint shares without registration. As stated at paragraph 83 above, we find that the shares were previously unissued shares and therefore the trades constituted a distribution for which a prospectus was required. At paragraph 110 above, we found that although the Respondents relied on the accredited investor exemption from the registration and prospectus requirement, that exemption was not available to them.

[112] We conclude, therefore, that the Respondents engaged in unregistered trading and an illegal distribution of Goldpoint shares, contrary to subsections 25(1)(a) and 53(1) of the Act and contrary to the public interest.

G. Did the Respondents make prohibited undertakings relating to the future value of a security, contrary to subsection 38(2) of the Act and contrary to the public interest?

1. The Law

[113] Subsection 38(2) of the Act prohibits undertakings relating to the future value of a security that are made with the intention of effecting a trade in that security:

> **(2) Future value** – No person or company, with the intention of effecting a trade in a security, shall give any undertaking, written or oral, relating to the future value or price of such security.

[114] In *Limelight*, the Commission addressed the difference between a "representation" and an "undertaking" in the following terms:

> We agree that something less than a legally enforceable obligation can be an "undertaking" within the meaning of subsection 38(2), depending on the circumstances. We also accept Staff's submission that we should not take an overly technical approach to the interpretation of subsection 38(2) and that we should consider all of the surrounding circumstances and the Commission's regulatory objectives in interpreting the meaning of that section.
>
> We found the decision in *National Gaming Corp., Re* (2000), 9 A.S.C.S. 3570 (Alta. Securities Comm.) ("*National Gaming*") to be helpful on this issue. The Alberta Securities Commission (the "ASC") stated:
>
> > ... an undertaking is a promise, assurance or guarantee of a future price or value of securities that can be reasonably interpreted as providing the .purchaser with a contractual right against the person giving the undertaking if, for any reason, the value or price is not achieved.
> >
> > (*Re National Gaming Corp.* (2000), 9 A.S.C.S. 3570, at p. 16)
>
> In the same decision, the ASC also stated:
>
> > In interpreting subsection 70(3)(a), we are mindful of the fact that predictions relating to the future value or price of securities are commonplace in the securities industry, and are not prohibited by the Act. Predictions encompass a broad spectrum. They range from very general predictions about the entire market, to very specific predictions about the value or price of a particular security within a particular time frame. Some predictions are developed with extreme care, based on rigorous, professional research and scientific analysis based on sophisticated market theory. Other predictions may be based on no more than wishful thinking or guesswork. In our view, the shared element of all predictions is that they are merely opinions.
> >
> > (*Re National Gaming Corp.* (2000), 9 A.S.C.S. 3570, at p. 16)
>
> Finally, the ASC stated that in determining whether a representation amounted to an undertaking, the context of the statement must be considered, and the "undertaking" must be given a "functional interpretation" in keeping with the objective of protecting investors. Accordingly, the ASC held it was not necessary to show that all the elements of an enforceable contract existed. The ASC

> concluded in National Gaming Corp. that no undertaking with respect to future value was given in the circumstances.
>
> (*Limelight*, *supra*, at paragraphs 164-167)

[115] In *Limelight*, the Commission was not persuaded that the respondents' representations were "undertakings":

> In our view, a mere representation as to future value is not an "undertaking" within the meaning of subsection 38(2) of the Act. Prohibiting all representations as to the future value of securities would ignore the reality of the marketplace.
>
> … The words used by the Limelight salespersons did not suggest that something more than a representation was being made or an opinion given. There is no evidence of any promise or assurance given to repurchase the securities or refund the purchase price if a certain value was not achieved…
>
> (*Limelight*, *supra*, paragraphs 170-171)

[116] Staff cites *Re Aatra Resources Ltd. et al.* (1990), 13 O.S.C.B. 5109 ("***Aatra***") as providing an example of when the Commission has found that certain statements constituted undertakings with respect to the future value of a security. In that case, the Commission summarized the evidence it relied upon in finding that the respondent breached subsection 38(2) of the Act:

> And, despite the express prohibitions of section 37 of the Act, Mr. Kronis made express representations as to the future price of Aatra and Bayridge stock. On June 29, 1989, he told Mr. Carducci that "you'll probably be well over the $4.00 hump" in Bayridge "over the next 90 days", and that "that could be, you know, could take two days to go to $4.00". On August 16, 1989, he told Mr. Carducci that:
>
> > I would assure you, I will practically guarantee you that within the week you will see the stock one week from today I would say anywhere from twenty cents ($0.20) to fifty cents ($0.50) higher.
>
> And he told another investor that if his stock did not go up by 10¢ to 15¢ in the following 2 to 3 weeks, he did not have to pay for it – again, in breach of the express provisions of section 37. Once again, "over-enthusiastic" or not, Mr. Kronis was clearly acting in breach both of the Act and of his obligationsas a registrant under the Act.
>
> (*Aatra*, *supra*, at paragraph 22)

[117] We accept and adopt the analysis set out in Limelight, National Gaming and Aatra.

2. Analysis

[118] In closing submissions, Staff conceded that there is not enough evidence to prove that Novielli, Moloney and Pimentel made prohibited undertakings to investors with the intention of effecting a trade in a security. However, Staff submits that the evidence before the Panel establishes that the employees, agents or representatives of Goldpoint made prohibited undertakings contrary to subsection 38(2) of the Act.

[119] The Investors testified that Goldpoint Representatives made representations relating to the future value or price of Goldpoint shares as part of a pattern of high pressure sales tactics. For instance, Investor Four was told by a Goldpoint Representative that Goldpoint was going to be bought out by Dow Chemicals and the shares would reach a value of $20. The Goldpoint Representative further told him that if he did not buy more shares, he would be put on the "back burner" in relation to the buyout.

[120] Similarly, Investor Five testified that a Goldpoint Representative who identified himself as "Robert Black" telephoned him in late 2007:

> He [Robert Black] had mentioned that the target was approximately six months where either the TSX listing would come about or that a – or a takeover would happen, and he was throwing the numbers five to seven dollars a share around for that.
>
> He told me that this initial offering was almost sold out and that I had to act fairly quick.
>
> (Hearing Transcript, September 30, 2009, p. 69)

[121] We find that the representations described by Investor Four and Investor Five lack the firmness and specificity we would expect of a "promise or assurance". We are not persuaded they amount to "undertakings" relating to the future value or price of Goldpoint shares.

[122] Staff also adduced evidence that a Goldpoint Representative "guaranteed" an investor interviewed by Vanderlaan that Goldpoint shares would at least double and would likely go as high as fifteen times their current value once the shares were listed on a stock market. This statement was introduced through Vanderlaan's affidavit, and it was untested by cross-examination and uncorroborated. Although hearsay evidence is admissible in Commission proceedings (*Statutory Powers Procedure Act*, R.S.O. 1990, c. S.22, as amended, subsection 15(1); *Re Sunwide Finance Inc.* (2009), 32 O.S.C.B. 4671, at paragraphs 20-22), we are not persuaded we should rely on it in this circumstance because the exact words used by the Goldpoint Representative are important in determining whether any statement made amounted to a prohibited undertaking.

3. Conclusion: Prohibited Undertakings

[123] We are not, therefore, persuaded that Goldpoint contravened subsection 38(2) of the Act. However, we consider that the representations made by the Respondents with respect to the future value of Goldpoint shares, together with their use of high pressure sales tactics, were improper and contrary to the public interest (*Limelight*, *supra*, at paragraph 180).

H. Did the Respondents make prohibited representations that Goldpoint would be listed on a stock exchange, contrary to subsection 38(3) of the Act and contrary to the public interest?

1. The Law

[124] Subsection 38(3) of the Act provides that:

> **(3) Listing** – Subject to the regulations, no person or company, with the intention of effecting a trade in a security, shall, except with the written permission of the Director, make any representation, written or oral, that such security will be listed on any stock exchange or quoted on any quotation and trade reporting system, or that application has been or will be made to list such security upon any stock exchange or quote such security on any quotation and trade reporting system, unless,
>
> (a) application has been made to list or quote the securities being traded, and securities of the same issuer are currently listed on any stock exchange or quoted on any quotation and trade reporting system; or
>
> (b) the stock exchange or quotation and trade reporting system has granted approval to the listing or quoting of the securities, conditional or otherwise, or has consented to, or indicated that it does not object to the representation.

[125] Whereas subsection 38(2) of the Act requires an "undertaking", subsection 38(3) only requires a "representation" with respect to the future listing of securities. The policy reason for this prohibition is that a stock exchange listing offers investors some level of comfort that they can liquidate their investments, which may induce them to invest.

2. Analysis

[126] In closing submissions, Staff conceded that there is not sufficient evidence before the Panel to establish that Novielli, Moloney and Pimentel made prohibited representations to investors with the intention of effecting a trade in a security. However, Staff submits that the evidence before the Panel establishes that the employees, agents or representatives of Goldpoint made representations prohibited by subsection 38(3) of the Act.

[127] Investor Five testified that he was told by a Goldpoint Representative that Goldpoint was very close to being listed on the TSX. More specifically, he was told that in about six months, Goldpoint would be either listed on the TSX or taken over by another company. In either case, the representative indicated a price range of $5 to $7 per share. After his initial purchase of Goldpoint Shares, Investor Five was contacted by another Goldpoint Representative who said that "things were progressing very well" with respect to the TSX listing (Hearing Transcript, September 30, 2009, p. 76).

[128] During the hearing, we heard further evidence from Vanderlaan about interviews conducted with, and statements made by, certain Goldpoint investors who did not testify. The following is a summary of the evidence put forth by Vanderlaan with respect to various investors who did not testify:

- an investor Vanderlaan interviewed stated that he was told by a Goldpoint Representative that it would take about nine months before Goldpoint would be listed on the TSX Venture Exchange;

- a second investor Vanderlaan interviewed stated that he was told by a Goldpoint Representative that Goldpoint would be listed on the stock market in a couple of months;

- a third investor Vanderlaan interviewed stated that he was told by a Goldpoint Representative that Goldpoint would be listed on a public stock exchange in the spring or summer of 2008;

- a fourth investor Vanderlaan interviewed stated that he was told by a Goldpoint Representative that Goldpoint was about to be listed and that the entire investment horizon was no more than six months;

- a fifth investor sent a statement about his interaction with a Goldpoint Representative, along with documents related to his investment in Goldpoint, to Staff which stated, "I was told that the company shares would soon be listed on the Toronto Stock Exchange and when they were they would open in the $5.00 to $10.00/share range".

[129] We are prepared to rely on the evidence from Vanderlaan about statements made by investors, having regard to the fact that the evidence of those investors was consistent and supported by the direct testimony of another investor who did testify. We are also mindful that a representation is defined more broadly than an undertaking. Based on the evidence from Investor Five and Vanderlaan, we find that Goldpoint made statements that its shares would be listed on a stock exchange and provided a specific time horizon for that listing. Considering all the circumstances, we find that these statements qualify as representations with respect to the future listing of Goldpoint securities.

[130] We received no information that the Director had provided written permission with respect to any representation of listing on any stock exchange or quoting on any quotation and trade reporting system. Subsection 38(3) of the Act also provides an exemption from the prohibition against making such representations if the Respondents have made an application to list or quote the securities in question, or if a stock exchange or quotation and trade reporting system has indicated that it consents to such representations. In this case, there is no evidence that Goldpoint was seeking listing or quoting, nor had an exchange or quotation and trade reporting system provided consent for Goldpoint's representations.

3. Conclusion: Prohibited Representations

[131] Therefore, we find that Goldpoint through its employees, agents or representatives acted contrary to subsection 38(3) of the Act and contrary to the public interest.

I. Did the Respondents engage in fraud, contrary to subsection 126.1(b) of the Act and contrary to the public interest?

1. The Law

[132] Subsection 126.1(b) of the Act states:

> **126.1 Fraud and market manipulation** – A person or company shall not, directly or indirectly, engage or participate in any act, practice or course of conduct relating to securities or derivatives of securities that the person or company knows or reasonably ought to know,
>
> (a) results in or contributes to a misleading appearance of trading activity in, or an artificial price for, a security or derivative of a security; or
>
> (b) perpetrates a fraud on any person or company.

[133] Fraud is "one of the most egregious securities regulatory violations" and is both "an affront to the individual investors directly targeted" and something that "decreases confidence in the fairness and efficiency of the entire capital market system" (*Re Capital Alternatives Inc.*, 2007 ABASC 79 ("***Capital Alternatives***") at paragraph 308, citing D. Johnston & K.D. Rockwell, *Canadian Securities Regulation*, 4th ed., Markham: LexisNexis, 2007 at 420).

[134] The term "fraud" is not defined in the Act. Subsection 126.1(b) is a relatively recent addition to the Act and has been considered in several decisions of the Commission (including *Re Al-Tar Energy Corp. et al.* (2010), 33 O.S.C.B. 5535 ("***Al-Tar***"), *Re Lehman Cohort Global Group Inc. et al.* (2010), 33 O.S.C.B. 7041 ("***Lehman Cohort***"), and *Re Global Partners Capital et al.* (2010), 33 O.S.C.B. 7783 ("***Global Partners***"). In applying subsection 126.1(b), the Commission has drawn guidance from decisions of the courts and other securities commissions in Canada. In particular, we follow the reasoning of these decisions in outlining the legal issues.

[135] The Supreme Court of Canada discussed the elements necessary to establish fraud in *R. v. Théroux*, [1993] 2 S.C.R. 5 ("*Théroux*"). McLachlin J. (as she then was) stated that fraud will be established upon proof of a dishonest act, proof of deprivation caused by the dishonest act, and proof of the mental element required (mens rea).

[136] The first element, the dishonest act, is established by proof of deceit, falsehood or other fraudulent means. As to deceit and falsehood, the Court stated that "all that need be determined is whether the accused, as a matter of fact, represented that a situation was of a certain character, when, in reality, it was not" (*Théroux*, *supra*, at paragraph 18).

[137] As to "other fraudulent means," the Supreme Court of Canada held that the issue is "determined objectively, by reference to what a reasonable person would consider to be a dishonest act" (*Théroux*, *supra*, at paragraphs 17 and 18). The concept is intended to encompass all other means, other than deceit or falsehood, which can be properly characterized as dishonest. "Other fraudulent means" may include the non-disclosure of important facts, the unauthorized diversion of funds and the unauthorized arrogation of funds or property (*Théroux*, *supra*, at paragraph 18).

[138] The second element of fraud, deprivation, is established by proof of detriment, prejudice or risk of prejudice to the economic interests of the victim caused by the dishonest act (*Théroux*, *supra*, at paragraphs 16 and 27). In establishing deprivation, it is not necessary to prove that an accused ultimately profited or received an economic benefit or gain from the conduct or that actual deprivation occurred (*Théroux*, *supra*, at paragraph 19).

[139] In order to establish fraud, there must also be proof of the necessary mental element (*mens rea*) on the part of the accused. In *Théroux*, the Supreme Court of Canada held that the mental element required is established by proof of:

1. subjective knowledge of the prohibited act; and

2. subjective knowledge that the prohibited act could have as a consequence the deprivation of another (which deprivation may consist in knowledge that the victim's pecuniary interests are put at risk).

(*Théroux*, *supra*, at paragraph 27)

[140] The Court in *Théroux* observed that subjective intention may be inferred from the acts themselves (*Théroux*, *supra*, at paragraph 23) and that it is not necessary to show precisely what was in the mind of the accused at the time of the fraudulent acts. The Court stated in *Théroux* that:

> [t]he accused must have subjective awareness, at the very least, that his or her conduct will put the property or economic expectations of others at risk. As noted above, this does not mean that the Crown must provide the trier of fact with a mental snapshot proving exactly what was in the accused's mind at the moment the dishonest act was committed. In certain cases, the inference of subjective knowledge of the risk may be drawn from the facts as the accused believed them to be… [W]here the accused tells a lie knowing others will act on it and thereby puts their property at risk, the inference of subjective knowledge that the property of another would be put at risk is clear.
>
> (*Théroux*, *supra*, at paragraph 29)

[141] The Alberta Court of Appeal, in affirming Capital Alternatives, held that one can draw an inference as to the requisite mental element for fraud from the totality of the evidence (*Alberta (Securities Commission) v. Brost*, 2008 ABCA 326 ("***Brost CA***") at paragraph 48).

[142] The operative language of subsection 126.1(b) of the Act is identical to the language of subsection 57(b) of the British Columbia *Securities Act*, R.S.B.C. 1996, c. 418, as amended (the "**BC Act**"). The British Columbia Court of Appeal addressed the application of subsection 57(b) of the BC Act in *Anderson v. British Columbia (Securities Commission)*, 2004 BCCA 7 ("***Anderson***"). The Supreme Court of Canada denied leave to appeal the *Anderson* decision ([2004] S.C.C.A. No. 81). The Court in *Anderson* applied the legal test for fraud established in *Théroux*.

[143] In interpreting subsection 57(b) of the BC Act, the British Columbia Court of Appeal stated in *Anderson* that:

> … s. 57(b) does not dispense with proof of fraud, including proof of a guilty mind … Section 57(b) simply widens the prohibition against participation in transactions to include participants who know or ought to know that a fraud is being perpetrated by others, as well as those who participate in perpetrating the fraud. It does not eliminate proof of fraud, including proof of subjective knowledge of the facts constituting the dishonest act, by someone involved in the transactions. [emphasis in original]
>
> (*Anderson*, *supra*, at paragraph 26)

[144] The Court in *Anderson* also stated that:

> Fraud is a very serious allegation which carries a stigma and requires a high standard of proof. While proof in a civil or regulatory case does not have to meet the criminal law standard of proof beyond a reasonable doubt, it does require evidence that is clear and convincing proof of the elements of fraud, including the mental element.
>
> (*Anderson*, *supra*, at paragraph 29)

[145] The legal test for fraud applied by the Court in *Anderson* was adopted in *Capital Alternatives*, which was affirmed in *Brost CA*.

2. Analysis

(a) Goldpoint

(i) Dishonest Acts

[146] The first element of the fraud analysis is consideration of whether a dishonest act was committed. Staff takes the position that Goldpoint committed a series of dishonest acts, which included (i) misrepresentations to investors in its promotional materials, (ii) misleading statements made in the course of soliciting investors to purchase Goldpoint shares, (iii) unauthorized diversion of investor funds and (iv) removal of documents from Goldpoint's office on the day Staff executed a search warrant at Goldpoint's office. Each will be addressed in turn.

Promotional Materials

[147] As discussed at paragraph 44, Goldpoint had a website located at www.goldpointresources.com. The Goldpoint Website contained descriptions of Goldpoint's operations in Ghana, some examples of which are:

- "Goldpoint's major concessions – Nchiadi – covering 15 km of stike [*sic*] length along the prolific Ashanti Trendand [sic] is in the process of acquiring a second contiguous concession";
- "Anglo/Ashanti Goldfields, +40 million ounce Obuasi Mine is located 50 km to the southwest along this trend and Newmont Mining recently announced that their Akyem property (+8 million ounce), which is located approximately 25 km to the southeast will be in production by 2008. Goldpoint's concession covers approximately 60 square kilometers within this trend and is referred to as the South Ashanti Project";
- "Goldpoint has spent large amounts of capital to date exploring and developing this project. This intensive and ongoing exploration activity included soil geochemistry, magnetic survey, trenching and drilling. Results to date have been extremely encouraging…"; and
- "[Goldpoint] owns 100% of the South Ashanti project subject to a 10% carried interest by the Ghanaian Government. This project consists of one Government granted license being the Nchiadi concession and another being the future concession project which is in its final stages of acquisition".

[148] Goldpoint had a Summary Business Plan that was provided to potential investors in order to convince them to invest in Goldpoint. The Summary Business Plan contains statements about Goldpoint's operations in Ghana, some of which are:

- "The company has the mineral rights to an area 60 square kilometres known as the Nchiadi concession";
- "The license allows for the prospecting, mining and exporting of precious metals"; and
- "Security is very strict at the mine site. All shipments are guarded. All overseas shipments are bonded and insured in the event of loss";

[149] The Summary Business Plan contains a Projected Income Statement. The projected profits (losses) for 2007, 2008 and 2009 as set out in the Projected Income Statement are ($32,000), $7,503,616 and $9,209,600, respectively.

[150] The Goldpoint Website and the Summary Business Plan both listed Millard, Deslauriers, Shoemaker, LLP ("**MDS**") as the company's accountants.

[151] The Goldpoint Website and the Summary Business Plan made extensive reference to Goldpoint's operations in Ghana. The most important of these assertions are that Goldpoint had ownership interests in a gold mine in Ghana and a licence that

allowed for the prospecting, mining and exporting of precious metals. As such, the existence of the gold mine and the prospecting licence are central to the truth of these promotional materials.

[152] Staff's evidence on this issue is that Staff investigators uncovered no documents that would support the assertion that Goldpoint had any interest in an existing mine or a prospecting licence. The only interest that Goldpoint had in Ghana that Staff investigators were able to find was an application for a reconnaissance licence which "confers on the holder the right to search for a specific minerals (or commodity) within the licence area by geochemical and photo-geological surveys or other remote sensing techniques" (Hearing Transcript, September 25, 2009, pp. 158-159). Unlike a licence for the prospecting, mining and exporting of precious metals, a reconnaissance licence does not allow for drilling, excavation or other sub-surface techniques unless specified.

[153] Novielli introduced various pieces of documentary evidence during his cross-examination of Vanderlaan in an attempt to prove the existence of the gold mine and the prospecting licence. Some of these documents already formed part of Staff's evidence; they were provided to Staff in response to undertakings given during Staff's compelled examination of Novielli and questions put to him by Staff in an email. Others were not already in evidence, but were additional documents concerning the purported existence of a prospecting licence to which Novielli referred during his cross-examination of Vanderlaan. These documents are titled "Option Agreement", "List of Companies Which Had Been Granted Mineral Rights", and "Package of documents re agreement between Government of Republic of Ghana and Ano South Goldfields Limited".

[154] Although these documents appear to relate to Goldpoint's interests in Ghana, Novielli was unable to produce the original versions of these documents. No evidence was provided to authenticate the source and legitimacy of these documents. We place limited weight on this evidence. We note that even if we take the reliability of these documents at its highest, these documents are not sufficient to establish that Goldpoint had any interest in mines or prospecting licences in Ghana.

[155] Given the centrality of the question of Goldpoint's interest in a gold mine and a prospecting licence in Ghana, the Respondents' inability to produce persuasive evidence that would support their existence creates a strong inference that the statements made to investors regarding the gold mine and the prospecting licence were false.

[156] However, these are not the only false and misleading statements found in Goldpoint's promotional materials.

[157] First, during his testimony, Vanderlaan demonstrated that the website of another issuer with mining operations contained text that is virtually identical to the contents to the Goldpoint Website. The only differences between the two websites are the names of the companies and the properties involved.

[158] Second, the Goldpoint Website and the Summary Business Plan both indicated that MDS were Goldpoint's accountants. This statement is false. Vanderlaan investigated this claim and was advised by a letter from MDS, dated August 25, 2008, that MDS had "no engagement letter for services to be rendered and to date [had] not performed any services on behalf of this corporation [Goldpoint]".

[159] Third, the Goldpoint Website included a News Release dated March 15, 2007 announcing a "non-brokered private placement of 12 million units", as mentioned at paragraph 44. The News Release was signed by Novielli "on behalf of Directors". As discussed at paragraph 48 above, Boyle investigated the electronic "properties" of the News Release and determined that the document was created on October 27, 2007 rather than March 15, 2007. In fact, Goldpoint was not even incorporated in Ontario until August 31, 2007, some five months after the News Release was allegedly issued. As well, the telephone numbers and address that were on the News Release were the address and telephone numbers of Regus Business Center ("**Regus**"). However, the Regus Business Center contract for services, which Staff introduced into evidence through Boyle, shows that Goldpoint did not contract with Regus until September of 2007. The evidence indicates that the News Release was backdated to mislead investors as to the history of the company.

[160] In summary, Staff presented ample evidence that Goldpoint made many false or misleading statements to create a false impression that the company was engaged in a legitimate business in order to entice investors to invest in Goldpoint. These misrepresentations were dishonest and fraudulent.

Solicitations to Investors

[161] The process of soliciting the purchase of Goldpoint shares began with a qualifier cold-calling prospective investors to arouse their interest in Goldpoint shares. As discussed at paragraphs 103 to 108, we heard testimony from the Qualifiers about their use of Scripts. One Qualifier, Khudinyan, was able to recite from memory the Script that she read to prospective investors when she was working as a qualifier at Goldpoint:

> Yes. Good morning, sir or madam. I'm calling you from Goldpoint Resources. Goldpoint Resources is a gold mining company and it is developing a very exciting opportunity. Your name was brought to this database as a person who was contacted back in 2005 with Petrolifera project. Petrolifera

> was a Canadian oil and gas company which started trading – which started at $1.25 and went up to more than $23 within just a week of the trade. So it was a blockbuster in terms of profit for investors, and back then you didn't want to get involved, something like that, and would you like to receive the information about Goldpoint Resources with no cost or obligation to you?
>
> (Hearing Transcript, September 24, 2009, pp. 18-19)

[162] A prospective investor who expressed an interest in purchasing Goldpoint shares would then be referred internally to salespeople employed by Goldpoint. In soliciting investors to purchase Goldpoint shares, the salespeople also made a number of statements about the company. Testimony from the Investors reveals that Goldpoint Representatives made the following representations:

- Investor Four was told that Goldpoint had active gold mines in Ghana;
- Investor Four was also told that there was a company in negotiations to purchase Goldpoint;
- Investor Two was told that Goldpoint was mining out large amounts of gold and platinum and making a huge profit;
- Investor Five was told that Goldpoint was a possible target takeover by some of the larger surrounding companies in approximately six months' time; and
- Investor Five was also told that the salespeople were being paid in Goldpoint shares.

[163] The Script that the qualifiers followed in arousing prospective investors' interest made reference to a company called Petrolifera. It claimed that the salespeople employed by Goldpoint were previously involved in Petrolifera's distribution. However, Staff presented evidence to show that neither Novielli nor Moloney had been involved in the distribution of Petrolifera shares. We agree with Staff's submissions that Goldpoint was using the name of a company with ongoing operations to create a false appearance of legitimacy and, in doing so, committed dishonest acts.

[164] As in the case of Goldpoint's promotional materials, the salespeople made representations about Goldpoint's operations, and more specifically, Goldpoint's interests in a gold mine, when soliciting prospective investors. However, as the analysis at paragraphs 151 to 155 demonstrates, there is no persuasive evidence that Goldpoint had any active gold mines in Ghana or was producing gold or platinum.

[165] Goldpoint's salespeople also claimed that several companies were looking to purchase or take over Goldpoint. We received no evidence that Goldpoint was the subject of a purchase or a takeover attempt.

[166] With respect to the claim made by Goldpoint's salespeople concerning their compensation, the evidence shows that the salespeople were not being paid in Goldpoint shares. Vanderlaan testified that he found no evidence of Goldpoint share ownership by the salespeople, identified as Jack Anderson, Richard Wylie, Novielli, Moloney or Pimentel. He further testified that he found no evidence of shares in Goldpoint being issued to anyone other than investors who provided funds to Goldpoint for those shares. His testimony is supported by the documentary evidence from Capital Transfer.

[167] In summary, we find that Goldpoint's qualifiers and salespeople, acting under the direction of Goldpoint's directing minds, made many false and misleading statements in their solicitation of investors.

Diversion of Funds

[168] In the Supreme Court of Canada decision *Théroux*, the court acknowledged that dishonest acts could be committed by way of "other fraudulent means". These may include the unauthorized diversion of funds and the unauthorized arrogation of funds or property (*Théroux*, *supra*, at paragraph 18).

[169] Staff maintains that the strongest evidence of fraud in this case is the flow of funds, which points to the unauthorized diversion of investor funds.

[170] As discussed at paragraph 40, we received documentary evidence obtained from Capital Transfer in relation to the issuance of Goldpoint shares. We also received banking records of accounts in the names of the Respondents from various financial institutions, including RBC, TD Canada Trust, and HSBC Bank Canada ("**HSBC**"). These banking records include copies of cheques and account statements evidencing various transfers of funds.

[171] The evidence described above establishes that Goldpoint received $1,696,750 from more than 110 investors from October 18, 2007 to May 1, 2008. Paragraphs 38 and 39 refer to several investors who purchased Goldpoint shares for varying sums.

[172] The majority of investment funds that were deposited into the Goldpoint RBC Account were withdrawn and could be traced to various accounts in the names of the Respondents. Only a small portion of the funds were used to pay expenses related to Goldpoint or Goldpoint's purported operations in Ghana. A breakdown of the flow of funds follows:

1) $52,465 was directly attributable to overhead and expenses related to utilities, including rent, bank charges, phone bills, utilities and other expenses incurred for the operations of Goldpoint's offices;

2) From March 20, 2008 to April 2, 2008, US $50,000 was transferred to Neo Mining Ltd. ("**Neo**"), resulting in CAD $51,823,50 debit to the Goldpoint RBC Account;

3) From October 26, 2007 to April 24, 2008, $513,260 was transferred through a series of 24 transactions to an account at TD Canada Trust in the name of 1112086 Ontario Inc., a company of which Moloney was administrator and the sole director (the "**Moloney TD Account**");

4) On February 28, 2008 and March 7, 2008, $25,000 and $40,000, respectively, were transferred to an HSBC account controlled by Moloney (the "**Moloney HSBC Account**");

5) From November 2, 2007 to April 29, 2008, $311,879 was withdrawn in a series of 53 transactions by way of cheques made payable to "Cash" and signed by Moloney on behalf of Goldpoint;

6) From November 6, 2007 to May 5, 2008, $584,562 was transferred in a series of 32 transactions to an account jointly held by Novielli and Pimentel at TD Canada Trust (the "**Novielli-Pimentel Joint Account**");

7) On January 16, 2008, $4,500 was withdrawn by a cheque payable to "Cash" and signed by Novielli; and

8) From February 22, 2008 to April 21, 2008, $2,000 was paid to Pimentel and deposited in two Royal Bank Accounts controlled solely by her (the "**Pimentel Accounts**").

[173] The evidence establishes that, of the $1,681,750 that was deposited into the Goldpoint RBC Account, only $104,288, or approximately 6% of the funds, could be traced to Goldpoint's projects or operating expenses – and this amount *includes* $51,823.50 related to the transfer to Neo, a company about which we know essentially nothing. A total of $1,481,201, or approximately 88% of the funds, was withdrawn by the Respondents or transferred to accounts controlled directly or indirectly by them. Of that $1,481,201, banking records show that the funds were withdrawn in the form of cash, transferred to other accounts, or used by the Respondents to fund their personal expenditures.

[174] With respect to the funds that were withdrawn in cash, there are indications in this case as to where some of the cash ultimately went. Through Vanderlaan, Staff introduced evidence obtained from the RCMP that Novielli and Moloney were stopped by US Customs agents when they were attempting to cross the border to the USA on February 7, 2009. After Novielli and Moloney were returned to Canada, the Canadian Border Services found $100,000 of undeclared cash in their possession and seized the funds. Vanderlaan noted that the cash was in $10,000 bundles, and the bundles were banded with paper bands that could only be obtained from a bank, some with HSBC markings. The $100,000 is currently frozen pursuant to a direction issued by the Commission on February 17, 2009.

[175] On April 30, 2008, pursuant to subsection 126(1) of the Act, the Commission issued freeze directions to RBC and TD Canada Trust to preserve the funds in bank accounts associated with Novielli, Moloney and Pimentel. On May 29, 2008, the Commission issued another freeze direction to National Bank of Canada to preserve the funds in an account in the name of Moloney (the "**Moloney NBC Account"**). The following funds were frozen:

- there is $96,259.97 remaining in the Goldpoint RBC Account;
- there is US $11,420.34 remaining in an account in the name of Novielli (the "**Novielli USD Account**");
- there is $239,472.34 remaining in the Moloney TD Account;
- there is $65,841.35 remaining in the Novielli-Pimentel Account; and
- there is $53,991.46 remaining in the Moloney NBC Account.

A further $15,000 is held in the trust account of a Canadian lawyer who has agreed to treat the funds as being subject to a freeze order.

[176] During the hearing, Novielli attempted to explain the flow of funds, arguing that funds withdrawn from the Goldpoint RBC Account were ultimately used for corporate purposes on behalf of Goldpoint. During his cross-examination of Vanderlaan, he pointed to documents in Staff's evidence and introduced the additional documentary evidence listed at paragraph 153 in support of his argument. However, as discussed at paragraph 154, we place limited weight on these documents.

[177] We note that one piece of evidence that may support Novielli's claim above is that investor funds could be traced to Vito Novielli, Novielli's father. There is evidence in the banking records that a sum of $210,000 was transferred from accounts in the names of Novielli and/or Pimentel to accounts in the name of Vito Novielli, who in turn transferred $120,000 to the Ophe-Ocean Company in Ghana. More specifically:

1. From November 16, 2007 to April 4, 2008, the Novielli-Pimentel Account transferred $30,000 through a series of bank drafts to accounts in the name of Vito Novielli;

2. On May 5, 2008, $100,000 and $35,000 were withdrawn from the Pimentel Accounts in the form of a bank draft. On May 12, 2008, the bank draft was deposited into a Canadian Imperial Bank of Commerce ("**CIBC**") account in the name of Vito Novielli (the "**Vito Novielli CIBC Account**");

3. On May 5, 2008, $80,000 was withdrawn from one of the Pimentel Accounts in the form of a bank draft, which was then deposited in another CIBC account in the name of Vito Novielli (the "**Vito Novielli CIBC PLC Account**");

4. On May 6, 2008, $120,000 was transferred from the Vito Novielli CIBC PLC Account to the Ophe-Ocean Company, Ghana; and

5. On May 12, 2008, $100,000 was transferred from the Vito Novielli CIBC Account to the Vito Novielli CIBC PLC Account.

[178] However, we received no credible evidence as to the purpose of these transactions, the extent to which they were connected to Goldpoint's business purposes, or the use of these funds by the Ophe-Ocean Company. We are not persuaded that Novielli used the funds he withdrew from the Goldpoint RBC Account for legitimate business purposes on behalf of Goldpoint.

[179] To summarize, although Goldpoint made various representations about its operations in Ghana, the tracing of funds shows that only a small portion of the investor funds might be attributed to funding projects in Ghana or to paying expenses for Goldpoint's operations. We were presented with no persuasive evidence that Goldpoint actually had any projects in Ghana. A majority of funds were in the control of the Individual Respondents for purposes that were unrelated to Goldpoint's operations. We find that Goldpoint committed dishonest acts by its unauthorized diversion of funds.

Removal of Evidence from the Goldpoint Office

[180] During the hearing, Staff led evidence relating to the removal of documents from Goldpoint's office just before Staff executed its search warrant on May 1, 2008. During the search, Staff investigators talked to people who worked on the same floor as Goldpoint's office and received information that suggested that documents had been removed from Goldpoint's office or shredded. Staff suggested that the removal of documents from Goldpoint's premises on the day of the search is consistent with Novielli and Moloney becoming aware of the freeze directions and attempting to remove compromising evidence in advance of a possible Staff inspection or search of the premises. Based on the very limited evidence we heard, we are not prepared to make any findings on this issue.

(ii) Deprivation

[181] The second element to be proven in the fraud analysis is deprivation caused by the dishonest acts. As discussed at paragraph 43, the evidence establishes that from October 18, 2007 to May 1, 2008, Goldpoint received $1,696,750 from more than 110 investors as consideration for Goldpoint shares.

[182] In their testimony, Investors stated that their funds invested have not been returned to them. Some examples of how Goldpoint investors were affected follow:

- Investor One and his spouse had taken the money that was lost out of their retirement fund;

- Investor Two had borrowed money to purchase the shares and said that he was still in the process of paying this debt at the time of the hearing. Investor Two stated that "This is the first time I've ever done one of these before. Now I've learned not to trust anybody ever again" (Hearing Transcript, September 28, 2009, p. 95); and

- Investor Five described the impact of his investment experience as follows: "$75,000 is a lot of money for, you know, somebody in my position. So it's definitely been a struggle for the last year and a half or so…" (Hearing Transcript, September 30, 2009, p. 81). He stated that "Personally it's definitely put some stress" on his relationship with his spouse (Hearing Transcript, September 30, 2009, p. 81).

[183] As the Investors' testimony demonstrates, Goldpoint investors have been deprived of the funds they invested in Goldpoint. Goldpoint's act of deprivation is therefore established.

(iii) Knowledge

[184] Finally, in order to commit fraud under subsection 126.1(b) of the Act, the necessary mental element must be present. For a corporation, it is sufficient to show that its directing minds knew that the corporation perpetrated a fraud. The analysis below will show that Novielli and Moloney, the directing minds of Goldpoint, were actively involved in perpetrating that fraud. Attributing their knowledge to the corporation, we find that Goldpoint possessed the requisite mental element of fraud under subsection 126.1(b) of the Act.

(iv) Findings

[185] We find that Goldpoint knowingly committed fraud by depriving the investors of the funds that they were induced by deceit to invest in Goldpoint, contrary to the public interest.

(b) Novielli

(i) Dishonest Acts

[186] At paragraphs 51 to 58, we found that Novielli solicited investors to purchase Goldpoint shares, participated in the development of Goldpoint's promotional materials, authorized the issuance of Goldpoint shares, and was one of the signatories on the Goldpoint RBC Account. We find that Novielli committed dishonest acts in carrying out the aforementioned activities.

[187] It is clear from our discussions at paragraphs 147 to 160 that the promotional materials contained misrepresentations. We found at paragraphs 54 to 56 that Novielli participated in setting up the Goldpoint Website. Contributing misleading information to a website for the purpose of inducing investors to invest is a dishonest act.

[188] There is no doubt, based on the evidence, that Novielli committed acts of deceit and falsehood through the representations that he made while soliciting investors to invest in the scheme. We find that in his solicitation of investors, Novielli made representations that Goldpoint was raising funds for its operations in Ghana, when in fact Goldpoint did not own any mine or mining licence in Ghana. Rather, the investor funds purportedly raised for this purpose were instead used to fund the Respondents' personal expenses or for other purposes that were unrelated to gold mining operations.

[189] The evidence establishes that Novielli was personally involved in the unauthorized diversion of investor funds. An examination of the banking records reveals that, of the $1,681,750 of investor funds deposited in the RBC Goldpoint Account, $591,062 was either transferred to the Novielli-Pimentel Joint Account or the Pimentel Accounts. These transactions are those numbered 6 to 8 at paragraph 172 above.

[190] The banking statements provided by TD Canada Trust show that the investor funds that were transferred to the Novielli-Pimentel Joint Account were used as follows:

- From November 14, 2007 to April 18, 2008, $199,000 was transferred to the Pimentel Accounts through a series of 12 bank drafts;

- From November 16, 2007 to April 4, 2008, $30,000 was transferred to two accounts held by Vito Novielli through a series of 5 bank drafts; and

- From October 1, 2007 to April 30, 2008, a significant portion of the funds were spent on various personal expenditures, including mortgage payments, credit card payments, insurance payments, car payments, phone payments, cable payments, utilities payments, and transactions with retailers and service providers.

[191] We further note that, after the freeze directions, significant activity took place in accounts controlled by people related to Novielli that were not subject to the initial freeze directions issued on April 30, 2008. More specifically, as described at paragraph 177, a total of $215,000 was taken out of the Pimentel Accounts in the form of two bank drafts and deposited into the Vito Novielli CIBC Account and the Vito Novielli CIBC PLC Account.

[192] We find that as a signatory on the Goldpoint RBC Account, Novielli authorized the transfer of investor funds for uses that were unrelated to Goldpoint's operations, contrary to Goldpoint's claim to its investors. Further, he engaged in the unauthorized diversion of investor funds when he used the funds for personal purposes. As such, we find that he committed dishonest acts.

(ii) Deprivation

[193] As discussed at paragraphs 181 to 183, investors were deprived of their funds. We find that Novielli's actions contributed to the deprivation of investors, and the act of deprivation by this respondent is therefore established.

(iii) Knowledge

[194] The flow of funds is relevant to a consideration of Novielli's knowledge of the dishonest acts and deprivation of investors. As a signatory on the Goldpoint RBC Account, Novielli was personally responsible for moving investor funds out of the accounts for purposes unrelated to Goldpoint's operations. For example, banking records referred to at paragraph 42 show that Novielli made withdrawals from the Goldpoint RBC Account on several occasions. These withdrawals included a cheque for $15,000 payable to himself and dated November 6, 2007, a cheque for $1,100 payable to himself and dated December 28, 2007 and $10,000 that was withdrawn by a bank draft on February 7, 2008 and deposited in the Novielli-Pimentel Joint Account.

[195] Based on the foregoing, it is clear that Novielli knew that investor money was being used illegitimately and that the economic interests of investors were being harmed. The mental element of fraud under subsection 126.1(b) of the Act is therefore established.

(iv) Findings

[196] In conclusion, we find that Novielli knowingly committed fraud by depriving the investors of the funds that they were induced by deceit to invest in Goldpoint. We also find that Novielli's conduct was contrary to the public interest.

(c) Moloney

(i) Dishonest Acts

[197] At paragraphs 59 to 65, we found that Moloney solicited the purchases of Goldpoint shares as a salesperson using the alias Caldwell, participated in the development of Goldpoint's promotional materials, authorized the issuance of Goldpoint shares and was a signatory on the Goldpoint RBC Account. We find that Moloney's activities constituted dishonest acts.

[198] As discussed at paragraphs 147 to 160, Goldpoint's promotional materials contained false and misleading statements. We found that Moloney contributed to the making of these false and misleading statements, and committed dishonest acts in doing so. Further, a review of what Moloney told investors in his solicitations, as exemplified by Moloney's conversation with Investor Four, shows that Moloney's statements to investors about both Goldpoint's operations and his own identity were false and misleading, again constituting dishonest acts.

[199] The evidence establishes that Moloney was personally involved in the unauthorized diversion of investor funds. An examination of the banking records reveals that of the $1,681,750 of investor funds deposited in the Goldpoint RBC Account, approximately $890,139 was either transferred to accounts controlled by him or converted to cash. These transactions are items 2 to 5 at paragraph 172.

[200] The bank statements provided by TD Canada Trust show that, of the investor funds that were transferred to the Moloney TD Account, 26 cash withdrawals totaling $196,010 were made from October 31, 2007 to April 25, 2008. We observe that 24 of the 26 cash withdrawals were for at least $8,000 each, and that 18 of the transactions were evidenced by, among other things, receipts bearing what appears to be Moloney's signature.

[201] We also observe that after the freeze directions, significant activity took place in accounts in the name of Moloney that were not subject to the initial freeze directions issued on April 30, 2008. On May 1, 2008, Moloney withdrew $77,000 in the form of a bank draft from the Moloney HSBC Account which was not subject to a freeze direction. He opened the Moloney NBC Account on May 5, 2008, deposited the $77,000 draft into that account and immediately withdrew $23,000 in cash. Subsequent to this, Moloney attempted to purchase a draft in the name of Daniel Moloney for the amount of $50,000 from the Moloney NBC Account, but the National Bank was able to reverse the transaction at the request of Commission investigative staff.

[202] The evidence establishes that as a signatory on the Goldpoint RBC Account, Moloney authorized the transfer of investor funds for uses that were unrelated to Goldpoint's operations, contrary to Goldpoint's claims to investors. Further, he engaged in the unauthorized diversion of investor funds when he used the funds for personal purposes. As such, we find that he committed dishonest acts.

(ii) Deprivation

[203] As discussed at paragraphs 181 to 183, investors were deprived of their funds. We find that Moloney's actions contributed to the deprivation of investors. The act of deprivation is therefore established.

(iii) Knowledge

[204] The flow of funds is relevant to a consideration of Moloney's knowledge of the dishonest acts and deprivation of investors. As a signatory on the Goldpoint RBC Account, Moloney was personally responsible for moving investor funds out of the accounts for purposes unrelated to Goldpoint's operations. One such example is $311,879 withdrawn in cash through over 50 cheques signed by Moloney on behalf of Goldpoint, discussed at paragraph 172 above.

[205] Based on the foregoing, it is clear that Moloney knew that investors' money was being used illegitimately and that the economic interests of investors were being harmed. The mental element of fraud under subsection 126.1(b) of the Act is therefore established.

(iv) Findings

[206] In conclusion, we find that Moloney knowingly committed fraud by depriving the investors of funds that they were induced by deceit to invest in Goldpoint. We also find that Moloney's conduct was contrary to the public interest.

(d) Pimentel

(i) Dishonest Acts

[207] At paragraph 72, we found that Pimentel, in the role of a qualifier, called prospective investors. However, even more importantly, she oversaw the investor qualification process in a supervisory or managerial role.

[208] We find that Pimentel committed dishonest acts in carrying out these activities. She committed acts of deceit and falsehood through representations made in soliciting investors to invest in the scheme, or through the qualifiers who made representations under her supervision. This is evidenced by the Script that was followed by the qualifiers, which, as discussed at paragraphs 161 to 167, contained misleading and false information.

[209] There is evidence that Pimentel engaged in the unauthorized diversion of investor funds. At paragraph 172, we found that $584,562 of investors' money was transferred from the Goldpoint RBC Account to the Novielli-Pimentel Joint Account from November 7, 2007 to May 5, 2008. In addition, $2,000 was transferred to the Pimentel Accounts from February 22, 2008 to April 21, 2008.

[210] We also found that, of the $584,562 of investor funds that were transferred into the Novielli-Pimentel Account, a significant portion was spent on various personal expenditures, as described at paragraph 190. Further, $199,000 of the amount was transferred to the Pimentel Accounts from November 14, 2007 to April 18, 2008.

[211] We further note that the post-freeze transactions described at paragraph 191 are not consistent with legitimate business activity.

[212] We find that Pimentel engaged in dishonest acts by receiving and spending investor funds for purposes that were unrelated to Goldpoint's operations.

(ii) Deprivation

[213] As discussed at paragraphs 181 to 183, investors were deprived of their funds. We find that Pimentel's actions contributed to the deprivation of investors. The element of deprivation is therefore established.

(iii) Knowledge

[214] The flow of funds is relevant to a consideration of Pimentel's knowledge of the dishonest acts and deprivation of investors. Pimentel made closing submissions to the effect that she did not take part in and had no knowledge of the movement of the funds. She stated that the Novielli-Pimentel Account was entirely controlled by Novielli, and her understanding of the

purpose of the Novielli-Pimentel Account was that it was to be used to pay household expenses. These payments, according to Pimentel, were made from the management consulting fees that Goldpoint paid Novielli.

[215] Considering the evidence before us, however, it can be inferred from the circumstances that Pimentel knew of the dishonest acts. At paragraphs 72 and 73, we found that Pimentel engaged in operations of Goldpoint in a supervisory capacity. The evidence at paragraph 209 above establishes that investor funds in the Goldpoint RBC Account found their way to personal accounts under her control. It can be inferred from those findings that Pimentel knew the source of the funds that were deposited in her account. By receiving investor funds and using them for personal expenditures, it can be further inferred that she knew investors' funds were not spent on Goldpoint's operations as described to investors. Based on the foregoing, it is clear that Pimentel knew that investors' money was being used illegitimately and that the economic interests of investors were being harmed. The mental element of fraud under subsection 126.1(b) is therefore established.

(iv) Findings

[216] In conclusion, we find that Pimentel knowingly committed fraud by depriving the investors of the funds that they were induced by deceit to invest in Goldpoint. We also find that Pimentel's conduct was contrary to the public interest.

J. Did the Respondents, as directors or officers of Goldpoint, authorize, permit or acquiesce in Goldpoint's non-compliance with Ontario securities law, contrary to section 129.2 of the Act and contrary to the public interest?

1. The Law

[217] Staff alleges that each of the Individual Respondents, as a director or officer, is responsible for Goldpoint's alleged violations of Ontario securities law pursuant to subsection 122(3) and section 129.2 of the Act. Staff is free to allege that the Individual Respondents breached both subsection 122(3) and section 129.2 of the Act. However, our view is that in this case, an analysis and application of both sections would be redundant. We will conduct our analysis based on section 129.2 of the Act.

[218] Section 129.2 of the Act states:

> **129.2 Directors and officers** – For the purposes of this Act, if a company or a person other than an individual has not complied with Ontario securities law, a director or officer of the company or person who authorized, permitted or acquiesced in the non-compliance shall be deemed to also have not complied with Ontario securities law, whether or not any proceeding has been commenced against the company or person under Ontario securities law or any order has been made against the company or person under section 127.

[219] Subsection 1(1) of the Act defines "director" and "officer":

> "director" means a director of a company or an individual performing a similar function or occupying a similar position for any person;
>
> …
>
> "officer", with respect to an issuer or registrant, means,
>
> (a) a chair or vice-chair of the board of directors, a chief executive officer, a chief operating officer, a chief financial officer, a president, a vice-president, a secretary, an assistant secretary, a treasurer, an assistant treasurer and a general manager,
>
> (b) every individual who is designated as an officer under a by-law or similar authority of the registrant or issuer, and
>
> (c) every individual who performs functions similar to those normally performed by an individual referred to in clause (a) or (b);

[220] In *Re Momentas Corp.* (2006), 29 O.S.C.B. 7408 ("***Momentas***"), the Commission provided guidance with respect to the factual determination of whether an individual performs functions similar to a director of a particular company. In Momentas, supra, the Commission stated at paragraph 100:

> A "*de facto*" director has been characterized ... as "one who intermeddles and who assumes office without going through the legal formalities of appointment." (see *Canadian Aero Service Ltd. v.*

O'Malley (1969), 61 C.P.R. 1 (Ont. H.C.) cited in *R. v. Boyle*, 2001 CarswellAlta 1143 (Alta. Prov. Ct.) at paragraph 99).

[221] The test for determining if a person is a *de facto* director is "whether, under the particular circumstances, the alleged director is an integral part of the mind and management of the company", taking into consideration the entirety of the alleged director's involvement within the context of the business activities at issue (*Re World Stock Exchange* (2000), 9 A.S.C.S. 658, at 18).

[222] In *World Stock Exchange*, *supra*, at 18, the ASC also identified relevant factors for the determination of whether a representative is a de facto director. Such a conclusion may be drawn when someone:

a) appointed nominees as directors;

b) is responsible for the supervision, direction, control and operation of the company;

c) ran the company from their office;

d) had signing authority over the company's bank account;

e) negotiated on behalf of the company;

f) was the company's sole representative on a trip organized to solicit investments;

g) substantially reorganized and managed the company;

h) selected the name of the company;

i) arranged a public offering; and/or

j) made all significant business decisions.

[223] A further factor that can be helpful in determining whether a person acted as a de facto director or officer is whether the person acted in a position with similar remuneration and responsibility as an officer within the company (see *Canadian Aero Service Ltd. v. O'Malley*, [1974] S.C.R. 592 at 605).

2. Analysis

(a) Novielli

[224] The Corporation Profile Report of Goldpoint lists Novielli as the Administrator, Director and Officer (President). Novielli retained these positions and engaged in conduct consistent with these positions throughout the Material Time. We therefore find that Novielli was a director and an officer of Goldpoint, consistent with the definitions of "director" and "officer" in subsection 1(1) of the Act.

[225] Having made that finding, it is necessary to determine whether Novielli authorized, permitted or acquiesced in Goldpoint's non-compliance with the Act. Novielli was a director and officer when Goldpoint breached subsections 25(1)(a), 53(1), 38(3) and 126.1(b) of the Act. He was involved in virtually all of Goldpoint's activities, including the preparation of promotional materials for the Goldpoint Website and the signing of Goldpoint Share Certificates. We can only arrive at the conclusion that Novielli authorized, permitted or acquiesced in Goldpoint's non-compliance with Ontario securities law and acted contrary to the public interest.

(b) Moloney

(i) Documentary Evidence

[226] Staff introduced a significant amount of documentary evidence about Moloney's role in Goldpoint.

[227] The Goldpoint Website lists Moloney as "Vice president [*sic*] Finance, Director". The "employer" field of the documentation for an account held by Moloney at National Bank of Canada states "GOLDPOINT RESOURCES" and "CHIEFFINANCIAL [sic] OFFICER".

[228] From the evidence introduced, it is also clear that Moloney had signing authority on behalf of Goldpoint.

[229] The "Transfer Agency and Registrarship Agreement", entered into between Goldpoint and Capital Transfer on November 13, 2007, contains a "Certificate of Incumbency" of the same date that lists "Brian Moloney" as holding the position of "Manager". The document appears to be signed by Moloney under the heading "[t]he following is a list of Officers with their signatures who are qualified to sign documents and other instruments for Goldpoint Resources Corporation". Staff introduced further documents obtained from Capital Transfer to show that typically, and in any event on numerous occasions, it was Moloney who authorized Capital Transfer to prepare share certificates for investors on behalf of Goldpoint.

[230] On the "Business Deposit Account – Customer Agreement" that Goldpoint and Royal Bank of Canada entered into, Moloney was named as one of "people authorized to act on/sign behalf of [*sic*]" Goldpoint for the Goldpoint RBC Account. Moreover, we were provided with evidence that Moloney in fact exercised this signing power. Moloney withdrew a total of $311,879 from the Goldpoint RBC Account by cheques written payable to "Cash". These cheques were signed by Moloney on behalf of Goldpoint.

(ii) Qualifier and Bookkeeper Testimony

[231] We also heard evidence from the Qualifiers and the Bookkeeper about Moloney's role at Goldpoint. The Qualifiers and the Bookkeeper identified Moloney as "Brian" or "Caldwell", and described his role, variously as a supervisor or office manager. They testified that Moloney supervised the salespersons, answered any questions they had, and distributed the paycheques. Huang described Moloney as a "manager" in her testimony, stating that "I think Brian [sic] in charge of everything, like, the CEO of the office, and Lee [Novielli] the same…" (Hearing Transcript, September 25, 2009, p. 58).

(iii) Findings

[232] Having regard to the evidence set out above, we find that Moloney was a *de facto* officer of Goldpoint during the Material Time, pursuant to paragraph (c) of the definition of "officer" in subsection 1(1) of the Act. Further, we find that Moloney was also a *de facto* director of Goldpoint during the Material Time, in accordance with the definition of "director" in subsection 1(1) of the Act, on the basis that Moloney held a position and performed a function similar to that of a formally appointed director.

[233] Having made that finding, it is necessary to determine whether Moloney authorized, permitted or acquiesced in Goldpoint's non-compliance with the Act. Moloney was a *de facto* director and officer when Goldpoint breached subsections 25(1)(a), 53(1), 38(3) and 126.1(b) of the Act. As described at paragraphs 226 to 231 above, he was involved in almost all of Goldpoint's activities, notably the issuance of treasury directions. We can only arrive at the conclusion that Moloney authorized, permitted or acquiesced in Goldpoint's non-compliance with Ontario securities law and acted contrary to the public interest.

(c) Pimentel

[234] As stated at paragraph 72 above, we find that Pimentel attended Goldpoint's office on a regular basis and acted as a supervisor or manager: she provided qualifiers with the Script and call lists, collected the qualifiers' lead sheets at the end of the day and generally acted as office manager. We also find, as stated at paragraph 209 above, that investors' funds were transferred to the Novielli-Pimentel Joint Account and the Pimentel Accounts in amounts that suggest Pimentel played an important role in the Goldpoint scheme. However, despite the evidence of her managerial role, we are not persuaded that Pimentel performed a function similar to that of a "director" or "officer" of Goldpoint.

[235] Although we find that Pimentel, in her personal capacity, contravened subsections 25(1)(a), 53(1) and 126.1(b) of the Act, we are not persuaded that she was a director or officer of Goldpoint, and therefore we need not consider whether she authorized, permitted or acquiesced in Goldpoint's breaches of the Act.

3. Conclusion: Section 129.2

[236] For the reasons stated at paragraphs 217 to 233 above, we find that Novielli and Moloney, as directors or officers of Goldpoint, authorized, permitted or acquiesced in Goldpoint's contraventions of subsections 25(1)(a), 53(1), 38(3) and 126.1(b) of the Act, and therefore, they are responsible for Goldpoint's contraventions of the Act, pursuant to section 129.2 of the Act. As stated at paragraphs 234 and 235 above, we are not persuaded that Pimental was a director or officer of Goldpoint, and therefore she is not responsible, under section 129.2 of the Act, for Goldpoint's contraventions of the Act.

K. Did Pimentel make materially untrue statements to the Commission in a compelled examination, contrary to subsection 122(1)(a) of the Act and contrary to the public interest?

1. The Law

[237] Subsection 122(1)(a) states:

> **122. (1) Offences, general** – Every person or company that,
>
> (a) makes a statement in any material, evidence or information submitted to the Commission, a Director, any person acting under the authority of the Commission or the Executive Director or any person appointed to make an investigation or examination under this Act that, in a material respect and at the time and in the light of the circumstances under which it is made, is misleading or untrue or does not state a fact that is required to be stated or that is necessary to make the statement not misleading;
>
> …
>
> is guilty of an offence and on conviction is liable to a fine of not more than $5 million or to imprisonment for a term of not more than five years less a day, or to both.

2. Analysis

[238] On September 9, 2008, Pimentel was examined under oath in connection with this matter in response to a summons issued by Staff pursuant to subsection 13(1) of the Act. Pimentel was accompanied by counsel during the examination, which was conducted by Vanderlaan and another Staff investigator (the "**Examination**"). Staff alleges that Pimentel made statements during the course of the Examination, which at the time and in the light of the circumstances under which they were made, were both misleading and untrue in a material respect, contrary to subsection 122(1)(a) of the Act.

[239] Staff relies on the transcript of the Examination, introduced into evidence through the testimony of Vanderlaan, as evidence of the statements made by Pimentel during the Examination. The transcript of the Examination is hearsay evidence, however, as stated at paragraph 122 above, hearsay is admissible in Commission proceedings. Pimentel did not dispute the accuracy of the transcript, and we have no reason to question its reliability as evidence of what was said.

[240] During the Examination, Pimentel repeatedly denied that she personally had any material involvement in Goldpoint, even when evidence of such involvement was put to her. Her language was clear, unequivocal and in no way nuanced:

> 31 Q Okay. And what was your involvement [with Goldpoint]?
>
> A I wasn't involved. I was a supportive wife.
>
> 32 Q Okay. Did you -- were you involved in the setting up of Goldpoint Resources?
>
> A No, absolutely not.
>
> …
>
> 34 Q Did you work at Goldpoint Resources?
>
> A Absolutely not.
>
> …
>
> 40 Q Okay. So you say that you did not work --
>
> A No.
>
> 41 Q -- at any point --
>
> A Absolutely not.
>
> 42 Q -- for Goldpoint Resources?

A No.

…

64 Q Okay. We talked earlier about what the requirements are for this type of an examination and I'm going just [to] remind you that you are here for a compelled interview. You are required to answer the questions and you are required to tell the truth.

A Yes, that's what I'm doing, absolutely.

…

67 Q You say you never worked for Goldpoint, correct?

A Never, no.

[241] Pimentel was shown a cheque payable from Goldpoint to her, dated February 19, 2008, for $250 which in the memo line states "Contract Work for Feb 9 to 16". Here are relevant excerpts from the exchange that followed:

82 Q Okay. What contract work did you do for Goldpoint Resources in that time frame?

A I didn't. Maybe that was just the way he [Novielli] wrote the cheque, maybe for tax reasons, I don't know. I really don't know. I don't know why he wrote that.

83 Q You did no work for Goldpoint Resources?

A Not at all.

84 Q And yet you received compensation?

A That was just, like I said, spending money. I don't know how he wrote it or why he wrote it that way. I didn't write it.

…

89 Q So you accepted a cheque from Goldpoint Resources?

A From my husband, yes.

90 Q But you didn't do any work for them?

A No. That was coming out of his pay, I'm assuming.

…

[242] Pimentel was then shown another cheque payable to her from Goldpoint, dated February 22, 2008, for $250 which in the memo line states "wages". The examination continued:

100 Q So you, in fact, accepted this cheque?

A Sure.

…

102 Q But you're telling me that you did absolutely no work?

A Nothing, no.

…

122 Q So you say you don't know any of the names of the people who worked there other than Brian and your husband, correct?

A That's right.

123 Q And you didn't work there?

A Absolutely not.

124 Q But you got paid?

A I got – my husband paid me spending money. That's what I considered it. Play money. Grocery money.

…

136 Q Flip over to the next one. Cheque number 99, 11th of April, 2008. $250. Again it says "wage", April 6th to the 12th. And the last one, the 18th of April, 2008, $250. Again the re line is "wage," April 13th to the 19th. And yet you're going to appear before the Commission and tell me that you didn't work for Goldpoint Resources, correct?

A Absolutely not. Did not work for Goldpoint.

…

250 Q Okay. Now, you understood at the beginning of this testimony that you were required to not mislead the Commission and you were required to tell the truth.

A That's right.

…

253 Q Is everything you told me here today the truth?

A Yes.

254 Q Would you like to change anything that you've told me?

A No.

[emphasis added]

[243] Pimentel did not testify at the Merits Hearing, but in her closing submissions, she continued to deny that she worked for Goldpoint.

[244] As discussed at paragraphs 66 to 73 above, we received ample evidence that Pimentel was involved in the Goldpoint scheme. We heard evidence from the Qualifiers that Pimentel worked at the Goldpoint office as a supervisor or manager of the qualifiers on a regular basis. In their testimony, the Qualifiers were able to describe tasks undertaken by Pimentel on a daily, or near daily, basis, such as the distribution of lists of prospective investors to be called or the collection of lead sheets at the end of the day. One Qualifier, Khudinyan, described Pimentel as being at the office where the qualifiers were located "almost every day" (Hearing Transcript, September 24, 2009, p. 37).

[245] Although Pimentel made submissions that her involvement in Goldpoint was minimal and administrative in nature, the Qualifiers testified that Pimentel undertook a range of duties at Goldpoint, particularly with respect to qualifying prospective investors. The documentary evidence demonstrates that Pimentel was paid by Goldpoint, and that Goldpoint considered such payments to be compensation for work undertaken by Pimentel at Goldpoint.

[246] Based on the evidence of the Qualifiers and the documentary evidence, we found that Pimentel worked at Goldpoint, initially as a qualifier, and later as a supervisor or manager of the qualifiers, and that she contravened subsections 25(1)(a), 53(1) and 126.1(b) by her actions.

[247] We find that Pimentel made statements to a person appointed to conduct an examination under the Act, which in a material respect and at that time and in the light of the circumstances under which they were made, were misleading or untrue, contrary to subsection 122(1)(a) of the Act and contrary to the public interest.

XI. CONCLUSION

[248] The Respondents in this matter were involved in a fraudulent scheme to market and issue securities of Goldpoint. The Respondents actively promoted and solicited investments in Goldpoint and traded previously unissued Goldpoint shares without meeting registration and prospectus requirements, contrary to subsections 25(1)(a) and 53(1) of the Act and contrary to the public interest.

[249] When promoting its shares and soliciting investors, Goldpoint made prohibited representations to investors that it would be listed on a stock exchange, contrary to subsection 38(3) of the Act and contrary to the public interest. These prohibited representations were employed in conjunction with other high pressure sales tactics, such as representations to investors relating to the future value or price of Goldpoint securities, which we find to be contrary to the public interest.

[250] The Respondents engaged in these activities knowing that Goldpoint had no underlying legitimate business. They made false and misleading statements on the Goldpoint Website and in promotional materials that Goldpoint had profitable mining operations in Ghana. Further, they engaged in the unauthorized diversion of investor funds and spent a significant portion of investor funds for purposes unrelated to Goldpoint's operations. As a result, more than 110 investors were wrongfully deprived of $1,696,750. We find that the Respondents knowingly committed fraud, contrary to subsection 126.1(b) of the Act and contrary to the public interest.

[251] As directors or officers of Goldpoint, Novielli and Moloney authorized, permitted or acquiesced in the contraventions by Goldpoint of sections 25, 53, 38 and 126.1 of the Act. They are liable for these contraventions by Goldpoint pursuant to section 129.2 of the Act.

[252] Finally, Pimentel made statements during a compelled examination conducted by Staff that were misleading and untrue in a material respect, contrary to subsection 122(1)(a) of the Act and contrary to the public interest.

[253] For the reasons stated above, we find that:

(a) Goldpoint, Novielli, Moloney and Pimentel traded in Goldpoint securities without being registered to trade in securities, contrary to subsection 25(1)(a) of the Act and contrary to the public interest;

(b) Goldpoint, Novielli, Moloney and Pimentel distributed Goldpoint securities without a preliminary prospectus and prospectus having been filed and receipted by the Director, contrary to subsection 53(1) of the Act and contrary to the public interest;

(c) Goldpoint, through its employees, agents or representatives, made prohibited representations that Goldpoint securities would be listed on a stock exchange, contrary to subsection 38(3) of the Act and contrary to the public interest;

(d) Goldpoint, Novielli, Moloney and Pimentel perpetrated a fraud on Goldpoint investors, contrary to subsection 126.1(b) of the Act and contrary to the public interest;

(e) Novielli and Moloney, as directors or officers or de facto directors or officers of Goldpoint who authorized, permitted or acquiesced in Goldpoint's contraventions of subsections 25(1)(a), 53(1), 38(3) and 126.1(b) of the Act, are deemed under section 129.2 also to have contravened subsections 25(1)(a), 53(1), 38(3) and 126.1(b) of the Act; and

(f) Pimentel made statements to Staff of the Commission, during her compelled examination, that in a material respect and at the time and in the light of the circumstances under which they were made, were misleading or untrue, contrary to subsection 122(1)(a) of the Act and contrary to the public interest.

[254] The parties are directed to contact the Office of the Secretary within 10 days to set a date for a sanctions and costs hearing, failing which a date will be set by the Office of the Secretary.

Dated at Toronto at this 5th day of May, 2011.

"Mary G. Condon"
Mary G. Condon

"David L. Knight"
David L. Knight, FCA

This page intentionally left blank

Chapter 4

Cease Trading Orders

4.1.1 Temporary, Permanent & Rescinding Issuer Cease Trading Orders

Company Name	Date of Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/Revoke
Parlay Entertainment Inc.	05 May 11	17 May 11		
Fortress Energy Inc.	13 Apr 11	25 Apr 11	25 Apr 11	09 May 11
First Choice Products Inc.	22 Feb 11	07 Mar 11	07 Mar 11	12 Apr 11
Cathay Forest Products Corp.	06 May 11	18 May 11		
Aztech Innovations Inc.	06 May 11	18 May 11		
Poplar Point Energy Inc.	09 May 11	20 May 11		
First Metals Inc.	09 May 11	20 May 11		
Newlook Industries Corp.	09 May 11	20 May 11		
XRM Global Inc.	09 May 11	20 May 11		
World Wide Minerals Ltd.	09 May 11	20 May 11		
SG Spirit Gold Inc.	11 May 11	24 May 11		
West Isle Energy Inc.	11 May 11	24 May 11		
SonnenEnergy Corp.	11 May 11	24 May 11		
Azcar Technologies Incorporated	11 May 11	24 May 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
Dia Bras Exploration Inc.	09 May 11	20 May 11			
Canada Lithium Corp.	10 May 11	20 May 11			
Process Capital Corp.	11 May 11	24 May 11			
Enssolutions Group Inc.	11 May 11	24 May 11			

4.2.2 Outstanding Management & Insider Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/ Expire	Date of Issuer Temporary Order
Genesis Worldwide Inc.	04 Apr 11	15 Apr 11	15 Apr 11		

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/ Expire	Date of Issuer Temporary Order
Dia Bras Exploration Inc.	09 May 11	20 May 11			
Canada Lithium Corp.	10 May 11	20 May 11			
Process Capital Corp.	11 May 11	24 May 11			
Enssolutions Group Inc.	11 May 11	24 May 11			

Chapter 6

Request for Comments

6.1.1 Proposed Amendments to National Instrument 31-103 *Registration Requirements and Exemptions* and Companion Policy 31-103CP *Registration Requirements and Exemptions* – Exemptions from certain requirements for SRO Members

NOTICE OF AND REQUEST FOR COMMENT ON
PROPOSED AMENDMENTS TO

NATIONAL INSTRUMENT 31-103
REGISTRATION REQUIREMENTS AND EXEMPTIONS

COMPANION POLICY 31-103CP *REGISTRATION REQUIREMENTS AND EXEMPTIONS*

Exemptions from certain requirements for SRO Members

Introduction

As contemplated in the Notice published on April 15, 2011, the Canadian Securities Administrators (the CSA or we) are seeking comments on proposed amendments to National Instrument 31-103 *Registration Requirements and Exemptions* (NI 31-103 or the Rule) and Companion Policy 31-103CP *Registration Requirements and Exemptions* (the Companion Policy) related to the exemptions for SRO members and their dealing representatives in Parts 3 and 9 of the Rule.

The comment period will end on July 18, 2011.

Summary and purpose of the proposed amendments to the Rule and the Companion Policy

We are proposing amendments to sections 3.16, 9.3 and 9.4 of the Rule in order to add, as a condition to the exemptions provided in these sections, that the registered individual or the registered investment dealer firm comply with the specified corresponding provision of the Investment Industry Regulatory Organization of Canada (IIROC) or, in the case of a mutual fund dealer firm, the Mutual Fund Dealers Association of Canada (MFDA). These proposed amendments are in Appendix A to this Notice. A blackline of these proposed amendments is in Appendix B to this Notice. The draft amendments are further to those in the amended Rule published on April 15, 2011, which are scheduled to come into force on July 11, 2011, subject to all requisite approvals, including ministerial approvals[1].

We are also proposing amendments to the Companion Policy to provide guidance on our expectations with respect to compliance with the SRO rules and policies. These proposed amendments are in Appendix C to this Notice. The proposed amendments are further to those in the amended Companion Policy published on April 15, 2011, which are scheduled to come into force on July 11, 2011.

The purpose of these amendments is to ensure that all registrants are subject to the same enforcement regime in respect of a breach of the Rule.

If necessary, we will update the references to IIROC and MFDA provisions in the appendices to the Rule so that at the time these amendments come into force, we refer to the most current corresponding IIROC and MFDA provisions.

Authority for the proposed amendments

In Ontario, the rule making authority for the proposed amendments is in paragraphs 2, 3, 8, 8.1 and 8.2 of subsection 143(1) of the *Securities Act* (Ontario).

Alternatives considered

Due to the nature of the proposed amendments, no other alternatives were considered appropriate.

[1] Pursuant to the amendments published on April 15, 2011, the title to NI 31-103 is being changed from "*Registration Requirements and Exemptions*" to "*Registration Requirements, Exemptions and Ongoing Registrant Obligations*". As these amendments will not be in force before July 11, 2011, the title currently in effect is used in this Notice.

Unpublished materials

In developing the proposed amendments, we have not relied on any significant unpublished study, report or other written materials.

Anticipated costs and benefits

The proposed amendments will make the Rule, the Companion Policy and the ongoing requirements more clear and specific while at the same time ensuring that all registrants will be subject to the same enforcement provisions for a breach of securities law, to the benefit of registrants and the investors they serve.

Request for comments

We would like your input on the Rule and the Companion Policy. We need to continue our open dialogue with all stakeholders if we are to achieve our regulatory objectives while balancing the interests of investors and registrants. All comments will be posted on the Ontario Securities Commission website at www.osc.gov.on.ca and on the Autorité des marchés financiers website at www.lautorite.qc.ca.

All comments will be made publicly available.

Please note that 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. In this context, you should be aware that some information which is personal to you, such as your e-mail and residential or business address, may appear in the websites. It is important that you state on whose behalf you are making the submission.

Thank you in advance for your comments.

Where to send your comments

Please address your comments to all CSA members, as follows:

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
New Brunswick Securities Commission
Superintendent of Securities, Prince Edward Island
Nova Scotia Securities Commission
Superintendent of Securities, Newfoundland and Labrador
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Yukon Territory
Superintendent of Securities, Nunavut

Please send your comments only to the addresses below. Your comments will be forwarded to the remaining CSA member jurisdictions.

John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West, Suite 1903, Box 55
Toronto, ON M5H 3S8
Fax: 416-593-2318
E-mail: jstevenson@osc.gov.on.ca

Me 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

Questions

Please refer your questions to any of the following CSA staff:

Sarah Corrigall-Brown
Senior Legal Counsel, Legal Services
Capital Markets Regulation Division
British Columbia Securities Commission
Tel: 604-899-6738
1-800-373-6393
scorrigall-brown@bcsc.bc.ca

Navdeep Gill
Legal Counsel, Market Regulation
Alberta Securities Commission
Tel: 403-355-9043
navdeep.gill@asc.ca

Curtis Brezinski
Acting Deputy Director, Legal and Registration
Saskatchewan Financial Services Commission
Tel: 306-787-5876
curtis.brezinski@gov.sk.ca

Chris Besko
Legal Counsel, Deputy Director
The Manitoba Securities Commission
Tel. 204-945-2561
Toll Free (Manitoba only) 1-800-655-5244
chris.besko@gov.mb.ca

Leigh-Ann Ronen
Legal Counsel, Compliance and Registrant Regulation
Ontario Securities Commission
Tel: 416-204-8954
lronen@osc.gov.on.ca

Sophie Jean
Analyste expert en réglementation – pratiques de distribution
Autorité des marchés financiers
Tel: 514-395-0337, ext. 4786
Toll-free: 1-877-525-0337
sophie.jean@lautorite.qc.ca

Brian W. Murphy
Deputy Director, Capital Markets
Nova Scotia Securities Commission
Tel: 902-424-4592
murphybw@gov.ns.ca

Jason L. Alcorn
Legal Counsel
New Brunswick Securities Commission
Tel: 506-643-7857
Jason.Alcorn@gnb.ca

Katharine Tummon
Superintendent of Securities
Prince Edward Island Securities Office
Tel: 902-368-4542
kptummon@gov.pe.ca

Craig Whalen
Manager of Licensing, Registration and Compliance
Office of the Superintendent of Securities
Government of Newfoundland and Labrador
Tel: 709-729-5661
cwhalen@gov.nl.ca

Louis Arki, Director, Legal Registries
Department of Justice, Government of Nunavut
Tel: 867-975-6587
larki@gov.nu.ca

Donn MacDougall
Deputy Superintendent, Legal & Enforcement
Office of the Superintendent of Securities
Government of the Northwest Territories
Tel: 867-920-8984
donald_macdougall@gov.nt.ca

Frederik J. Pretorius
Manager Corporate Affairs (C-6)
Dept of Community Services
Government of Yukon
Tel: 867-667-5225
Fred.Pretorius@gov.yk.ca

May 13, 2011

APPENDIX A

PROPOSED AMENDMENTS TO NI 31-103

1. National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations is amended by this Instrument.

2. Section 1.1 is amended by

(a) adding the following after the definition of "IIROC"

"IIROC Provision" means a by-law, rule, regulation or policy of IIROC named in Appendix G, as amended from time to time; ***and***

(b) adding the following after the definition of "MFDA"

"MFDA Provision" means a by-law, rule, regulation or policy of the MFDA named in Appendix H, as amended from time to time;

3. Section 3.16 is amended by

(a) adding the following after subsection (1):

(1.1) Subsection (1) only applies to a registered individual who is a dealing representative of a member of IIROC in respect of a requirement specified in any of paragraphs (1)(a) to (c) if the registered individual complies with the corresponding IIROC Provisions that are in effect. ***, and***

(b) adding the following after subsection (2):

(2.1) Subsection (2) only applies to a registered individual who is a dealing representative of a member of the MFDA in respect of a requirement specified in paragraphs (2)(a) or (b) if the registered individual complies with the corresponding MFDA Provisions that are in effect.

4. Section 9.3 is amended by

(a) adding the following after subsection (1):

(1.1) Subsection (1) only applies to a registered firm in respect of a requirement specified in any of paragraphs (1)(a) to (q) if the registered firm complies with the corresponding IIROC Provisions that are in effect. ***, and***

(b) adding the following after subsection (2):

(2.1) Subsection (2) only applies to a registered firm in respect of a requirement specified in any of paragraphs (2)(a) to (m) if the registered firm complies with the corresponding IIROC Provisions that are in effect.

5. Section 9.4 is amended by

(a) adding the following after subsection (1):

(1.1) Subsection (1) only applies to a registered firm in respect of a requirement specified in any of paragraphs (1)(a) to (q) if the registered firm complies with the corresponding MFDA Provisions that are in effect. ***, and***

(b) adding the following after subsection (2):

(2.1) Subsection (2) only applies to a registered firm in respect of a requirement specified in any of paragraphs (2)(a) to (k) if the registered firm complies with the corresponding MFDA Provisions that are in effect.

6. The Instrument is amended by adding the following appendices after Appendix F:

APPENDIX G – EXEMPTIONS FROM CERTAIN REQUIREMENTS FOR IIROC MEMBERS

(Section 9.3 [Exemptions from certain requirements for IIROC members])

NI 31-103 Provision	**IIROC Provision**
section 12.1 *[capital requirements]*	1. Dealer Member Rule 17.1; and 2. Form 1 *Joint Regulatory Financial Questionnaire and Report* - Part I, Statement B, "Notes and Instructions"
section 12.2 *[notifying the regulator of a subordination agreement]*	1. Dealer Member Rule 5.2; and 2. Dealer Member Rule 5.2A
section 12.3 *[insurance – dealer]*	1. Dealer Member Rule 400.2 *[Financial Institution Bond]*; 2. Dealer Member Rule 400.4 *[Amounts Required]*; and 3. Dealer Member Rule 400.5 *[Provisos with respect to Dealer Member Rules 400.2, 400.3 and 400.4]*
section 12.6 *[global bonding or insurance]*	1. Dealer Member Rule 400.7 *[Global Financial Institution Bonds]*
section 12.7 *[notifying the regulator of a change, claim or cancellation]*	1. Dealer Member Rule 17.6; 2. Dealer Member Rule 400.3 *[Notice of Termination]*; and 3. Dealer Member Rule 400.3B *[Termination or Cancellation]*
section 12.10 *[annual financial statements]*	1. Dealer Member Rule 16.2 *[Dealer Member Filing Requirements]*; and 2. Form 1 *Joint Regulatory Financial Questionnaire and Report*
section 12.11 *[interim financial information]*	1. Dealer Member Rule 16.2 *[Dealer Member Filing Requirements]*; and 2. Form 1 *Joint Regulatory Financial Questionnaire and Report*
section 12.12 *[delivering financial information – dealer]*	1. Dealer Member Rule 16.2 *[Dealer Member Filing Requirements]*
subsection 13.2(3) *[know your client]*	1. Dealer Member Rule 1300.1(a)-(n) *[Identity and Creditworthiness]*; 2. Dealer Member Rule 1300.2; 3. Dealer Member Rule 2500, Section II *[Opening New Accounts]*; and 4. Form 2 *New Client Application Form*
section 13.3 *[suitability]*	1. Dealer Member Rule 1300.1(o) *[Business Conduct]*; 2. Dealer Member Rule 1300.1(p) *[Suitability Generally]*; 3. Dealer Member Rule 1300.1(q) *[Suitability Determination Required When Recommendation Provided]*; 4. Dealer Member Rule 1300.1(r) and Dealer Member Rule 1300.1(s) *[Suitability Determination Not Required]*; 5. Dealer Member Rule 1300.1(t) *[Corporation Approval]*; 6. Dealer Member Rule 2700, Section I *[Customer Suitability]*; and 7. Dealer Member Rule 3200 *[Minimum Requirements for Dealer Members Seeking Approval Under Rule 1300.1(t) for Suitability Relief for Trades not Recommended by the Member]*
section 13.12 *[restriction on lending to clients]*	1. Dealer Member Rule 100 *[Margin Requirements]*
section 13.13 *[disclosure when recommending the use of borrowed money]*	1. Dealer Member Rule 29.26
section 13.15 *[handling complaints]*	1. Dealer Member Rule 2500B *[Client Complaint Handling]*; and 2. Dealer Member Rule 2500, Section VIII *[Client Complaints]*

NI 31-103 Provision	IIROC Provision
subsection 14.2(2) *[relationship disclosure information]*	1. Dealer Member Rules of IIROC that set out the requirements for relationship disclosure information similar to those contained in IIROC's Client Relationship Model proposal, published for comment on January 7, 2011; At the time of publication, IIROC had not assigned a number to the relationship disclosure dealer member rule in its Client Relationship Model proposal. We will refer to the dealer member rule number when IIROC has assigned one. 2. Dealer Member Rule 29.8; 3. Dealer Member Rule 200.1(c); 4. Dealer Member Rule 200.1(h); 5. Dealer Member Rule 1300.1(p) *[Suitability Generally]*; 6. Dealer Member Rule 1300.1(q) *[Suitability Determination Required When Recommendation Provided]*; 7. Dealer Member Rule 1300.2; and 8. Dealer Member Rule 2500B, Part 4 *[Complaint procedures / standards]*
section 14.6 *[holding client assets in trust]*	1. Dealer Member Rule 17.3
section 14.8 *[securities subject to a safekeeping agreement]*	1. Dealer Member Rule 17.2A 2. Dealer Member Rule 2600 – Internal Control Policy Statement 5 *[Safekeeping of Clients' Securities]*
section 14.9 *[securities not subject to a safekeeping agreement]*	1. Dealer Member Rule 17.3; 2. Dealer Member Rule 17.3A; and 3. Dealer Member Rule 200.1(c)
section 14.12 *[content and delivery of trade confirmation]*	1. Dealer Member Rule 200.1(h)

APPENDIX H – EXEMPTIONS FROM CERTAIN REQUIREMENTS FOR MFDA MEMBERS

(Section 9.4 [Exemptions from certain requirements for MFDA members])

NI 31-103 Provision	MFDA Provision
section 12.1 *[capital requirements]*	1. Rule 3.1.1 *[Minimum Levels]*; 2. Rule 3.1.2 *[Notice]*; 3. Rule 3.2.2 *[Member Capital]*; 4. Form 1 *MFDA Financial Questionnaire and Report*; and 5. Policy No. 4 *[Internal Control Policy Statements – Policy Statement 2: Capital Adequacy]*
section 12.2 *[notifying the regulator of a subordination agreement]*	1. Form 1 *MFDA Financial Questionnaire and Report,* Statement F *[Statement of Changes in Subordinated Loans]*; and 2. Membership Application Package – Schedule I (Subordinated Loan Agreement)
section 12.3 *[insurance – dealer]*	1. Rule 4.1 *[Financial Institution Bond]*; 2. Rule 4.4 *[Amounts Required]*; 3. Rule 4.5 *[Provisos]*; and 4. Policy No. 4 *[Internal Control Policy Statements – Policy Statement 3: Insurance]*
section 12.6 *[global bonding or insurance]*	1. Rule 4.7 *[Global Financial Institution Bonds]*
section 12.7 *[notifying the regulator of a change, claim or cancellation]*	1. Rule 4.2 *[Notice of Termination]*; and 2. Rule 4.3 *[Termination or Cancellation]*

NI 31-103 Provision	MFDA Provision
section 12.10 *[annual financial statements]*	1. Rule 3.5.1 *[Monthly and Annual]*; 2. Rule 3.5.2 *[Combined Financial Statements]*; and 3. Form 1 *MFDA Financial Questionnaire and Report*
section 12.11 *[interim financial information]*	1. Rule 3.5.1 *[Monthly and Annual]*; 2. Rule 3.5.2 *[Combined Financial Statements]*; and 3. Form 1 *MFDA Financial Questionnaire and Report*
section 12.12 *[delivering financial information – dealer]*	1. Rule 3.5.1 *[Monthly and Annual]*
section 13.3 *[suitability]*	1. Rule 2.2.1 *["Know-Your-Client"]*; and 2. Policy No. 2 *[Minimum Standards for Account Supervision]*
section 13.12 *[restriction on lending to clients]*	1. Rule 3.2.1 *[Client Lending and Margin]*; and 2. Rule 3.2.3 *[Advancing Mutual Fund Redemption Proceeds]*
section 13.13 *[disclosure when recommending the use of borrowed money]*	1. Rule 2.6 *[Borrowing for Securities Purchases]*
section 13.15 *[handling complaints]*	1. Rule 2.11 *[Complaints]* 2. Policy No. 3 *[Complaint Handling, Supervisory Investigations and Internal Discipline]*; and 3. Policy No. 6 *[Information Reporting Requirements]*
subsection 14.2(2) *[relationship disclosure information]*	1. Rule 2.2.5 *[Relationship Disclosure]*
section 14.6 *[holding client assets in trust]*	1. Rule 3.3.1 *[General]*; 2. Rule 3.3.2 *[Cash]*; and 3. Policy No. 4 *[Internal Control Policy Statements – Policy Statement 4: Cash and Securities, and Policy Statement 5: Segregation of Clients' Securities]*
section 14.8 *[securities subject to a safekeeping agreement]*	1. Rule 3.3.3 *[Securities]*; and 2. Policy No. 4 *[Internal Control Policy Statements – Policy Statement 4: Cash and Securities, and Policy Statement 5: Segregation of Clients' Securities]*
section 14.9 *[securities not subject to a safekeeping agreement]*	1. Rule 3.3.3 *[Securities]*
section 14.12 *[content and delivery of trade confirmation]*	1. Rule 5.4.1 *[Delivery of Confirmations]*; 2. Rule 5.4.2 *[Automatic Payment Plans]*; and 3. Rule 5.4.3 *[Content]*

7. This Instrument comes into force on (insert date) 2011.

APPENDIX B
Blackline of Proposed Amendments to NI 31-103

This Appendix blacklines the proposed amendments to NI 31-103 against the relevant portions of the consolidation of NI 31-103 published on April 15, 2011.

NATIONAL INSTRUMENT 31-103
REGISTRATION REQUIREMENTS, EXEMPTIONS AND ONGOING REGISTRANT OBLIGATIONS

...

1.1 Definitions of terms used throughout this Instrument

...

"IIROC Provision" means a by-law, rule, regulation or policy of IIROC named in Appendix G, as amended from time to time;

...

"MFDA Provision" means a by-law, rule, regulation or policy of the MFDA named in Appendix H, as amended from time to time;

...

3.16 Exemptions from certain requirements for SRO-approved persons

(1) The following sections do not apply to a registered individual who is a dealing representative of a member of IIROC:

(a) subsection 13.2(3) [*know your client*];

(b) section 13.3 [*suitability*];

(c) section 13.13 [*disclosure when recommending the use of borrowed money*].

(1.1) Subsection (1) only applies to a registered individual who is a dealing representative of a member of IIROC in respect of a requirement specified in any of paragraphs (1)(a) to (c) if the registered individual complies with the corresponding IIROC Provisions that are in effect.

(2) The following sections do not apply to a registered individual who is a dealing representative of a member of the MFDA:

(a) section 13.3 [*suitability*];

(b) section 13.13 [*disclosure when recommending the use of borrowed money*].

(2.1) Subsection (2) only applies to a registered individual who is a dealing representative of a member of the MFDA in respect of a requirement specified in paragraphs (2)(a) or (b) if the registered individual complies with the corresponding MFDA Provisions that are in effect.

(3) In Québec, the requirements listed in subsection (2) do not apply to a registered individual who is a dealing representative of a mutual fund dealer to the extent equivalent requirements to those listed in subsection (2) are applicable to the registered individual under the regulations in Québec.

...

Part 9 Membership in a self-regulatory organization

9.1 IIROC membership for investment dealers

An investment dealer must not act as a dealer unless the investment dealer is a "Dealer Member", as defined under the rules of IIROC.

9.2 MFDA membership for mutual fund dealers

Except in Québec, a mutual fund dealer must not act as a dealer unless the mutual fund dealer is a "member", as defined under the rules of the MFDA.

9.3 Exemptions from certain requirements for IIROC members

(1) Unless it is also registered as an investment fund manager, a registered firm that is a member of IIROC is exempt from the following requirements:

(a) section 12.1 [*capital requirements*];

(b) section 12.2 [*notifying the regulator of a subordination agreement*];

(c) section 12.3 [*insurance – dealer*];

(d) section 12.6 [*global bonding or insurance*];

(e) section 12.7 [*notifying the regulator of a change, claim or cancellation*];

(f) section 12.10 [*annual financial statements*];

(g) section 12.11 [*interim financial information*];

(h) section 12.12 [*delivering financial information – dealer*];

(i) subsection 13.2(3) [*know your client*];

(j) section 13.3 [*suitability*];

(k) section 13.12 [*restriction on lending to clients*];

(l) section 13.13 [*disclosure when recommending the use of borrowed money*];

(l.1) section 13.15 [*handling complaints*];

(m) subsection 14.2(2) [*relationship disclosure information*];

(n) section 14.6 [*holding client assets in trust*];

(o) section 14.8 [*securities subject to a safekeeping agreement*];

(p) section 14.9 [*securities not subject to a safekeeping agreement*];

(q) section 14.12 [*content and delivery of trade confirmation*].

(1.1) Subsection (1) only applies to a registered firm in respect of a requirement specified in any of paragraphs (1)(a) to (q) if the registered firm complies with the corresponding IIROC Provisions that are in effect.

(2) If a registered firm is a member of IIROC and is registered as an investment fund manager, the firm is exempt from the following requirements:

(a) section 12.3 [*insurance – dealer*];

(b) section 12.6 [*global bonding or insurance*];

(c) section 12.12 [*delivering financial information – dealer*];

(d) subsection 13.2(3) [*know your client*];

(e) section 13.3 [*suitability*];

(f) section 13.12 [*restriction on lending to clients*];

(g) section 13.13 [*disclosure when recommending the use of borrowed money*];

(h) section 13.15 [*handling complaints*];

(i) subsection 14.2(2) [*relationship disclosure information*];

(j) section 14.6 [*holding client assets in trust*];

(k) section 14.8 [*securities subject to a safekeeping agreement*];

(l) section 14.9 [*securities not subject to a safekeeping agreement*];

(m) section 14.12 [*content and delivery of trade confirmation*].

(2.1) Subsection (2) only applies to a registered firm in respect of a requirement specified in any of paragraphs (2)(a) to (m) if the registered firm complies with the corresponding IIROC Provisions that are in effect.

(3) *[repealed]*

(4) *[repealed]*

(5) *[repealed]*

(6) *[repealed]*

9.4 Exemptions from certain requirements for MFDA members

(1) Unless it is also registered as an exempt market dealer, a scholarship plan dealer or an investment fund manager, a registered firm that is a member of the MFDA is exempt from the following requirements:

(a) section 12.1 [*capital requirements*];

(b) section 12.2 [*notifying the regulator of a subordination agreement*];

(c) section 12.3 [*insurance – dealer*];

(d) section 12.6 [*global bonding or insurance*];

(e) section 12.7 [*notifying the regulator of a change, claim or cancellation*];

(f) section 12.10 [*annual financial statements*];

(g) section 12.11 [*interim financial information*];

(h) section 12.12 [*delivering financial information – dealer*];

(i) section 13.3 [*suitability*];

(j) section 13.12 [*restriction on lending to clients*];

(k) section 13.13 [*disclosure when recommending the use of borrowed money*];

(l) section 13.15 [*handling complaints*];

(m) subsection 14.2(2) [*relationship disclosure information*];

(n) section 14.6 [*holding client assets in trust*];

(o) section 14.8 [*securities subject to a safekeeping agreement*];

(p) section 14.9 [*securities not subject to a safekeeping agreement*];

(q) section 14.12 [*content and delivery of trade confirmation*].

(1.1) Subsection (1) only applies to a registered firm in respect of a requirement specified in any of paragraphs (1)(a) to (q) if the registered firm complies with the corresponding MFDA Provisions that are in effect.

(2) If a registered firm is a member of the MFDA and is registered as an exempt market dealer, scholarship plan dealer or investment fund manager, the firm is exempt from the following requirements:

(a) section 12.3 [*insurance – dealer*];

(b) section 12.6 [*global bonding or insurance*];

(c) section 13.3 [*suitability*];

(d) section 13.12 [*restriction on lending to clients*];

(e) section 13.13 [*disclosure when recommending the use of borrowed money*];

(f) section 13.15 [*handling complaints*];

(g) subsection 14.2(2) [*relationship disclosure information*];

(h) section 14.6 [*holding client assets in trust*];

(i) section 14.8 [*securities subject to a safekeeping agreement*];

(j) section 14.9 [*securities not subject to a safekeeping agreement*];

(k) section 14.12 [*content and delivery of trade confirmation*].

(2.1) Subsection (2) only applies to a registered firm in respect of a requirement specified in any of paragraphs (2)(a) to (k) if the registered firm complies with the corresponding MFDA Provisions that are in effect.

(3) Subsections (1) and (2) do not apply in Québec.

(4) In Québec, the requirements listed in subsection (1) do not apply to a mutual fund dealer to the extent equivalent requirements to those listed in subsection (1) are applicable to the mutual fund dealer under the regulations in Québec.

...

APPENDIX G – EXEMPTIONS FROM CERTAIN REQUIREMENTS FOR IIROC MEMBERS

(Section 9.3 [Exemptions from certain requirements for IIROC members])

NI 31-103 Provision	**IIROC Provision**
section 12.1 *[capital requirements]*	1. Dealer Member Rule 17.1; and 2. Form 1 *Joint Regulatory Financial Questionnaire and Report* - Part I, Statement B, "Notes and Instructions"
section 12.2 *[notifying the regulator of a subordination agreement]*	1. Dealer Member Rule 5.2; and 2. Dealer Member Rule 5.2A
section 12.3 *[insurance – dealer]*	1. Dealer Member Rule 400.2 *[Financial Institution Bond]*; 2. Dealer Member Rule 400.4 *[Amounts Required]*; and 3. Dealer Member Rule 400.5 *[Provisos with respect to Dealer Member Rules 400.2, 400.3 and 400.4]*
section 12.6 *[global bonding or insurance]*	1. Dealer Member Rule 400.7 *[Global Financial Institution Bonds]*

NI 31-103 Provision	IIROC Provision
section 12.7 *[notifying the regulator of a change, claim or cancellation]*	1. Dealer Member Rule 17.6; 2. Dealer Member Rule 400.3 *[Notice of Termination]*; and 3. Dealer Member Rule 400.3B *[Termination or Cancellation]*
section 12.10 *[annual financial statements]*	1. Dealer Member Rule 16.2 *[Dealer Member Filing Requirements]*; and 2. Form 1 *Joint Regulatory Financial Questionnaire and Report*
section 12.11 *[interim financial information]*	1. Dealer Member Rule 16.2 *[Dealer Member Filing Requirements]*; and 2. Form 1 *Joint Regulatory Financial Questionnaire and Report*
section 12.12 *[delivering financial information – dealer]*	1. Dealer Member Rule 16.2 *[Dealer Member Filing Requirements]*
subsection 13.2(3) *[know your client]*	1. Dealer Member Rule 1300.1(a)-(n) *[Identity and Creditworthiness]*; 2. Dealer Member Rule 1300.2; 3. Dealer Member Rule 2500, Section II *[Opening New Accounts]*; and 4. Form 2 *New Client Application Form*
section 13.3 *[suitability]*	1. Dealer Member Rule 1300.1(o) *[Business Conduct]*; 2. Dealer Member Rule 1300.1(p) *[Suitability Generally]*; 3. Dealer Member Rule 1300.1(q) *[Suitability Determination Required When Recommendation Provided]*; 4. Dealer Member Rule 1300.1(r) and Dealer Member Rule 1300.1(s) *[Suitability Determination Not Required]*; 5. Dealer Member Rule 1300.1(t) *[Corporation Approval]*; 6. Dealer Member Rule 2700, Section I *[Customer Suitability]*; and 7. Dealer Member Rule 3200 *[Minimum Requirements for Dealer Members Seeking Approval Under Rule 1300.1(t) for Suitability Relief for Trades not Recommended by the Member]*
section 13.12 *[restriction on lending to clients]*	1. Dealer Member Rule 100 *[Margin Requirements]*
section 13.13 *[disclosure when recommending the use of borrowed money]*	1. Dealer Member Rule 29.26
section 13.15 *[handling complaints]*	1. Dealer Member Rule 2500B *[Client Complaint Handling]*; and 2. Dealer Member Rule 2500, Section VIII *[Client Complaints]*

NI 31-103 Provision	IIROC Provision
subsection 14.2(2) *[relationship disclosure information]*	1. Dealer Member Rules of IIROC that set out the requirements for relationship disclosure information similar to those contained in IIROC's Client Relationship Model proposal, published for comment on January 7, 2011; At the time of publication, IIROC had not assigned a number to the relationship disclosure dealer member rule in its Client Relationship Model proposal. We will refer to the dealer member rule number when IIROC has assigned one. 2. Dealer Member Rule 29.8; 3. Dealer Member Rule 200.1(c); 4. Dealer Member Rule 200.1(h); 5. Dealer Member Rule 1300.1(p) *[Suitability Generally]*; 6. Dealer Member Rule 1300.1(q) *[Suitability Determination Required When Recommendation Provided]*; 7. Dealer Member Rule 1300.2; and 8. Dealer Member Rule 2500B, Part 4 *[Complaint procedures / standards]*
section 14.6 *[holding client assets in trust]*	1. Dealer Member Rule 17.3
section 14.8 *[securities subject to a safekeeping agreement]*	1. Dealer Member Rule 17.2A 2. Dealer Member Rule 2600 – Internal Control Policy Statement 5 *[Safekeeping of Clients' Securities]*
section 14.9 *[securities not subject to a safekeeping agreement]*	1. Dealer Member Rule 17.3; 2. Dealer Member Rule 17.3A; and 3. Dealer Member Rule 200.1(c)
section 14.12 *[content and delivery of trade confirmation]*	1. Dealer Member Rule 200.1(h)

APPENDIX H – EXEMPTIONS FROM CERTAIN REQUIREMENTS FOR MFDA MEMBERS

(Section 9.4 [Exemptions from certain requirements for MFDA members])

NI 31-103 Provision	MFDA Provision
section 12.1 *[capital requirements]*	1. Rule 3.1.1 *[Minimum Levels]*; 2. Rule 3.1.2 *[Notice]*; 3. Rule 3.2.2 *[Member Capital]*; 4. Form 1 *MFDA Financial Questionnaire and Report*; and 5. Policy No. 4 *[Internal Control Policy Statements – Policy Statement 2: Capital Adequacy]*
section 12.2 *[notifying the regulator of a subordination agreement]*	1. Form 1 *MFDA Financial Questionnaire and Report,* Statement F *[Statement of Changes in Subordinated Loans]*; and 2. Membership Application Package – Schedule I (Subordinated Loan Agreement)
section 12.3 *[insurance – dealer]*	1. Rule 4.1 *[Financial Institution Bond]*; 2. Rule 4.4 *[Amounts Required]*; 3. Rule 4.5 *[Provisos]*; and 4. Policy No. 4 *[Internal Control Policy Statements – Policy Statement 3: Insurance]*
section 12.6 *[global bonding or insurance]*	1. Rule 4.7 *[Global Financial Institution Bonds]*
section 12.7 *[notifying the regulator of a change, claim or cancellation]*	1. Rule 4.2 *[Notice of Termination]*; and 2. Rule 4.3 *[Termination or Cancellation]*
section 12.10 *[annual financial statements]*	1. Rule 3.5.1 *[Monthly and Annual]*; 2. Rule 3.5.2 *[Combined Financial Statements]*; and 3. Form 1 *MFDA Financial Questionnaire and Report*
section 12.11 *[interim financial information]*	1. Rule 3.5.1 *[Monthly and Annual]*; 2. Rule 3.5.2 *[Combined Financial Statements]*; and 3. Form 1 *MFDA Financial Questionnaire and Report*
section 12.12 *[delivering financial information – dealer]*	1. Rule 3.5.1 *[Monthly and Annual]*
section 13.3 *[suitability]*	1. Rule 2.2.1 *["Know-Your-Client"]*; and 2. Policy No. 2 *[Minimum Standards for Account Supervision]*
section 13.12 *[restriction on lending to clients]*	1. Rule 3.2.1 *[Client Lending and Margin]*; and 2. Rule 3.2.3 *[Advancing Mutual Fund Redemption Proceeds]*
section 13.13 *[disclosure when recommending the use of borrowed money]*	1. Rule 2.6 *[Borrowing for Securities Purchases]*

section 13.15 *[handling complaints]*	1. Rule 2.11 *[Complaints]* 2. Policy No. 3 *[Complaint Handling, Supervisory Investigations and Internal Discipline]*; and 3. Policy No. 6 *[Information Reporting Requirements]*
subsection 14.2(2) *[relationship disclosure information]*	1. Rule 2.2.5 *[Relationship Disclosure]*
section 14.6 *[holding client assets in trust]*	1. Rule 3.3.1 *[General]*; 2. Rule 3.3.2 *[Cash]*; and 3. Policy No. 4 *[Internal Control Policy Statements – Policy Statement 4: Cash and Securities, and Policy Statement 5: Segregation of Clients' Securities]*
section 14.8 *[securities subject to a safekeeping agreement]*	1. Rule 3.3.3 *[Securities]*; and 2. Policy No. 4 *[Internal Control Policy Statements – Policy Statement 4: Cash and Securities, and Policy Statement 5: Segregation of Clients' Securities]*
section 14.9 *[securities not subject to a safekeeping agreement]*	1. Rule 3.3.3 *[Securities]*
section 14.12 *[content and delivery of trade confirmation]*	1. Rule 5.4.1 *[Delivery of Confirmations]*; 2. Rule 5.4.2 *[Automatic Payment Plans]*; and 3. Rule 5.4.3 *[Content]*

APPENDIX C
Proposed Amendments to Companion Policy

The CSA are publishing changes to the Companion Policy for comment. The changes would come into effect on the implementation of the corresponding changes to the Rule.

This Appendix shows the proposed amendments to the Companion Policy through the use of blackline relative to the relevant portions of the consolidation of the Companion Policy published on April 15, 2011.

Companion Policy 31-103 CP
REGISTRATION REQUIREMENTS, EXEMPTIONS AND ONGOING REGISTRANT OBLIGATIONS

...

Division 3 Membership in a self-regulatory organization

3.16 Exemptions from certain requirements for SRO approved persons

Section 3.16 exempts registered individuals who are dealing representatives of IIROC or MFDA members from the requirements in NI 31-103 for suitability and disclosure when recommending the use of borrowed money. This is because IIROC and the MFDA have their own rules for these matters.

In Québec, these requirements do not apply to dealing representatives of a mutual fund dealer to the extent that equivalent requirements are applicable to those dealing representatives under regulations in Québec.

This section also exempts registered individuals who are dealing representatives of IIROC from the know your client obligations in section 13.2.

We expect registered individuals who are dealing representatives of IIROC or MFDA members to comply with the by-laws, rules, regulations and policies of IIROC or the MFDA, as applicable (SRO provisions). These individuals cannot rely on the exemptions in section 3.16 unless they are complying with the appropriate SRO provisions specified in NI 31-103. We regard compliance with IIROC or MFDA procedures, interpretations, notices, bulletins and practices as relevant to compliance with the applicable SRO provisions.

...

Part 9 Membership in a self-regulatory organization

9.3 Exemptions from certain requirements for IIROC members
9.4 Exemptions from certain requirements for MFDA members

NI 31-103 now has two distinct sections, section 9.3 and 9.4, which distinguish the exemptions which are available on the basis of whether or not the member of IIROC or the MFDA is registered in another category. This clarifies our intent with respect to the exemptions for SRO members and recognizes that IIROC and the MFDA have rules in these areas.

Sections 9.3 and 9.4 contain exemptions from certain requirements for investment dealers that are IIROC members, for mutual fund dealers that are MFDA members and in Québec, for mutual fund dealers to the extent equivalent requirements are applicable under the regulations in Québec.

However, if an SRO member is registered in another category, these sections do not exempt them from their obligations as a registrant in that category. For example, if a firm is registered as an investment fund manager and as an investment dealer with IIROC, section 9.3 does not exempt them from their obligations as an investment fund manager under NI 31-103.

However SRO members that are registered in multiple categories may use the forms prescribed by the SROs, on certain conditions. See sections 12.1, 12.12 and 12.14 for requirements on calculating working capital and the delivery of working capital calculations for SRO members that are registered in multiple categories.

We expect registered firms that are members of IIROC or the MFDA to comply with the by-laws, rules, regulations and policies of IIROC or the MFDA, as applicable (SRO provisions). These firms cannot rely on the exemptions in Part 9 unless they are complying with the appropriate SRO provisions specified in NI 31-103. We regard compliance with IIROC or MFDA procedures, interpretations, notices, bulletins and practices as relevant to compliance with the applicable SRO provisions.

...

This page intentionally left blank

Chapter 7

Insider Reporting

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

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

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

Chapter 8

Notice of Exempt Financings

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

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
01/19/2011	3	1006029 Ontario Inc. - Loans	7,100,000.00	7,100,000.00
04/01/2011 to 04/04/2011	1	A123 Systems, Inc. - Common Shares	302,652.90	15,000.00
04/26/2011	2	Accutrac Capital Solutions Inc. - Preferred Shares	50,000.00	50.00
03/02/2011	1	ACL Alternative Fund - Units	289,440.00	2,880.43
02/28/2011	55	ACM Commercial Mortgage Fund - Units	2,239,239.33	20,445.42
03/25/2011	3	Acquisition Co. Lanza Parent - Notes	7,340,200.00	N/A
04/25/2011	18	Admiral Inn Development Limited Partnership - Limited Partnership Units	390,000.00	78.00
03/23/2011	1	Adriana Resources Inc. - Common Shares	28,366,389.00	29,243,700.00
04/11/2011	5	Advanced Composite Technologies Inc. - Common Shares	307,100.00	684,000.00
04/25/2011	26	Air Lease Corporation - Common Shares	25,547,550.00	1,015,000.00
02/17/2011	107	Aldridge Minerals Inc. - Units	12,424,650.00	N/A
03/01/2011	133	Allana Potash Corp. - Common Shares	38,320,259.40	24,722,748.00
03/31/2011	1	Amazon Mining Holding PLC - Common Shares	22,400.00	2,800.00
03/31/2011	1	Amazon Mining Holding PLC - Units	22,400.00	2,800.00
03/22/2011	49	American Vanadium Corp. - Units	3,739,837.50	N/A
02/28/2011	4	Amorfix Life Sciences Ltd. - Common Shares	500,000.00	1,470,586.00
03/03/2011 to 03/04/2011	99	AndeanGold Ltd. - Units	3,801,810.10	17,280,955.00
03/24/2011	17	Anglo Canadian Oil Corp. - Common Shares	6,260,000.00	10,344,828.00
03/08/2011	34	AON Finance N.S. 1, ULC - Debentures	375,000,000.00	375,000.00
02/23/2011	3	Apella Resources Inc. - Units	500,000.00	2,000,000.00
04/25/2011	3	Arco Resources Corp. - Units	480,000.00	8,000,000.00
04/19/2011	6	Arcos Dorados Holdings Inc. - Common Shares	8,704,824.50	535,000.00
02/15/2011	48	Argentum Silver Corp. - Common Shares	1,584,249.70	14,402,270.00
02/22/2011	10	ATAC Resources Ltd. - Flow-Through Shares	24,999,997.50	3,333,333.00
03/11/2011	47	Athabasca Uranium Inc. - Flow-Through Units	2,878,629.54	5,694,814.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
02/23/2011 to 02/28/2011	49	Atikwa Resources Inc. - Common Shares	1,815,745.10	27,934,540.00
01/21/2011	104	Atlantis Gold Mines Corp. - Common Shares	4,955,000.00	19,820,000.00
04/25/2011	8	Atreus Pharmaceuticals Corporation - Preferred Shares	44,177.00	48,018.00
02/08/2011	21	Augustine Ventures Inc. - Flow-Through Units	780,000.00	3,900,000.00
03/18/2011	2	Aura Minerals Inc. - Common Shares	72,984,912.79	12,401,754.00
03/01/2011	91	AuRo Resources Corp. - Units	2,538,362.40	N/A
03/16/2011 to 03/23/2011	5	Avrev Canada Inc. - Common Shares	175,000.00	1,166,664.00
03/18/2011	47	Azure Resources Corporation - Units	4,000,000.00	40,000,000.00
03/31/2011	1	BAC Canada Finance Company - Note	10,028,000.00	1.00
03/31/2011	1	BAC Canada Finance Company - Unit	20,000,000.00	1.00
04/07/2011	2	Bank of Montreal - Notes	11,000,000.00	11,000,000.00
04/05/2011	1	Bank of Montreal - Units	3,400,000.00	3,400,000.00
04/07/2011	36	Bayfield Ventures Corp. - Flow-Through Shares	5,512,389.80	6,253,072.00
04/01/2011	1	BCE Inc. - Common Shares	750,000,000.00	21,729,239.00
04/20/2011	26	BCM Resources Corporation - Common Shares	1,200,000.00	3,000,000.00
03/10/2011	85	Bending Lake Iron Group Limited - Common Shares	5,401,500.00	2,700,750.00
01/18/2011	7	Benefuel Inc. - Common Shares	3,723,716.89	1,951,735.00
03/09/2011	38	BluEarth Renewables Inc. - Preferred Shares	135,000.00	135,000.00
04/19/2011	2	BNP Paribas Arbitrage Issuance B.V. - Certificates	138,513.58	118.00
04/12/2011	1	BNP Paribas Arbitrage Issuance B.V. - Certificates	119,405.14	100.00
02/21/2011	3	BNY Trust Company of Canada - Notes	7,355,185.43	N/A
02/15/2011	148	Bolivar Energy Inc. - Units	21,217,615.00	124,809,500.00
04/13/2011	1	Braeval Mining Corporation - Common Shares	12,500.00	25,000.00
03/07/2011	32	Bralorne Gold Mines Ltd, - Units	2,112,219.00	1,624,784.00
01/07/2011	3	Brant Country Riverbend Development LP - Limited Partnership Units	300,000.00	30,000.00
03/31/2011	6	Brixton Metals Corporation - Flow-Through Units	1,000,000.00	4,000,000.00
04/14/2011	14	Brixton Metals Corporation - Units	293,000.00	1,465,000.00
02/28/2011	4	Broadacre Agriculture Inc. - Common Shares	15,750,000.00	N/A
03/11/2011	75	Brownstone Energy Inc. - Units	28,750,000.10	30,263,158.00
03/25/2011	11	BTI Systems Inc. - Preferred Shares	22,489,399.92	79,154,764.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
02/18/2011	34	Buchans Minerals Corporat - Flow-Through Units	2,949,369.91	26,271,055.00
04/19/2011	2	Calcipar S.A. - Notes	5,075,023.00	N/A
04/18/2011	5	Caldera Geothermal Inc. - Debentures	67,000.00	5.00
03/22/2011	2	Caldera Geothermal Inc. - Debentures	23,000.00	N/A
01/24/2011	19	Caledonian Royalty Corporation - Units	1,450,000.00	145,000.00
03/03/2011	67	Call Genie Inc. - Debentures	4,990,000.00	5,000.00
02/24/2011	1	Canadian Arrow Mines Limited - Units	250,000.04	3,221,650.00
04/08/2011	15	Canadian Oil Recovery & Remediation Enterprises Ltd. - Units	463,584.00	1,219,956.00
03/25/2011	1	Capital International Private Equity Fund VI, L.P. - Limited Partnership Interest	19,556,000.00	N/A
04/15/2011	1	Capstone Infrastructure Corporation - Common Shares	7,000,002.28	855,746.00
02/23/2011	25	CareVest Capital Blended Mortgage Investment Corp. - Preferred Shares	388,746.00	388,746.00
02/23/2011	12	CareVest First Mortgage Investment Corp. - Preferred Shares	546,441.00	546,441.00
02/24/2011	17	Carina Energy Inc. - Common Shares	444,000.00	8,725,000.00
04/12/2011	22	Carlin Gold Corporation - Units	1,449,320.00	9,058,250.00
03/18/2011	36	Carlisle Goldfields Limited - Flow-Through Units	5,205,500.00	17,950,000.00
03/01/2011	1	Carlisle Goldfields Limited - Common Shares	625,000.00	2,500,000.00
02/09/2011	41	Carrao Energy Ltd. - Common Shares	23,039,999.55	51,199,999.00
02/04/2011	133	Carslile Goldfields Limited - Units	5,867,590.00	0.00
02/18/2011	28	Castle Resources Inc. - Common Shares	12,001,750.00	19,675,000.00
03/17/2011	94	Caza Gold Corp. - Units	8,005,145.00	16,300,000.00
02/25/2011	1	CCA Absolute Return Muni Strategy, LP - Units	2,430,000.00	2,500.00
03/29/2011	1	CDW Escrow Corporation - Note	390,400.00	1.00
04/20/2011	1	CDW Escrow Corporation - Note	952,400.00	1.00
03/03/2011	39	Centric Health Corporation - Common Shares	21,528,000.00	17,940,000.00
02/28/2011	33	Centurion Apartment Real Estate Investment Trust - Units	1,328,460.00	N/A
02/28/2011	20	Challenger Deep Resources Corp. - Units	2,107,497.50	2,809,997.00
02/03/2011	69	Champion Minerals Inc. - Common Shares	30,000,000.00	12,000,000.00
02/22/2011	3	Chaparral Energy Inc - Notes	6,339,375.00	N/A

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
04/21/2011 to 04/26/2011	31	Chestermer Lands Development Corporation - Common Shares	939,000.00	N/A
03/16/2011	1	Cisco Systems, Inc. - Note	19,836,000.00	1.00
03/30/2011	5	CIT Group Inc. - Notes	1,942,800.00	N/A
03/31/2011	7	CNSX Markets Inc. - Notes	2,000,000.00	7.00
03/10/2011	22	Coconut Gove Textile Inc. - Common Shares	555,000.00	1,387,500.00
04/01/2011	9	Cogitore Resources Inc. - Flow-Through Shares	1,040,000.00	4,000,000.00
02/03/2011	41	ColCan Energy Corp. - Common Shares	31,590,000.00	N/A
03/04/2011 to 03/18/2011	40	Colwood City Centre Limited Partnership - Notes	2,441,500.00	2,441,500.00
04/11/2011 to 04/15/2011	10	Colwood City Centre Limited Partnership - Notes	405,000.00	405,000.00
04/26/2011	2	Commercial Vehicle Group, Inc. - Notes	2,137,500.00	2.00
03/11/2011 to 03/14/2011	11	Compliance Energy Corporation - Common Shares	3,500,150.00	6,429,000.00
03/03/2011	20	Confederation Minerals Ltd. - Units	10,708,325.00	N/A
04/21/2011	1	Consolidated Minerals Limited - Notes	3,807,600.00	4,000.00
03/17/2011	11	Constantine Metal Resources Ltd. - Flow-Through Shares	2,250,000.00	7,500,000.00
02/28/2011	4	Convertible Trailer Manufacturing Ltd. - Common Shares	70,000.00	35,000.00
03/02/2011	24	Copper Reef Mining Corporation - Units	2,104,087.92	9,351,004.00
04/01/2010 to 03/31/2011	4	Counsel Canadian Growth - Trust Units	10,809,710.46	780,216.07
04/01/2010 to 03/31/2011	4	Counsel Short Term Bond - Trust Units	93,228,934.31	9,336,899.76
04/01/2010 to 03/31/2011	7	Counsel U.S. Growth - Trust Units	6,132,603.71	521,491.59
04/01/2010 to 03/31/2011	7	Counsel U.S. Value - Trust Units	8,919,257.67	682,615.19
03/16/2011	10	Critical Elements Corporation - Units	396,300.00	1,321,000.00
03/04/2011	34	Critical Elements Corporation - Units	1,077,899.70	3,592,999.00
03/25/2011	23	Critical Outcome Technologies Inc. - Units	1,282,400.00	8,015,000.00
04/07/2011	13	Critical Outcome Technologies Inc. - Units	350,000.00	2,187,500.00
04/13/2011	1	Currie Rose Resources Inc. - Common Shares	12,500.00	250,000.00
04/13/2011	1	CVR Partners, L.P. - Units	771,000.00	50,000.00
01/31/2011	14	Cynapsus Therapeutics Inc. - Common Shares	290,000.00	5,800,000.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
02/28/2011	12	D-Wave Systems Inc. - Preferred Shares	1,534,783.77	1,311,781.00
02/24/2011	64	Deer Horn Metals Inc. - Common Shares	4,319,000.00	21,595,000.00
03/24/2011	1	Delphi Energy Corp. - Common Shares	8,960,000.00	3,200,000.00
02/22/2011	1	Dice Holdings, Inc. - Common Shares	3,174,750.00	225,000.00
02/15/2011	1	Direcional Engenharia S.A. - Common Shares	4,359,320.90	28,000,000.00
02/15/2011	1	Direcional Engenharia S.A. - Common Shares	4,359,320.90	668,300.00
04/07/2011	2	DJO Finance LLC/DJO Finance Corporation - Notes	5,040,000.00	2.00
03/28/2011	2	DNI Metals Inc. - Flow-Through Shares	50,000.00	416,667.00
03/11/2011	37	DNI Metals Inc. - Flow-Through Shares	2,416,200.00	5,135,001.00
03/11/2011	37	DNI Metals Inc. - Units	2,416,200.00	14,999,999.00
04/07/2011	1	DNI Metals Inc. - Units	252,000.00	1,400,000.00
04/13/2011	5	Dollar Financial Corp. - Common Shares	3,585,600.00	180,000.00
01/26/2011	7	Drift Lake Resources Inc. - Receipts	1,415,000.00	2,830,000.00
03/30/2011	110	Driven Capital Corp. - Units	823,500.00	8,235,000.00
03/07/2011 to 03/17/2011	46	Druk Capital Partners Inc. - Common Shares	1,619,960.00	2,699,934.00
03/21/2011	86	Electric Metals Inc. - Common Shares	1,575,000.00	15,000,000.00
04/13/2011	1	Elster Group SE - American Depository Shares	1,084,500.00	75,000.00
03/29/2011	17	Emerald Bay Energy Inc. - Units	375,185.05	7,503,701.00
03/03/2011	58	Empire Mining Corporation - Common Shares	4,050,000.00	9,419,156.00
03/16/2011	18	Endurance Gold Corporation - Flow-Through Shares	513,600.00	4,280,000.00
12/31/2010	19	EnergyFields 2010 Special Flow-Through Limited Partnership - Limited Partnership Units	1,073,000.00	10,730.00
04/29/2011	30	Enersources Corporation - Notes	320,000,000.00	30.00
03/03/2011	28	Enthirve Inc. - Common Shares	2,195,675.00	8,782,700.00
03/07/2011	2	EOG Resources, Inc. - Common Shares	9,760,300.00	95,000.00
03/09/2011	44	Ethiopian Potash Corp. - Common Shares	8,560,000.00	41,000,000.00
02/10/2011	119	Ethiopian Potash Corp. - Receipts	11,000,000.00	22,000,000.00
02/24/2011	3	EurOmax Resources Limited - Units	7,875,000.00	22,500,000.00
03/28/2011	5	Evandtec Inc. - Preferred Shares	749,999.99	2,142,558.00
02/28/2011	109	Excelsior Mining Corp. - Units	7,999,999.80	13,333,333.00
03/22/2011	3	Explor Resources Inc. - Common Shares	154,000.00	200,000.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
03/04/2011	36	Fairmont Resources Inc. - Flow-Through Units	1,661,750.00	4,280,000.00
03/31/2011	12	FairWest Energy Corporation - Common Shares	2,018,000.00	8,072,000.00
02/17/2011	1	FerrAus Limited - Common Shares	129,000.00	150,000.00
01/19/2011	1	First Leaside Expansion Limited Partnership - Units	45,000.00	45,000.00
02/24/2011 to 03/01/2011	2	First Leaside Expansion Limited Partnership - Units	25,000.00	25,000.00
03/29/2011	1	First Leaside Global Limited Partnership - Limited Partnership Interest	5,122.43	5,000.00
02/24/2011 to 02/25/2011	3	First Leaside Mortgage Fund - Trust Units	80,000.00	60,000.00
03/24/2011	2	First Leaside Mortgage Fund - Trust Units	80,000.00	80,000.00
03/03/2011 to 03/07/2011	5	First Leaside Mortgage Fund - Units	101,450.00	101,450.00
03/04/2011	2	First Leaside Venture Limited Partnership - Units	234,272.00	234,272.00
03/24/2011 to 03/29/2011	8	First Leaside Wealth Management Fund - Limited Partnership Interest	63,291.00	63,291.00
02/16/2011 to 02/22/2011	11	First Leaside Wealth Management Fund - Limited Partnership Interest	213,160.00	213,160.00
03/16/2011 to 03/22/2011	9	First Leaside Wealth Management Fund - Limited Partnership Interest	112,270.00	112,270.00
03/02/2011 to 03/07/2011	11	First Leaside Wealth Management Fund - Units	194,052.00	194,052.00
03/24/2011	16	Focus Real Estate Development Ltd. - Common Shares	3,564,018.00	N/A
03/07/2011	33	Foran Mining Corporation - Common Shares	6,300,000.00	6,000,000.00
03/11/2011	43	Foran Mining Corporation - Flow-Through Shares	7,500,000.00	6,000,000.00
03/15/2011	45	Ford Credit Canada Limited - Notes	500,000,000.00	500,000.00
04/11/2011	2	Forest Gate Energy Inc. - Common Shares	441,750.00	4,015,909.00
03/04/2011	9	Foundation Group Capital Trust - Units	101,316.00	8,443.00
03/16/2011	63	Freegold Ventures Limited - Units	2,199,999.84	4,583,331.00
04/26/2011	2	Fuse Powered Inc. - Preferred Shares	1,002,092.58	566,154.00
03/16/2011 to 03/18/2011	76	F.D.G. Mining Inc. - Special Warrants	2,456,500.00	9,826,000.00
01/24/2011 to 01/31/2011	29	Galahad Metals Inc. - Units	679,950.00	4,533,000.00
02/24/2011	6	Gartner, Inc. - Common Shares	4,348,750.00	125,000.00
03/31/2011	1	Georgian Capital Partners Corporation - Units	500,000.00	5,000.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
01/28/2011 to 03/22/2011	1	GMO Developed World Equity Investment Funds PLC - Units	605,682.66	22,140.30
04/06/2011	1	GMO International Intrinsic Value Fund-II - Units	43,015.88	1,959.50
01/11/2011 to 03/22/2011	1	GMO International Intrinsic Value Fund-II - Units	252,871.63	11,440.00
01/04/2011 to 03/01/2011	1	GMO International Opportunities Equity Allocation Fund-III - Units	188,084.08	12,685.56
03/08/2011	1	Golden Predator Corp. - Units	72,000.00	75,000.00
02/10/2011 to 02/17/2011	137	Great GulfCan Energy Inc. - Units	10,548,500.00	21,097,000.00
04/19/2011	1	Greening Canada Fund L.P. - Limited Partnership Interest	50,000.00	1.00
03/03/2011	76	Griffiths Energy International Inc. - Common Shares	91,305,000.00	18,261,000.00
04/19/2011	3	Griffiths Energy International Inc. - Common Shares	15,000,000.00	3,000,000.00
03/14/2011	2	Griffon Corporation - Notes	4,879,500.00	5,000.00
03/09/2011	12	Halo Resources Ltd. - Units	352,000.00	640,000.00
03/24/2011	13	Hamilton Thorne Ltd. - Debentures	638,824.50	638.80
03/23/2011	2	Hawthorne Gold Corp. - Common Shares	7,555,000.00	68,681,818.00
03/15/2011	3	HCA Holdings, Inc. - Common Shares	17,251,500.00	126,200,000.00
03/08/2011	1	Headwaters Incorporated - Notes	5,827,800.00	5,827.80
03/07/2011	1	Health Care REIT, Inc. - Preferred Shares	973,800.00	12,500,000.00
03/01/2011	3	Health Care Services International Inc. - Notes	1,000,000.00	N/A
02/15/2011	43	Helio Resource Corp. - Units	10,000,000.00	25,000,000.00
03/21/2011	3	HOA Restaurant Group, LLC and HOA Finance Corp. - Notes	6,370,000.00	N/A
02/19/2011	2	Hovnanian Enterprises, Inc. - Common Shares	1,062,500.00	250,000.00
03/18/2011	1	HPH Trust - Units	5,692,500.00	5,750,000.00
04/20/2011	96	Hunter Bay Minerals PLC - Units	4,474,869.70	14,916,232.00
03/11/2011	6	Huntington Ingalls Industries, Inc. - Notes	19,400,000.00	N/A
03/18/2011	180	Hyperion Exploration Corp. - Receipts	35,000,070.00	22,000,000.00
04/12/2011	9	Iberian Resources Corp. - Common Shares	7,346,586.00	12,721,362.00
03/14/2011 to 03/18/2011	18	IGW Real Estate Investment Trust - Units	846,181.03	N/A
02/21/2011 to 02/25/2011	53	IGW Real Estate Investment Trust - Units	2,259,579.67	1,150,000.00
02/28/2011 to 03/04/2011	51	IGW Real Estate Investment Trust - Units	1,426,449.69	N/A

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
04/18/2011 to 04/21/2011	17	IGW Real Estate Investment Trust - Units	597,932.82	519,829.68
02/23/2011	86	Indicator Minerals Inc. - Units	1,980,909.90	11,005,055.00
04/15/2011	15	InfraReDx Inc. - Common Shares	7,259,723.00	16,939,370.00
03/11/2011	29	Integrated Team Solutions SJHC Partnership - Bonds	211,656,000.00	211,656,000.00
02/01/2011	28	Intellipharmaceutics International Inc. - Units	12,000,000.00	4,800,000.00
03/31/2011	15	Interaction Asian Restaurants LP Call Request - Units	16,500,000.00	N/A
02/03/2011	57	Intertainment Media Inc. - Units	1,752,932.50	17,529,325.00
01/12/2011	25	Intertainment Media Inc. - Units	1,247,067.50	12,470,675.00
04/01/2010 to 03/31/2011	2	Invesco Canadian Balanced Fund - Trust Units	1,665,571.24	110,480.27
04/01/2010 to 03/18/2011	2	Invesco Canadian Equity Pool - Trust Units	1,367,798.60	175,074.78
04/01/2010 to 03/31/2011	1	Invesco Canadian Premier Growth Class - Common Shares	564,990.28	29,059.18
01/28/2011	1	Invesco Core Canadian Fixed Income Pool - Trust Units	681,904.00	68,000.00
04/01/2010 to 03/31/2011	2	Invesco Global Equity Pool - Trust Units	2,555,853.38	308,723.40
04/01/2010 to 03/31/2011	1	Invesco International Growth Class - Common Shares	303,273.38	23,394.92
04/25/2011	18	InvestPlus Finance IV Corp. - Bonds	1,234,000.00	1,234.00
04/25/2011	18	InvestPlus Investments IV Corp. - Common Shares	123.40	1,234.00
03/08/2011	18	ironOne Inc. - Units	850,000.00	3,000,000.00
01/25/2011	2	ISEE3D Inc. - Units	1,000,000.00	20.00
03/25/2011	29	Iskander Energy Corp. - Common Shares	1,505,000.00	6,500,000.00
04/19/2011 to 04/21/2011	71	Iskander Energy Corp. - Special Warrants	9,530,970.50	12,707,974.00
03/07/2011	1	Isle of Capri Casinos, Inc. - Note	6,740,025.60	1.00
03/23/2011	1	James River Coal Company - Common Shares	2,307,935.00	100,000.00
03/23/2011	2	James River Coal Company - Notes	491,050.00	500.00
03/24/2011	3	James River Escrow Inc. - Notes	6,092,500.00	6,250.00
02/08/2011	62	Java Capital, Inc. - Common Shares	1,415,112.00	12,292,600.00
03/10/2011	10	JNR Resources Inc. - Units	2,810,000.00	5,620,000.00
03/07/2011	3	J. Crew Group, Inc. - Notes	2,044,980.00	N/A
03/03/2011	23	Kaminak Gold Corporation - Common Shares	11,501,610.00	3,514,400.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
03/01/2011 to 03/04/2011	233	Kenai Resources Ltd. - Common Shares	6,625,000.00	24,000,000.00
03/31/2011	4	Kennedy-Wilson, Inc. - Notes	20,164,850.00	N/A
03/04/2011	2	Key Energy Services, Inc. - Notes	1,212,500.00	N/A
01/06/2011	6	Key Gold Holdings Inc. - Common Shares	318,750.00	2,250,000.00
02/21/2011	42	KHD Humboldt Wedag International AG - Common Shares	1,298,674.23	213,247.00
03/07/2011	2	Kik Interactive Inc. - Common Shares	4,868,999.46	1,898,758.00
02/28/2011	5	Kings Castle Limited Partnership - Limited Partnership Units	50,010.00	10.00
02/28/2011	5	Kings Castle Limited Partnership - Units	50,010.00	1,000.00
02/07/2011	120	KingSett Canadian Real Estated Income Fund LP - Units	29,539,675.20	27,859.73
01/13/2011	120	KingSett Canadian Real Estated Income Fund LP - Units	9,846,558.40	9,286.57
04/30/2011	2	Kingwest Avenue Portfolio - Units	340,000.00	10,957.70
04/30/2011	1	Kingwest Canadian Equity Portfolio - Units	13,775.63	1,099.85
04/30/2011	1	Kingwest U.S. Equity Portfolio - Units	9,030.01	600.35
03/24/2011	3	Klondike Gold Corp. - Common Shares	20,000.00	100,000.00
03/23/2011	3	Klondike Gold Corp. - Common Shares	20,000.00	100,000.00
01/31/2011	21	KWG Resources Inc. - Flow-Through Shares	1,185,560.00	9,120,000.00
02/02/2011 to 02/17/2011	54	Landdrill International Inc. - Units	9,250,450.00	30,834,834.00
02/24/2011	8	Landdrill International Inc. - Units	189,600.00	630,000.00
04/08/2011	28	Largo Resources Ltd. - Units	114,951,595.10	N/A
04/11/2011	3	Lateegra Gold Corp. - Common Shares	16,425.00	45,000.00
03/04/2011	95	Laurentian Goldfields Ltd. - Units	2,659,000.20	8,863,334.00
01/04/2010 to 12/31/2010	7	Lazard Global Listed Infrastructure (Canada) Fund - Trust Units	31,023,249.33	3,887,419.37
03/01/2010 to 12/24/2010	6	Lazard Global Thematic (Canada) Fund - Trust Units	148,420,221.49	15,494,686.10
03/04/2011	14	Level 3 Financing, Inc. - Notes	24,037,538.28	N/A
03/28/2011	2	Li3 Energy, Inc. - Units	34,370.00	127,296.30
03/25/2011	27	Limited Brands, Inc. - Notes	25,422,800.00	N/A
04/21/2011	38	Lloyds TSB Bank plc - Notes	499,935,000.00	5.28
03/22/2011	6	LoneStar West Inc. - Debentures	800,000.00	N/A

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
03/07/2011	47	Longbow Capital Limited Partnership #19 - Limited Partnership Units	4,780,000.00	4,780.00
02/11/2011	30	Lucara Diamond Corp. - Common Shares	60,000,000.00	60,000,000.00
02/24/2011	22	Macarthur Minerals Limited - Units	50,040,000.00	13,900,000.00
03/23/2011	1	MagIndustries Corp. - Common Shares	0.00	12,500,000.00
01/18/2011	2	Mako Energy Limited - Common Shares	2,479,775.00	8,675,000.00
03/01/2011	11	Marathon Gold Corporation - Flow-Through Shares	4,551,300.00	2,528,500.00
03/21/2011 to 03/23/2011	119	Marsa Energy Inc. - Common Shares	25,054,581.00	8,351,527.00
04/08/0211	3	Masonite International Corporation - Notes	10,139,960.00	10,600.00
04/13/2011	1	Mazorro Resources Inc. - Common Shares	240,000.00	1,000,000.00
03/01/2011	160	Meadow Bay Capital Corporation - Common Shares	16,551,137.50	16,753,750.00
03/18/2011	124	MEG Energy Corp. - Notes	738,300,000.00	N/A
04/18/2011 to 04/21/2011	10	Member-Partners Solar Energy Limited Partnership - Units	258,000.00	258,000.00
03/14/2011 to 03/18/2011	10	Membert-Partners Solar Energy Limited Partnership - Units	374,500.00	374,500.00
04/01/2011	1	Merrill Lynch S.A. - Notes	2,737,600.00	200,000.00
03/22/2011	30	Merus labs International Inc. - Common Shares	2,095,000.00	N/A
03/11/2011	14	Mesa Uranium Corp. - Units	445,299.80	404,818.00
03/08/2011	27	Metlife, Inc. - Common Shares	128,975,741.20	3,070,120.00
11/12/2010 to 03/03/2011	31	MGI Canada US Large Cap Growth Fund - Units	48,117,768.92	4,789,249.10
11/12/2010 to 03/03/2011	31	MGI Canada US Large Cap Value Fund - Units	48,096,648.92	4,797,525.99
11/12/2010 to 03/03/2011	32	MGI Canada US Passive Equity Fund - Units	115,685,526.18	11,162,930.03
04/01/2010 to 02/17/2011	24	MGI Fixed Income Fund - Units	91,420,023.00	8,809,757.04
04/06/2010 to 03/31/2011	34	MGI International Equity Fund - Units	107,183,087.00	14,711,181.55
04/12/2010 to 02/11/2011	23	MGI Long Bond Fund - Units	121,165,251.00	11,748,393.79
02/15/2011 to 02/22/2011	2	MGI Long Term Bond Index Fund - Units	110,522,674.25	11,051,194.62
10/27/2010 to 03/25/2011	7	MGI Real Return Bond Fund - Units	141,663,946.73	12,015,649.40
04/30/2010 to 03/15/2011	3	MGI Synthetic 3X Long Bond Fund - Units	39,046,930.00	3,897,900.69

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
04/30/2010 to 02/14/2011	5	MGI Ultra Long Bond Fund - Units	31,084,839.00	3,016,367.72
04/12/2010 to 10/27/2010	22	MGI US Equity Fund - Units	8,544,791.00	1,184,359.67
04/20/2010 to 12/15/2010	2	MGI US Equity Trust - Units	3,743,914.00	490,913.26
02/25/2011	13	MGold Resources Inc. - Units	495,100.00	4,500,909.00
04/19/2011	3	Microbix Biosystems Inc. - Units	577,500.00	1,650,000.00
02/10/2011	16	Minaean International Corp. - Units	270,000.00	2,700,000.00
03/17/2011	37	Minati Capital Corp. - Common Shares	1,093,400.00	8,000,000.00
03/17/2011	1	Mineral Mountain Resources Ltd. - Common Shares	184,901.80	450,980.00
12/31/2010	12	MineralFields 2010-III Super Flow-Through Limited Partnership - Limited Partnership Units	480,000.00	4,800.00
12/31/2010	82	MineralFields 2010-IX Super Flow-Through Limited Partnership - Limited Partnership Units	7,825,000.00	78,250.00
12/31/2010	515	MineralFields 2010-V Super Flow-Through Limited Partnership - Limited Partnership Units	20,000,000.00	200,000.00
12/31/2010	536	MineralFields 2010-VI Super Flow-Through Limited Partnership - Limited Partnership Units	20,000,000.00	200,000.00
12/31/2010	87	MineralFields 2010-VII Super Flow-Through Limited Partnership - Limited Partnership Units	3,695,000.00	36,950.00
12/31/2010	17	MineralFields 2010-VIII Super Flow-Through Limited Partnership - Limited Partnership Units	1,270,000.00	12,700.00
01/13/2011	2	Mooncor Oil & Gas Corp. - Units	240,000.00	2,000,000.00
02/04/2011	154	Mountainview Energy Ltd. - Common Shares	8,075,000.00	39,611,110.00
03/28/2011	41	Mountainview Energy Ltd. - Units	2,499,999.30	2,777,777.00
03/22/2011	1	Natunola Health Biosciences Inc. - Debenture	500,000.00	1.00
02/11/2011	42	Network Exploration Ltd. - Units	650,000.00	10,000,000.00
03/23/2011	1	New Solutions Financial (II) Corporation - Debenture	250,000.00	1.00
01/21/2011	26	New Zealand Energy Corp. - Common Shares	782,500.00	3,130,000.00
03/07/2011 to 03/16/2011	13	Newport Balanced Fund - Trust Units	297,413.88	2,977.00
03/17/2011 to 03/25/2011	25	Newport Balanced Fund - Trust Units	407,556.92	1,313.00
03/28/2011 to 04/06/2011	33	Newport Balanced Fund - Trust Units	571,705.93	4,705.00
03/04/2011 to 03/16/2011	43	Newport Canadian Equity Fund - Trust Units	2,855,569.28	16,266.00
03/17/2011 to 03/25/2011	49	Newport Canadian Equity Fund - Trust Units	958,377.05	2,940.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
03/28/2011 to 04/06/2011	45	Newport Canadian Equity Fund - Trust Units	717,168.28	3,130.00
03/07/2011 to 03/16/2011	17	Newport Fixed Income Fund - Trust Units	444,867.89	4,188.00
03/17/2011 to 03/25/2011	7	Newport Fixed Income Fund - Trust Units	550,000.00	3,163.00
03/28/2011 to 04/07/2011	12	Newport Fixed Income Fund - Trust Units	694,970.91	6,535.00
03/07/2011 to 03/16/2011	16	Newport Global Equity Fund - Trust Units	1,003,938.00	15,887.00
03/17/2011 to 03/25/2011	7	Newport Global Equity Fund - Trust Units	698,000.00	4,897.00
03/28/2011 to 04/06/2011	11	Newport Global Equity Fund - Trust Units	320,000.00	3,781.00
02/18/2011	1	Newport Inc. - Common Share	1.00	1.00
03/28/2011 to 04/06/2011	26	Newport Strategic Yield LP - Trust Units	3,238,147.00	253,152.00
03/07/2011 to 03/16/2011	42	Newport Yield Fund - Trust Units	2,665,190.22	21,060.00
03/17/2011 to 03/25/2011	49	Newport Yield Fund - Trust Units	1,502,381.87	9,979.00
03/28/2011 to 04/06/2011	52	Newport Yield Fund - Trust Units	1,693,603.07	14,184.00
02/16/2011	32	Newstrike Capital Inc - Common Shares	17,710,000.00	16,100,000.00
03/09/0211	3	Nexeo Solutions, LLC and Nexeo Solutions Finance Company - Notes	2,034,060.00	N/A
02/01/2011	15	Norrep Credit Opportunities Fund, LP - Units	73,030,000.00	73,030.00
04/15/2011	28	Northern Abitibi Mining Corp. - Units	986,860.04	7,851,230.00
04/15/2011	28	Northern Abitibi Mining Corp. - Units	986,860.04	N/A
03/14/2011	22	Northern Tiger Resources Inc. - Common Shares	4,742,210.00	8,622,200.00
03/16/2011	8	Noveko International Inc. - Units	2,507,033.60	6,267,584.00
03/03/2011	15	NV Gold Corporation - Units	679,200.00	2,264,000.00
03/31/2011 to 04/04/2011	2	NXP Semiconductors N.V. - Common Shares	13,101,750.00	450,000.00
03/17/2011	1	Oak Point Energy Ltd. - Common Shares	11,599,999.74	18,412,698.00
04/13/2011	1	Oban Exploration Limited - Common Shares	12,500.00	25,000.00
04/11/2011	38	Olitra Inc. - Units	750,000.00	750.00
03/17/2011	393	One Earth Farms Corp. - Common Shares	33,271,489.40	22,193,921.00
04/17/2011	9	Ontrea Inc. - Bonds	300,000,000.00	9.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
04/06/2011	1	Open Access Limited - Units	300,000.00	12.00
03/04/2011	33	Orex Minerals Inc. - Units	3,722,400.00	4,653,000.00
02/28/2011	20	OroAndes Resource Corp. - Units	960,000.00	4,800,000.00
03/08/2011	3	Otis Gold Corp. - Units	253,000.00	460,000.00
07/09/2010 to 11/15/2010	197	Owemanco Mortgage Trust - Units	43,632,648.00	37,545,048.11
02/25/2011	279	Pacific Coal, S.A. - Receipts	201,825,000.00	149,500,000.00
03/15/2011	39	Pacific North West Capital Corp. - Common Shares	3,000,000.00	9,892,619.00
01/07/2011	40	Pacific Wildcat Resources Corp. - Units	1,597,728.00	7,262,400.00
01/31/2011	25	Palisade Vantage Fund - Units	2,262,406.38	223,117.00
02/28/2011	2	Palisade Vantage Fund - Units	185,835.52	18,148.00
03/08/2011	55	Passport Energy Ltd. - Units	1,639,750.00	6,559,000.00
12/31/2010	51	Pathway Oil & Gas 2010 GORR Limited Partnership - Limited Partnership Units	1,100,000.00	11,000.00
03/04/0211	14	Pedro Resources Ltd. - Units	490,000.00	1,400,000.00
03/11/2011	60	Pennine Petroleum Corporation - Units	868,200.00	17,364,000.00
03/15/2011	48	Perpetual Energy Inc. - Notes	150,000,000.00	150,000.00
02/28/2011	108	Petro Viking Energy Inc. - Units	3,450,000.00	11,550,000.00
02/21/2011 to 02/24/2011	33	PharmaGap Inc. - Units	852,225.00	7,747,500.00
04/15/2011	3	PIMCO Bravo Fund Special Offshore Feeder I, LP - Units	2,860,200.00	3,000,000.00
04/15/2011	1	Pittsburgh Glass Works, LLC - Note	1,920,000.00	1.00
02/25/2011	119	Plains Creek Mining Limited - Common Shares	24,027,589.95	184,827,615.00
01/31/2011	41	Plenary Properties LTAP LP - Bonds	934,676,933.52	N/A
04/01/2011	2	Poynt Corporation - Special Warrants	15,499,999.82	81,578,946.00
03/25/2011	7	Preo Software Inc. - Debentures	480,000.00	N/A
04/12/2011	22	Prize Mining Corporation - Units	406,000.00	1,624,000.00
12/23/2010 to 03/01/2011	4	Pro-Financial Asset Management Inc. - Common Shares	450,000.00	22,500.00
03/29/2011	2	Probe Mines Limited - Common Shares	82,500.00	N/A
04/13/2011	2	Probe Resources Ltd. - Common Shares	37,339,369.49	34,397,234,670.00
03/31/2011	10	Quantitative Alpha Trading Inc. - Common Shares	2,486,930.25	47,370,100.00
03/31/2011	2	Radiant Energy Corporation - Debentures	150,000.00	150,000.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
03/22/2011	2	Rainy River Resources Ltd. - Common Shares	109,800.00	10,000.00
02/24/2011	15	Reg Technologies Inc. - Units	284,150.00	4,000,000.00
04/08/2011	4	Reliant Gold Corp. - Units	375,000.00	2,777,777.00
02/24/2011	54	Renaissance Gold Inc. - Units	7,699,999.50	5,133,333.00
03/15/2011	1	ReneSola Ltd. - Note	490,000.00	1.00
03/10/2011	2	ReneSola Ltd. - Notes	2,500,000.00	N/A
03/11/2011	12	Renix Inc. - Common Shares	335,000.00	N/A
03/03/2011	2	Republic Goldfields Inc. - Units	50,000.00	500,000.00
01/28/2011	5	Republic Goldfields Inc. - Units	250,000.00	2,500,000.00
03/15/2011	37	RESAAS Services Inc. - Units	2,000,000.70	1,481,482.00
04/20/2011	2	Responsys, Inc. - Common Shares	1,028,592.00	90,000.00
01/14/2011	27	Ridgeline Energy Services Inc. - Units	1,071,969.60	N/A
03/14/2011	16	Ridgemont Iron Ore Corp. - Common Shares	5,999,999.20	6,301,666.00
01/20/2011	85	Rio Alto Mining Limited - Common Shares	57,523,000.00	28,060,000.00
04/15/2011	1	Rio Plata Exploration Corp. - Common Shares	3,000.00	10,000.00
02/03/2011 to 02/04/2011	11	Rockex Mining Corporation - Units	1,701,100.00	1,611,111.00
03/28/2011	10	Romios Gold Resources Inc. - Units	1,335,999.90	4,453,333.00
03/04/2011	25	RON Resources Ltd. - Common Shares	1,992,000.00	0.00
02/23/2011	1	Rosetta Genomics Ltd. - Units	300,000.00	500,000.00
02/28/0211	4	Rotation Minerals Ltd. - Common Shares	108,000.00	1,883,333.00
03/18/2011	1	Royal Bank of Canada - Notes	3,937,600.00	4,000.00
04/07/2011	5	Royal Bank of Canada - Notes	2,013,180.00	1,700.00
03/30/2011	12	Royal Bank of Canada - Notes	2,000,000.00	20,000.00
04/15/2011	1	Royal Bank of Canada - Notes	1,057,650.00	1,100.00
04/18/2011 to 04/19/2011	2	Royal Bank of Canada - Notes	1,246,630.00	13,000.00
04/28/2011	5	Royal Bank of Canada - Notes	332,885.00	350.00
02/23/2011	121	Royal Coal Corp. - Special Warrants	34,500,000.00	N/A
03/10/2011	153	Russian Federation - Notes	1,358,192,788.68	N/A
04/04/2011	4	Sage Gold Inc. - Flow-Through Units	1,000,000.00	4,545,454.00
03/25/2011	1	Sanatana Diamonds Inc. - Common Shares	420,000.00	2,000,000.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
03/02/2011	128	SandRidge Energy, Inc. - Notes	876,510,000.00	N/A
04/15/2011	30	Santa FE Metals Corporation - Units	887,500.00	11,093,750.00
02/28/2011	11	Sarona Frontier Markets Fund I LP - Limited Partnership Units	1,450,940.88	1,449,577.00
04/20/2011	3	SESI, L.L.C. - Notes	809,540.00	3.00
01/17/2011	87	Seymour Ventures Corp. - Receipts	4,156,080.50	6,393,970.00
04/27/2011	1	SGX Resources Inc. - Flow-Through Units	90,000.00	300,000.00
04/27/2011	2	SGX Resources Inc. - Units	300,000.00	1,200,000.00
03/30/2011	5	Shield Gold Inc. - Flow-Through Units	300,000.00	3,000,000.00
04/26/2011	32	Sidekarr Energy Limited Partnership - Units	2,176,000.00	2,176.00
03/07/2011 to 03/14/2011	26	Silver Mountain Mines Inc. - Common Shares	1,507,891.00	N/A
02/08/2011	16	Silver Mountain Mines Inc. - Flow-Through Units	136,490.00	523,300.00
02/17/2011	63	Silver Shield Resources Corp. - Units	540,000.00	10,800,000.00
01/21/2011	14	Silver Shield Resources Corp. - Units	250,200.00	4,170,000.00
03/23/2011	5	Sirios Resources Inc. - Units	346,900.00	3,854,444.00
03/11/2011	1	Sirona Dental Systems, Inc. - Common Shares	2,442,500.00	50,000.00
03/15/2011	20	SkyLink Aviation Inc. - Notes	110,000,000.00	110,000.00
03/08/2011	40	Sniper Resources Limited - Units	602,450.00	2,409,800.00
03/24/2011	5	Sniper Resources Ltd. - Units	245,000.00	980,000.00
04/06/2011	2	Solarvest BioEnergy Inc. - Common Shares	75,000.00	300,000.00
01/19/2011	1	Springfield Hotels Airport Inc. - Loan	14,350,000.00	1.00
04/14/2011	2	SSIF Nevada Limited Partnership - Notes	191,700,000.00	N/A
04/07/2011	34	Starcore International Mines Ltd. - Units	2,542,999.91	N/A
03/10/2011	10	Strategic Metals Ltd. - Common Shares	16,250,000.00	5,000,000.00
03/01/2011	30	Strategic Resource Acquisition Corporation - Units	1,243,976.40	10,366,470.00
02/28/2011	16	St. Vincent Minerals Inc. - Common Shares	553,428.66	9,223,811.00
02/09/2011	6	Synchronica plc - Common Shares	193,500.00	450,000.00
04/20/2011	2	Targa Resources Corp. - Common Share	5,288,500.00	5,650,000.00
03/16/2010	1	Tarpan L.P. - Limited Partnership Interest	21,712,000.00	1.00
02/19/2010	3	Teloip Inc. - Units	2,156,997.83	215,699,783.00
02/18/2011 to 02/22/2011	3	Temporal Power Ltd. - Common Shares	260,010.00	825,000.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
04/04/2011	56	Teranet Holdings LP - Bonds	505,769,486.75	N/A
01/19/2011	21	Teryl Resources Corp. - Units	203,900.00	3,342,659.00
04/12/2011	3	The Gap, Inc. - Notes	25,896,543.75	N/A
03/09/2011	6	The Medipattern Corporation - Notes	3,000,000.00	N/A
04/19/2011	5	TMS International Corp. - Common Shares	223,961.40	11,200,000.00
03/02/2011 to 03/22/2011	42	Tolima Gold Corp. - Common Shares	1,050,000.00	21,000,000.00
03/01/2011 to 03/02/2011	172	Toscana Resource Corporation - Common Shares	10,496,000.00	1,049,600.00
01/13/2011	63	Transeuro Energy Corp. - Units	2,149,990.00	25,294,000.00
03/24/2011	20	Tranzeo Wireless Technologies Inc. - Units	1,849,500.00	6,165,000.00
03/22/2011	22	Treasury Metals Inc. - Flow-Through Shares	5,000,000.00	3,125,000.00
04/06/2011 to 04/07/2011	56	Trevali Mining Corporation (formerly Trevali Resources Corp.) - Common Shares	10,000,000.00	N/A
03/17/2011	14	Tri Origin Exploration Ltd. - Units	1,000,000.00	8,000,000.00
04/13/2011	7	Triangle Multi-Services Corp. - Common Shares	200,000.00	800,000.00
02/16/2011	50	TriAusmin Limited - Units	3,200,000.00	20,000,000.00
03/23/2011	4	Tricon XII Limited Partnership - Limited Partnership Units	68,750,000.00	1,375.00
04/01/2010 to 03/31/2011	1	Trimark Canadian First Class - Common Shares	335,270.90	23,089.75
03/23/2011	28	Trimel BioPharma Holdings Inc. - Units	2,858,893.10	1,455,500.00
02/15/2011	88	U308 Corp. - Units	20,527,500.00	24,150,000.00
04/15/2011	1	UBS AG, Jersey Branch - Notes	146,644.78	N/A
04/13/2011	1	UBS AG, Jersey Branch - Notes	334,835.10	N/A
02/17/2011	35	Ultra Lithium Inc. - Units	750,000.00	7,500,000.00
03/14/2011	5	Universal Wing Technologies Inc. - Units	224,000.00	2,240,000.00
01/18/2011	1	Uracan Resources Ltd. - Units	500,000.00	2,000,000.00
02/08/2011	65	Uranium North Resources Corp. - Units	8,000,000.30	24,953,685.00
03/31/2011	19	Ursa Major Minerals Incorporated - Flow-Through Shares	319,640.16	2,663,668.00
04/11/2011	4	Vail Resorts, Inc. - Notes	11,456,400.00	12,000.00
03/08/2011	2	Valeant Pharmaceutical International - Notes	6,283,710.02	N/A
03/08/2011	9	Valeant Pharmaceutical International - Notes	19,120,040.50	9.00
02/28/2011	409	Valeura Energy Inc. - Receipts	86,249,913.88	265,384,350.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
01/19/2011	69	Vatic Ventures Corp. - Units	600,000.00	6.00
02/11/2011	18	Vendtek Systems Inc. - Units	2,500,000.00	2,500.00
02/10/2011	89	Vermilion Energy Inc. - Notes	225,000,000.00	225,000,000.00
03/31/2011	20	Victory Gold Mines Inc. - Flow-Through Shares	635,000.00	670,000.00
03/31/2011	20	Victory Gold Mines Inc. - Units	635,000.00	3,563,334.00
02/23/2011	36	VIRxSYS Corporation - Common Shares	773,195.74	N/A
03/03/2011	21	Volcanic Metals Corp. - Units	740,000.00	2,960,000.00
03/30/2011	1	Volkswagen International Finance N.V. - Non-Flow Through Unit	14,571,000.00	1.00
02/23/2011	4	Vornado Capital Partners Parallel, L.P. - Limited Partnership Interest	303,674,400.00	N/A
02/01/2011	33	VW Credit Canada, Inc. - Notes	250,002,500.00	0.00
02/01/2011	41	VW Credit Canada, Inc. - Notes	249,762,500.00	0.00
03/22/2011	2	Wallbridge Mining Company Limited - Common Shares	0.00	25,000.00
03/25/2011	2	WALLBRIDGE MINING COMPANY LIMITED - Flow-Through Shares	780,000.00	3,000,000.00
03/04/2011	12	Walton AZ Vista Bonita Investment Corporation - Common Shares	219,240.00	21,924.00
01/07/2011	3	Walton AZ Vista Bonita Limited Partnership - Limited Partnership Units	318,641.40	31,944.00
01/07/2011	35	Walton DC Region Land 1 Investment Corporation - Common Shares	649,990.00	64,999.00
03/04/2011	15	Walton DC Region Land 1 Investment Corporation - Common Shares	301,690.00	30,169.00
01/07/2011	18	Walton DC Region Land LP 1 - Limited Partnership Units	1,225,538.48	122,861.00
03/04/2011	2	Walton DC Region Land LP 1 - Units	350,362.65	35,990.00
04/15/2011	64	Walton Silver Crossing Investment Corporation - Common Shares	1,118,030.00	111,803.00
03/11/2011	28	Walton Silver Crossing LP - Limited Partnership Units	1,151,434.86	118,290.00
03/04/2011	51	Walton Southern US Land 2 IC - Common Shares	1,105,090.00	110,509.00
03/04/2011	7	Walton Southern US Land LP 2 - Units	1,577,235.50	162,017.00
02/11/2011	48	Walton Southern U.S. Land 2 Investment Corporation - Common Shares	1,247,890.00	124,789.00
02/25/2011	14	Walton Southern U.s. land LP 2 - Units	1,517,984.86	153,208.00
03/16/2011	2	Warner Chilcott plc - Common Shares	6,341,500.00	275,000.00
03/01/2011	14	WebTech Wireless Inc. - Common Shares	6,000,000.00	15,000,000.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
02/07/2011 to 02/09/2011	9	Wesbrooke Retirement Limited Partnership - Units	2,117,000.00	N/A
03/10/2011	41	WesternZagros Resources Ltd. - Common Shares	43,039,368.96	89,665,352.00
02/16/2011	2	Wimberly Fund - Trust Units	10,883.00	10,883.00
03/02/2011 to 03/07/2011	10	Wimberly Fund - Units	173,024.00	173,024.00
03/03/2011 to 03/07/2011	5	Wimberly Fund - Units	58,042.00	58,042.00
02/04/2011	100	Wind River Energy Corp. - Units	3,300,000.00	9,428,571.00
12/30/2010	2	Woodbourne Canada Partners II (CA), L.P. - Limited Partnership Interest	30,304,965.50	2.00
02/10/2011 to 02/18/2011	27	Worldwide Promotional Management Inc. - Units	542,500.00	5,425,000,000.00
03/17/2011	17	WTH Car Rental ULC - Notes	200,000,000.00	2,000.00
03/04/2011	42	Xmet Inc. - Units	1,512,500.00	6,050,000.00
02/11/2011	3	Yangaroo Inc. - Debentures	1,125,000.00	1,125.00
03/02/2011	6	Yukon-Nevada Gold Corp. - Common Shares	7,084,649.85	8,334,882.00
02/08/2011 to 02/17/2011	77	Zecotek Photonics Inc. - Units	6,504,690.00	12,273,000.00
10/15/2010 to 02/14/2011	5	Zelos Therapeutics Inc. - Notes	1,055,041.00	N/A
10/15/2010 to 01/28/2011	9	Zelos Therapeutics Inc. - Notes	1,709,190.03	N/A
04/19/2011	10	Zipcar, Inc. - Common Shares	870,115.00	50,500.00
04/05/2011	19	ZoomerMedia Limited. - Common Shares	4,052,850.00	16,211,400.00
03/25/2011	1	Zoommed Inc. - Units	507,999.95	3,277,419.00
03/24/2011	6	Ztest Electronics Inc. - Units	112,500.00	1,500,000.00

Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
ActiveIndex REIT Class
Principal Regulator - Alberta
Type and Date:
Preliminary Simplified Prospectus dated May 5, 2011
NP 11-202 Receipt dated May 6, 2011
Offering Price and Description:
Series A and F Shares
Underwriter(s) or Distributor(s):
Middlefield Capital Corporation
Promoter(s):
Middlefield Limited
Project #1741576

Issuer Name:
Canso Credit Income Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated May 5, 2011
NP 11-202 Receipt dated May 5, 2011
Offering Price and Description:
Maximum $* - Maximum * Class A Units and/or Class F Units Price: $* per Class A Unit and $* per Class F Unit
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
GMP Securities L.P.
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Canaccord Genuity Corp.
HSBC Securities (Canada) Inc.
Raymond James Ltd.
MGI Securities Inc.
Wellington West Capital Markets Inc.
Promoter(s):
Lysander Funds Limited
Project #1741127

Issuer Name:
Chemtrade Logistics Income Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated May 9, 2011
NP 11-202 Receipt dated May 10, 2011
Offering Price and Description:
$130,016,000.00 - 9,560,000 Subscription Receipts, each representing the right to receive one trust unit
Price: $13.60 per Subscription Receipt
Underwriter(s) or Distributor(s):
SCOTIA CAPITAL INC.
BMO NESBITT BURNS INC.
CIBC WORLD MARKETS INC.
NATIONAL BANK FINANCIAL INC.
Promoter(s):
-
Project #1742944

Issuer Name:
Chop Exploration Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated May 6, 2011
NP 11-202 Receipt dated May 6, 2011
Offering Price and Description:
$900,000.00 to $1,200,000 - 4,500,000 to 6,000,000 Units
Price: $0.20 per Unit
Underwriter(s) or Distributor(s):
Northern Securities Inc.
Promoter(s):
Christopher J. F. Harrop
Project #1741955

Issuer Name:
CMP 2011 II Resource Limited Partnership
Principal Regulator - Ontario
Type and Date:
Amended and Restated Preliminary Long Form Prospectus dated May 10, 2011 to the Preliminary Long Form Prospectus dated March 21, 2011
NP 11-202 Receipt dated May 10, 2011
Offering Price and Description:
$30,000,000.00 (maximum) - 30,000 Limited Partnership Units Price: $1,000 per Unit Minimum Subscription: $5,000 (Five Units)
Underwriter(s) or Distributor(s):
Dundee Securities Ltd.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Scotia Capital Inc.
TD Securities Inc.
Canaccord Genuity Corp.
Desjardins Securities Inc.
GMP Securities L.P.
HSBC Securities (Canada) Inc.
Macquarie Capital Markets Canada Ltd.
Raymond James
Wellington West Capital Markets Inc.
Promoter(s):
CMP 2011 II Corporation
Dundee Securities Ltd.
Project #1713285

Issuer Name:
Encana Corporation
Principal Regulator - Alberta
Type and Date:
Preliminary Base Shelf Prospectus dated May 9, 2011
NP 11-202 Receipt dated May 9, 2011
Offering Price and Description:
$2,000,000,000.00 - Medium Term Notes (unsecured)
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
Desjardins Securities Inc.
HSBC Securities (Canada) Inc.
Merrill Lynch Canada Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
TD Securities Inc.
Promoter(s):
-
Project #1742709

Issuer Name:
First Capital Realty Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Base Shelf Prospectus dated May 9, 2011
NP 11-202 Receipt dated May 10, 2011
Offering Price and Description:
$1,300,000,000.00 - Debt Securities
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1742792

Issuer Name:
Lakeside Steel Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated May 4, 2011
NP 11-202 Receipt dated May 4, 2011
Offering Price and Description:
$20,020,000.00 - 38,500,000 Common Shares Price: $0.52 per Common Share
Underwriter(s) or Distributor(s):
CORMARK SECURITIES INC.
NORTHERN SECURITIES INC.
CANACCORD GENUITY CORP.
Promoter(s):
-
Project #1740468

Issuer Name:
Lone Pine Resources Inc.
Principal Regulator - Alberta
Type and Date:
Fourth Amended and Restated Preliminary Long Form PREP Prospectus dated May 3, 2011
NP 11-202 Receipt dated May 4, 2011
Offering Price and Description:
$ * - 15,000,000 Shares of Common Stock Price: $ * per Share of Common Stock
Underwriter(s) or Distributor(s):
J. P. Morgan Securities Canada Inc.
Credit Suisse Securities (Canada), Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
FirstEnergy Capital Corp.
Peters & Co. Limited
Raymond James Ltd.
Promoter(s):
Forest Oil Corporation
Project #1700328

Issuer Name:
Longford Energy Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated May 4, 2011
NP 11-202 Receipt dated May 4, 2011
Offering Price and Description:
$15,000,000.00 - 60,000,000 Units Price: $0.25 per Unit
Underwriter(s) or Distributor(s):
CANACCORD GENUITY CORP.
GMP SECURITIES L.P.
FRASER MACKENZIE LIMITED
SCOTIA CAPITAL INC.
WELLINGTON WEST CAPITAL MARKETS INC.
Promoter(s):
-
Project #1740743

Issuer Name:
Lorus Therapeutics Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Base Shelf Prospectus dated May 6, 2011
NP 11-202 Receipt dated May 9, 2011
Offering Price and Description:
$15,000,000.00:
COMMON SHARES
UNITS
WARRANTS
SUBSCRIPTION RECEIPTS
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1742263

Issuer Name:
NAL Energy Corporation
Principal Regulator - Alberta
Type and Date:
Preliminary Base Shelf Prospectus dated May 6, 2011
NP 11-202 Receipt dated May 6, 2011
Offering Price and Description:
$600,000,000.00:
Common Shares
Preferred Shares
Debt Securities
Warrants
Subscription Receipts
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1741893

Issuer Name:
PACIFIC & WESTERN CREDIT CORP.
Principal Regulator - Ontario
Type and Date:
Amended and Restated Preliminary Short Form Prospectus dated May 4, 2011
NP 11-202 Receipt dated May 5, 2011
Offering Price and Description:
Minimum: $15,000,000.00 - 6,666,667 Units; Maximum: $30,000,001.00 - 13,333,334 Units
Price: $2.25 per Unit
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
Scotia Capital Inc.
Industrial Alliance Securities Inc.
PI Financial Corp.
Promoter(s):
-
Project #1735487

Issuer Name:
Pure Industrial Real Estate Trust
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated May 4, 2011
NP 11-202 Receipt dated May 4, 2011
Offering Price and Description:
$52,070,000.00 -12,700,000 Units Price: $4.10 Per Unit
Underwriter(s) or Distributor(s):
CANACCORD GENUITY CORP.
DUNDEE SECURITIES LTD.
RBC DOMINION SECURITIES INC.
CIBC WORLD MARKETS INC.
HSBC SECURITIES (CANADA) INC.
NATIONAL BANK FINANCIAL INC.
RAYMOND JAMES LTD.
GMP SECURITIES L.P.
MACQUARIE CAPITAL MARKETS CANADA LTD.
Promoter(s):
-
Project #1740712

Issuer Name:
Riverstone Resources Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated May 9, 2011
NP 11-202 Receipt dated May 9, 2011
Offering Price and Description:
$ * - * COMMON SHARES Price: $ * per Common Share
Underwriter(s) or Distributor(s):
Mackie Research Capital Corporation
Promoter(s):
-
Project #1742501

Issuer Name:
Rock Energy Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated May 5, 2011
NP 11-202 Receipt dated May 5, 2011
Offering Price and Description:
$20,000,000.00 - 4,000,000 Common Shares and $10,004,000.00 - 1,640,000 Flow-Through Common Shares Price: $5.00 per Common Share and $6.10 per Flow-Through Share
Underwriter(s) or Distributor(s):
CORMARK SECURITIES INC.
WELLINGTON WEST CAPITAL MARKETS INC.
FIRSTENERGY CAPITAL CORP.
MACKIE RESEARCH CAPITAL CORPORATION
ALTACORP CAPITAL INC.
DUNDEE SECURITIES LTD.
NATIONAL BANK FINANCIAL INC.
SCOTIA CAPITAL INC.
Promoter(s):
-
Project #1741386

Issuer Name:
TransGlobe Apartment Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Base Shelf Prospectus dated May 5, 2011
NP 11-202 Receipt dated May 5, 2011
Offering Price and Description:
$750,000,000.00:
Trust Units
Debt Securities
Subscription Receipts
Warrants
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1741175

Issuer Name:
Valhalla Resources Ltd.
Principal Regulator - British Columbia
Type and Date:
Preliminary Long Form Prospectus dated May 3, 2011
NP 11-202 Receipt dated May 5, 2011
Offering Price and Description:
$5,000,000.00 - 10,000,000 Common Shares Price: $0.50 per Common Share
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
Promoter(s):
-
Project #1741213

Issuer Name:
Alexander Nubia International Inc.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated May 9, 2011
NP 11-202 Receipt dated May 9, 2011
Offering Price and Description:
$5,000,000.00 - 25,000,000 Common Shares Price: $0.20 per Offered Share
Underwriter(s) or Distributor(s):
WELLINGTON WEST CAPITAL MARKETS INC.
CORMARK SECURITIES INC.
INDUSTRIAL ALLIANCE SECURITIES INC.
Promoter(s):
-
Project #1734361

Issuer Name:
Alexis Minerals Corporation
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated May 6, 2011
NP 11-202 Receipt dated May 9, 2011
Offering Price and Description:
$17,500,000.00 - 175,000,000 Common Shares PRICE: $0.10 per Common Share
Underwriter(s) or Distributor(s):
Cormark Securities Inc.
National Bank Financial Inc.
TD Securities Inc.
Desjardins Securities Inc.
Raymond James Ltd.
GMP Securities L.P.
Loewen, Ondaatje, McCutcheon Limited
Promoter(s):
-
Project #1733756

Issuer Name:
Allbanc Split Corp. II
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated May 2, 2011
NP 11-202 Receipt dated May 5, 2011
Offering Price and Description:
Warrants to Subscribe for up to 4,351,788 Capital Shares and 2,175,894 Series 1 Preferred Shares
at a Subscription Price of $50.12
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
Promoter(s):
Scotia Managed Companies Administration Inc.
Project #1728957

Issuer Name:
Avalon Rare Metals Inc.
Principal Regulator - Ontario
Type and Date:
Final Base Shelf Prospectus dated May 4, 2011
NP 11-202 Receipt dated May 4, 2011
Offering Price and Description:
Cdn$500,000,000.00:
Common Shares
Warrants
Subscription Receipts
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1732870

Issuer Name:
Barclays Bank PLC
Principal Regulator - Ontario
Type and Date:
Final Base Shelf Prospectus dated April 28, 2011
NP 11-202 Receipt dated May 4, 2011
Offering Price and Description:
U.S.$21,000,000,000.00 - Global Medium-Term Notes, Series A
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1702128

Issuer Name:
Bellatrix Exploration Ltd.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated May 4, 2011
NP 11-202 Receipt dated May 4, 2011
Offering Price and Description:
$55,003,200.00 - 9,822,000 Common Shares Price: $5.60 per Common Share
Underwriter(s) or Distributor(s):
NATIONAL BANK FINANCIAL INC.
CANACCORD GENUITY CORP.
WELLINGTON WEST CAPITAL MARKETS INC.
Promoter(s):
-
Project #1734525

Issuer Name:
Cambridge American Equity Fund (formerly CI American Equity Fund)
Cambridge American Equity Corporate Class (formerly CI American Equity Corporate Class)
CI American Managers Corporate Class
CI Emerging Markets Fund
CI Emerging Markets Corporate Class
CI European Fund
CI European Corporate Class
CI Global Fund
CI Global Corporate Class
CI Global Bond Fund
CI Global Bond Corporate Class
CI Global Managers Corporate Class
CI Global Science & Technology Corporate Class
CI International Fund
CI International Corporate Class
CI International Balanced Fund
CI International Balanced Corporate Class
CI Value Trust Corporate Class
Select International Equity Managed Corporate Class
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated May 2, 2011 to the Simplified Prospectuses and Annual Information Form dated July 14, 2010
NP 11-202 Receipt dated May 6, 2011
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
CI Investments Inc.
Project #1596541

Issuer Name:
Emerging Markets Equity Pool
Emerging Markets Equity Corporate Class
Global Fixed Income Pool
Global Fixed Income Corporate Class
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated May 2, 2011 to the Simplified Prospectuses and Annual Information Form dated July 30, 2010
NP 11-202 Receipt dated May 6, 2011
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Assante Capital Management Ltd.
Promoter(s):
CI Investments Inc.
Project #1601028

Issuer Name:
Series A, B, F, O, S5, S8, T5 and T8 units of:
Fidelity Greater Canada Fund
Fidelity Monthly Income Fund
Fidelity Canadian Asset Allocation Fund
Fidelity Dividend Fund
Series A, B, F and O units of:
Fidelity Canadian Growth Company Fund
Fidelity Canadian Large Cap Fund
Series A, B, F, O, S8 and T8 units of
Fidelity Income Allocation Fund
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated April 28, 2011 to the Simplified Prospectuses and Annual Information Form dated November 8, 2010
NP 11-202 Receipt dated May 6, 2011
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Fidelity Investments Canada ULC
Promoter(s):
-
Project #1640917

Issuer Name:
Fidelity Canadian Equity Investment Trust (Series O securities)
Fidelity Canadian Equity Private Pool (Series B, S5, S8, I, I5, I8, F, F5 and F8 securities)
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated April 28, 2011 to the Annual Information Form dated September 10, 2010
NP 11-202 Receipt dated May 5, 2011
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
FIDELITY INVESTMENTS CANADA ULC
Project #1607939

Issuer Name:
Frontiers International Equity Pool
(Class A, C, I and O Units)
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated April 27, 2011 to the Simplified Prospectus and Annual Information Form dated December 8, 2010
NP 11-202 Receipt dated May 9, 2011
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
CIBC Asset Management Inc
Project #1651995

Issuer Name:
Horizons U.S. Dollar Currency ETF
(Class A Units)
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated April 18, 2011 to the Long Form Prospectus dated March 30, 2011
NP 11-202 Receipt dated May 6, 2011
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
BetaPro Management Inc.
Project #1682358

Issuer Name:
Jov Canadian Equity Class
(class of Jov Corporate Funds Ltd.)
(Series A Shares)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus dated April 30, 2011
NP 11-202 Receipt dated May 9, 2011
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1712376

Issuer Name:
Series A and I Securities (unless otherwise indicated) of:
Keystone Conservative Portfolio Fund (Also Series F, G, T6 and T8)
Keystone Balanced Portfolio Fund (Also Series F, F8, G, T6 and T8)
Keystone Balanced Growth Portfolio Fund (Also Series F, G, T6 and T8)
Keystone Growth Portfolio Fund (Also Series F, G, T6 and T8)
Keystone Maximum Growth Portfolio Fund (Also Series F and G)
Keystone AGF Equity Fund (Also Series O)
Keystone Beutel Goodman Bond Fund (Also Series O)
Keystone Dynamic Power Small-Cap Class (Also Series O)
Keystone Manulife High Income Fund (Also Series O)
Principal Regulator - Ontario
Type and Date:
Amendment #2 dated April 29, 2011 to the Simplified Prospectus and Annual Information Form (NI 81-101) dated June 29, 2010
NP 11-202 Receipt dated May 4, 2011
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
Mackenzie Financial Corporation
Project #1588955

Issuer Name:
KILO Goldmines Ltd.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated May 3, 2011
NP 11-202 Receipt dated May 4, 2011
Offering Price and Description:
Minimum: $5,000,000.00 /25,000,000 Units; Maximum: $10,000,000.00/50,000,000 Units Each Unit comprised of One Common Share and One-Half of One Common Share Purchase Warrant
Underwriter(s) or Distributor(s):
M Partners Inc.
Cormark Securities Inc.
Euro Pacific Canada Inc.
Promoter(s):
-
Project #1732681

Issuer Name:
Lincluden Balanced Fund
(Series A Units, Series F Units, Series I Units and Series O Units)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus dated April 29, 2011
NP 11-202 Receipt dated May 9, 2011
Offering Price and Description:
Series A Units, Series F Units, Series I Units and Series O Units
Underwriter(s) or Distributor(s):
Lincluden Management Limited
Promoter(s):
-
Project #1716101

Issuer Name:
Magnum Energy Inc.
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated May 4, 2011
NP 11-202 Receipt dated May 4, 2011
Offering Price and Description:
Minimum $2,500,000.00 - .20 (8,333,334 Units) - Maximum $4,000,000.20 (13,333,334 Units) Price: 0.30
Per Unit
Underwriter(s) or Distributor(s):
Wolverton Securities Inc.
Promoter(s):
-
Project #1728187

Issuer Name:
Tourmaline Oil Corp.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated May 6, 2011
NP 11-202 Receipt dated May 6, 2011
Offering Price and Description:
$140,250,000.00 - 5,500,000 Common Shares Price: $25.50 per Common Share
Underwriter(s) or Distributor(s):
Peters & Co. Limited
FirstEnergy Capital Corp.
Scotia Capital Inc.
Promoter(s):
-
Project #1736574

This page intentionally left blank

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Change of Category	Morrison Williams Capital Advisors Inc.	From: Portfolio Manager To: Portfolio Manager and Investment Fund Manager	May 4, 2011
Voluntary Surrender	LOM BioQuest Life Sciences Corporation	Exempt Market Dealer	May 5, 2011
Change in Category	Gryphon International Investment Corporation	From: Portfolio Manager To: Portfolio Manager and Investment Fund Manager	May 5, 2011
New Registration	Incue Financial Inc.	Exempt Market Dealer	May 6, 2011
New Registration	Instinet Canada Cross Limited	Investment Dealer	May 9, 2011
New Registration	Matco Financial Inc.	Mutual Fund Dealer and Portfolio Manager	May 9, 2011
Change of Category	Morrison Williams Investment Management LP	From: Portfolio Manager To: Portfolio Manager and Investment Fund Manager	May 10, 2011
Change of Category	BNP Paribas Investment Partners Canada Ltd.	From: Portfolio Manager, Commodity Trading Manager and Exempt Market Dealer To: Portfolio Manager, Commodity Trading Manager, Exempt Market Dealer and Investment Fund Manager	May 10, 2011

Type	Company	Category of Registration	Effective Date
New Business	Commonfund Asset Management Company, Inc.	Portfolio Manager	May 11, 2011

Chapter 13

SROs, Marketplaces and Clearing Agencies

13.2 Marketplaces

13.2.1 Notice of Alpha Exchange Inc. and Alpha Trading Systems Limited Partnership – Republication of Comparison Chart regarding Listing Requirements

NOTICE OF ALPHA EXCHANGE INC. AND ALPHA TRADING SYSTEMS LIMITED PARTNERSHIP
REPUBLICATION OF COMPARISON CHART REGARDING LISTING REQUIREMENTS

On April 15, 2011, a notice was published regarding Alpha Trading Systems Limited Partnership and Alpha Exchange Inc.'s (together, Alpha Group) Application for Recognition as an Exchange with supplementary material including a chart summarizing the key listing requirements at various exchanges. The chart was prepared on a best efforts basis by Alpha Group with the purpose of providing some general context to the listing requirements being proposed by AlphaGroup. It was not intended to be, nor is it, a detailed list of all of the requirements of each exchange. Anyone wanting detailed information should refer to the particular market's own rule book. This chart was prepared over the period of time that discussions were being held with the regulators and it has come to Alpha Group's attention that we did not take into account some amendments to the TSX Venture Exchange listing requirements which were finalized during that time period. Although Alpha Group does not think the changes are material to the application, we have revised the chart and blacklined the changes to reflect those amendments as well as corrected some typos in the original chart. The blacklined version, indicating changes made to the originally published chart, is found at Appendix A to this notice and a clean version of the revised chart is found at Appendix B. The comment period for Alpha Group's Application for Recognition as an Exchange ends on May 30, 2011.

APPENDIX A

LISTING STANDARDS COMPARISON CHART

~~March 28, 2011~~May 04, 2011 The chart was prepared on a best efforts basis with the purpose of providing some general context (not intended to be a detailed list) to the listing requirements being proposed by Alpha Exchange Inc.

~~Current~~Summary Information for Alpha and for all other exchanges other than Alpha as of December, 2010

	Alpha	TSX	TSX VE	CNSX	Nasdaq	Amex
I. Original Listing						
A. Distribution						
SPIs: Investment Funds	For each series or class, at least 100,000 units outstanding.	TSX considers applications from SPIs on a case by case basis and will consider: Objectives & strategy; Nature and size of assets; Anticipated operating and financial results; Track record & expertise of managers & advisors; Level of investor & market support for the issuer.	Same as TSX and *Tier 1:* 1,000,000 freely tradable shares held by 250 public board lot holders *Tier 2:* 500,000 freely tradable shares held by 200 public board lot holders	Same as TSX	**Global Select:** Same as for non SPIs **Global Market:** Generally 1,100,000 shares held by 400 public board lot holders unless traded in $1000 denominations, in which case, 100 shareholders. **Nasdaq Capital:** SPIs trade on Global market	**Investment Trusts:** 1,000,000 units held by 800 public shareholders **Other:** At least 1,000,000 units held by 400 public shareholders unless traded in $1000 denominations or redeemable at holder's option on at least a weekly basis, unless the security is treated as equity (e.g. equity linked term notes)
Non SPIs	Tier 1: Public float of 500,000 shares held by 800 public board lot holders or public float of 1,000,000 shares held by 400 public board lot holders.	1,000,000 freely tradable shares held by 300 public holders	*Tier 1:* 1,000,000 freely tradable shares held by ~~200~~250 public board lot holders *Tier 2:* 500,000 freely tradable shares held by 200 public board lot	At least 500,000 freely-tradable shares held by 150 public board lot holders. The public float must constitute at least 10% of the outstanding,	**Global Select:** 1,250,000 shares held by at least 2200 public shareholders, 450 of whom hold a board lot. **Global Market:** 1,100,000	**Equity:** At least 500,000 shares held by 800 public shareholders or 1,000,000 shares held by 400 public shareholders. Companies with 500,000 shares held by 400 holders

	Alpha	TSX	TSX VE	CNSX	Nasdaq	Amex
	Tier 2: Public float of 1,000,000 shares held by 250 public board lot holders.		holders *Both Tiers:* Public float must be at least ~~10% of the total outstanding and at least~~ 20% of the issued and outstanding securities ~~must be held by public shareholders~~.	but can go down to 5% if there are 200 public board lot holders.	shares held by 400 public board lot holders **Nasdaq Capital:** 1,000,000 shares (400,000 ADRs) held by 300 public board lot holders.	may be eligible if average daily trading volume over past 6 months is 2000 shares. **Preferred:** 100,000 publicly held shares if common stock listed on Amex or NYSE, 400,000 shares held by 800 public shareholders if not. **Warrants:** Considered on a case-by-case basis must have at least 200,000 warrants held by public warrant holders and underlying must be listed on Amex or NYSE. **Currency and Index Warrants:** At least 1,000,000 warrants held by 400 public warrant holders or 2,000,000 held by a smaller number determined on a case-by-case basis. **Other:** At least 1,000,000 units held by 400 public shareholders unless traded in $1000 denominations or redeemable at holder's option on at least a weekly

	Alpha	TSX	TSX VE	CNSX	Nasdaq	Amex
						basis. **Foreign:** *Canadian issuers*: same as US but both Canadian and US public holders counted. *Other*: 1,000,000 shares held worldwide by 800 worldwide shareholders
Initial Listing – Technology and R&D Alternative Distribution	Not separate Category but alternative test for Tier 2: Public float of 1,000,000 shares held by 200 public board lot holders.	Market value of $50 million and public float of $10 million (technology issuers only)	No alternative test	No alternative test	No alternative test	No alternative test
B. Minimum Price/ Float Market Value						
SPIs:	*Issuers other than investment funds*— Issuer must be listed and must have a market capitalization of at least $150 million.				**Global Select:** *Minimum Public Float Value:* $110 million or $100 million if stockholders' equity of $110 million *Closed-end management investment company:* $70 million. If listed with other funds in the family, total of $220 million for the family and average of $50 million for each fund and minimum of $35 million. **Global Market:** Generally, $4 million.	**Closed End Management Investment Companies:** $20 million public float value or net asset value or, if part of a group, $10 million public float or net asset value or average for group of $15 million. **Other:** $4 million public float value
Non SPIs	*Tier 1: Minimum Public Float Value*—	*Minimum Public Float Value*— $4 million	~~*Tier 1: Minimum Public Float Value* —~~	*Minimum Public Float Value*— $50,000	**Global Select:** *Minimum Public Float*	**Equity:** *Minimum* Price —Listing standard 3: $2

	Alpha	TSX	TSX VE	CNSX	Nasdaq	Amex
	$3,000,000. *Tier 2: Minimum Public Float Value*— $1,000,000.		~~$1,000,000~~ ~~*Tier 2: Minimum Public Float Value* — $1,000,000~~ Exchange will use discretion if shares issued at less than $0.005 prior to listing. If seed share price is lower than 75% of IPO price various categories of escrow release periods apply.	IPO price cannot be less than $0.10 per share Builders shares (shares issued to insiders for which a hard value cannot be established) cannot have been issued for less than $0.005 in the previous 18 months. Exchange will use discretion with respect to builder shares issued between $0.005 and $0.02.	*Value:* $110 million or $100 million if stockholders' equity of $110 million or market value of $45 million for IPO or spinoff of other Global Select issuer **Global Market:** See assets **Nasdaq Capital:** See assets	Listing Standards 1, 2 and 4: $3 *Public Float Value* — Listing Standard 1: $3,000,000 Listing standards 2 & 3: $10 million Listing Standard 4: $20 million *Market Capitalization:* Listing standard 3: $50 million Listing standard 4: $75 million **Preferred:** $10 price, $2 million public float value if common listed on Amex or NYSE, $4 million if not **Currency or Index Warrants:** Initial price of $6 with aggregate public float value of $12 million. **Bonds:** $5 million public float value **Other:** $4 million public float value **Foreign:** *Canadian issuers:* same as US but both Canadian and US public holders counted.

	Alpha	TSX	TSX VE	CNSX	Nasdaq	Amex
						Other: $3 million worldwide
Tech/R&D Alternative	Not separate category but alternative test for Tier 2: Minimum Public Float Value — $1 million.	Market value of $50 million and public float of $10 million (technology issuers only).	No alternative test	No alternative test	No alternative test	No alternative test
C. Assets/Operations						
SPIs: Investment Funds	*Investment funds* — Net tangible assets (NTA) of $10 million or NTA of $1 million that is part of a group with aggregate NTA of $20 million and all are listed.	TSX considers applications from SPIs on a case by case basis and will consider Objectives & strategy; Nature and size of assets; Anticipated operating and financial results; Track record & expertise of managers & advisors; Level of investor & market support for the issuer.	~~**Real Estate/Investment**~~ **Companies:** *Tier1:* - ~~net tangible assets of $5 million~~$10 million NTA - a publicly-disclosed investment policy ~~and strategy, acceptable to the exchange, the includes the applicant's (i) investment strategies and criteria; (ii) diversification requirements; (iii) conflict of interest provisions; and (iv) contractual rights of access to the books and records of investees;~~ ~~- for investment issuers, a board or advisory board comprised of individuals with adequate backgrounds and experience demonstrating sufficient expertise in making investment~~	Investment companies: NTA of $4 million *or* NTA of $2 million, at least 50% of which has been allocated to at least 2 specific investments.	**Global Select**: No requirement for closed-end management investment companies **Global Market:** Generally, if company meets the income test in "other", more than $100 million in assets and stockholders' equity of $10 million. If company does not meet income test, either $200 million in assets and equity of $10 million, or $100 million in assets and equity of $20 million	In addition to the regular original listing requirements: **Closed End Management Investment Companies:** $20 million public float value or net asset value or, if part of a group, $10 million public float or net asset value or average for group of $15 million. **Currency and Index Warrants:** Minimum tangible net worth of $250,000,000 or $150 million and original listed price of all listed warrants is more than 25% of net worth. Specific tests for different types of securities. **Other** Assets of $100 million and stockholders' equity of $10 million or, if unable to satisfy earnings criteria, assets of $200 million and stock

	Alpha	TSX	TSX VE	CNSX	Nasdaq	Amex
			~~decisions; and - for investment issuers, at least 50% of the applicant's available funds have been allocated to a minimum of two specific investments.~~ *Tier 2:* ~~net tangible assets of~~ $2 million~~;~~ ~~- a publicly-~~ NTA or $3 million arm's length financing, disclosed investment policy and ~~strategy, acceptable to the exchange, that includes (i) the applicant's investment strategies and criteria; (ii) diversification requirements; (iii) conflict of interest provisions; and (iv) contractual rights of access to the books and records of investees; - for investment issuers, a board or advisory board comprised of individuals with adequate backgrounds and experience demonstrating sufficient expertise in making investment decisions; and for investment issuers, at least~~			holders' equity of $10 million or assets of $100 million and stockholders' equity of $20 million. **Investment Trusts:** Total assets of $100 million and net worth of $10 million

	Alpha	TSX	TSX VE	CNSX	Nasdaq	Amex
			50% of the applicant's available funds ~~have been~~must be allocated to a minimum of two specific investments. **Real Estate:** *Tier 1:* -$5 million NTA -significant interest in real property *Tier 2:* -$2 million NTA or $3 million arm's length financing -significant interest in real property			
Non SPIs	We do not have an asset requirement for non-SPIs.	**Industrial** *Exempt:* Net tangible assets of $7.5 million. *Non-exempt:* - Profitable companies must have net tangible assets of $2 million,. - Companies with less than $2 million in NTA may qualify if they meet the earnings and cash flow requirements for exempt companies. - Companies forecasting profitability must have net tangible assets of $7.5 million **Tech companies**	**Tech/ Industrial** *Tier 1:* ~~Category 1:~~ - net tangible assets of ~~$1,000,000;or category 2: net tangible assets~~5million or revenue of $5,000,000 million ~~OR Category 3:No NTA requirement~~ -significant interest in business or asset used to carry on business -history of operations or validation of business; ~~OR~~ ~~Category 2:~~ ~~- net tangible assets of $5,000,000~~ ~~OR~~ ~~Category 3:~~ ~~No NTA requirement~~		**Global Market:** Listing Standard 1: Annual income from continuing operations before income taxes of at least $1,000,000 in the most recent fiscal year or two of the three previous, stockholders' equity of $15 million and public float value of $8 million OR Listing Standard 2: Stockholders' equity of $30 million, two year operating history and public float value of $18 million OR Listing	Listing Standards 1, 2 & 3: Stockholders' equity of $4 million Listing Standard 4: Total assets of $75 million in last fiscal year, of 2 of its last 3 fiscal years.

	Alpha	TSX	TSX VE	CNSX	Nasdaq	Amex
		Non-exempt: -Evidence that the company's products and services are at an advanced stage of development of commercialization and that the company has the necessary management expertise and resources to develop the business. R&D companies must have technical expertise and resources to advance its program, and a minimum two-year operating history that includes research and development activities.	*Tier 2:*<br~~Category 1:~~<br~~- net tangible assets of 5000,000 OR~~<br~~Category 2:~~ - net tangible assets of $750,000;<br~~OR~~<br~~Category 3: net~~ tangible ~~assets~~ or revenue of $500,000 or arm's length financing of $ ~~750,000; 2~~ million<br~~OR~~<br~~Category 2:~~<br~~- net tangible assets of $750,000;~~<br~~OR~~<br~~Category 3:~~<br~~- net tangible assets of $750,000;~~ -significant interest in business or asset used to carry on business -history of operations or validation of business<br~~- sufficient testing of any technology to demonstrate commercial viability;~~		Standard 3: Market cap of $75 million (with a minimum price of $4) and public float value of $20 millions OR Listing Standard 4: Total assets and revenues of $75 million each for the most recent fiscal year or two of the three most recent. **Nasdaq Capital:** Listing Standard 1: Stockholders' equity of $5 million, public float value of $15 million and two-year operating history Listing Standard 2: Market cap of $50 million (minimum price $4), stockholders equity of $4 million and public float worth $15 million Listing Standard 3: Net income from continuing operations of $750,000 in the past fiscal year or two of the three past, stockholders' equity of $4 million and public float worth $5 million	

	Alpha	TSX	TSX VE	CNSX	Nasdaq	Amex
Other – Mining	We do not have a separate category.	*Exempt* Net tangible assets of $7.5 million, *Non-exempt* Producing mining companies must have net tangible assets of $4 million. Exploration and development-stage companies must have net tangible assets of $3 million, Must hold or have a right to earn a 50% interest in the qualifying property.	*Tier1:* ~~Category 1:~~ - net tangible assets of $2,000,000 ~~OR~~ ~~Category~~ -material interest in a Tier 1 property with a work program with an initial phase of not less than $500,000 and satisfaction of other Tier 1 property requirements *Tier 2:* - No NTA requirement -significant interest in a qualifying property or right to earn one. -At least $100,000 in expenditures on qualifying property in previous 36 months and work program with initial phase of $200,000	Title to a property on which there has been exploration and a report complying with NI 43-101 recommends further exploration.	No separate category for mining	No separate category for mining
Other – Oil & Gas	We do not have a separate category.	**See reserves**	~~**See**~~*Tier 1:* -no NTA requirement satisfactory work program of $500,000 for exploration issuers and which can reasonably be expected to increase reserves *Tier 2:* -no NTA requirement -unproven property with prospects,	Title to a property on which there has been exploration and a report complying with securities law recommends further exploration.	No separate category for oil & gas	No separate category for oil & gas

	Alpha	TSX	TSX VE	CNSX	Nasdaq	Amex
			$1.5 million allocated in a work program or - joint venture interest and $5 million raised in prospectus offering. - satisfactory work program of at least $300,000 if proved developed producing reserves are less than $500,000.			
Other – R & D	We do not have a separate category.	**Tech** *Exempt* Same as industrial *Non-exempt* Evidence that the company's products and services are at an advanced stage of development of commercialization and that the company has the necessary management expertise and resources to develop the business. R&D companies must have technical expertise and resources to advance its program. And a minimum two-year operating history that includes research and development activities.	~~*Tier1:*~~Same as industrial ~~- a satisfactory recommended research and development work program of $1 million;~~ ~~- net tangible assets of $5 million;~~ ~~- at least $1 million in expenditures for prior research and development costs (other than general or administrative expenses) on the technology or product which is the subject of the work program~~ ~~*Tier 2:*~~ ~~a satisfactory recommended research and development work program of $500,000;~~ ~~- net tangible assets of $750,000;~~ ~~- at least $500,000 in~~	No separate category for R & D	No separate category for R & D	No separate category for R & D

	Alpha	TSX	TSX VE	CNSX	Nasdaq	Amex
			~~expenditures for prior research and development costs (other than general or administrative expenses) on the technology or product which is the subject of the work program~~			
D. Working Capital/Income						
SPIs: Investment Funds	Adequate working capital to carry on business and an appropriate capital structure.	Adequate working capital to carry on business and an appropriate capital structure.	**Real Estate/ Investment** *Tier 1:* - adequate working capital and financial resources for 18 months and $200,000 in unallocated funds. *Tier 2:* - adequate working capital and financial resources for 12 months~~;~~ and $100,000 in unallocated funds.	A recent history as a listed company and working cap of $50,000 or a minimum of $100,000	**Global Select:** No requirement for closed-end management investment companies **Global Market** See assets	
Non SPIs	Adequate working capital to carry on business and an appropriate capital structure.	**Industrial** Adequate working capital to carry on business and an appropriate capital structure. **Technology:** *Non-exempt:* - At least $10 million in the treasury, the	~~*Tier 1:*~~Same as SPIs ~~Category 1:~~[1] ~~- adequate working capital and financial resources to carry on business for 18 months.~~[2] ~~OR~~ ~~Category 2:~~ ~~- adequate~~	A recent history as a listed company and working cap of $50,000 or a minimum of $100,000	**Global Select:** Category 1: Aggregate income from continuing operations before income tax of $11 million over the three prior fiscal years, positive income from	Listing Standard 1: Pre tax income from continuing operations of $750,000 in last fiscal year or 2 of 3 last fiscal years. Listing Standard 2: No specific

[1] ~~Companies must meet all of the requirements of Category 1, 2 or 3. They cannot mix and match.~~
[2] ~~"Financial resources" refers generally only to the ability to pay from cash flow all general and administrative expenses and costs reasonably required pursuant to the issuer's business plan. (TSX Venture Policy 1.1, definition of "financial resources").~~
[3] ~~The exchange will normally consider this requirement to be met where the applicant has historically generated positive cash flow (TSX Venture Policy 2.1 s. 4.12).~~
[4] ~~Companies must meet all of the requirements of Category 1, 2 or 3. They cannot mix and match.~~

	Alpha	TSX	TSX VE	CNSX	Nasdaq	Amex
		majority of which was raised in a prospectus offering, - adequate funds to cover all planned development and capital expenditures and general and administrative expenses for at least one year, Research and Development Companies must have a minimum of $12 million in treasury and Adequate funds to cover operations (including all planned research and development expenditures) for a period of at least 2 years, .	~~working capital and financial resource to carry out the program identified in the plan, including funding any acquisition, growth or expansion plans;~~ ~~- adequate working capital to satisfy general and administra-tive expenses for at least 18 months;~~[3] ~~and~~ ~~- at least $100,000 in unallocated funds.~~ ~~OR~~ ~~Category 3:~~ ~~- adequate working capital and financial resources to carry on business for 18 months; and~~ ~~- net income of $200,000 before extraordinary items and after all charges except income tax in the fiscal year preceding the application or~~ ~~- a minimum average net income of $200,000 for at least two of the three preceding fiscal years.~~ ~~*Tier 2:*~~ ~~Category 1:~~[4] ~~- adequate~~		continuing operations before income tax in each of the prior three fiscal years and $2.2 million income from continuing operations before income taxes in each of the two most recent fiscal years OR Category 2: Aggregate cash flows of $27.5 million over the prior three fiscal years, average market cap of $550 million over the prior 12 months and total revenue of $110 million in previous fiscal year OR Category 3: Average market cap of at least $850 million over the prior 12 months and total revenue of at least $90 million in the prior fiscal year OR Category 4: Market cap of $160 million, total assets of $80 million and stockholders' equity of $55 million. **Global Market:** See assets	requirement, but must have two years of operations.

	Alpha	TSX	TSX VE	CNSX	Nasdaq	Amex
			~~financial resources to carry on business for 12 months.~~ ~~OR~~ ~~Category 2:~~ ~~- adequate working capital and financial resource to carry out the program identified in the plan, including funding any acquisition, growth or expansion plans;~~ ~~- adequate working capital to satisfy general and administra-tive expenses for at least 12 months; and~~ ~~- at least $100,000 in unallocated funds.~~ ~~OR~~ ~~Category 3:~~ ~~- expenditures of $250,000 on the development of the product or technology by the applicant in the preceding 12 months;~~ ~~- adequate working capital and financial resource to carry out the program identified in the plan, including funding any acquisition, growth or expansion plans;~~		**Nasdaq Capital:** See assets	

	Alpha	TSX	TSX VE	CNSX	Nasdaq	Amex
			~~- adequate working capital to satisfy general and administra-tive expenses for at least 12 months; and~~ ~~- at least $100,000 in unallocated funds.~~			
Other – Mining	We do not have a separate category.	*Exempt:* Adequate working capital and an appropriate capital structure. *Non-exempt:* At least $2 million in working capital	~~*Tier 1:*~~Same as SPIs ~~Category 1:~~[5] ~~- adequate working capital and financial resources to (a) conduct the recommended work program, (ii) satisfy general and administrative expenses for 18 months, (iii) maintain the property and any other properties on which the applicant will spend more than 20% of its available funds~~[6] ~~in good standing for 18 months; and~~ ~~- $100,000 in unallocated funds.~~ ~~OR~~ ~~Category 2:~~ ~~- adequate working capital and financial resources to conduct the~~	Same as industrial	No separate category for mining	No separate category for mining

~~5 A company must meet all the requirements of Category 1, 2 or 3. It cannot mix and match.~~

~~6 "Available funds" is defined as the estimated working capital available to the applicant, its subsidiaries and proposed subsidiaries as of the end of the most recent month and the amounts and sources of other funds that will be available to the issuer following the IPO. (TSX Venture Policy 1.1, definitions of "available funds" and "principal property").~~

~~7 "Available funds" is defined as the estimated working capital available to the applicant, its subsidiaries and proposed subsidiaries as of the end of the most recent month and the amounts and sources of other funds that will be available to the issuer following the IPO. (TSX Venture Policy 1.1, definitions of "available funds" and "principal property.")~~

	Alpha	TSX	TSX VE	CNSX	Nasdaq	Amex
			~~business plan recommended by the feasibility study and to satisfy general and administrative expenses for at least 18 months; and~~ ~~- at least $100,000 in unallocated funds.~~ ~~*Tier 2:*~~ ~~- spent a minimum of $100,000 in exploration and development on the qualifying property in the previous year or have made sufficient expenditures to demonstrate that it is an advanced exploration property;~~ ~~- adequate working capital to (i) conduct the recommended work program, (ii) satisfy general and administrative expenses for 12 months, and (iii) maintain the property and any other properties on which the applicant will spend more than 20% of its available funds[7] in good standing for 12 months; and~~ ~~- at least~~			

	Alpha	TSX	TSX VE	CNSX	Nasdaq	Amex
			~~$100,000 in unallocated funds.~~			
Other – Oil & Gas	We do not have a separate category.	*Exempt:* Adequate working capital and an appropriate capital structure. *Non-exempt:* Adequate funds to execute the program and cover all other capital expenditures as well as general, administrative and debt service expenses, for a period of 18 months with an allowance for contingencies.	~~*Tier 1:*~~Same as SPIs ~~- adequate working capital and financial resources to carry out the business, subject to a minimum of $500,000.~~ ~~*Tier 2:*~~ ~~Category 1:~~[8] ~~- adequate working capital and financial resources for 12 months.~~ ~~OR~~ ~~Category 2:~~ ~~- adequate working capital and financial resources to (i) complete the recommended work program (joint venture or otherwise) and (ii) meet general and administrative expenses for 12 months; and~~ ~~- at least $100,000 in unallocated funds.~~ ~~OR~~ ~~Category 3:~~ ~~- allocation of a minimum of $1.5 million of the applicant's funds to a joint venture or other satisfactory recommended exploration~~	Same as industrial	No separate category for oil & gas	No separate category for oil & gas

[8] ~~Companies must meet all of the requirements for Category 1, 2 or 3. They cannot mix and match.~~

	Alpha	TSX	TSX VE	CNSX	Nasdaq	Amex
			~~program;~~ ~~- adequate working capital to (i) complete the applicant's portion of the work program and (ii) satisfy general and administrative expenses for 12 months; and~~ ~~- at least $100,000 in unallocated funds.~~			
Other – R & D	We do not have a separate category but an alternative test for Technology and R&D for Tier 2: bona fide research and development expenses of at least $250,000 in each of the previous two fiscal years.	No separate category for R & D	~~*Tier 1:*~~Same as SPIs ~~- adequate working capital and financial resources to (i) conduct the work program and (ii) satisfy general and administrative expenses for 18 months; and~~ ~~- at least $100,000 in unallocated funds.~~ ~~*Tier 2:*~~ ~~- adequate working capital and financial resources to (i) conduct the work program and (ii) satisfy general and administrative expenses for 12 months; and~~ ~~- at least $100,000 in unallocated funds.~~	No separate category for R & D	No separate category for R & D	No separate category for R & D
E. Earnings from Ongoing Operations / Cash Flow						

	Alpha	TSX	TSX VE	CNSX	Nasdaq	Amex
SPIs: Investment Funds				Same as industrial	**Global Select:** See working cap **Global Market** See assets	
Non SPIs	Tier 1: Pre-tax cash flow from continuing operations of at least $700,000 in its last fiscal year Tier 2: Pre-tax cash flow from continuing operations of at least $200,000 in its last fiscal year Commentary: if the issuer has experienced significant losses in any of last 3 fiscal years, Alpha will review the pre-tax cash flow for an additional two years.	**Industrial** *Exempt* Earnings from ongoing operations of at least $300,000 - Pre-tax cash flow of at least $700,000 in the preceding fiscal year and an average annual pre-tax cash flow of $500,000 for the two preceding fiscal years. *Non-exempt* Profitable companies must have earnings from ongoing operations of at least $200,000 before taxes and extraordinary items in the fiscal year immediately preceding the application, and - pre-tax cash flow of at least $500,000 in the fiscal year preceding the application. Companies forecasting profitability must have evidence of earnings from ongoing operations for the current or next fiscal	**Tech/ Industrial** *Tier 1:* ~~Category 1:~~ ~~- net income of $100,000 before extraordinary items and after all charges except income tax in the fiscal year preceding the application or~~ ~~- a minimum average net income of $100,000 before extraordinary items and after all charges except income tax for at least two of the three preceding fiscal years.~~ ~~OR~~ ~~Category 2:~~ ~~- a 24-month management plan outlining the development of the business demonstrating that the applicant's product, service or technology is sufficiently developed that there is a reasonable expectation of earnings from its business within the next 24 months;~~ ~~OR~~ ~~Category 3:~~	Operating companies must have achieved revenues from the sale of goods and if not profitable, have a business plan that demonstrates a reasonable likelihood of profitability. Non-operating companies must have a reasonable plan to develop an active business and the financial resources to carry out the plan (achieve limited objectives that will advance their development to the stage where financing is typically available.	**Global Select:** See working cap **Global Market** See assets **Nasdaq Capital:** See assets	

	Alpha	TSX	TSX VE	CNSX	Nasdaq	Amex
		year of at least $200,000. - They should also have at least six months of operating history, including gross revenues at commercial levels for the preceding six months.	~~- net income of $200,000 before extraordinary items and after all charges except income tax in the fiscal year preceding the application or~~ ~~- a minimum average net income of $200,000 for at least two of the three preceding fiscal years.~~ net tangible assets of $5 million or revenue of $5 million *Tier 2:* ~~Category 1:~~ ~~- net income of $50,000 before extraordinary items and after all charges except income tax in the fiscal year preceding the application or~~ ~~- a minimum average net income of $50,000 for at least two of the three preceding fiscal years.~~ ~~OR~~ ~~*Category 2:*~~ ~~- revenues derived from commercial operations in the previous 12 months of at least $250,000~~ ~~- a 24-month management plan outlining the development of the~~			

	Alpha	TSX	TSX VE	CNSX	Nasdaq	Amex
			~~business demonstrating that the applicant's product, service or technology is sufficiently developed that there is a reasonable expectation of revenue within the next 24 months;~~ ~~OR~~ ~~Category 3:~~ ~~- a working prototype of any industrial product;~~ net tangible assets of 750,000 or revenue of $500,000 or $2 million of arm's length financing Both Tiers: ~~- a 24-month management plan outlining the development of the business demonstrating that the applicant's product, service or technology is sufficiently developed that there is a reasonable expectation of revenue within the next 24 months.~~If no revenue must provide a plan demonstrating likelihood of revenue within 24 months.			
Other – Mining	We do not have a	*Exempt* Pre-tax	No specific requirement	Same as industrial	No separate category for	No separate category for

	Alpha	TSX	TSX VE	CNSX	Nasdaq	Amex
	separate category.	profitability from ongoing operations in the fiscal year immediately preceding the filing of the listing application, - Pre-tax cash flow of $700,000 in the previous fiscal year and an average annual pre-tax flow of $500,000 for the two preceding fiscal years.			mining	mining
Other – Oil & Gas	We do not have a separate category.	*Exempt* Pre-tax profitability from ongoing operations in the fiscal year preceding the application, pre-tax cash flow of ~~$050,000~~700,000 in the previous fiscal year and an average annual pre-tax cash flow of $500,000 for the two preceding fiscal years.	No specific requirement	Same as industrial	No separate category for oil & gas	No separate category for oil & gas
Other – R & D	We do not have a separate category but an alternative test for Tier 2: treasury of at least $5M.	No separate category for R & D	No separate category for R & D	No separate category for R & D	No separate category for R & D	No separate category for R & D
F. Reserves						
SPIs: Investment Funds	N/A	N/A	N/A	N/A	N/A	N/A
Non SPIs	N/A	N/A	N/A	N/A	N/A	N/A
Other - Mining	N/A (no exploration	*Exempt:* Proven and	*Tier 1:* ~~Category 1:~~	Title to a property on	No separate category for	No separate category for

	Alpha	TSX	TSX VE	CNSX	Nasdaq	Amex
	companies qualify)	profitable reserves to provide a mine life of at least 3 years. *Non-Exempt:* Producing mining companies must have proven and probable reserves to provide a mine life of at least three years, together with evidence indicating a reasonable likelihood of future profitability; be in production or have made a production decision on the qualifying project or mine. Industrial mineral companies (i.e. the minerals produced are not readily marketable) will normally be required to submit commercial contracts to demonstrate a reasonable likelihood of future profitability, unless the company is presently generating revenues from production. Exploration and development-	~~a mineral interest in an advanced exploration property, which is one that has substantial geological merit but is not advanced to the point where sufficient engineering and economic data exist to permit an acceptable valuation option~~ No reserve requirement. ~~an independent geological report recommends a drilling or detailed sampling program based on the merit of the previous results; a geological report recommending a work program on the property of at least $500,000. OR~~ ~~Category 2: a mineral interest in a property with proven and/or probable reserves providing for a mine life of at least 3 years; and a positive feasibility study.~~	which there has been exploration and a report complying with NI 43-101 recommends further exploration.	mining	mining

[9] ~~TSX Venture Policy 1.1, definition of "qualifying property."~~

	Alpha	TSX	TSX VE	CNSX	Nasdaq	Amex
		stage companies must have net tangible assets of $3 million, an advanced property (generally, one in which continuity of mineralization is demonstrated in three dimensions at economically interesting grades),	*Tier 2:* ~~- a minimum 50% interest in a qualifying property, which is the property on which it is relying to meet the minimum listing requirements,~~[9] ~~or~~ ~~- be the operator of the property with a satisfactory joint venture agreement to protect the applicant's interest in the property;~~ ~~- a geological report recommending a minimum $200,000 non-contingent work program on the property.~~No reserve requirement.			
Other – Oil & Gas	N/A (no exploration companies qualify)	*Exempt:* Proved developed reserves of $7.5 million, *Non-exempt:* Proved developed reserves~~10~~1 of $3 million a clearly defined program which can reasonably be expected to increase reserves	*Tier 1:* ~~a geological report demonstrating proven reserves (producing or non-producing) with a present value of $2 million, based on constant dollar pricing assumptions discounted at 15%.~~ Exploration companies: $3 million in developed and probable reserves, with at least $1	Title to a property on which there has been exploration and a report complying with securities law recommends further exploration.	No separate category for oil & gas	No separate category for oil & gas

~~10~~1 Reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure, when compared to the cost of drilling a well, to put the reserves on production.

~~11 A one-well drilling program will generally not be acceptable. (TSX Venture Policy 2.1 s. 4.7(c)(i)).~~

	Alpha	TSX	TSX VE	CNSX	Nasdaq	Amex
			million developed. Producing companies: $2 million in proved developed reserves *Tier 2:* ~~Category 1:~~ ~~- at least~~Either $500,000 ~~proven~~proved developed producing reserves ~~based on constant dollar pricing assumptions discounted at 15%;~~or $750,000 in proved and probable reserves. ~~- a geological report recommending further development or production;~~ ~~OR~~ ~~Category 2:~~ ~~- proven and probable reserves (producing or non-producing) with a present value of $750,000 based on constant dollar pricing assumptions, with proven reserves discounted at 15% and probable reserves discounted a further 50%;~~ ~~- a geological report recommending a minimum development program of~~			

	Alpha	TSX	TSX VE	CNSX	Nasdaq	Amex
			~~$300,000; OR~~ ~~Category 3: - a satisfactorily diversified exploration program recommended by the geological report;11~~			
G. Escrow						
SPIs: Investment Funds and Non SPIs	Governed by NP 46-201. Alpha issuers must have an escrow agreement that complies with the provisions of NP 46-201 respecting "established" issuers.	Governed by NP 46-201 and their own rules for non-exempt issuers. TSX junior issuers are considered "established" issuers. For exempt issuers no escrow necessary (Investment Funds).	Governed by NP 46-201 and their own rules. TSXV ~~level~~Tier 1 issuers are considered "established" issuers. All others are "emerging" issuers.	Not required except for backdoor listings. Otherwise, governed by NP 46-201. CNSX issuers are considered "emerging" issuers.		
II. International Companies						
SPIs and Non SPIs	Must be listed on a recognized and acceptable foreign exchange. Jurisdictions that are members of the IOSCO Technical Committee are deemed to be acceptable. Exemption from all or some Handbook requirements if subject to substantially similar regulatory and exchange listing regime as in Canada as well as similar requirements as those contained in the Listing Handbook.	Must be listed on a recognized and acceptable exchange. Must demonstrate to exchange that it is able to comply with Canadian reporting and public company standards. This can be done if a board or management member or a consultant or employee is resident in Canada.	No specific requirements	No specific requirements		Public distribution requirements modified (see above), otherwise must meet original listing requirements. Exchange may reject companies with foreign ownership restrictions.
III. Disclosure						
General	All exchanges require listed companies to promptly disclose material information publicly. While the list of					

	Alpha	TSX	TSX VE	CNSX	Nasdaq	Amex
	specific events requiring disclosure vary from market to market, in practice they won't often if ever have a result where something is material to one exchange and not to another. The one exchange that is somewhat different from the others is Nasdaq, as it ties its disclosure requirements to the SEC's Regulation FD and doesn't go beyond that. Exchanges generally require listed companies to file any periodic disclosure filed with a securities commission.					
	Issuer must give notice of any transaction involving or potentially involving an issuance of listed shares and post details in the appropriate form on the exchange website. Form includes certificate of compliance with applicable rules. Issuer must give prior notice of corporate actions affecting listed shareholders but not requiring exchange approval (e.g. dividends, transfer agent changes, redemptions). Issuer must give notice of any transaction considered a "significant transaction" and post details in the appropriate form on the exchange website. Form includes certificate of compliance with applicable rules. Above notices have to be posted at least 5 business days before the	Issuer must give notice of any transaction requiring exchange approval. Issuer must give prior notice of corporate actions affecting listed shareholders but not requiring exchange approval (e.g. dividends, transfer agent changes, redemptions). Issuer must report share issuances on a monthly basis.	Issuer must give notice of any transaction requiring exchange approval. Issuer must give prior notice of corporate actions not requiring exchange approval (e.g. dividends, transfer agent changes) Issuer must report share issuances on a monthly basis.	Issuer must give notice of any transaction involving or potentially involving an issuance of listed shares and post details in the appropriate form on the exchange website. Form includes certificate of compliance with applicable rules. Issuer must give notice of any transaction considered a "significant transaction" and post details in the appropriate form on the exchange website. Form includes certificate of compliance with applicable rules. Issuer must file monthly and quarterly updates (which include details of share issuances) and annually update listing statement and MD&A.	Issuer must give prior notice of corporate actions affecting listed shareholders but not requiring exchange approval (e.g. dividends, transfer agent changes) Issuer must report share issuances on a monthly basis.	Issuer must give prior notice of corporate actions affecting listed shareholders but not requiring exchange approval (e.g. dividends, transfer agent changes) Issuer must report share issuances on a monthly basis.

	Alpha	TSX	TSX VE	CNSX	Nasdaq	Amex
	transaction takes place. Issuer must report share issuances on a quarterly basis and provide financial statements and MD&A in accordance with the requirements and filing deadlines.					
IV. Corporate Transactions						
A. General	Issuer must give notice of any transaction involving or potentially involving an issuance of listed shares, any transaction deemed a "significant transaction" and backdoor listings and post details in the appropriate form on the exchange website. No exchange approval of transactions, shareholder approval of certain transactions (described below)	Issuer must apply to list any shares to be issued and exchange must approve. Non-exempt issuers must obtain approval for material transactions. Shareholder approval required for certain transactions (described below).	Issuers must obtain approval for any share issuances or material transactions. Shareholder approval required for certain transactions (described below).	Issuer must give notice of any transaction involving or potentially involving an issuance of listed shares, any transaction deemed a "significant transaction" and backdoor listings and post details in the appropriate form on the exchange website. No exchange approval of transactions, shareholder approval of backdoor listings	Issuer must give 15 days prior notice before -establishing or materially amending a stock option or other equity compensation plan -issuing securities that may result in a change of control -issuing shares in an M&A transaction if an insider has a 5% interest in the other company or insiders as a group have a 10% interest -transactions that may result in the issuance of more than 10% of the outstanding **~~[intuitively this seems to be incomplete, but I can't find any other requirements]~~** No specific requirements other than shareholder approval (detailed below)	Issuer must apply to list any shares to be issued. The rules set out required disclosure depending on the transaction, but the forms are not posted on the website. No exchange approval or restrictions on pricing etc., but shareholder approval requirements (detailed below).

	Alpha	TSX	TSX VE	CNSX	Nasdaq	Amex
B. Private Placements	Maximum permitted discount: 25% if market price $0.50 or less, 20% if $0.51-$2, 15% if above $2. Can issue at greater discount with disinterested shareholder approval.	Maximum permitted discount: 25% if market price $0.50 or less, 20% if $0.51-$2, 15% if above $2. Can issue at greater discount with disinterested shareholder approval.	Maximum permitted discount: 25% if market price $0.50 or less, 20% if $0.51-$2, 15% if above $2. Cannot be priced below $0.05.	Maximum permitted discount: 25% if market price $0.50 or less, 20% if $0.51-$2, 15% if above $2. Cannot be priced below $0.05.		
C. Warrants	Unlisted Cannot be exercisable at less than market price and cannot allow for purchase of more shares than issued in private placement for which it is a sweetener. Cannot do a bare issuance of warrants. Listed Underlying must be listed, must have at least 100 warrant holders holding 100 warrants and 100,000 in total, warrant trust indenture must contain anti-dilution provisions.	Unlisted Cannot be exercisable at less than market price ~~and cannot allow for purchase of more shares than issued in private placement for which it is a sweetener. Cannot do a bare issuance of warrants.~~. Listed Considered on a case-by-case basis. Underlying must be listed, must have at least 100 warrant holders holding 100 warrants and 100,000 in total, warrant trust indenture must contain anti-dilution provisions.	Unlisted Cannot be exercisable at less than the greater of the specified premium over market price and $0.10 and cannot allow for purchase of more shares than issued in private placement for which it is a sweetener. Cannot do a bare issuance of warrants. Listed At least 200,000 Warrants held by 75 board lot holders.	Unlisted Cannot be exercisable at less than market price and cannot allow for purchase of more shares than issued in private placement for which it is a sweetener. Cannot do a bare issuance of warrants.	Can only be listed if underlying listed	
D. Incentive and Compensation Options	Cannot be at a discount to market at time granted. Cannot be priced if undisclosed material information.	Cannot be at a discount to market at time granted. Cannot be priced if undisclosed material information. Limits(set by	Cannot be at a greater discount to market at time granted than permitted for private placement. Cannot be priced if	Cannot be at a discount to market at time granted. Cannot be priced if undisclosed material information. Terms cannot		

	Alpha	TSX	TSX VE	CNSX	Nasdaq	Amex
		Issuer) on how many options may be subject to the plan or granted to one recipient.	undisclosed material information. Limits on how many options may be subject to the plan or granted to one recipient.	be changed once issued – issuer must cancel and wait 30 days before granting new option.		
E. Issued to Charities		May be issued for no consideration on a de minimis basis	May be issued for no consideration on a de minimis basis			
F. Rights Offerings	Rights must be transferable and issued on a one right per share basis. Offering must be unconditional. Beneficial holders must have same rounding up privilege as registered.	Rights must be transferable and issued on a one right per share basis. Offering must be unconditional. Beneficial holders must have same rounding up privilege as registered.	Rights must be transferable and issued on a one right per share basis. Offering must be unconditional. Beneficial holders must have same rounding up privilege as registered.	Rights must be transferable and issued on a one right per share basis. Offering must be unconditional.		
G. Prospectus Offerings	Pricing and shareholder approval requirements for private placements apply to prospectus offerings.	Exchange has discretion to apply pricing and shareholder approval requirements for private placements to prospectus offerings.	Price should not be more than 20% discounted from market and cannot be below $0.05. If a unit with warrants, warrants must be exercisable at market price. Agent and underwriter compensation regulated. Exchange also has a short-form offering document that is exempt from the prospectus requirements in some provinces.			
H. Shares for	Treated as	Treated as	Treated in a	Treated as		

	Alpha	TSX	TSX VE	CNSX	Nasdaq	Amex
Debt	private placements	private placements	separate category but in essential aspects of pricing and shareholder approval are the same as private placements~~, but issuer~~. Issuer must certify that cash not available to pay the debt.	private placements		
I. Other Transactions Regulated	Name Changes Share Reclassifi-cations, Consolida-tions and Splits, Take-over bids, Issuer bids, Transactions with related parties worth more than 10% of market cap. Loans to issuer other than by a financial institution. Payments of Bonuses, Finders' Fees or Commis-sion. [Note: disclosure requirement only, exchange does not approve transactions].	*All issuers:* ~~Stock Exchange~~ Take-Over Bids and Issuer Bids Normal Course Issuer Bids Sales from Control Block Small Shareholder Arrangements Name Changes Share Reclassifi-cations, Consolidations and Splits *Non-exempt issuers:* Exchange must approve proposed material changes as defined in timely disclosure policy. If consideration to insiders is more than 2% of market cap, must be approved by board and supported by an independent	Includes: Loans by Issuer Payments of Bonuses, Finders' Fees, Commissions Investor Relations Activities Changes of Business Acquisitions and Dispositions of Non-Cash Assets Stock Exchange Take-Over Bids and Issuer Bids Normal Course Issuer Bids Small Shareholder arrangements Name Changes Share Reclassifi-cations, Consolidation s and Splits, shares for debt.	Name Changes Share Reclassifi-cations, Consolida-tions and Splits Transactions to related parties worth more than the lesser of $10,000 and 10% of market cap Loans to issuer other than by a financial institution Payments of Bonuses, Finders' Fees or Commission Investor Relations Activities Changes in business. [Note: disclosure requirement, exchange does not approve transactions].		

	Alpha	TSX	TSX VE	CNSX	Nasdaq	Amex
		valuation.				
V. Requirements for Continued Listing (Suspension/Delisting)						
A. General	All markets have the discretion to delist or suspend a company that has made an assignment in bankruptcy, is no longer operating or that has a going concern note in their financials. Although CNSX doesn't have a specific requirement, it has general discretionary power to suspend or delist in the public interest. All markets can suspend or delist for failure to comply with listing requirements generally or to pay applicable fees. The delisting process is generally a two-stage process. In all but egregious cases, the issuer will be suspended for non-compliance and given a period of time ~~(usually one year)~~ to meet the original listing requirements. Generally speaking, the Canadian exchanges do not have extensive procedural provisions other than to ensure that an issuer has an opportunity to be heard prior to a delisting decision. American exchanges have quite extensive procedural requirements.					
B. SPIs: Investment Funds	Cannot be less than $500,000 if part of group or $5,000,000 in NTA. Less than 50,000 units.	Same as Non-SPIs	Same as Non-SPIs	Same as Non-SPIs		*Closed End Funds* Public float value cannot be less than $500,000 for more than 60 days Closed end fund issuers must continue to qualify under the Investment Company Act of 1940 unless it otherwise meets original listing requirements.
C. Non SPIs	Pre-tax cash flow of $350,000 or, in the case of technology and resource companies, acceptable expenditures of $350,000. Public distribution of 250,000 shares and 200 public board lot holders and public float worth $1,500,000. Shareholder equity of less	Assets worth $3,000,000 and revenues of $3,000,000 *or* Acceptable R&D expenditures of $1,000,000 *or* Acceptable exploration and development expenses of $350,000 with revenues of $3 million from resource sales Public distribution of 500,000 shares and 150 public board lot holders and a	~~Net Tangible Assets/ Property of $250,000 ($100,000 for technology/ industrial)~~ Public ~~distribution~~ float of ~~300,000~~ 500,000 listed shares held by 150 public board lot holders representing 10% of the total issued and a market cap of $100,000.	Exchange has discretion to delist if in the public interest.	**Global Select:** Must meet original listing standards. If not, transferred to Global Market **Global Market:** At least 400 shareholders and must meet one of the following tests: Standard 1: Stockholders' equity of $10 million, public float of 750,000 shares worth $5 million	*Stockholder Equity* Stockholders' equity of $2,000,000 if such issuer has sustained losses from continuing operations and/or net losses in two of its three most recent fiscal years; or stockholders' equity of $4,000,000 if such issuer has sustained losses from continuing operations

	Alpha	TSX	TSX VE	CNSX	Nasdaq	Amex
	than $2 million.	market value of $2 million with a total market cap of $3,000,000.	Working capital/ financial resources of $50,000 or amount required to operate for 6 months, whichever is greater Must meet specified cash flow requirements or operating revenues or exploration / development expenses.		Standard 2: Market cap of $50 million, public float of 1,100,000 shares worth $15 million Standard 3: Total assets and revenue of $50 million for the last fiscal year or two of the past three, public float of 1,100,000 shares worth $15 million SPIs must generally have a public float worth $1 million. **Nasdaq Capital:** 500,000 shares held by 300 public shareholders worth $1 million and stockholders' equity of $2.5 million and market cap of $35 million and net income from continuing operations of $500,000 in past fiscal year or two of three past	and/or net losses in three of its four most recent fiscal years; or stockholders' equity of $6,000,000 if such issuer has sustained losses from continuing operations and/or net losses in its five most recent fiscal years. However, the Exchange will not normally consider suspending an issuer that does not meet these standards if the issuer has: A total value of market capitalization of $50,000,000; or total assets and revenue of $50,000,000 each in its last fiscal year or in two of its last three fiscal years; and has at least 1,100,000 shares publicly held, a market value of publicly held shares of at least $15,000,000 and 400 board lot shareholders. Issuers falling therein. *Distribution*— 200,000 common shares held by 300 public shareholders; 50,000 publicly held warrants or preferred shares

	Alpha	TSX	TSX VE	CNSX	Nasdaq	Amex
						Market Value Public float value cannot be less than $1,000,000 for more than 90 consecutive days ($400,000 for bonds) Bond issuers must be able to make principal and interest payments on bonds.
VI. Corporate Governance						
A. General	Listed issuers must comply with NI 58-101.	Listed issuers must comply with NI 58-101 requirements for non-venture issuers.	Listed issuers must comply with NI 58-101 requirements for venture issuers.	Listed issuers must comply with NI 58-101 requirements for venture issuers. Foreign issuers must disclose how their governing legislation or constating documents differ materially from Canadian governance requirements.	Listed issuers must comply with Sarbanes-Oxley Act and other applicable law	Listed issuers must comply with Sarbanes-Oxley Act and other applicable law
B. Board and Management Composition	Board should have at least 3 independent directors or 1/3 independent, whichever is higher. Independence defined as in NI 52-110.[~~122~~ *122*] Controlled corporations, foreign private, AB issuers and other SPIs are exempt. Issuer must have a CEO, CFO who is not also CEO and a secretary.	Board must have at least 2 independent directors. Issuer must have a CEO, CFO who is not also CEO and a secretary.	~~No requirement~~ Board must have at least 2 independent directors, a CEO, and CFO who is not also CEO. Directors must have adequate industry and reporting issuer experience.	No requirement	Majority of the Board must be independent directors as defined. Controlled corporations and foreign private issuers are exempt.	Majority of the Board must be independent directors as defined. Controlled corporations and foreign private issuers are exempt.

[~~122~~ *122*] Words in italics mean new additions to Alpha's Listing Handbook.

	Alpha	TSX	TSX VE	CNSX	Nasdaq	Amex
C. Audit Committee	NI 52-110	NI 52-110	Must have an audit committee of at least 3 directors, majority independent.	Issuers are encouraged, but not required, to appoint independent members	Audit committee must comprise at least 3 directors, all independent. Committee must have a charter conforming to Nasdaq rules.	Audit committee must comprise at least 3 directors, all independent. Committee must have a charter conforming to Amex rules.
D. Compensation Committee	CEO compensation must be determined by an entirely independent compensation committee or by majority of the independent directors in a vote in which only they participate. Reviews and approves incentive compensation plans and determines whether shareholder approval should be obtained. Controlled companies exempted, AB issuers and other SPIs.	No requirement	No requirement Shareholders generally must approve ~~amendments to~~share-based compensation plans.	No requirement	CEO compensation must be determined by an entirely independent compensation committee or by independent directors in a vote in which only they participate.	CEO compensation must be determined by an entirely independent compensation committee or by independent directors in a vote in which only they participate.
VII. Security Holder Approval Requirements						
A. General	Required for backdoor listings.	General discretion to require shareholder approval (or majority of the minority) if a transaction materially affects control of the issuer~~[133]~~, or is non arm's length. Required for	Generally required if a security issuance (equity or debt) will result in a new control person. Required for backdoor listings All companies must comply with MI 61-101 as adopted by	Only required for backdoor listings	Shareholder approval required for change of control (no hard and fast definition).	Shareholder approval required for change of control (no hard and fast definition).

~~133~~ Alpha and CNSX must approve new control persons.

	Alpha	TSX	TSX VE	CNSX	Nasdaq	Amex
		backdoor listings.	TSXV in its rulebook re: shareholder approval of related party transactions			
B. Private Placements	No requirement for arm's-length placements done at or above the market price. Shareholder approval required for arm's-length placements if priced at discounts larger than permitted or for potential issuance of 25% or more of the current outstanding at any discount. Minority shareholder approval required if insiders increase position by more than 10% in a twelve-month period.	No requirement for arm's-length placements done at or above the market price. Required if securities are issued at more than the maximum permitted discount (shareholders participating in the placement are not to vote), the placement involves the issuance or potential issuance of more than 25% of the outstanding securities at any discount; Minority shareholder approval required if insiders increase position by more than 10% in a six-month period.	Disinterested shareholder approval if (i) will result in a new control person, (ii) it appears to be a defensive tactic to a takeover bid or (iii) if it is a related party transaction.	No requirement. Issuers not permitted to issue securities at more than the maximum permitted discount.	Required for placements done below the greater of market and book value if more than 20% of the common stock or voting power is issued or issuable, either by the company alone or together with sales by officers, directors and substantial shareholders. Exemption for companies in financial distress that cannot wait for shareholder approval. Audit committee or independent directors must approve reliance on the exemption	Required for placements done below the greater of market and book value if more than 20% of the common stock or voting power is issued or issuable, either by the company alone or together with sales by officers, directors and substantial shareholders.
C. Public Offering	Rules for private placements apply.	Exchange has discretion to apply rules for private placements.	No requirement.	No requirement.	No requirement Nasdaq has discretion to deem an offering not to be a public offering.	No requirement.
D. Defensive Tactics	Poison pill rights plans must be ratified by shareholders	Poison pill rights plans should be ratified by shareholders	Required for placements that appear to be defensive measure to a	No specific requirements.	Governed by state law?	Governed by state law?

	Alpha	TSX	TSX VE	CNSX	Nasdaq	Amex
	within 6 months of adoption.	within 6 months of adoption.	take-over			
E. Related Party Transactions (Not involving share issuances)	None, but disclosure required if value greater than 10% of market cap.	None for exempt issuers. For non-exempt, board approval with independent valuation if consideration to insiders is greater than 2% of market cap, shareholder approval if greater than 10%.		None, but disclosure required if value greater than the lower of 10% of market cap and $10,000.	Governed by state law?	Governed by state law?
F. Related Party Transactions that involved share issuances	Shareholder approval needed if transaction provides consideration to insiders in aggregate of 10% or greater of mkt. capitalization of issuer in the preceding 12 months (for private placement and acquisitions). The insiders participating in the transaction are not eligible to vote their securities in respect of such approval.	Shareholder approval needed if transaction provides consideration to insiders in aggregate of 10% or greater of mkt. capitalization of issuer (for Private placements in the preceding 6 months) and has not been negotiated at arm's length. The insiders participating in the transaction are not eligible to vote their securities in respect of such approval.	All issuers must comply with MI 61-101 Related Party Transactions whether or not they are reporting issuers in Ontario or Quebec.			
G. Qualifying Transaction for SPACs/CPCs	N/A: SPACs/CPCs do not qualify for listing.	Required	Required	N/A: SPACs/CPCs do not qualify for listing.		
H. Equity Compensation	Governed by shareholder approval	Required when plan instituted and	Required if the plan, together with all other	No specific requirements, governed by	Required for establishment and material	Required for establishment and material

	Alpha	TSX	TSX VE	CNSX	Nasdaq	Amex
	requirement in NI 45-106. Required when grant is for any person not previously employed by issuer and issuable securities exceed 10%. Board approval generally required for amendments to compensation plans and shareholder approval in certain circumstances.	for any amendment where approval is required by §613(i), and every three years if the plan does not have a fixed maximum number of securities issuable. Unlike other requirements this must be done at a meeting and cannot be done by resolution signed by a majority of shareholders. Required when grant is for any person not previously employed by issuer and issuable securities exceed 2%.	plans, could result in the issuance of more than 10% of the outstanding. Rolling plans must be approved annually.[144] This must be done at a meeting and cannot be done by resolution signed by a majority of shareholders. There are more complicated requirements for when disinterested shareholder approval is required.	shareholder approval requirement in NI 45-106.	amendment of equity compensation arrangements with some limited exceptions.	amendment of equity compensation arrangements with some limited exceptions.
I. Acquisition for Non-SPIs[5]	Required if more than 25% of the outstanding shares/votes to be issued, or If securities issued or issuable to insiders as a group in payment of the purchase price for an acquisition exceeds 10% of the number of securities of the listed issuer in preceding 12 months and issuable securities	Required if the acquisition involves the issuance of more than 25% of the outstanding securities; or if insiders will receive more than 10% of the outstanding securities (needs majority of minority approval).			Required if more than 20% of the outstanding shares/votes to be issued, or insiders have a 5% interest individually (or 10% as a group) in the assets acquired and the transaction will result in issuance of 5% or more of common shares/votes.	Required if more than 20% of the outstanding shares/votes to be issued, or insiders have a 5% interest individually (or 10% as a group) in the assets acquired and the transaction will result in issuance of 5% or more of common shares/votes.

[144] Approval is not required if the issuer is conducting an IPO and discloses details of the plan in the prospectus.

[5] There are specific rules for SPIs

	Alpha	TSX	TSX VE	CNSX	Nasdaq	Amex
	exceed 5% of outstanding securities.					
VIII. Exchange Sanctions						
A. General	Suspension, Delisting, Determine a person not to be fit to be associated with a listed issuer	Suspension, Delisting, Determine a person not to be fit to be associated with a listed issuer	Suspension, Delisting, Determine a person not to be fit to be associated with a listed issuer	Suspension, Delisting, Determine a person not to be fit to be associated with a listed issuer		Suspension, Delisting, Determine a person not to be fit to be associated with a listed issuer
B. Public Reprimand	Can issue	No provision	No provision	No provision		No provision
C. Officer and Directors	May require replacement if responsible for failure to comply with Alpha rules or securities law.	No explicit provision for replacement but in practice can achieve.	~~No provision but in practice can achieve~~May require replacement if unacceptable.	No provision but in practice can achieve.		

APPENDIX B

LISTING STANDARDS COMPARISON CHART

The chart was prepared on a best efforts basis with the purpose of providing some general context (not intended to be a detailed list) to the listing requirements being proposed by Alpha Exchange Inc.

Summary Information for Alpha and for all other exchanges other than Alpha as of December, 2010

	Alpha	TSX	TSX VE	CNSX	Nasdaq	Amex
I. Original Listing						
A. Distribution						
SPIs: Investment Funds	For each series or class, at least 100,000 units outstanding.	TSX considers applications from SPIs on a case by case basis and will consider: Objectives & strategy; Nature and size of assets; Anticipated operating and financial results; Track record & expertise of managers & advisors; Level of investor & market support for the issuer.	Same as TSX and *Tier 1:* 1,000,000 freely tradable shares held by 250 public board lot holders *Tier 2:* 500,000 freely tradable shares held by 200 public board lot holders	Same as TSX	**Global Select:** Same as for non SPIs **Global Market:** Generally 1,100,000 shares held by 400 public board lot holders unless traded in $1000 denominations, in which case, 100 shareholders. **Nasdaq Capital:** SPIs trade on Global market	**Investment Trusts:** 1,000,000 units held by 800 public shareholders **Other:** At least 1,000,000 units held by 400 public shareholders unless traded in $1000 denominations or redeemable at holder's option on at least a weekly basis, unless the security is treated as equity (e.g. equity linked term notes)
Non SPIs	Tier 1: Public float of 500,000 shares held by 800 public board lot holders or public float of 1,000,000 shares held by 400 public board lot	1,000,000 freely tradable shares held by 300 public holders	*Tier 1:* 1,000,000 freely tradable shares held by 250 public board lot holders *Tier 2:* 500,000 freely tradable	At least 500,000 freely-tradable shares held by 150 public board lot holders. The public float must constitute at	**Global Select:** 1,250,000 shares held by at least 2200 public shareholders, 450 of whom hold a board lot. **Global Market:** 1,100,000 shares held by	**Equity:** At least 500,000 shares held by 800 public shareholders or 1,000,000 shares held by 400 public shareholders. Companies with 500,000

	Alpha	TSX	TSX VE	CNSX	Nasdaq	Amex
	holders. Tier 2: Public float of 1,000,000 shares held by 250 public board lot holders.		shares held by 200 public board lot holders *Both Tiers:* Public float must be at least 20% of the issued and outstanding securities..	least 10% of the outstanding, but can go down to 5% if there are 200 public board lot holders.	400 public board lot holders **Nasdaq Capital:** 1,000,000 shares (400,000 ADRs) held by 300 public board lot holders.	shares held by 400 holders may be eligible if average daily trading volume over past 6 months is 2000 shares. **Preferred:** 100,000 publicly held shares if common stock listed on Amex or NYSE, 400,000 shares held by 800 public shareholders if not. **Warrants:** Considered on a case-by-case basis must have at least 200,000 warrants held by public warrant holders and underlying must be listed on Amex or NYSE. **Currency and Index Warrants:** At least 1,000,000 warrants held by 400 public warrant holders or 2,000,000 held by a smaller number determined on a case-by-case basis. **Other:** At least 1,000,000 units held by 400 public shareholders unless traded in $1000 denominations or redeemable

	Alpha	TSX	TSX VE	CNSX	Nasdaq	Amex
						at holder's option on at least a weekly basis. **Foreign:** *Canadian issuers*: same as US but both Canadian and US public holders counted. *Other*: 1,000,000 shares held worldwide by 800 worldwide shareholders
Initial Listing – Technology and R&D Alternative Distribution	Not separate Category but alternative test for Tier 2: Public float of 1,000,000 shares held by 200 public board lot holders.	Market value of $50 million and public float of $10 million (technology issuers only)	No alternative test	No alternative test	No alternative test	No alternative test
B. Minimum Price/ Float Market Value						
SPIs:	*Issuers other than investment funds*— Issuer must be listed and must have a market capitalization of at least $150 million.				**Global Select:** *Minimum Public Float Value:* $110 million or $100 million if stockholders' equity of $110 million *Closed-end management investment company:* $70 million. If listed with other funds in the family, total of $220 million for the family and average of $50 million for each fund and minimum of $35 million. **Global Market:** Generally, $4 million.	**Closed End Management Investment Companies:** $20 million public float value or net asset value or, if part of a group, $10 million public float or net asset value or average for group of $15 million. **Other:** $4 million public float value

	Alpha	TSX	TSX VE	CNSX	Nasdaq	Amex
Non SPIs	*Tier 1: Minimum Public Float Value*— $3,000,000. *Tier 2: Minimum Public Float Value*— $1,000,000.	*Minimum Public Float Value*— $4 million	Exchange will use discretion if shares issued at less than $0.05 prior to listing. If seed share price is lower than 75% of IPO price various categories of escrow release periods apply.	*Minimum Public Float Value*— $50,000 IPO price cannot be less than $0.10 per share Builders shares (shares issued to insiders for which a hard value cannot be established) cannot have been issued for less than $0.005 in the previous 18 months. Exchange will use discretion with respect to builder shares issued between $0.005 and $0.02.	**Global Select:** *Minimum Public Float Value:* $110 million or $100 million if stockholders' equity of $110 million or market value of $45 million for IPO or spinoff of other Global Select issuer **Global Market:** See assets **Nasdaq Capital:** See assets	**Equity:** *Minimum* Price —Listing standard 3: $2 Listing Standards 1, 2 and 4: $3 *Public Float Value* — Listing Standard 1: $3,000,000 Listing standards 2 & 3: $10 million Listing Standard 4: $20 million *Market Capitalization:* Listing standard 3: $50 million Listing standard 4: $75 million **Preferred:** $10 price, $2 million public float value if common listed on Amex or NYSE, $4 million if not **Currency or Index Warrants:** Initial price of $6 with aggregate public float value of $12 million. **Bonds:** $5 million public float value **Other:** $4 million public float value **Foreign:** *Canadian issuers:* same as US but both

	Alpha	TSX	TSX VE	CNSX	Nasdaq	Amex
						Canadian and US public holders counted. *Other*: $3 million worldwide
Tech/R&D Alternative	Not separate category but alternative test for Tier 2: Minimum Public Float Value — $1 million.	Market value of $50 million and public float of $10 million (technology issuers only).	No alternative test	No alternative test	No alternative test	No alternative test
C. Assets/Operations						
SPIs: Investment Funds	*Investment funds* — Net tangible assets (NTA) of $10 million or NTA of $1 million that is part of a group with aggregate NTA of $20 million and all are listed.	TSX considers applications from SPIs on a case by case basis and will consider Objectives & strategy; Nature and size of assets; Anticipated operating and financial results; Track record & expertise of managers & advisors; Level of investor & market support for the issuer.	**Investment Companies:** *Tier1:* - $10 million NTA - a publicly disclosed investment policy *Tier 2:* -$2 million NTA or $3 million arm's length financing, disclosed investment policy and 50% of the applicant's available funds must be allocated to a minimum of two specific investments. **Real Estate:** *Tier 1:* -$5 million NTA -significant interest in real property *Tier 2:* -$2 million NTA or $3 million arm's length financing	Investment companies: NTA of $4 million *or* NTA of $2 million, at least 50% of which has been allocated to at least 2 specific investments.	**Global Select**: No requirement for closed-end management investment companies **Global Market:** Generally, if company meets the income test in "other", more than $100 million in assets and stockholders' equity of $10 million. If company does not meet income test, either $200 million in assets and equity of $10 million, or $100 million in assets and equity of $20 million	In addition to the regular original listing requirements: **Closed End Management Investment Companies:** $20 million public float value or net asset value or, if part of a group, $10 million public float or net asset value or average for group of $15 million. **Currency and Index Warrants:** Minimum tangible net worth of $250,000,000 or $150 million and original listed price of all listed warrants is more than 25% of net worth. Specific tests for different types of securities. **Other**

	Alpha	TSX	TSX VE	CNSX	Nasdaq	Amex
			-significant interest in real property			Assets of $100 million and stockholders' equity of $10 million or, if unable to satisfy earnings criteria, assets of $200 million and stock holders' equity of $10 million or assets of $100 million and stockholders' equity of $20 million. **Investment Trusts:** Total assets of $100 million and net worth of $10 million
Non SPIs	We do not have an asset requirement for non-SPIs.	**Industrial** *Exempt:* Net tangible assets of $7.5 million. *Non-exempt:* - Profitable companies must have net tangible assets of $2 million,. - Companies with less than $2 million in NTA may qualify if they meet the earnings and cash flow requirements for exempt companies. - Companies forecasting profitability must have net tangible assets of $7.5 million **Tech companies** *Non-exempt:* -Evidence that the company's	**Tech/ Industrial** *Tier 1:* - net tangible assets of $5million or revenue of $5 million -significant interest in business or asset used to carry on business -history of operations or validation of business; *Tier 2:* - net tangible assets of $750,000 or revenue of $500,000 or arm's length financing of $2 million -significant interest in business or asset used to carry on business -history of		**Global Market:** Listing Standard 1: Annual income from continuing operations before income taxes of at least $1,000,000 in the most recent fiscal year or two of the three previous, stockholders' equity of $15 million and public float value of $8 million OR Listing Standard 2: Stockholders' equity of $30 million, two year operating history and public float value of $18 million OR Listing Standard 3: Market cap of $75 million (with	Listing Standards 1, 2 & 3: Stockholders' equity of $4 million Listing Standard 4: Total assets of $75 million in last fiscal year, of 2 of its last 3 fiscal years.

	Alpha	TSX	TSX VE	CNSX	Nasdaq	Amex
		products and services are at an advanced stage of development of commercializa-tion and that the company has the necessary management expertise and resources to develop the business. R&D companies must have technical expertise and resources to advance its program, and a minimum two-year operating history that includes research and development activities.	operations or validation of business		a minimum price of $4) and public float value of $20 millions OR Listing Standard 4: Total assets and revenues of $75 million each for the most recent fiscal year or two of the three most recent. **Nasdaq Capital:** Listing Standard 1: Stockholders' equity of $5 million, public float value of $15 million and two-year operating history Listing Standard 2: Market cap of $50 million (minimum price $4), stockholders equity of $4 million and public float worth $15 million Listing Standard 3: Net income from continuing operations of $750,000 in the past fiscal year or two of the three past, stockholders' equity of $4 million and public float worth $5 million	
Other – Mining	We do not have a separate category.	*Exempt* Net tangible assets of $7.5 million,	*Tier1:* - net tangible assets of $2,000,000 -material	Title to a property on which there has been exploration	No separate category for mining	No separate category for mining

	Alpha	TSX	TSX VE	CNSX	Nasdaq	Amex
		Non-exempt Producing mining companies must have net tangible assets of $4 million. Exploration and development-stage companies must have net tangible assets of $3 million, Must hold or have a right to earn a 50% interest in the qualifying property.	interest in a Tier 1 property with a work program with an initial phase of not less than $500,000 and satisfaction of other Tier 1 property requirements *Tier 2:* - No NTA requirement -significant interest in a qualifying property or right to earn one. -At least $100,000 in expenditures on qualifying property in previous 36 months and work program with initial phase of $200,000	and a report complying with NI 43-101 recommends further exploration.		
Other – Oil & Gas	We do not have a separate category.	**See reserves**	*Tier 1:* -no NTA requirement satisfactory work program of $500,000 for exploration issuers and which can reasonably be expected to increase reserves *Tier 2:* -no NTA requirement -unproven property with prospects, $1.5 million allocated in a work program or - joint venture interest and $5 million raised	Title to a property on which there has been exploration and a report complying with securities law recommends further exploration.	No separate category for oil & gas	No separate category for oil & gas

	Alpha	TSX	TSX VE	CNSX	Nasdaq	Amex
			in prospectus offering. - satisfactory work program of at least $300,000 if proved developed producing reserves are less than $500,000.			
Other – R & D	We do not have a separate category.	**Tech** *Exempt* Same as industrial *Non-exempt* Evidence that the company's products and services are at an advanced stage of development of commercializa-tion and that the company has the necessary management expertise and resources to develop the business. R&D companies must have technical expertise and resources to advance its program. And a minimum two-year operating history that includes research and development activities.	Same as industrial	No separate category for R & D	No separate category for R & D	No separate category for R & D
D. Working Capital/Income						
SPIs: Investment Funds	Adequate working capital to carry on business and an appropriate capital	Adequate working capital to carry on business and an appropriate capital structure.	**Real Estate/ Investment** *Tier 1:* - adequate working capital and financial resources for 18 months and	A recent history as a listed company and working cap of $50,000 or a minimum of $100,000	**Global Select:** No requirement for closed-end management investment companies	

	Alpha	TSX	TSX VE	CNSX	Nasdaq	Amex
	structure.		$200,000 in unallocated funds. *Tier 2:* - adequate working capital and financial resources for 12 months and $100,000 in unallocated funds.		**Global Market** See assets	
Non SPIs	Adequate working capital to carry on business and an appropriate capital structure.	**Industrial** Adequate working capital to carry on business and an appropriate capital structure. **Technology:** *Non-exempt:* - At least $10 million in the treasury, the majority of which was raised in a prospectus offering, - adequate funds to cover all planned development and capital expenditures and general and administrative expenses for at least one year, Research and Development Companies must have a minimum of $12 million in treasury and Adequate funds to cover operations (including all planned research and development expenditures) for a period of at least 2 years,	Same as SPIs	A recent history as a listed company and working cap of $50,000 or a minimum of $100,000	**Global Select:** Category 1: Aggregate income from continuing operations before income tax of $11 million over the three prior fiscal years, positive income from continuing operations before income tax in each of the prior three fiscal years and $2.2 million income from continuing operations before income taxes in each of the two most recent fiscal years OR Category 2: Aggregate cash flows of $27.5 million over the prior three fiscal years, average market cap of $550 million over the prior 12 months and total revenue of $110 million in previous fiscal year OR Category 3: Average market cap of at least $850 million	Listing Standard 1: Pre tax income from continuing operations of $750,000 in last fiscal year or 2 of 3 last fiscal years. Listing Standard 2: No specific requirement, but must have two years of operations.

	Alpha	TSX	TSX VE	CNSX	Nasdaq	Amex
		.			over the prior 12 months and total revenue of at least $90 million in the prior fiscal year OR Category 4: Market cap of $160 million, total assets of $80 million and stockholders' equity of $55 million. **Global Market:** See assets **Nasdaq Capital:** See assets	
Other – Mining	We do not have a separate category.	*Exempt:* Adequate working capital and an appropriate capital structure. *Non-exempt:* At least $2 million in working capital	Same as SPIs	Same as industrial	No separate category for mining	No separate category for mining
Other – Oil & Gas	We do not have a separate category.	*Exempt:* Adequate working capital and an appropriate capital structure. *Non-exempt:* Adequate funds to execute the program and cover all other capital expen-ditures as well as general, administrative and debt service expenses, for a period of 18 months with an allowance for contingencies.	Same as SPIs	Same as industrial	No separate category for oil & gas	No separate category for oil & gas

	Alpha	TSX	TSX VE	CNSX	Nasdaq	Amex
Other – R & D	We do not have a separate category but an alternative test for Technology and R&D for Tier 2: bona fide research and development expenses of at least $250,000 in each of the previous two fiscal years.	No separate category for R & D	Same as SPIs	No separate category for R & D	No separate category for R & D	No separate category for R & D
E. Earnings from Ongoing Operations / Cash Flow						
SPIs: Investment Funds				Same as industrial	**Global Select:** See working cap **Global Market** See assets	
Non SPIs	Tier 1: Pre-tax cash flow from continuing operations of at least $700,000 in its last fiscal year Tier 2: Pre-tax cash flow from continuing operations of at least $200,000 in its last fiscal year Commentary: if the issuer has experienced significant losses in any of last 3 fiscal years, Alpha will review the pre-tax cash flow for an additional two	**Industrial** *Exempt* Earnings from ongoing operations of at least $300,000 - Pre-tax cash flow of at least $700,000 in the preceding fiscal year and an average annual pre-tax cash flow of $500,000 for the two preceding fiscal years. *Non-exempt* Profitable companies must have earnings from ongoing operations of at least $200,000 before taxes and extraordinary items in the fiscal year immediately preceding the	**Tech/ Industrial** *Tier 1:* net tangible assets of $5 million or revenue of $5 million *Tier 2:* net tangible assets of 750,000 or revenue of $500,000 or $2 million of arm's length financing Both Tiers: If no revenue must provide a plan demonstrating likelihood of revenue within 24 months.	Operating companies must have achieved revenues from the sale of goods and if not profitable, have a business plan that demonstrates a reasonable likelihood of profitability. Non-operating companies must have a reasonable plan to develop an active business and the financial resources to carry out the plan (achieve limited objectives that will advance their	**Global Select:** See working cap **Global Market** See assets **Nasdaq Capital:** See assets	

	Alpha	TSX	TSX VE	CNSX	Nasdaq	Amex
	years.	application, and - pre-tax cash flow of at least $500,000 in the fiscal year preceding the application. Companies forecasting profitability must have evidence of earnings from ongoing operations for the current or next fiscal year of at least $200,000. - They should also have at least six months of operating history, including gross revenues at commercial levels for the preceding six months.		development to the stage where financing is typically available.		
Other – Mining	We do not have a separate category.	*Exempt* Pre-tax profitability from ongoing operations in the fiscal year immediately preceding the filing of the listing application, - Pre-tax cash flow of $700,000 in the previous fiscal year and an average annual pre-tax flow of $500,000 for the two preceding fiscal years.	No specific requirement	Same as industrial	No separate category for mining	No separate category for mining
Other – Oil & Gas	We do not have a separate category.	*Exempt* Pre-tax profitability from ongoing operations in	No specific requirement	Same as industrial	No separate category for oil & gas	No separate category for oil & gas

	Alpha	TSX	TSX VE	CNSX	Nasdaq	Amex
		the fiscal year preceding the application, pre-tax cash flow of $700,000 in the previous fiscal year and an average annual pre-tax cash flow of $500,000 for the two preceding fiscal years.				
Other – R & D	We do not have a separate category but an alternative test for Tier 2: treasury of at least $5M.	No separate category for R & D	No separate category for R & D	No separate category for R & D	No separate category for R & D	No separate category for R & D
F. Reserves						
SPIs: Investment Funds	N/A	N/A	N/A	N/A	N/A	N/A
Non SPIs	N/A	N/A	N/A	N/A	N/A	N/A
Other - Mining	N/A (no exploration companies qualify)	*Exempt:* Proven and profitable reserves to provide a mine life of at least 3 years. *Non-Exempt:* Producing mining companies must have proven and probable reserves to provide a mine life of at least three years, together with evidence indicating a reasonable likelihood of future profitability; be in production or	*Tier 1:* No reserve requirement. *Tier 2:* - No reserve requirement.	Title to a property on which there has been exploration and a report complying with NI 43-101 recommends further exploration.	No separate category for mining	No separate category for mining

	Alpha	TSX	TSX VE	CNSX	Nasdaq	Amex
		have made a production decision on the qualifying project or mine. Industrial mineral companies (i.e. the minerals produced are not readily marketable) will normally be required to submit commercial contracts to demonstrate a reasonable likelihood of future profitability, unless the company is presently generating revenues from production. Exploration and development-stage companies must have net tangible assets of $3 million, an advanced property (generally, one in which continuity of mineralization is demonstrated in three dimensions at economically interesting grades),				
Other – Oil & Gas	N/A (no exploration companies qualify)	*Exempt:* Proved developed reserves of $7.5 million, *Non-exempt:* Proved	*Tier 1:* Exploration companies: $3 million in developed and probable reserves, with at least $1	Title to a property on which there has been exploration and a report complying with	No separate category for oil & gas	No separate category for oil & gas

	Alpha	TSX	TSX VE	CNSX	Nasdaq	Amex
		developed reserves1 of $3 million a clearly defined program which can reasonably be expected to increase reserves	million developed. Producing companies: $2 million in proved developed reserves *Tier 2:* Either $500,000 proved developed producing reserves or $750,000 in proved and probable reserves.	securities law recommends further exploration.		
G. Escrow						
SPIs: Investment Funds and Non SPIs	Governed by NP 46-201. Alpha issuers must have an escrow agreement that complies with the provisions of NP 46-201 respecting "established" issuers.	Governed by NP 46-201 and their own rules for non-exempt issuers. TSX junior issuers are considered "established" issuers. For exempt issuers no escrow necessary (Investment Funds).	Governed by NP 46-201 and theirown rules. TSXV Tier 1 issuers are considered "established" issuers. All others are "emerging" issuers.	Not required except for backdoor listings. Otherwise, governed by NP 46-201. CNSX issuers are considered "emerging" issuers.		
II. International Companies						
SPIs and Non SPIs	Must be listed on a recognized and acceptable foreign exchange. Jurisdictions that are members of the IOSCO Technical Committee are deemed to be acceptable. Exemption from all or some	Must be listed on a recognized and acceptable exchange. Must demonstrate to exchange that it is able to comply with Canadian reporting and public company standards. This can be done if a board or management member or a consultant or	No specific requirements	No specific requirements		Public distribution requirements modified (see above), otherwise must meet original listing requirements. Exchange may reject companies with foreign ownership restrictions.

[1] Reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure, when compared to the cost of drilling a well, to put the reserves on production.

	Alpha	TSX	TSX VE	CNSX	Nasdaq	Amex
	Handbook requirements if subject to substantially similar regulatory and exchange listing regime as in Canada as well as similar requirements as those contained in the Listing Handbook.	employee is resident in Canada.				
III. Disclosure						
General	All exchanges require listed companies to promptly disclose material information publicly. While the list of specific events requiring disclosure vary from market to market, in practice they won't often if ever have a result where something is material to one exchange and not to another. The one exchange that is somewhat different from the others is Nasdaq, as it ties its disclosure requirements to the SEC's Regulation FD and doesn't go beyond that. Exchanges generally require listed companies to file any periodic disclosure filed with a securities commission.					
	Issuer must give notice of any transaction involving or potentially involving an issuance of listed shares and post details in the appropriate form on the exchange website. Form includes certificate of compliance with applicable rules. Issuer must give prior notice of corporate actions affecting listed shareholders but not requiring	Issuer must give notice of any transaction requiring exchange approval. Issuer must give prior notice of corporate actions affecting listed shareholders but not requiring exchange approval (e.g. dividends, transfer agent changes, redemptions). Issuer must report share issuances on a monthly basis.	Issuer must give notice of any transaction requiring exchange approval. Issuer must give prior notice of corporate actions not requiring exchange approval (e.g. dividends, transfer agent changes) Issuer must report share issuances on a monthly basis.	Issuer must give notice of any transaction involving or potentially involving an issuance of listed shares and post details in the appropriate form on the exchange website. Form includes certificate of compliance with applicable rules. Issuer must give notice of any transaction considered a "significant transaction" and post details in the appropriate	Issuer must give prior notice of corporate actions affecting listed shareholders but not requiring exchange approval (e.g. dividends, transfer agent changes) Issuer must report share issuances on a monthly basis.	Issuer must give prior notice of corporate actions affecting listed shareholders but not requiring exchange approval (e.g. dividends, transfer agent changes) Issuer must report share issuances on a monthly basis.

	Alpha	TSX	TSX VE	CNSX	Nasdaq	Amex
	exchange approval (e.g. dividends, transfer agent changes, redemptions). Issuer must give notice of any transaction considered a "significant transaction" and post details in the appropriate form on the exchange website. Form includes certificate of compliance with applicable rules. Above notices have to be posted at least 5 business days before the transaction takes place. Issuer must report share issuances on a quarterly basis and provide financial statements and MD&A in accordance with the requirements and filing deadlines.			form on the exchange website. Form includes certificate of compliance with applicable rules. Issuer must file monthly and quarterly updates (which include details of share issuances) and annually update listing statement and MD&A.		
IV. Corporate Transactions						
A. General	Issuer must give notice of any transaction involving or potentially	Issuer must apply to list any shares to be issued and exchange must approve. Non-	Issuers must obtain approval for any share issuances or material	Issuer must give notice of any transaction involving or potentially	Issuer must give 15 days prior notice before -establishing or materially	Issuer must apply to list any shares to be issued. The rules set out required

	Alpha	TSX	TSX VE	CNSX	Nasdaq	Amex
	involving an issuance of listed shares, any transaction deemed a "significant transaction" and backdoor listings and post details in the appropriate form on the exchange website. No exchange approval of transactions, shareholder approval of certain transactions (described below)	exempt issuers must obtain approval for material transactions. Shareholder approval required for certain transactions (described below).	transactions. Shareholder approval required for certain transactions (described below).	involving an issuance of listed shares, any transaction deemed a "significant transaction" and backdoor listings and post details in the appropriate form on the exchange website. No exchange approval of transactions, shareholder approval of backdoor listings	amending a stock option or other equity compensation plan -issuing securities that may result in a change of control -issuing shares in an M&A transaction if an insider has a 5% interest in the other company or insiders as a group have a 10% interest -transactions that may result in the issuance of more than 10% of the outstanding No specific requirements other than shareholder approval (detailed below)	disclosure depending on the transaction, but the forms are not posted on the website. No exchange approval or restrictions on pricing etc., but shareholder approval requirements (detailed below).
B. Private Placements	Maximum permitted discount: 25% if market price $0.50 or less, 20% if $0.51-$2, 15% if above $2. Can issue at greater discount with disinterested shareholder approval.	Maximum permitted discount: 25% if market price $0.50 or less, 20% if $0.51-$2, 15% if above $2. Can issue at greater discount with disinterested shareholder approval.	Maximum permitted discount: 25% if market price $0.50 or less, 20% if $0.51-$2, 15% if above $2. Cannot be priced below $0.05.	Maximum permitted discount: 25% if market price $0.50 or less, 20% if $0.51-$2, 15% if above $2. Cannot be priced below $0.05.		
C. Warrants	Unlisted Cannot be exercisable at less than market price and cannot allow for purchase of more shares than issued in private placement for	Unlisted Cannot be exercisable at less than market price. Listed Considered on a case-by-case basis. Underlying must be listed,	Unlisted Cannot be exercisable at less than the greater of the specified premium over market price and $0.10 and cannot allow for purchase of more shares	Unlisted Cannot be exercisable at less than market price and cannot allow for purchase of more shares than issued in private placement	Can only be listed if underlying listed	

	Alpha	TSX	TSX VE	CNSX	Nasdaq	Amex
	which it is a sweetener. Cannot do a bare issuance of warrants. Listed Underlying must be listed, must have at least 100 warrant holders holding 100 warrants and 100,000 in total, warrant trust indenture must contain anti-dilution provisions.	must have at least 100 warrant holders holding 100 warrants and 100,000 in total, warrant trust indenture must contain anti-dilution provisions.	than issued in private placement for which it is a sweetener. Cannot do a bare issuance of warrants. Listed At least 200,000 Warrants held by 75 board lot holders.	for which it is a sweetener. Cannot do a bare issuance of warrants.		
D. Incentive and Compensation Options	Cannot be at a discount to market at time granted. Cannot be priced if undisclosed material information.	Cannot be at a discount to market at time granted. Cannot be priced if undisclosed material information. Limits(set by Issuer) on how many options may be subject to the plan or granted to one recipient.	Cannot be at a greater discount to market at time granted than permitted for private placement. Cannot be priced if undisclosed material information. Limits on how many options may be subject to the plan or granted to one recipient.	Cannot be at a discount to market at time granted. Cannot be priced if undisclosed material information. Terms cannot be changed once issued – issuer must cancel and wait 30 days before granting new option.		
E. Issued to Charities		May be issued for no consideration on a de minimis basis	May be issued for no consideration on a de minimis basis			
F. Rights Offerings	Rights must be transferable and issued on a one right per share basis. Offering must be unconditional. Beneficial holders must	Rights must be transferable and issued on a one right per share basis. Offering must be unconditional. Beneficial holders must have same rounding up	Rights must be transferable and issued on a one right per share basis. Offering must be unconditional. Beneficial holders must have same rounding up	Rights must be transferable and issued on a one right per share basis. Offering must be unconditional .		

	Alpha	TSX	TSX VE	CNSX	Nasdaq	Amex
	have same rounding up privilege as registered.	privilege as registered.	privilege as registered.			
G. Prospectus Offerings	Pricing and shareholder approval requirements for private placements apply to prospectus offerings.	Exchange has discretion to apply pricing and shareholder approval requirements for private placements to prospectus offerings.	Price should not be more than 20% discounted from market and cannot be below $0.05. If a unit with warrants, warrants must be exercisable at market price. Agent and underwriter compensation regulated. Exchange also has a short-form offering document that is exempt from the prospectus requirements in some provinces.			
H. Shares for Debt	Treated as private placements	Treated as private placements	Treated in a separate category but in essential aspects of pricing and shareholder approval are the same as private placements. Issuer must certify that cash not available to pay the debt.	Treated as private placements		
I. Other Transactions Regulated	Name Changes Share Reclassifications, Consolidations and Splits, Take-over bids, Issuer bids, Transactions with related parties worth	*All issuers:* Take-Over Bids and Issuer Bids Normal Course Issuer Bids Sales from Control Block Small Shareholder Arrangements Name Changes Share Reclassification	Includes: Loans by Issuer Payments of Bonuses, Finders' Fees, Commissions Investor Relations Activities Changes of Business Acquisitions	Name Changes Share Reclassifications, Consolidations and Splits Transactions to related parties worth more than the lesser of $10,000 and		

	Alpha	TSX	TSX VE	CNSX	Nasdaq	Amex
	more than 10% of market cap. Loans to issuer other than by a financial institution. Payments of Bonuses, Finders' Fees or Commission. [Note: disclosure requirement only, exchange does not approve transactions].	s, Consolidations and Splits *Non-exempt issuers:* Exchange must approve proposed material changes as defined in timely disclosure policy. If consideration to insiders is more than 2% of market cap, must be approved by board and supported by an independent valuation.	and Dispositions of Non-Cash Assets Stock Exchange Take-Over Bids and Issuer Bids Normal Course Issuer Bids Small Shareholder arrangements Name Changes Share Reclassifications, Consolidations and Splits, shares for debt.	10% of market cap Loans to issuer other than by a financial institution Payments of Bonuses, Finders' Fees or Commission Investor Relations Activities Changes in business. [Note: disclosure requirement, exchange does not approve transactions].		
V. Requirements for Continued Listing (Suspension/Delisting)						
A. General	All markets have the discretion to delist or suspend a company that has made an assignment in bankruptcy, is no longer operating or that has a going concern note in their financials. Although CNSX doesn't have a specific requirement, it has general discretionary power to suspend or delist in the public interest. All markets can suspend or delist for failure to comply with listing requirements generally or to pay applicable fees. The delisting process is generally a two-stage process. In all but egregious cases, the issuer will be suspended for non-compliance and given a period of time to meet the original listing requirements. Generally speaking, the Canadian exchanges do not have extensive procedural provisions other than to ensure that an issuer has an opportunity to be heard prior to a delisting decision. American exchanges have quite extensive procedural requirements.					
B. SPIs: Investment Funds	Cannot be less than $500,000 if part of group or $5,000,000 in NTA. Less than 50,000 units.	Same as Non-SPIs	Same as Non-SPIs	Same as Non-SPIs		*Closed End Funds* Public float value cannot be less than $500,000 for more than 60 days Closed end fund issuers must continue to qualify under the Investment Company Act of 1940 unless it otherwise meets original listing requirements.

	Alpha	TSX	TSX VE	CNSX	Nasdaq	Amex
C. Non SPIs	Pre-tax cash flow of $350,000 or, in the case of technology and resource companies, acceptable expenditures of $350,000. Public distribution of 250,000 shares and 200 public board lot holders and public float worth $1,500,000. Shareholder equity of less than $2 million.	Assets worth $3,000,000 and revenues of $3,000,000 *or* Acceptable R&D expenditures of $1,000,000 *or* Acceptable exploration and development expenses of $350,000 with revenues of $3 million from resource sales Public distribution of 500,000 shares and 150 public board lot holders and a market value of $2 million with a total market cap of $3,000,000.	Public float of 500,000 listed shares held by 150 public board lot holders representing 10% of the total issued and a market cap of $100,000. Working capital/ financial resources of $50,000 or amount required to operate for 6 months, whichever is greater Must meet specified cash flow requirements or operating revenues or exploration / development expenses.	Exchange has discretion to delist if in the public interest.	**Global Select:** Must meet original listing standards. If not, transferred to Global Market **Global Market:** At least 400 shareholders and must meet one of the following tests: Standard 1: Stockholders' equity of $10 million, public float of 750,000 shares worth $5 million Standard 2: Market cap of $50 million, public float of 1,100,000 shares worth $15 million Standard 3: Total assets and revenue of $50 million for the last fiscal year or two of the past three, public float of 1,100,000 shares worth $15 million SPIs must generally have a public float worth $1 million. **Nasdaq Capital:** 500,000 shares held by 300 public shareholders worth $1 million and stockholders' equity of $2.5 million and	*Stockholder Equity* Stockholders' equity of $2,000,000 if such issuer has sustained losses from continuing operations and/or net losses in two of its three most recent fiscal years; or stockholders' equity of $4,000,000 if such issuer has sustained losses from continuing operations and/or net losses in three of its four most recent fiscal years; or stockholders' equity of $6,000,000 if such issuer has sustained losses from continuing operations and/or net losses in its five most recent fiscal years. However, the Exchange will not normally consider suspending an issuer that does not meet these standards if the issuer has: A total value of market capitalization of $50,000,000; or total assets and revenue of $50,000,000 each in its last fiscal year or in

	Alpha	TSX	TSX VE	CNSX	Nasdaq	Amex
					market cap of $35 million and net income from continuing operations of $500,000 in past fiscal year or two of three past	two of its last three fiscal years; and has at least 1,100,000 shares publicly held, a market value of publicly held shares of at least $15,000,000 and 400 board lot shareholders. Issuers falling therein. *Distribution*— 200,000 common shares held by 300 public shareholders; 50,000 publicly held warrants or preferred shares *Market Value* Public float value cannot be less than $1,000,000 for more than 90 consecutive days ($400,000 for bonds) Bond issuers must be able to make principal and interest payments on bonds.
VI. Corporate Governance						
A. General	Listed issuers must comply with NI 58-101.	Listed issuers must comply with NI 58-101 requirements for non-venture issuers.	Listed issuers must comply with NI 58-101 requirements for venture issuers.	Listed issuers must comply with NI 58-101 requirements for venture issuers. Foreign issuers must disclose how	Listed issuers must comply with Sarbanes-Oxley Act and other applicable law	Listed issuers must comply with Sarbanes-Oxley Act and other applicable law

	Alpha	TSX	TSX VE	CNSX	Nasdaq	Amex
				their governing legislation or constating documents differ materially from Canadian governance requirements .		
B. Board and Management Composition	Board should have at least 3 indepen-dent directors or 1/3 independent, whichever is higher. Indepen-dence defined as in NI 52-110.[2] Controlled corporations, foreign private, AB issuers and other SPIs are exempt. Issuer must have a CEO, CFO who is not also CEO and a secretary.	Board must have at least 2 independent directors. Issuer must have a CEO, CFO who is not also CEO and a secretary.	Board must have at least 2 independent directors, a CEO, and CFO who is not also CEO. Directors must have adequate industry and reporting issuer experience.	No requirement	Majority of the Board must be independent directors as defined. Controlled corporations and foreign private issuers are exempt.	Majority of the Board must be independent directors as defined. Controlled corporations and foreign private issuers are exempt.
C. Audit Committee	NI 52-110	NI 52-110	Must have an audit committee of at least 3 directors, majority independent.	Issuers are encouraged, but not required, to appoint independent members	Audit committee must comprise at least 3 directors, all independent. Committee must have a charter conforming to Nasdaq rules.	Audit committee must comprise at least 3 directors, all independent. Committee must have a charter conforming to Amex rules.
D. Compensatio n Committee	CEO compensation must be determined by an entirely independent compensation committee or by majority of	No requirement	No requirement Shareholders generally must approve share-based compensation plans.	No requirement	CEO compensation must be determined by an entirely independent compensation committee or by independent	CEO compensation must be determined by an entirely independent compensation committee or by independent

[2] Words in italics mean new additions to Alpha's Listing Handbook.

	Alpha	TSX	TSX VE	CNSX	Nasdaq	Amex
	the independent directors in a vote in which only they participate. Reviews and approves incentive compensation plans and determines whether shareholder approval should be obtained. Controlled companies exempted, AB issuers and other SPIs.				directors in a vote in which only they participate.	directors in a vote in which only they participate.
VII. Security Holder Approval Requirements						
A. General	Required for backdoor listings.	General discretion to require shareholder approval (or majority of the minority) if a transaction materially affects control of the issuer[3], or is non arm's length. Required for backdoor listings.	Generally required if a security issuance (equity or debt) will result in a new control person. Required for backdoor listings All companies must comply with MI 61-101 as adopted by TSXV in its rulebook re: shareholder approval of related party transactions	Only required for backdoor listings	Shareholder approval required for change of control (no hard and fast definition).	Shareholder approval required for change of control (no hard and fast definition).
B. Private Placements	No requirement for arm's-length placements done at or above the market price. Shareholder approval required for	No requirement for arm's-length placements done at or above the market price. Required if securities are issued at more than the maximum	Disinterested shareholder approval if (i) will result in a new control person, (ii) it appears to be a defensive tactic to a takeover bid or (iii) if it is a related party	No requirement. Issuers not permitted to issue securities at more than the maximum permitted discount.	Required for placements done below the greater of market and book value if more than 20% of the common stock or voting power is issued or issuable, either by the	Required for placements done below the greater of market and book value if more than 20% of the common stock or voting power is issued or issuable, either by the

[3] Alpha and CNSX must approve new control persons.

	Alpha	TSX	TSX VE	CNSX	Nasdaq	Amex
	arm's-length placements if priced at discounts larger than permitted or for potential issuance of 25% or more of the current outstanding at any discount. Minority shareholder approval required if insiders increase position by more than 10% in a twelve-month period.	permitted discount (shareholders participating in the placement are not to vote), the placement involves the issuance or potential issuance of more than 25% of the outstanding securities at any discount; Minority shareholder approval required if insiders increase position by more than 10% in a six-month period.	transaction.		company alone or together with sales by officers, directors and substantial shareholders. Exemption for companies in financial distress that cannot wait for shareholder approval. Audit committee or independent directors must approve reliance on the exemption	company alone or together with sales by officers, directors and substantial shareholders.
C. Public Offering	Rules for private placements apply.	Exchange has discretion to apply rules for private placements.	No requirement.	No requirement.	No requirement Nasdaq has discretion to deem an offering not to be a public offering.	No requirement.
D. Defensive Tactics	Poison pill rights plans must be ratified by shareholders within 6 months of adoption.	Poison pill rights plans should be ratified by shareholders within 6 months of adoption.	Required for placements that appear to be defensive measure to a take-over	No specific requirements .	Governed by state law?	Governed by state law?
E. Related Party Transactions (Not involving share issuances)	None, but disclosure required if value greater than 10% of market cap.	None for exempt issuers. For non-exempt, board approval with independent valuation if consideration to insiders is greater than 2% of market cap, shareholder approval if greater than 10%.		None, but disclosure required if value greater than the lower of 10% of market cap and $10,000.	Governed by state law?	Governed by state law?

	Alpha	TSX	TSX VE	CNSX	Nasdaq	Amex
F. Related Party Transactions that involved share issuances	Shareholder approval needed if transaction provides consideration to insiders in aggregate of 10% or greater of mkt. capitalization of issuer in the preceding 12 months (for private placement and acquisitions). The insiders participating in the transaction are not eligible to vote their securities in respect of such approval.	Shareholder approval needed if transaction provides consideration to insiders in aggregate of 10% or greater of mkt. capitalization of issuer (for Private placements in the preceding 6 months) and has not been negotiated at arm's length. The insiders participating in the transaction are not eligible to vote their securities in respect of such approval.	All issuers must comply with MI 61-101 Related Party Transactions whether or not they are reporting issuers in Ontario or Quebec.			
G. Qualifying Transaction for SPACs/CPCs	N/A: SPACs/CPCs do not qualify for listing.	Required	Required	N/A: SPACs/CPCs do not qualify for listing.		
H. Equity Compensation	Governed by shareholder approval requirement in NI 45-106. Required when grant is for any person not previously employed by issuer and issuable securities exceed 10%. Board approval generally required for amendments to compensation	Required when plan instituted and for any amendment where approval is required by §613(i), and every three years if the plan does not have a fixed maximum number of securities issuable. Unlike other requirements this must be done at a meeting and	Required if the plan, together with all other plans, could result in the issuance of more than 10% of the outstanding. Rolling plans must be approved annually.[4] This must be done at a meeting and cannot be done by resolution signed by a majority of shareholders. There are	No specific requirements, governed by shareholder approval requirement in NI 45-106.	Required for establishment and material amendment of equity compensation arrangements with some limited exceptions.	Required for establishment and material amendment of equity compensation arrangements with some limited exceptions.

[4] Approval is not required if the issuer is conducting an IPO and discloses details of the plan in the prospectus.

	Alpha	TSX	TSX VE	CNSX	Nasdaq	Amex
	plans and shareholder approval in certain circum-stances.	cannot be done by resolution signed by a majority of shareholders. Required when grant is for any person not previously employed by issuer and issuable securities exceed 2%.	more complicated requirements for when disinterested shareholder approval is required.			
I. Acquisition for Non-SPIs[5]	Required if more than 25% of the outstanding shares/votes to be issued, or If securities issued or issuable to insiders as a group in payment of the purchase price for an acquisition exceeds 10% of the number of securities of the listed issuer in preceding 12 months and issuable securities exceed 5% of outstanding securities.	Required if the acquisition involves the issuance of more than 25% of the outstanding securities; or if insiders will receive more than 10% of the outstanding securities (needs majority of minority approval).			Required if more than 20% of the outstanding shares/votes to be issued, or insiders have a 5% interest individually (or 10% as a group) in the assets acquired and the transaction will result in issuance of 5% or more of common shares/votes.	Required if more than 20% of the outstanding shares/votes to be issued, or insiders have a 5% interest individually (or 10% as a group) in the assets acquired and the transaction will result in issuance of 5% or more of common shares/votes.
VIII. Exchange Sanctions						
A. General	Suspension, Delisting, Determine a person not to be fit to be associated with a listed issuer	Suspension, Delisting, Determine a person not to be fit to be associated with a listed issuer	Suspension, Delisting, Determine a person not to be fit to be associated with a listed issuer	Suspension, Delisting, Determine a person not to be fit to be associated with a listed issuer		Suspension, Delisting, Determine a person not to be fit to be associated with a listed issuer
B. Public Reprimand	Can issue	No provision	No provision	No provision		No provision

[5] There are specific rules for SPIs

	Alpha	TSX	TSX VE	CNSX	Nasdaq	Amex
C. Officer and Directors	May require replacement if responsible for failure to comply with Alpha rules or securities law.	No explicit provision for replacement but in practice can achieve.	May require replacement if unacceptable.	No provision but in practice can achieve.		

13.2.2 TMX Group Inc. and TSX Inc. – Proposed Transaction with London Stock Exchange Group PLC – Notice and Request for Comment

TMX GROUP INC. AND TSX INC.

PROPOSED TRANSACTION WITH
LONDON STOCK EXCHANGE GROUP PLC

NOTICE AND REQUEST FOR COMMENT

1. INTRODUCTION

On February 9, 2011, TMX Group Inc. (TMX Group) and London Stock Exchange Group plc (LSEG) announced an agreement to combine their respective exchange groups (Proposed Transaction). TMX Group and its subsidiary TSX Inc. (TSX) are each recognized as an exchange by the Ontario Securities Commission (OSC or Commission).

In connection with the Proposed Transaction, TMX Group, TSX, and LSEG have applied (the Application) to the Commission for the following:

(i) an order of the Commission approving the beneficial ownership by LSEG of all the common shares of TMX Group; and

(ii) an amended and restated recognition order for TMX Group and TSX.

Staff of the Commission (Staff or we) are publishing this notice (Notice), together with the Application, to request public comment on the Application. The Notice is being published for a 45-day comment period and includes:

- Background on the Commission's regulation of stock exchanges
- Background information on TMX Group, TSX and the Proposed Transaction
- A discussion of key issues relating to the Application
- Information on the Commission's public consultation to be held to discuss the Application, and
- Information on how commenters may submit written comments.

Staff are also publishing, at Appendix B to the Application, a proposed draft recognition order, prepared by TMX Group and TSX, that reflects their proposed amendments to the current recognition order as a result of the Proposed Transaction.

The Commission will consider the Application with reference to criteria described below in Section 2 of this Notice. The Commission will determine whether it is in the public interest to make the requested orders. In doing so, the Commission will consider all available information and impose any terms and conditions necessary to ensure that it continues to have the appropriate regulatory oversight of TMX Group and TSX going forward. This is essential to fulfill the Commission's responsibility to provide protection to investors and to foster fair and efficient capital markets and confidence in capital markets.

In reviewing the Application, the Commission will also consider the report and recommendations of the Ontario Government's Select Committee on the Proposed Transaction.

In order to assist the Commission in assessing the Proposed Transaction, we are requesting comments on all aspects of the Application. We are also requesting comments on certain key issues relating to, and important aspects of, the Application, as identified below.

Please refer to Section 7 of this Notice for information on how to submit written comments. Please note that in assessing the merits of any assertions or conclusions made to us by commenters, we will take into account the extent to which such assertions or conclusions are supported by relevant evidence.

The Commission will also be holding a public consultation (Public Consultation) to solicit comment on and inform its consideration of the Application. Details on the Public Consultation are provided in Section 6 of this Notice.

2. BACKGROUND ON REGULATION OF EXCHANGES IN ONTARIO

(a) Recognition of Exchanges

Exchanges play a fundamental role in the efficient operation of capital markets. Exchanges facilitate the efficient raising of capital by providing liquidity and price discovery. Exchanges may also carry out regulatory responsibilities by setting standards for the listing of securities and by imposing ongoing requirements on listed issuers.

The *Securities Act* (Ontario) (Act) mandates the OSC to provide protection to investors and to foster fair and efficient capital markets and confidence in those markets. As part of that mandate, we are responsible for the oversight of marketplaces, including exchanges. Before an exchange can carry on business in Ontario, it is required to be recognized by the OSC. Recognition is similar to a licensing process where the Commission considers whether it is in the public interest that an exchange be permitted to operate in Ontario and under what conditions.

Securities regulators generally supervise exchanges to ensure that they fulfill their roles in a manner consistent with the public interest. Regulatory oversight is critical to maintain confidence in the operations of an exchange and to support overall market quality, including liquidity, transparency and transaction costs. This oversight is also an important tool for securities regulators to manage systemic risk. Systemic risk has been identified by the International Organization of Securities Commissions (IOSCO) as one of the three objectives of securities regulation, the others being: protecting investors and ensuring that markets are fair, efficient, and transparent.

In considering whether to recognize an exchange, the Commission will assess how the exchange meets certain criteria including, among others, that the exchange:

- has a governance structure with a board of directors that provides for fair and meaningful representation, one of the components of which is appropriate representation of independent directors;
- provides for fair access to the services of the exchange, for example by not charging fees that unreasonably condition or limit access to any service provided by the exchange;
- has arrangements in place to appropriately regulate listed issuers seeking to raise capital;
- regulates the trading of its participants, either directly or indirectly through a regulation services provider;
- has systems with appropriate capacity and integrity that are subject to regular testing and reviews;
- has sufficient financial resources for the proper performance of its functions and to meet its responsibilities; and
- cooperates and shares information with the OSC and other regulators.

A copy of the current criteria for recognition is attached at Schedule A to this notice.

As part of the recognition process, the Commission will also impose terms and conditions on the relevant entity. These terms and conditions impose ongoing requirements that reflect the criteria and impose requirements specific to the structure and operations of the exchange. The terms and conditions are also key to ensuring that the OSC continues to have the appropriate level of oversight of the ongoing operations and structure of the exchange. This framework is important so that market quality and market integrity are maintained.

(b) On-going Oversight of Recognized Exchanges

Once an exchange is recognized, the Commission continues to regulate and oversee its operations to ensure that the standards set at the time of recognition continue to be met.

Our ongoing oversight program of an exchange has three main components:

- the review of information filed regarding significant changes in the exchange's operations;
- the review and approval of changes to the exchange's rules; and
- periodic oversight reviews of the exchange.

3. CURRENT STRUCTURE AND REGULATORY REQUIREMENTS

(a) Corporate Structure and Regulation of TMX Group and TSX

TMX Group is a holding company that, through its key subsidiaries, operates cash and derivatives markets trading products in the equities, fixed income and energy asset classes. TSX, its wholly-owned subsidiary, operates the Toronto Stock Exchange and TSX Venture Exchange. Additional subsidiaries include Montréal Exchange Inc. (MX) and Natural Gas Exchange Inc. (NGX).

TMX Group and TSX are regulated by the Commission pursuant to a Commission order recognizing each as an exchange (Recognition Order). The Recognition Order specifies the terms and conditions that both TMX Group and TSX must comply with on an ongoing basis. Following the demutualization of the Toronto Stock Exchange in 2000 and the initial public offering of shares in TMX Group in 2002, the Commission recognized both TMX Group and TSX as exchanges. TMX Group was recognized as an exchange, in addition to TSX, because in the Commission's view, TMX Group was also performing functions that resulted in it carrying on business as a stock exchange.

(b) Share Ownership Restriction

In anticipation of the demutualization of the Toronto Stock Exchange, the Act was amended in 1999 to include restrictions on the ownership of the shares of Toronto Stock Exchange Inc. Section 21.11 of the Act was added to provide that no person or company may beneficially own or exercise control or direction over more than five percent of the voting shares of Toronto Stock Exchange Inc., without the Commission's prior approval. Section 21.11(5) of the Act further authorizes the Commission to make a regulation prescribing any percentage of ownership of the voting shares of Toronto Stock Exchange Inc. for the purposes of this shareholding restriction.

The purpose of the share ownership restriction was to prevent any one shareholder or group of shareholders from exercising substantial influence over the Toronto Stock Exchange without prior approval by the Commission. The restrictions were also consistent with similar restrictions, at similar thresholds, that had been imposed on the shares of exchanges in other jurisdictions that had also demutualized.

In 2002, Toronto Stock Exchange Inc. was reorganized and renamed as TSX and a new parent company, TMX Group, was created. The Commission approved TMX Group's acquisition of all of the shares of TSX, following which TMX Group concluded an initial public offering of its own shares. As a condition of its approval for TMX Group's acquisition of TSX's shares, the Commission ordered that the share ownership restriction applicable to the shares of Toronto Stock Exchange Inc. apply to the shares of TMX Group, as the beneficial owner of the exchange. The Commission also made a regulation prescribing 10 percent as the new maximum percentage ownership position that any person or company could own or exercise control over without the Commission's prior approval.[1]

In response to public comment at the time regarding the increase in the share ownership restriction from five percent to 10 percent, TSX characterized the purpose of the restrictions as follows:

> As the Toronto Stock Exchange is the primary stock exchange in Canada for senior issuers, and TSX Venture Exchange is the primary stock exchange for junior issuers, TSX Inc. believes that it is in the public interest that it not become controlled by any one person or company, whether domestic or foreign. It is TSX Inc.'s understanding, based on the fact that section 21.11(1) of the Act currently contains ownership limits on TSX Inc., that the Commission took a similar view regarding the merits of maintaining a widely-held Toronto Stock Exchange when, in 1999, it included in the Act the language provided in section 21.11(1). Continuing ownership restrictions, albeit at an increased limit, effectively maintain the widely-held status of the Toronto Stock Exchange.[2]

Staff note that the purpose of the share ownership restriction is not to restrict foreign ownership of TSX but to ensure that TSX remains widely held. Under the terms of the current restrictions, foreign institutions can own all of the outstanding shares of TMX Group, provided no single foreign institution owns more than 10 percent without prior Commission approval.

4. THE PROPOSED TRANSACTION BETWEEN TMX GROUP AND LSEG

The Proposed Transaction will be implemented through a court-approved plan of arrangement under the *Business Corporations Act* (Ontario). Under the plan, shareholders in TMX Group will receive 2.9963 shares of LSEG in exchange for each share of TMX Group. On closing, LSEG shareholders will own 55 percent of the expanded share capital of LSEG and TMX Group shareholders will own 45 percent of LSEG. The Application refers to LSEG following the Proposed Transaction as "Mergeco",

---

1 Ont.Reg. 261/02, September 3, 2002

2 (2002) 25 OSCB 6132, September 13, 2002.

the parent company of LSEG's and TMX Group's current subsidiaries. Shares of Mergeco will be listed for trading on both the Toronto Stock Exchange and the London Stock Exchange.

Mergeco will be jointly headquartered in London and Toronto. The executive management and senior leadership of Mergeco will be drawn from a balance of leaders from both organizations and will be represented in its co-headquarters of London and Toronto as well as other core centres, including Calgary, Colombo, Milan, Montreal, Rome and Vancouver.

The Application provides that the operating exchanges currently held by both TMX Group and by LSEG will continue to operate distinctly and under their existing business names. The Application also provides that the Proposed Transaction will not affect the Commission's current regulation of TMX Group, TSX, or any other subsidiary of TMX Group.

The Application also includes information regarding LSEG and the regulatory treatment of LSEG in the United Kingdom and Italy.

The Application sets out a number of undertakings that Mergeco will give to the Commission following the Proposed Transaction. These undertakings are detailed in the Application and include, in part:

- Provisions for the proposed governance of Mergeco and composition of its Board of Directors, both before and after the fourth anniversary of the Proposed Transaction
- That Mergeco will allocate sufficient financial and other resources to TMX Group and TSX to ensure that they can carry out their functions consistent with the public interest and the terms of the Recognition Order
- That TSX continue to be locally managed, subject to the strategic direction of Mergeco, and TSX will maintain its core operations in Canada; and
- That Mergeco will not sell or otherwise dispose of any voting or equity shares of TMX Group or TSX without the Commission's prior approval.

Regarding the proposed governance of Mergeco, Mergeco undertakes that, for the first four years following the Proposed Transaction, Mergeco's board will consist of 15 directors, seven of whom will be "Canadian directors". For the purposes of the undertakings, "Canadian directors" is defined to mean a director who is ordinarily resident in Canada or, if at least five directors are ordinarily resident in Canada, one Canadian citizen.

The number of Canadian directors on Mergeco's board may be reduced if Mergeco expands its operations through a transaction with another party and takes on directors from the other party's board as a result or if Mergeco adds directors who are resident outside Canada and Europe. In this case, the number of Canadian directors on the reconstituted board of Mergeco would reflect at least the same proportion of Canadian directors on the original Mergeco board, applied to the number of original Mergeco directors who remain on the reconstituted board, subject to a minimum of three Canadian directors.[3]

Following the fourth anniversary of the Proposed Transaction, the number of Canadian directors on Mergeco's board may be reduced to no less than: (i) an appropriate number in light of the overall significance of the Canadian business to Mergeco; or (ii) three.

The Application also provides that Mergeco will be responsible for setting and overseeing the implementation of the strategic objectives of its operating subsidiaries. The Application provides, however, that the day-to-day operations of the individual subsidiaries will remain the responsibility of the boards of those companies.

The Application filed by TMX Group, TSX and LSEG requests:

(i) a Commission order pursuant to section 21.11 of the Act approving the beneficial ownership by LSEG of all of the common shares of TMX Group; and

(ii) that the Commission amend and restate the Recognition Order of TMX Group and TSX to reflect: (a) changes as a result of the Proposed Transaction; and (b) terms and conditions to be followed by Mergeco regarding the proposed listing of Mergeco shares on TSX.

As discussed above, the Commission has discretion to grant the requested approvals if it is satisfied that it is in the public interest to do so. In determining whether it is in the public interest to grant the approvals, the Commission will consider whether

[3] The Application refers to the following numerical example to illustrate the possible reduction: if Canadian Directors constitute seven of a 15-member board before the change, and the change results in nine of those 15 directors continuing as directors, with six new directors joining the board, Canadian directors must constitute at least four (7/15 of nine) of the new 15-member board.

TMX Group and TSX continue to meet the criteria for recognition attached at Schedule A. The Commission will also consider the terms and conditions that may be required to enable it to maintain regulatory oversight of the exchange operations and the requirements that should be imposed as part of any approvals.

5. ISSUES FOR DISCUSSION

There are a number of issues that the Commission will examine in considering the Application. Many of these issues relate to the Commission's role in ensuring that an appropriate framework for the effective and robust oversight of TMX Group and TSX remains in place after the Proposed Transaction occurs.

The following is a discussion of some specific key issues on which we wish to solicit public comment. We also welcome comment on any other issues not discussed here. In providing comments, Staff expressly request that commenters support their comments with available evidence.

(i) Recognition Criteria and the Public Interest

As indicated in Section 2 above, in assessing the Application, the Commission will consider the recognition criteria attached at Schedule A to this Notice. The Commission will also consider the provisions necessary to enable it to maintain its regulatory oversight.

Question 1: In exercising its discretion, are there additional public interest considerations that the Commission should assess in reviewing the Application? In identifying such considerations, Staff request that commenters describe why they think those considerations are important, why they should be considered, and how they should be assessed.

(ii) Regulatory Oversight over TMX Group, TSX and Mergeco

The Commission's continued ability to exercise the appropriate degree of regulatory oversight over the operations of TMX Group and TSX is critical. To the extent that the operations of Mergeco impact the ongoing operations of TMX Group and TSX, the Commission will also need to assess Mergeco's undertakings going forward to ensure the integrity of the Commission's oversight over TMX Group and TSX following the Proposed Transaction.

We have not yet taken a view as to whether undertakings from Megeco are the appropriate legal means for the Commission to maintain the appropriate degree of oversight. At this point, we wish to assess whether the substance of the proposed Mergeco undertakings, described in Section 4 above, provide the Commission with the degree of oversight necessary to ensure that sufficient regulation of TMX Group and TSX remains with the Commission. We also wish to assess whether or not the proposed functions and responsibilities of Mergeco, as described in the Application, necessitate any additional oversight of Mergeco.

As part of this assessment, Staff will continue to have discussions with other regulators, including staff of the Financial Services Authority in the United Kingdom, about appropriate regulatory cooperation and oversight.

Question 2: Do Mergeco's proposed undertakings to the Commission provide for a sufficient degree of regulatory oversight by the Commission over the operations of TMX Group, TSX, and Mergeco as necessary? If not, why not? In any event, would there be sufficient oversight of Mergeco by the Commission or by any other regulatory body?

Question 3: Are there additional undertakings that Mergeco should provide to the Commission to ensure adequate oversight?

Question 4: Do the proposed undertakings by Mergeco provide for appropriate governance over the operations of TMX Group and TSX?

Question 5: Are the proposed governance arrangements following the fourth anniversary of the Proposed Transaction sufficient to account for the interests of TMX Group and TSX?

Question 6: Should the Commission have the authority to approve any "permitted adjustment" to the composition of the Board of Mergeco before the fourth anniversary of the Proposed Transaction?

Question 7: Should the Commission have the authority to approve any adjustments to the composition of the Board of Mergeco after the fourth anniversary of the Proposed Transaction?

Question 8: Is the proposed undertaking by Mergeco to allocate sufficient financial and other resources to TMX Group and to TSX adequate or should there be additional undertakings with respect to the continuity of the operations of TMX Group and TSX?

(ii) On-going Share Ownership Restrictions

Following the reorganization of TSX and the initial public offering of shares in TMX Group, the restrictions on the ownership of TSX shares was raised from five percent to 10 percent and, through an order of the Commission, deemed to apply to the shares of TMX Group. The rationale for the restriction was to ensure that TMX Group remained widely held and to provide the Commission with an opportunity to assess and approve the suitability of any prospective owner of a significant shareholding in TMX Group.

The Application proposes that the current share ownership restrictions for TMX Group shares will remain in place following the Proposed Transaction. Consequently, if Mergeco proposed to sell more than 10 percent of the shares of TMX Group, the purchaser would need the Commission's prior approval. In this regard, one of Mergeco's undertakings included in the Application provides that Mergeco will not sell or otherwise dispose of any voting or equity securities of TMX Group or TSX without prior approval by the Commission.

However, the Application does not propose to apply the 10 percent share ownership restrictions to the shares of Mergeco. It does provide that a change in legal or effective control of Mergeco would require the Commission's approval. Legal control of Mergeco results from a person or company holding more than 50 percent of the shares of Mergeco. Effective control of Mergeco results when a person or company acquires sufficient shares of Mergeco that they can elect a majority of directors to its board. [4]

The effect of the share ownership restrictions as described in the Application is that the Commission's authority to approve significant shareholders of Mergeco would be triggered by a change in legal or effective control of Mergeco rather than by a person or company owning or controlling more than 10 percent.

Staff will assess whether the share ownership restrictions in section 21.11(1) of the Act should apply to the shares of Mergeco, as they did to the shares of TMX Group following its initial public offering.

Question 9: Do the share ownership restrictions as proposed in the Application continue to meet the policy objectives of the Commission reflected in the current share ownership restrictions?

Question 10: Should the Commission have the authority to approve ownership or control of more than 10 percent of the shares of Mergeco rather than the 50 percent as proposed? If so, why?

(iii) Governance and Core Operations of TMX Group and TSX

The Application provides that Mergeco will cause TSX to maintain its "core operations" in Canada. The Application identifies the core operations of TSX currently as: (i) its two local Canadian equities data centres; (ii) local Canadian information technology operations and support services; (iii) local Canadian listing and issuer services; (iv) local Canadian trading services; (v) local Canadian compliance and regulation functions; and (vi) local Canadian market data services.

The Application also provides for proposed governance arrangements for TMX Group and TSX. Specifically, the Application provides that at least 50 percent of the directors and members of each of the board committees of TMX Group and TSX will be both ordinarily resident in Canada and independent.

Question 11: Should TSX's "core operations", as described in the Application, be kept in Canada and if so, why? What would be necessary for these operations to be considered to be "in Canada"?

Question 12: Are there operations of TSX, other than those described in the Application, that constitute "core operations"? Why?

Question 13: Are the governance arrangements as proposed for TMX Group and TSX adequate to ensure appropriate representation of Canadian interests on the boards of TMX Group and TSX?

[4] As indicated in the Application, establishing a change in effective control of Mergeco is a question of fact in the circumstances and not subject to a bright line standard.

(iv) Assessment of Proposed Transaction

Part III of the Application sets out the applicants' assessment of the benefits of the proposed arrangement. These benefits include deeper liquidity for securities traded on TSX, greater access to Canadian markets, benefits to market participants, intermediaries and advisors, and an improved competitive position to attract foreign issuers to list in Canada.

Question 14: Do commenters agree or disagree with TMX's assessment of the Proposed Transaction?

Question 15: What impact will the Proposed Transaction have on issuers' ability to raise capital and on investors wanting to trade securities?

Question 16: What are the detriments of the Proposed Transaction, if any? Please provide relevant data where available.

(v) Clearing and settlement

TMX Group has interests, directly and indirectly, in several clearing and settlement organizations in Canada; The Canadian Derivatives Clearing Corporation (CDCC), CDS Clearing and Depository Services Inc., and its parent company, The Canadian Depository for Securities Limited (collectively, CDS), and Natural Gas Exchange Inc. (NGX).

CDCC is a wholly-owned subsidiary of MX and presently clears and settles trades executed on MX. In December 2009, CDCC entered into deliberations with the Investment Industry Association of Canada to develop a central counterparty and netting utility for Canada's fixed income market. TMX Group holds an 18.1% ownership interest in CDS, the national clearing agency and depository for equity and debt securities.[5] It clears and settles trades carried out on TSX, TSX Venture and other Canadian marketplaces.

Question 17: Do commenters believe that there are any issues associated with foreign ownership and control of Canadian clearing and settlement systems and, in particular, systems that are systemically important to the Canadian financial markets? If so, what measures should be considered to address these concerns?

Question 18: Should trades or other transactions conducted on a Canadian marketplace be required to clear and settle through a clearing agency recognised in a Canadian jurisdiction?

Question 19: Are there any other clearing and settlement issues that are raised by the Proposed Transaction?

(vii) Strategic asset or infrastructure

Given the public discussion of the Proposed Transaction to date, we would like to solicit feedback on whether TMX Group, TSX, or any other part of the TMX Group, is a strategic asset or infrastructure for Canada and, if so, what this should mean in the context of the Commission's review of the Proposed Transaction.

Question 20: Is TMX Group, TSX, or any other part of TMX Group a strategic asset or infrastructure? If so, please explain the criteria by which you make such an assessment.

Question 21: If so, what implications should this have for the Commission's review of the Proposed Transaction? Why?

6. PUBLIC CONSULTATION

The Application raises significant public policy issues that are important to market participants and the Ontario capital market. As a result, the Commission has decided that a Public Consultation should be held to give interested parties an opportunity to provide their views to the Commission.

The Public Consultation will be led by a panel of the Commission and will consider the public policy issues described in this notice together with any other public policy issues which are relevant to the Application and fall within the Commission's mandate. The consideration of these issues in the course of the Public Consultation will assist the Commission in making its decision whether to approve the beneficial ownership by LSEG of all the common shares of TMX Group and in determining the changes to the Recognition Order that are necessary to ensure the appropriate level of oversight of the exchange and ensure that the exchange operates in the public interest. Ultimately, it is the Commission as a whole that will make the decision on the Application following the Public Consultation.

[5] CDS's shareholders are the six large Schedule 1 banks (66.7%), the Investment Industry Regulatory Organization of Canada (15.2%) and TMX Group (18.1%).

Interested parties wishing to participate in the Public Consultation must first submit written comments on the Application, following the written comment process set out below. If you are interested in participating in the Public Consultation, please submit your request, with contact information, as part of your written comments. The appropriateness and extent of any participation in the Public Consultation will be determined by the Commission. Please also note that, for purposes of the Public Consultation, participants will be expected to provide additional insight regarding their comments, rather than simply repeating the substance of their written comments.

Date(s) for the Public Consultation have not yet been established, although we anticipate that it will be held in July 2011. Once the date(s) have been finalized, a notice to the public will be published with additional details, and parties who have expressed an interest in participating in the Public Consultation will be contacted directly.

7. WRITTEN COMMENT PROCESS

We are seeking comment on all aspects of the Application and are also seeking specific comment on the issues and questions identified above.

You are asked to provide your comments in writing, via e-mail and delivered on or before **June 29, 2011** addressed to the attention of the Secretary of the Commission, Ontario Securities Commission, 20 Queen Street West, Toronto, Ontario, M5H 3S8, e-mail: jstevenson@osc.gov.on.ca.

Confidentiality of submissions will not be maintained and a summary of written comments received during the comment period will be published.

Questions on this Notice may be referred to:

Susan Greenglass
Director, Market Regulation
(416) 593- 8140
e-mail: sgreenglass@osc.gov.on.ca

Tracey Stern
Manager, Market Regulation
(416) 593-8167
e-mail: tstern@osc.gov.on.ca

Barb Fydell
Senior Legal Counsel, Market Regulation
(416) 593-8253
e-mail: bfydell@osc.gov.on.ca

Chris Byers
Legal Counsel, Market Regulation
(416) 593-2350
e-mail: cbyers@osc.gov.on.ca

CRITERIA FOR RECOGNITION

PART 1 COMPLIANCE WITH NI 21-101 AND N1 23-101

1.1 Compliance with NI 21-101 and NI 23-101

The exchange complies with the requirements set out in National Instrument 21-101 *Marketplace Operation* and in National Instrument 23-101 *Trading Rules*, each as amended from time to time, including, but not limited to, the requirements relating to:

(a) Access Requirements;

(b) Public Interest Rules;

(c) Compliance Rules;

(d) Information Transparency;

(e) Trading Fees for Marketplaces;

(f) Record Keeping Requirements for Marketplaces; and

(g) Capacity, Integrity and Security of Marketplace Systems.

PART 2 GOVERNANCE

2.1 Governance

The governance structure and governance arrangements of the exchange ensure:

(a) effective oversight of the exchange;

(b) that business and regulatory decisions are in keeping with the exchange's public interest mandate;

(c) fair, meaningful and diverse representation on the governing body (Board) and any committees of the Board, including:

(i) appropriate representation of independent directors, and

(ii) a proper balance among the interests of the different persons or companies using the services and facilities of the exchange;

(d) the exchange has policies and procedures to appropriately identify and manage conflicts of interest, and

(e) there are appropriate qualifications, remuneration, limitation of liability and indemnity provisions for directors, officers and employees of the exchange.

2.2 Fitness

The exchange has policies and procedures under which it will take reasonable steps, and has taken such reasonable steps, to ensure that each director and officer is a fit and proper person.

PART 3 ACCESS

3.1 Fair Access

(a) The exchange has established appropriate written standards for access to its services including requirements to ensure participants are appropriately registered under Ontario securities laws, or exempted from these requirements.

(b) The access standards and the process for obtaining, limiting and denying access are fair, transparent and applied reasonably.

PART 4 REGULATION OF PARTICIPANTS AND ISSUERS ON THE EXCHANGE

4.1 Regulation

The exchange has the authority, resources, capabilities, systems and processes to allow it to perform its regulation functions, whether directly or indirectly through a regulation services provider, including setting requirements governing the conduct of participants and issuers, monitoring their conduct, and appropriately disciplining them for violations of exchange requirements.

PART 5 RULES AND RULEMAKING

5.1 Rules and Rulemaking

(a) The exchange has rules, policies, and other similar instruments (Rules) that are designed to appropriately govern and regulate the operations and activities of participants and issuers.

(b) In addition to meeting the requirements of NI 21-101 relating to Public Interest Rules and Compliance Rules as referred to in paragraphs 1.1(b) and (c), respectively, the Rules are also designed to

(i) ensure a fair and orderly market; and

(ii) provide a framework for disciplinary and enforcement actions.

PART 6 DUE PROCESS

6.1 Due Process

For any decision made by the exchange that affects a participant or issuer, or an applicant to be a participant or issuer, including a decision in relation to access, listing, exemptions, or discipline, the exchange ensures that:

(a) parties are given an opportunity to be heard or make representations, and

(b) it keeps a record of, gives reasons for and provides for appeals or reviews of its decisions.

PART 7 CLEARING AND SETTLEMENT

7.1 Clearing and Settlement

The exchange has appropriate arrangements for the clearing and settlement of trades.

PART 8 SYSTEMS AND TECHNOLOGY

8.1 Information Technology Risk Management Procedures

The exchange has appropriate risk management procedures in place including those that handle trading errors, trading halts and circuit breakers.

PART 9 FINANCIAL VIABILITY

9.1 Financial Viability

The exchange has sufficient financial resources for the proper performance of its functions and to meet its responsibilities.

PART 10 FEES

10.1 Fees

(a) All fees imposed by the exchange are equitably allocated and are consistent with the Access Requirements referred to in paragraph 1.1(a) and the Trading Fees for Marketplaces requirements referred to in paragraph 1.1(e).

(b) The process for setting fees is fair and appropriate, and the fee model is transparent.

PART 11 OUTSOURCING

11.1 Outsourcing

Where the exchange has outsourced any of its key functions, it has appropriate and formal arrangements and processes in place that permit it to meet its obligations and that are in accordance with industry best practices.

PART 12 INFORMATION SHARING AND REGULATORY COOPERATION

12.1 Information Sharing and Regulatory Cooperation

The exchange has mechanisms in place to enable it to share information and otherwise co-operate with the Commission and its staff, recognized self-regulatory organizations, other recognized exchanges, investor protection funds, and other appropriate regulatory bodies, subject to the applicable privacy or other laws about the sharing of information and the protection of personal information.

May 13, 2011

VIA EMAIL & DELIVERED

Ontario Securities Commission
20 Queen Street West, Suite 800
Toronto, Ontario
M5H 3S8

Attention: Susan Greenglass, Director, Market Regulation

Dear Ms. Greenglass:

Re: TMX Group Inc. - Proposed Merger with London Stock Exchange Group PLC

In connection with the proposed merger (the "Merger") of TMX Group Inc. ("TMX Group") with London Stock Exchange Group PLC ("LSEG"), pursuant to an agreement (the "Merger Agreement") dated February 9, 2011, LSEG, TMX Group and TSX Inc. ("TSX") hereby apply for the following: (i) an order of the Ontario Securities Commission (the "Commission") approving the beneficial ownership by LSEG of all of the common shares of TMX Group; and (ii) an amended and restated recognition order of TMX Group and TSX reflecting: (a) changes relating to the Merger with LSEG and (b) the terms and conditions to be followed by LSEG in connection with the proposed listing of LSEG ordinary shares on Toronto Stock Exchange. In this application "Mergeco" means LSEG after giving effect to the Merger and "Merged Group" means Mergeco and its subsidiaries worldwide (and, for the avoidance of doubt, includes TMX Group and its subsidiaries).

We also hereby make application on behalf of TMX Group's wholly-owned subsidiary, TSX Venture Exchange Inc. ("TSX Venture"), for an order amending and restating the Commission's amended exemption order of TSX Venture dated August 12, 2005 (the "Existing Venture Exemption Order") to reflect changes in the recognition orders of TSX Venture issued by the Alberta Securities Commission (the "ASC") and the British Columbia Securities Commission (the "BCSC") relating to the Merger. We also hereby make application on behalf of TMX Group's wholly-owned subsidiary, Bourse de Montréal Inc. (the "Bourse"), for an order amending and restating the Commission's amended exemption order of the Bourse dated May 1, 2008 (the "Existing Bourse Exemption Order") to reflect changes in the recognition order of the Bourse issued by the Autorité des marchés financiers (the "Autorité") relating to the Merger.

As a threshold matter, it is important to note that the Merger will have no impact on the Canadian regulatory oversight regime applicable to TMX Group, TSX and their Canadian subsidiaries other than to strengthen it pursuant to commitments made in the Merger Agreement. The Commission will continue as the lead regulator of TMX Group and TSX (as will the Autorité in respect of the Bourse and Canadian Derivatives Clearing Corporation ("CDCC"), the ASC and BCSC in respect of TSX Venture and the ASC in respect of Natural Gas Exchange Inc. ("NGX")). The changes to the TMX Group and TSX recognition order being proposed have the principal objective of ensuring the continuation of the strong local elements of Toronto Stock Exchange operations and regulation. Indeed, the Merger satisfies a main goal of TMX Group for its exchanges and clearing agencies: to solidify and enhance their international position in the midst of a rapidly globalizing and consolidating industry on a basis that best supports the interests of the Canadian financial community.

We also note that under the proposed transaction, the TMX Group exchanges and clearing agencies will continue to operate in the same manner as before; that is, the Merger does not involve any mergers of any of the regulated exchanges themselves with those operated by LSEG, but rather a pooling of the ownership of LSEG and TMX Group.

This application has been divided into nine parts:

I. Merger Description

II. Information Regarding LSEG

III. Benefits of the Merger

IV. Ownership Restrictions

V. Governance, Undertakings and Proposed Amendments to Recognition Order

VI. Self-Listing Conditions will apply to Mergeco Shares Traded on Toronto Stock Exchange and Exchangeable Shares

VII. Items in Recognition Order that are not Impacted

VIII. Amended Exemption Orders in Respect of TSX Venture and The Bourse

IX. Enclosures

I. MERGER DESCRIPTION

A. Implementation

The Merger will be implemented by way of a court-approved plan of arrangement under the *Business Corporations Act* (Ontario). Under the terms of the plan of arrangement, TMX Group shareholders will receive 2.9963 Mergeco ordinary shares for each TMX Group share. TMX Group resident Canadian shareholders that are not exempt from taxation may receive, at their election, 2.9963 exchangeable shares in an indirect Canadian subsidiary of Mergeco ("Exchangeco") for each TMX Group share, each exchangeable by the holder at any time into an Mergeco ordinary share. LSEG shareholders will therefore at closing own 55 per cent and TMX Group shareholders 45 per cent of Mergeco, which will be renamed after closing. Mergeco will be listed on both London Stock Exchange and Toronto Stock Exchange; Exchangeco will be listed on Toronto Stock Exchange.

The sole purpose of Exchangeco and the exchangeable shares is to provide TMX Group resident Canadian shareholders that are not exempt from taxation the ability to receive shares at closing on a tax-free roll-over basis and to permit those shareholders to receive beneficial tax treatment on dividends on those shares. The exchangeable shares provide the holder with a security having, as nearly as is practicable, economic terms and voting rights that are the same as the Mergeco ordinary shares. The exchangeable shares are subject to redemption by Exchangeco in certain circumstances, including at any time seven years after the closing of the Merger. This exchangeable share structure is substantially similar to structures the Commission is familiar with pursuant to the Exemption for Certain Exchangeable Security Issuers under section 13.3 of National Instrument 51-102 – *Continuous Disclosure Obligations* and this structure would meet the requirements for the exemption thereunder.

B. Mergeco Board

At closing, Mergeco will be the parent holding company of the various exchange entities and related businesses that operate within the Merged Group. LSEG currently does not, and Mergeco will not, carry on any active business operations. All active business operations will be carried on by the respective subsidiaries of the Merged Group.

At closing, the board of Mergeco will consist of 15 directors, eight to be nominated by LSEG, including three from Italy, and seven to be nominated by TMX Group. Wayne Fox, currently Chair of TMX Group, will be the Chairman of the board of Mergeco, and the current Chair of LSEG, Chris Gibson-Smith, and LSEG's Italian Deputy Chair will be Deputy-Chairmen. The executive board members of Mergeco will be:

- Chief Executive Officer – Xavier Rolet, currently Chief Executive Officer of LSEG (based in London);
- President – Thomas Kloet, currently Chief Executive Officer of TMX Group (based in Toronto);
- Chief Financial Officer – Michael Ptasznik, currently Chief Financial Officer of TMX Group (based in Toronto); and
- Director – Raffaele Jerusalmi, currently Chief Executive Officer of Borsa Italiana S.p.A. (based in Milan).

The Mergeco Board will be responsible for setting and overseeing implementation of the Merged Group's strategic objectives and will be accountable for the financial and operational performance of the Merged Group. Accordingly, responsibilities of the Mergeco board will include: (i) approval of the Merged Group's long term objectives and commercial strategy; (ii) approval of the Merged Group's annual operating and capital expenditure budgets; (iii) approval of changes to the Merged Group's corporate and capital structure; (iv) the Merged Group's financial reporting, including internal controls; and (v) risk management for the Merged Group.

Mergeco will be jointly headquartered in London and Toronto. The executive management and senior leadership of Mergeco will be drawn from a balance of leaders from both organizations and will be represented in its co-headquarters of London and Toronto as well as other core centres, including Calgary, Colombo, Milan, Montreal, Rome and Vancouver.

The various operating exchanges in the combined group will continue under their existing highly recognized brand names. Mergeco will also continue to maintain local boards of directors of the regulated legal entities in Europe and Canada (including for TMX Group, TSX, the Bourse, TSX Venture and CDCC).

The day-to-day operations of the individual companies in the Merged Group are, and will remain, the responsibility of the boards of directors of those companies. In this regard, each subsidiary board is responsible for (i) financial matters relating to the individual entity, including approving accounts and recommending budgets for approval by the Mergeco board; (ii) ensuring compliance with local regulatory requirements, including approving matters relating to licenses to operate and recognition orders and operating of local markets; and (iii) ensuring the integrity of local capital markets and that local customer bases are maintained.

Commitments for Canadian participation in the boards of directors of TMX Group and TSX are also provided for in connection with the Merger as described in Section V(B)(i)(1) and Section V(B)(ii)(1).

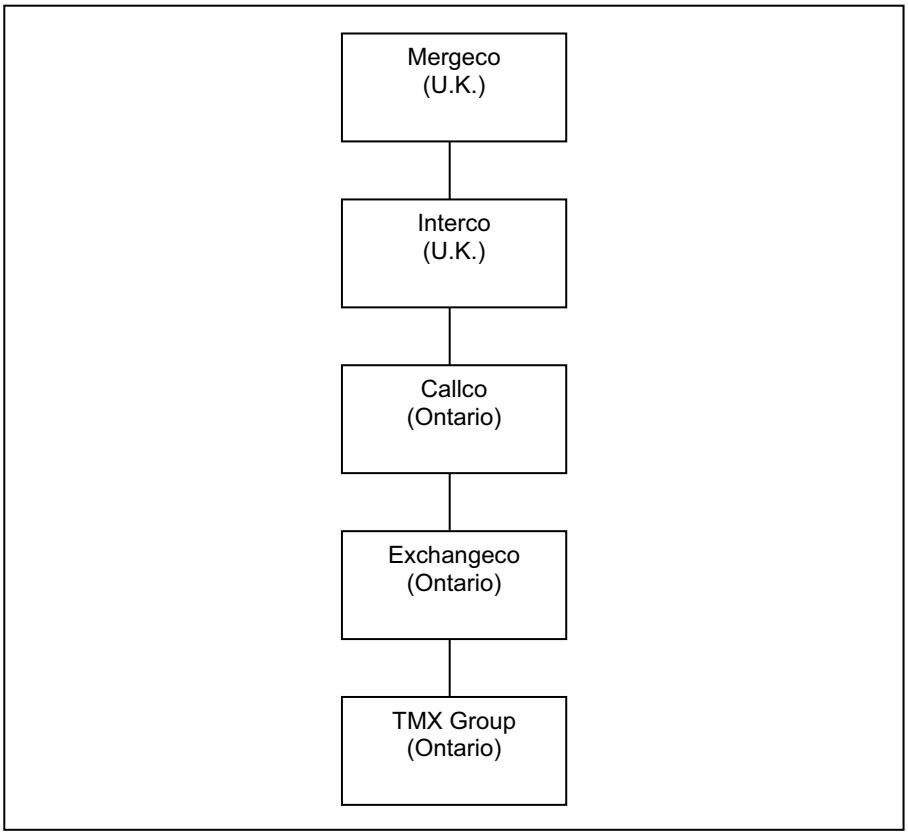
C. Corporate Structure

The first chart below shows the corporate entities involved in the Merger immediately upon the completion of the Merger. The Exchangeco, Callco and Interco entities referenced in the chart all exist solely to support the exchangeable share structure and for associated tax reasons and have no separate business function or operations. Each of the subsidiary entities of Mergeco is wholly-owned, except in the case of Exchangeco, which will issue the exchangeable shares to electing former shareholders of TMX Group (and which are non-voting in respect of Exchangeco and instead confer voting rights in respect of Mergeco).[1]

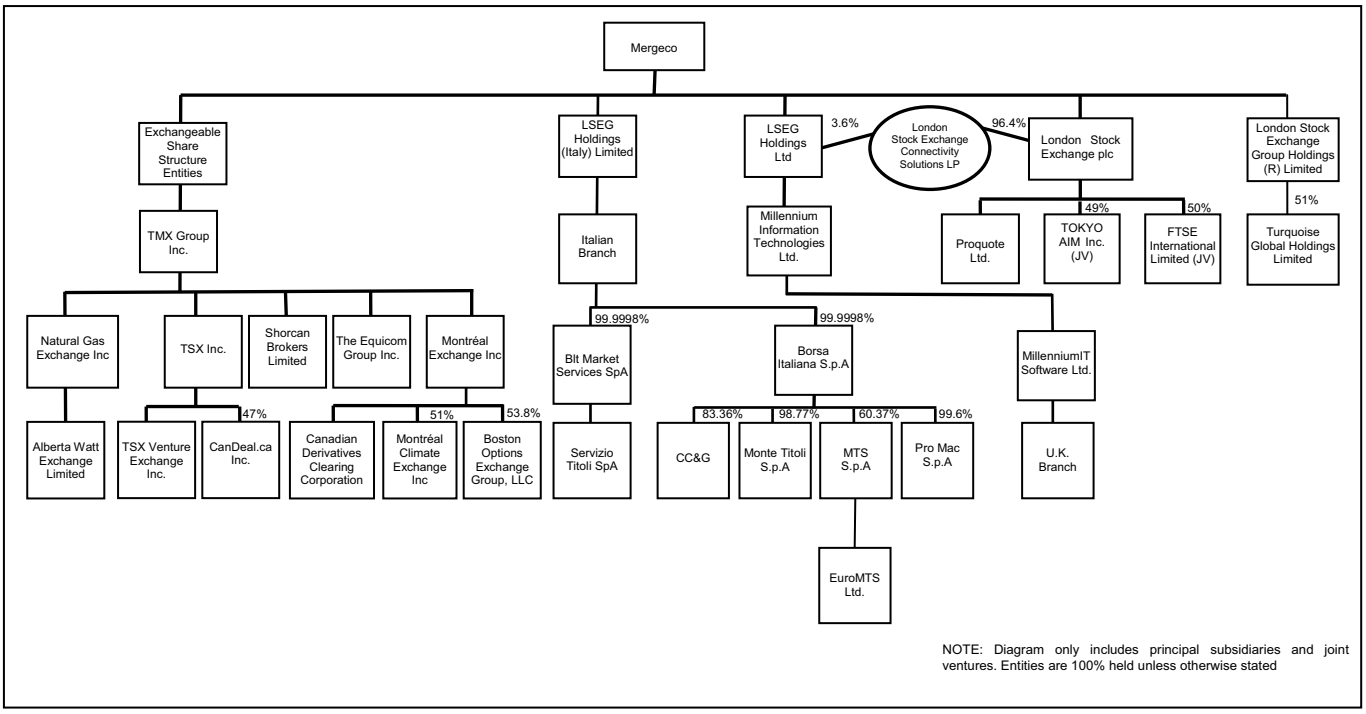
The second chart below shows the Merged Group after the Merger, focusing on key operating entities and business lines.

[1] There are other trust and similar vehicles that will be established for purposes of holding and conferring voting rights on behalf of the holders of exchangeable shares.

Corporate Entities Involved in Merger



Merged Group Structure



II. INFORMATION REGARDING LSEG[2]

LSEG is a diversified international exchange business which operates a wide range of markets in the European Union. It is headquartered in London, U.K. with significant operations in Italy and Sri Lanka and employs approximately 1,500 people. Through its advanced trading platforms and diverse listing services, LSEG offers domestic and international issuers and investors, both institutional and retail, access to Europe's highly liquid capital markets. LSEG offers its customers an extensive range of real-time and reference data information products and robust post-trade services and also develops high performance technology trading and surveillance platforms and capital markets software.

A. Capital Markets

LSEG provides a highly attractive international venue for the public listing of shares, bonds and other securities by companies seeking to raise capital from investors, both at the time of their initial listing and through subsequent offerings. The key equity markets operated by LSEG are the U.K.'s Main Market and Italy's MTA Market and AIM (for small and growing companies).

LSEG also operates a range of electronic trading platforms that provide high speed order and quote-driven matching services for investors that wish to buy and sell securities. Some of these platforms are operated by recognized exchanges while others are run by authorized firms, such as "alternative trading systems" (known in Europe as multilateral trading facilities or "MTFs"), which undertake both lit and dark trading of securities.

The key listing and trading venues in LSEG are:

- London Stock Exchange plc (the "LSE"), a Recognised Investment Exchange ("RIE") regulated by the U.K.'s Financial Services Authority ("FSA"), which offers listing services and operates several equity and bond markets including the "Main Market", AIM and the "International Order Book" for international equities;

- Borsa Italiana S.p.A. ("Borsa Italiana"), LSEG's Italian exchange business, regulated by Commissione Nazionale per le Società e la Borsa ("Consob"), Italy's main securities regulator, which offers listing services and operates a range of equity, derivative and bond markets, including MTA (the main Italian equity trading platform), IDEM (its Italian derivatives market, trading contracts based on equities and related indices) and IDEX (its Italian energy derivatives segment, trading contracts based on commodities and related indices);

- Turquoise Global Holdings Limited ("Turquoise"), an MTF regulated by the FSA, which offers lit and dark trading in pan-European and U.S. equities. Turquoise is planning to launch shortly a European derivatives offering running on TMX Group's SOLA® technology;[3] and

- Società per il Mercato dei Titoli di Stato S.p.A. ("MTS S.p.A."), which controls and operates a series of electronic trading platforms for European fixed income securities, including EuroMTS Limited, a U.K. incorporated entity which is an MTF regulated by the FSA.

B. Post-trade

LSEG's post-trade entities are:

- Cassa di Compensazione e Garanzia S.p.A. ("CC&G"), a majority-owned subsidiary of LSEG, which is a clearing house regulated by the Banca d'Italia and Consob that guarantees trades between counterparties and manages counterparty risk in a range of assets and instruments, including cash equities, derivatives, energy products and government bonds. CC&G's services are used primarily for trading taking place on Borsa Italiana. LSEG's U.K. trading platforms use the services of third party clearers such as LCH.Clearnet and EuroCCP.

- Monte Titoli S.p.A. ("Monte Titoli"), a majority-owned subsidiary of LSEG, which is a settlement system and securities depositary regulated by Banca d'Italia and Consob that provides settlement and custody services, primarily for Italian securities, to a broad client basis and has a wide range of connections to international markets and central counterparties. LSEG's U.K. trading platforms use the services of third party settlement systems and depositaries such as Euroclear.

---

2 The information in Part II has been provided by LSEG.

3 As has recently been announced, LSEG is shortly going to combine EDX London Limited into Turquoise, utilizing TMX Group's market leading derivatives trading technology, SOLA®.

C. Information Technology

LSEG's information and technology services include:

- the provision of high speed, real time pre-trade and post-trade data, trade confirmation, reconciliation and reporting services, corporate news information and co-location services; and
- the sale and license of exchange-related technology and services to a variety of global capital markets businesses through its Millennium Information Technologies Ltd. ("MillenniumIT") business in Sri Lanka.

MillenniumIT has recently implemented new trading platforms at the LSE and Turquoise, which have made it the fastest trading platform in Europe, with average round-trip latencies well below 200 microseconds.[4]

D. Regulation of Markets

LSEG recognizes the importance of ensuring its markets continue to be well regulated and that they have the appropriate standards of transparency, orderliness and integrity. In relation to both admission to its primary markets and secondary market trading, LSEG's regulated entities impose balanced and proportionate regulatory standards to maintain high levels of investor confidence. More specifically:

- LSE and Borsa Italiana have rules for issuers whose securities are admitted to their markets; both to ensure their suitability to be traded on a public market and to govern the issuers' continuous disclosure of corporate information to investors.
- Each regulated entity in LSEG has rules for its trading participants that govern their trading activity on each of its platforms.
- Trading prices and volumes are monitored by LSE and Borsa Italiana to identify any asymmetry of information in the market or evidence of possible leaks of price sensitive information, which might necessitate the issuers making further announcements to the market.
- Each regulated entity in LSEG uses sophisticated surveillance technology to monitor the group's markets in real-time and on a post-trade basis. This surveillance ensures the ongoing orderliness of the markets, monitors compliance with the rules of the platforms and detects possible market manipulation and market abuse.
- Each regulated entity in LSEG ensures that trading taking place on each of the group's trading platforms, whether executed electronically or bilaterally and then reported to it under its rules, has the appropriate level of pre-trade and post-trade transparency.
- To ensure reliable, continuous price formation, the high speed trading technology used by the regulated entities in LSEG utilizes a variety of automatic controls, such as volatility interruptions and auction extensions.

In addition to the rules applicable on LSEG's various trading platforms, users of each platform must also comply with the regulations promulgated by local regulatory authorities, such as the FSA (in the case of the platforms authorized or recognized in the U.K.) and Consob (in the case of the platforms based in Italy).

All of the regulated entities within LSEG work closely with their respective statutory regulators to maintain high regulatory standards throughout LSEG. Further information on LSEG can be found in its 2010 annual report or on its corporate website located at www.londonstockexchangegroup.com.

E. Regulation of LSEG

(i) *U.K. Regulation of LSEG*

LSEG is the ultimate parent company of LSE, which is an RIE, and of Turquoise and EuroMTS Limited, both of which are FSA "authorized firms". This section briefly describes how the RIE and authorized firm regulatory regimes apply to LSEG itself as the owner of U.K. regulated subsidiaries, and accordingly how they would apply to Mergeco post-Merger.

[4] At the 99th percentile, which means a calculation of the mean average latency across 99 per cent of all messages.

The regulatory regime for RIEs is relatively concise, high level and principles-based and obliges RIEs to meet certain recognition requirements on an ongoing basis. An RIE's compliance with the recognition requirements is supervised by the FSA in a close and continuous manner. This regime contrasts with the much more detailed, rules-based regime to which all FSA authorized firms are subject, based largely on harmonized European Union requirements.

LSEG is a U.K.-listed, unregulated holding company that does not itself perform any regulated activities and accordingly does not itself require either recognition as an RIE or authorization as a firm. The FSA therefore does not have direct regulatory control over LSEG but does have to approve certain changes in ownership of LSEG as the ultimate parent of the U.K. regulated subsidiaries, as described in Part IV – Ownership Restrictions. In addition, the FSA has regulatory influence over the individual board members of LSEG as follows.

The FSA's regime for authorized firms requires the approval of the individuals such as directors, non-executive directors or senior managers employed by an unregulated parent undertaking or holding company whose decisions, opinions or actions are regularly taken into account by the governing body of the authorized firm. As a result, the FSA interviews and approves the key board members (typically the Chairman, Chief Executive Officer and Senior Independent Directors) of unregulated holding companies of high impact authorized firms such as banks. The presence of the two FSA authorized firms in the LSEG group therefore gives the FSA the ability to require the board members of LSEG to be formally approved.

RIEs are exempt from authorization and therefore from the requirement that their key holding company board members be approved. However, in recent years the FSA has adopted the practice of interviewing prospective board members of RIE holding companies to establish their suitability, in a manner very similar to the approach taken for high impact authorized firms. The RIE recognition requirements specifically allow the FSA to take into account LSE's connection with any person and require that individuals in a position to exercise significant influence over an RIE, whether directly or indirectly, be suitable. Therefore, the FSA is able to use its regulatory influence over LSE, the RIE, as the basis for its assessment of the suitability of LSEG board members.

On an annual basis, the FSA meets with LSEG to discuss the risk mitigation program for the regulated entities in LSEG. The FSA's risk assessment is a high level review aimed at assessing the significance of the risks posed by the regulated entities to the FSA's statutory objectives (market confidence, financial stability, consumer protection and the reduction of financial crime). The program assesses the impact on their statutory objectives if a particular risk actually materialized and the probability of the risk materializing.

(ii) *Italian Regulation of LSEG*

Following the Merger, Mergeco will also be the parent company of Borsa Italiana, CC&G, Monte Titoli and MTS S.p.A., all of which are companies regulated by Consob and Banca d'Italia. Specifically, Borsa Italiana is supervised by Consob only, while MTS S.p.A., CC&G and Monte Titoli are under Consob and Banca d'Italia supervision.

Italian law requires that any direct or indirect shareholders of more than 5 per cent in market operators (such as Borsa Italiana and MTS S.p.A.), in central depositaries (such as Monte Titoli) and in central counterparties (such as CC&G) or any persons who otherwise control these entities, be persons of integrity and make a declaration to Consob (and Banca d'Italia for the companies it supervises) accordingly. If those shareholders are legal persons then it is the directors of the shareholder companies that must be persons of integrity and must make appropriate declarations. Where the parent undertaking is an overseas company, Italian law allows for the integrity requirement to be met through a substantially equivalent requirement that is imposed by an appropriate overseas competent authority. In 2007, after the merger between LSEG and Borsa Italiana, in which LSEG became the parent undertaking, the FSA wrote a letter, which was sent to Consob and Banca d'Italia, confirming the status of LSE as an RIE and stating the requirement for an RIE to be "fit and proper" taking into account its connections with any person, including its owners. This U.K. requirement met the Italian equivalence test for LSEG, the ultimate holding company of the Italian regulated companies.

III. BENEFITS OF THE MERGER

Overview

The proposed merger of TMX Group (which operates Canada's principal equities and derivatives markets) and LSEG (which operates leading markets in the U.K. and Italy) is intended to attract new investment to Canadian public issuers and contribute directly to the success of Canada's capital markets. This in turn underpins economic activity and growth in Canada (as well as achieving similar effects in the U.K. and Europe).

Canadian capital markets have operated on the international stage for some time, attracting global issuers and investors to TMX Group's exchanges. This has helped to strengthen the performance of these exchanges and has contributed to enhanced financial sector activity. We believe that the Merger will further enhance this effort. TMX Group's exchanges will be able to take advantage of LSEG's global footprint (notably, a European and international sales force, deep customer

relationships in key foreign markets and connections to global investors) to promote the TMX Group issuers and products and investment in Canada internationally. In addition, the trans-Atlantic link (both in terms of people and technology) will help simplify European and international investor access to Canadian markets, deepening the capital pool available to Canadian publicly listed issuers and enhancing activity on TMX Group's domestic equity and derivatives exchanges.

The resulting increase in demand and liquidity in the Merged Group's Canadian platforms is expected to reduce trading costs and lower the cost of capital for issuers listed on Toronto Stock Exchange and TSX Venture, permitting more effective and efficient financing for Canadian issuers of all sizes. The increased trading and investment activity that we expect to generate on TMX Group's Canadian markets will facilitate access to capital for smaller capitalized and early stage corporations to fund important new development projects and will allow larger capitalized corporations to raise the financing required to fund large projects and strategic initiatives. We anticipate that this will in turn promote job expansion and innovation in Canada.

An increased demand for securities of issuers listed on Toronto Stock Exchange and TSX Venture is expected to similarly increase the demand for derivatives related to those securities (including options) that trade on the Bourse and for clearing them on CDCC.[5] CDCC will also benefit from being part of a larger organization with additional clearing assets and expertise. In addition, CDCC will benefit from enhanced opportunities to create a trans-Atlantic over-the-counter ("OTC") derivatives clearing services offering. In this regard, and in response to the financial crisis, in September 2009 the G-20 made a commitment that all standardized OTC derivative contracts should be cleared through central counterparties by the end of 2012 at the latest.

The following sections describe the benefits of the Merger to TMX Group and its Canadian stakeholders in detail.

A. Greater Visibility Promotes Canada

Given the mobility of and competition for international capital, TMX Group needs to continually work to increase awareness of, and simplify access to, Canadian markets to ensure that Canada obtains its fair share or more of global asset allocation. We believe that the Merger will help achieve these objectives.

LSEG's global footprint, in particular its existing strong customer relationships in key foreign markets[6], and an established LSEG global sales force (with offices across Europe and Asia) will increase the visibility of TMX Group's capital markets around the world, helping it to promote Canada internationally and attract new investment to Canada.

B. Greater Accessibility to Canadian Markets Improves Liquidity

One of the keys to international investor access to Canadian markets is connectivity: that is, the mechanism that enables a market participant to send orders to the exchange. Different messaging protocols, arranging for telecommunications lines and technology latency are key impediments to connectivity. TMX Group has addressed these issues within North America in recent years by providing a standard FIX messaging protocol, using physical points of presence in key U.S. hubs with telecommunication lines connecting into Canadian hubs as well as continually improving trading system speed of execution. These steps, among others, have made access to TMX Group's exchanges and listed issuers more attractive and easier and have resulted in a significant increase in the number of TMX Group's U.S.-based customers.[7]

To maximize Canada's potential, it is critical to open new pathways and streamline access to TMX Group's markets for a broader cross-section of international investors. To that end, Europe represents one of the world's largest capital pools. The total global managed assets in Europe, including the U.K., is estimated to be $18 trillion (of which the U.K. constitutes $2.8 trillion, or 16 per cent), while in Canada it is estimated to be $0.7 trillion.[8]

Through the Merger we plan to establish connectivity between European and Canadian data centres and to implement common technology and application platforms. This will facilitate access to Canada for European investors and, when combined with proactive and more effective marketing of Canadian opportunities to European investors, is expected to increase capital and order flow into Canada from Europe's significant capital pool.

---

5 Currently, all equities options traded on the Bourse are based on securities listed on Toronto Stock Exchange.

6 LSEG has issuers from over 20 countries admitted to its markets and over 400 trading members based in the European Economic Area.

7 For example, the number of U.S.-based data subscribers increased 51 per cent from 2006 to 2008. This coincided with the connection of TMX Group to the U.S.-based Secure Financial Transaction Infrastructure (SFTI) telecommunication network in June, 2007.

8 The European statistics are as reported by the European Fund and Asset Management Association in "Asset Management in Europe Facts and Figures: EFAMA's Third Annual Review" (April 2010) and converted to Canadian dollars. The Canadian statistic is as reported by the Investment Funds Institute of Canada in "IFIC Monthly Analytical Package: February 2011" (March 15, 2011).

C. Deeper Liquidity and Demand

Market liquidity is an asset's ability to be bought or sold in a timely manner without causing a significant movement in its price. On an exchange, liquidity is measured by the number and size of buy and sell orders posted and available for execution on its platforms. Deep liquidity pools have the benefit of more efficient pairing of buyers and sellers, which results in tighter spreads between bid and ask prices on an exchange.

The increase in visibility of and accessibility to TMX Group markets described above is expected to lead to deeper liquidity pools by attracting more international order flow. We believe this will narrow spreads and lower market impact costs, thereby lowering the cost of trading to investors, in particular investment funds that take large positions. It should also have the effect of lowering the cost of capital for listed issuers because increased investor demand and reduced transaction costs should lead to higher valuations for the securities of those issuers. As stated in the Department of Finance's 2007 budget document *Creating a Canadian Advantage in Global Capital Markets*, "the more liquid and efficient are domestic equity and bond markets, and the wider the range of Canadian derivative instruments, the lower the cost of raising capital for Canadian business of all sizes."[9]

As this enhanced capital pool can be accessed domestically, we also expect that this will reduce the need for issuers to seek foreign investment through a listing on a foreign exchange. The listing standards set by Toronto Stock Exchange and TSX Venture will not change as part of the Merger and dual-listing between LSEG and TMX Group exchanges will not occur automatically as a result of the Merger. As is currently the case, an issuer will make its own determination as to whether it would derive benefit from a dual-listing. An issuer will be required to follow local rules and regulations to qualify for a listing on a particular exchange.

D. Global Positioning

TMX Group exchanges offer a unique value proposition in key areas. For example, TMX Group's exchanges are recognized as leaders in the small and medium enterprise ("SME") space, and are world leaders in the facilitation of public venture capital financing for early-stage companies; TMX Group is a global centre and leader in the mining sector and in energy and resource financing; TMX Group is expanding its presence and leadership into new growth segments, such as clean technology; and TMX Group exchanges list some of the world's most profitable and stable financial institutions.

These benefits have made TMX Group exchanges an attractive listings destination for international companies. However, there are limitations on TMX Group's ability to seek and secure new foreign listings given TMX Group's relative size and the modest international footprint of its operations. The addition of LSEG's expertise in global sales and its global footprint (which includes a significant London-based sales force and offices in Italy, Tokyo, Hong Kong and Beijing) will help TMX Group to market the value of listing on Canadian exchanges to international issuers more extensively.

For domestic Canadian investors, a broadening of TMX Group's issuer base will offer new investment opportunities. The enhanced international exposure that will come to TMX Group through the Merger, and the increase in foreign listings on TMX Group exchanges that we expect will follow, should benefit Canadian investors through a wider choice of investments on TMX Group's domestic exchanges. A broadened issuer base should also benefit the Bourse, as new listings on Toronto Stock Exchange create opportunities for new derivative products to be traded on the Bourse.

We also expect that TMX Group's inter-dealer bond broker, Shorcan Brokers Limited, as well as NGX, will derive new and increased business from this enhanced global profile as these services become exposed to a greater international audience.

E. Benefits to Market Participants, Intermediaries and Advisors

Increased capital flow from a global investment base will also benefit Canadian market participants more broadly. As opportunities for capital raising by domestic and foreign issuers increase in Canada, the demand for financial advisory services and related professionals such as investment bankers, securities lawyers, accountants, analysts and geologists is expected to increase, benefiting the Canadian financial services sector as a whole.

Additional capital flow will also have a positive impact on Canadian market intermediaries by creating more opportunities to provide related services such as transaction clearing, depositary, registration, transfer agency and trade execution services.

[9] Canada, Department of Finance, *Budget 2007: Creating a Canadian Advantage in Global Capital Markets* (2007) at 13.

F. Improved Competitive Position

The exchange environment is becoming increasingly competitive as a result of the emergence of new trading platforms and demands from customers for increased speed of trade execution and data delivery and for lower trading costs. The technology required to operate leading-edge exchanges in this increasingly competitive, time-sensitive environment is extremely sophisticated and constitutes a major fixed cost for companies that operate exchanges. Furthermore, it takes time to develop and deliver such technology reliably.

In our industry, there have been several waves of combinations, as exchange operators around the world have begun to strengthen their collective positioning by joining forces. These combinations have occurred in response partly to an increase in competition and partly due to developments in technology, which have facilitated new entrants and resulted in changing demands from exchange customers, including demand for new products and services. Pooling ownership has allowed exchange operators to combine their resources to achieve greater economies of scale in connection with investments in technology and other areas needed to serve investors and market participants at competitive prices, while extending their reach internationally. Many of these combinations have occurred across national boundaries and even across continents.

Exchanges that develop their own technology position themselves on the leading edge of the industry. Developing this technology is extremely resource intensive. For example, Singapore Exchange Limited is reporting that it will spend U.S.$195 million[10] on its new trading infrastructure, creating a platform that is approximately twenty times faster than TMX Group's current TSX Quantum® trading engine. Efficiencies result when the technology development costs are shared across an exchange group that can use technology on multiple platforms and build on existing expertise within the group's businesses to develop technology more quickly. The combined technology know-how of the Merged Group will allow TMX Group and its Canadian exchanges to compete more effectively for liquidity by facilitating crucial technology developments to meet customer demand for speed and functionality. Combined technology development and deployment by the Merged Group will benefit from economies of scale that result from having many exchanges and marketplaces on common technology and should enable TMX Group to deliver leading edge technology to its customers more quickly and cheaply.

Further gains are realized when technology can be sold to non-affiliated marketplaces. This is the current successful model of LSEG through its MillenniumIT business, which develops, sells and deploys software such as trading systems, smart order routers and risk management technology to customers globally. The parties expect to be able to extend this approach following the Merger.

The Merger provides the combined organization with an immediate, larger customer base. We expect that existing TMX Group products will benefit from this broadened scope including, for example, the SOLA® trading technology. The SOLA® trading technology, which was developed and is supported by TMX Group's technology team based in Montreal, is currently used by LSEG for its derivatives trading platforms and is being deployed in LSEG's Turquoise multilateral trading facility to support futures and options trading on that marketplace. After the Merger, the TMX Group technology team will benefit from the strengths of its new affiliate, MillenniumIT, which operates a technology sales and deployment infrastructure that can help to accelerate the global commercialization of SOLA® to interested marketplaces. The Merger will allow Canadian expertise in trading software to flourish, as a highly-skilled workforce will be in demand to develop enhancements to SOLA® technology and other Merged Group technology.

G. Enhanced Product Offerings

The Merger allows for the sharing of a global suite of products and services that can be provided to investors and market participants in a streamlined way, creating new levels of efficiency and simplicity. These products and services will include provision of access to local and intercontinental telecommunication lines, North American and European market data and pre-existing investment products that are currently not readily available to trans-Atlantic customers.

In particular, TMX Group will be able to offer its customers new products and services that have already been developed, implemented, and proven by LSEG. One such example is the UnaVista post-trade information management platform, which can be imported and customized for use by Canadian market intermediaries. We believe that Canadian participants could benefit from aspects of the UnaVista platform that perform data validation, matching, reconciliation, and other back-office functions. Access to existing LSEG products will significantly lessen the investment necessary, and shorten the time to market, for TMX Group to bring such products and services to its customers.

Another example of this type of opportunity is the access to FTSE International Limited ("FTSE") indices. LSEG's 50 per cent ownership stake in FTSE will assist in the development of TMX Group's relationship with FTSE, facilitating the creation of FTSE index-based exchange traded funds ("ETFs") and index-based derivatives in Canada. Currently, in order for a Canadian investor to trade FTSE indices, multiple intermediaries must be engaged to ultimately place the order on the foreign

[10] Gaurav Raghuvanshi "Singapore Exchange to Launch New Trading Engine in August" *The Wall Street Journal* (19 January 2011), online: The Wall Street Journal <http://online.wsj.com/ article/BT-CO-20110119-703441.html>.

marketplace as these are only traded on European venues, and foreign-exchange costs for trading in British pounds or euros are applied to the trade. After the Merger, the combined group could more readily bring together FTSE and Canadian ETF providers that could then list FTSE index-based ETFs on Toronto Stock Exchange and options on those ETFs could also be traded on the Bourse. Listing these products on a Canadian exchange would enable domestic investors to trade on a Canadian venue, in Canadian dollars, using one (Canadian) intermediary. In addition, we could develop FTSE index-based derivative products to be traded on the Bourse.

H. Small and Medium Enterprise Companies

The biggest proportion of the TMX Group exchange equity market listings are SMEs.11 These smaller-cap companies are the lifeblood of the Canadian capital markets and are expected to be future key contributors to Canadian economic growth. We expect to see continued growth and success in this market. We believe that the improved international profile and liquidity that the Merger is expected to generate, together with LSEG's evidenced commitment to and expertise in SME markets, will only help the continued growth and success of these markets.

For example, LSEG is the operator of AIM. Since AIM's launch, over 3,200 companies have raised a combined £73 billion.[12] This demonstrates a strong institutional commitment to SMEs seeking efficient financing options.

It is also important to note that the Merger will not in any way reduce the access of issuers to TMX Group markets. It is an important commercial function for Toronto Stock Exchange and TSX Venture to facilitate listing for issuers that meet required listing standards (which, as noted above, will not change as a result of the Merger) and increase the overall number of listings. As an example, if a mining company in Northern Ontario, a gas exploration company in Alberta or a forestry company in British Columbia proposes to list on one of the TMX Group exchanges post-Merger, it will go through exactly the same listing process as is currently the case. We also expect, as a result of the Merger, to be able to offer that company access to new investors from Europe that will be attracted to TMX Group's Canadian exchanges through broader reach of TMX Group's exchange brands and easier connectivity to TMX Group's exchanges.

Accordingly, the highly successful listing model that brings companies to TSX Venture, and helps them graduate to Toronto Stock Exchange, will continue to flourish and will allow these SMEs to continue to develop on Canadian exchanges.

I. Canadian Centres for Mind and Management[13]

The Merger provides opportunities for Canadian leadership around the world. It will result in the development of special centres of excellence across the new combined entity. For the combined group, the global listings business unit and global finance function will be headquartered in Toronto and run by executives based in Toronto; the global derivatives business unit will be headquartered in Montreal and run by executives based in Montreal; and the global energy business unit will be headquartered in Calgary and run by executives based in Calgary. For this purpose, a business unit or support function is "headquartered" in the jurisdiction where both:

(i) the most senior executive officer of Mergeco (other than the Chief Executive Officer or President) responsible for that business unit or support function; and

(ii) executives who are responsible for managing the development and execution of the policy and direction for that business unit or support function sufficient to permit that executive officer to execute his or her responsibilities from that location;

perform their respective duties and responsibilities and are resident.

The Calgary and Vancouver offices will remain the joint headquarters for TSX Venture and will also coordinate the Merged Group's marketing efforts for SME listings.[14] This domestic leadership as part of the global enterprise allows for the export of Canadian expertise generally, while retaining Canadian talent and enables Canadian talent to improve its international experience. The current TMX Group Chief Executive Officer, Tom Kloet, will become the President of Mergeco (reporting to the Chief Executive Officer) and will manage all global business units while remaining Chief Executive Officer of TMX Group.

---

11 82 per cent of Toronto Stock Exchange and TSX Venture issuers have a market capitalization of less than $250 million.

12 In 2009, U.K.-based AIM companies directly contributed £12 billion to the U.K. GDP and supported 240,000 jobs according to a Grant Thornton report entitled "Economic impact of AIM and the role of fiscal incentives" (September 2010).

13 The arrangements described in this section are provided for in the Merger Agreement as undertakings proposed to be provided to the Commission and in proposed amendments to the recognition order of TMX Group and TSX, all as described in detail in Part V of this application, and pursuant to four year undertakings proposed to be provided under the Merger Agreement in connection with the application for *Investment Canada Act* approval.

14 Under the direction of the Head of the Global Listings business unit. The marketing efforts for large capitalization listings will be coordinated by the Heads of Listings in each of London and Milan, under the direction of the Head of the Global Listings business unit.

The core operations of TSX will also be maintained in Canada. The core operations of TSX currently include: (i) its two local Canadian equities data centres; (ii) local Canadian information technology operations and support services; (iii) local Canadian listing and issuer services; (iv) local Canadian trading services; (v) local Canadian compliance and regulation functions; and (vi) local Canadian market data services. TSX will be locally managed and the head office and executive office of each of TMX Group and TSX will be in Toronto. In addition, the most senior executives of TSX responsible for each of listing and issuer services, trading, market data and compliance and regulation functions (or their equivalents from time to time) will be ordinarily resident in Ontario and based in Toronto.[15]

Support functions such as finance, information technology, human resources and legal will also continue to be provided by local staff. Any reduction in our collective workforce which may arise as a result of the Merger is expected to occur mainly through attrition and to be shared in broadly equal proportions across LSEG and TMX Group.[16]

J. Summary of Benefits to Canadian Stakeholders

The Merger, by enhancing TMX Group's global reach and competitiveness and activities in a rapidly changing global exchange industry, will enhance the profile of Toronto, Montreal, Vancouver and Calgary as financial centres and increase the international profile of TMX Group as a leader in natural resource, mining, energy and clean-technology listings, as well as SME listings. The benefits for Canadian stakeholders include:

- more awareness and brand recognition of Canadian capital markets on the world stage;
- more and cheaper capital for Canadian companies to grow, innovate and prosper;
- more products and services available for Canadian investors;
- an improved competitive position to attract foreign issuers to list in Canada; and
- a more effective capital market which underpins a strengthened economy, driving innovation and jobs.

Our vision for the merged group aligns with the vision of the Toronto Financial Services Alliance ("TFSA"), a group that has identified many opportunities for Toronto and its financial services community. The TFSA's objectives of building Toronto's international brand and increasing awareness of its financial sector align directly with the goals of, and benefits to be derived from, the Merger. A global business such as the Merged Group co-headquartered in Toronto contributes directly to the strength of Toronto as a financial centre. Also significant is the fact that Toronto will become the headquarters of the global listings business unit for the Merged Group, under the management of a Toronto-based executive. The heads of the commercial listing operations across the Merged Group will functionally report into that Toronto-based executive.

It also aligns with the vision of Finance Montreal. Finance Montreal was created in November 2010 by the financial services industry at the invitation of the Government of Quebec. Its principal objective is to foster initiatives and a business environment geared towards strengthening Montreal and Quebec's financial sector, to trigger new activities, and to encourage the creation of new businesses and the location of major international companies in Quebec. The continued growth of the derivatives industry is a high priority for this business group. We believe that the designation of Montreal as the headquarters for the Merged Group's global derivatives business unit will directly contribute to the growth of the Montreal financial services sector and Montreal's continued specialization and expertise in the derivatives sector, providing opportunities for both the Bourse's derivatives business and CDCC's clearing business.

The Merger will also contribute directly to Alberta's aspirations to create a global energy trading and clearing hub. Calgary will remain the NGX headquarters, but will also become the headquarters of the global energy business unit of the Merged Group.

Vancouver will also remain, with Calgary, the co-headquarters of TSX Venture, and will coordinate, with Calgary, the Merged Group's marketing efforts for SME listings. As described above, the Merger will also bring the prospect of enhanced capital raising opportunities for TSX Venture-listed issuers, including those based in Alberta and British Columbia.

In short, Canadian issuers, investors, market intermediaries and the wider Canadian economy will benefit as a result of the expanded global reach and scope of TMX Group through the Merger.

---

[15] The commitments regarding the business continuity of TMX Group and TSX are similar to commitments that already exist with respect to the Bourse and TSX Venture.

[16] This was the case in LSEG's combination with Borsa Italiana, where the impact on the workforce was broadly equal.

IV. OWNERSHIP RESTRICTIONS

A. Share Ownership Restrictions Applicable to TMX Group and Approval Requested

This section describes the share ownership restrictions applicable to TMX Group and TSX and the approval requested by LSEG and TMX Group in this regard.

Pursuant to section 21.11 of the *Securities Act* (Ontario) (the "OSA"), Ontario regulation 261/02 made thereunder, the order of the Commission of September 3, 2002 made thereunder and section 7 of the recognition order of TMX Group and TSX, there are restrictions, which are generally referred to as "share ownership restrictions", attached to the shares of TMX Group. Those restrictions (the "TMX Share Restrictions") are set forth in Schedule B of the articles of TMX Group, section 3.1 of which provides as follows:

> Without the prior approval of the Commission, no person or company and no combination of persons or companies acting jointly or in concert shall beneficially own or exercise control or direction over more than ten per cent (10%) of any class or series of Voting Shares or any other percentage as may be from time to time prescribed by the OSA, the Regulation, or the Ontario Orders.

(Section 3.2 of Schedule B provides for the approval of the Autorité on the same basis.) Under section 1.1 of Schedule B, terms used in Schedule B such as "beneficially own" have the meanings given to those terms in the OSA and "acting jointly or in concert" is to be interpreted in a manner consistent with the OSA.

Schedule B also provides for comprehensive enforcement mechanisms that are applicable in the event of a contravention of the TMX Share Restrictions (the "Enforcement Mechanisms"). After a determination of a contravention by the TMX Group directors, some of the Enforcement Mechanisms are that no person may vote the Voting Shares of the contravening persons or companies, dividends on the Voting Shares are limited or prohibited and TMX Group is required to send a notice requiring the sale of Voting Shares held in contravention. In the event that such a required sale is not made, the further Enforcement Mechanisms then applicable include the prohibition of the exercise of any right or privilege attached to the Voting Shares and the right of TMX Group to sell or redeem Voting Shares held in contravention and to remit the net proceeds to the holder. In addition to the Enforcement Mechanisms, there are sanctions and remedies for the offence of a contravention of section 21.11 of the OSA, including fines, imprisonment and remedial orders of the Commission and the courts (the "OSA Sanctions").

In the Merger, LSEG will acquire beneficial ownership of all of the common shares of TMX Group, which are all of its Voting Shares. As is explained in Part I above, LSEG will make the acquisition indirectly through three subsidiaries, Interco, Callco and Exchangeco; LSEG will own all the voting shares of Interco, Interco will own all the voting shares of Callco and Callco will own all the voting shares of Exchangeco. The TMX Share Restrictions require the approval of the Commission for that acquisition.[17] The Commission may, by order, give that approval and may impose such terms and conditions as it considers appropriate.

For the reasons set forth in this application, including the benefits of the Merger to Ontario and Canada, the application of the TMX Share Restrictions following the Merger and the proposed undertakings of Mergeco and the proposed amendments to the recognition order of TMX Group and TSX, we submit that the Commission should give the approval on the basis set forth in this application.

B. Application of Share Ownership Restrictions Post-Merger

Following the Merger, the TMX Share Restrictions will remain in force. In this regard, under the proposed amended and restated recognition order of TMX Group and TSX, section 7 of the current recognition order, which provides for TMX Group share ownership restrictions, will continue to apply, unmodified, and the TMX Share Restrictions will continue to meet the requirements of that section. In particular, as is more fully explained below, after the Merger:

(i) the TMX Share Restrictions will require the approval of the Commission for a legal, or *de jure*, change of control of Mergeco;

(ii) the TMX Share Restrictions will require the approval of the Commission for an effective, or *de facto*, change of control of Mergeco; and

(ii) the Enforcement Mechanisms and the OSA Sanctions will apply in the event of any such change of control that is not approved by the Commission.

[17] As TMX Group owns all of the shares of TSX, pursuant to this application we hereby also apply for the approval from the Commission required pursuant to section 21.11(4) of the OSA.

The Commission must approve a legal or *de jure* change of control of Mergeco. This is because of the combination of (i) the TMX Share Restrictions, which restrict "beneficially own[ing]" TMX Group common shares and (ii) the application to the TMX Group common shares of subsections 1(2) to 1(7) of the OSA, which provide for deemed beneficial ownership, deemed control and other related matters. If, after the Merger, a person or company were to hold more than 50 per cent of the ordinary shares[18] of Mergeco, the votes carried by those ordinary shares of Mergeco would be entitled, if exercised, to elect a majority of the board of directors of Mergeco. Therefore, that person or company would be deemed to control Mergeco, or to have what is commonly known as legal control or *de jure* control. As a result, a person or company that has legal control of Mergeco would be deemed to own beneficially all of the TMX Group common shares, because those shares will be owned by a subsidiary of Mergeco.[19]

The Commission must approve an effective or *de facto* change of control of Mergeco. This is because the TMX Share Restrictions restrict the "exercise [of] control or direction over" TMX Group common shares. If, after the Merger, a person or a company were to acquire effective control of Mergeco, that person or company would exercise control or direction over all of the TMX Group common shares, because Mergeco will indirectly own all of the TMX Group common shares. "Control or direction" is not defined in the OSA but both subordinate instruments and decisions and statements of the Commission confirm that "control or direction" over shares means the power to vote the relevant shares or the power to make investment decisions in relation to the relevant shares and that those powers may be exercised indirectly. A person or company has effective control over another company, at a minimum, if the person or company has in fact the power to elect a majority of the board of directors of the other company. Since, however, the question of effective control is one of fact, other circumstances, in the judgment of the Commission, can also justify the conclusion.

Following the Merger, the Enforcement Mechanisms, which are one component of the TMX Share Restrictions, and the OSA Sanctions will continue to apply. As a result, in the event of a legal or effective change of control of Mergeco that is not approved by the Commission, TMX Group will be required or permitted to take action under the Enforcement Mechanisms against any person or company who contravenes the TMX Share Restrictions and the Commission may initiate the application of the OSA Sanctions.

C. U.K. Approval Requirements Applicable to Mergeco

This section describes U.K. share ownership approval requirements that currently apply to LSEG and which will apply to Mergeco following the Merger.

A person proposing to acquire, or increase, control over Mergeco must obtain the consent of the FSA before they do so through a formal process.[20] The acquisition or increase of control without that FSA consent is a criminal offence.

Acquisition of control of Mergeco means:

- acquiring 10 per cent of the shares or voting power in Mergeco[21]; or
- acquiring shares or voting power in Mergeco as a result of which the acquiror is able to exercise a significant influence over the management of any of its U.K. regulated subsidiaries.

Prior approval, following the same process as for acquisitions of control, will also be required where a person wishes to increase their control over Mergeco above certain additional thresholds, being 20 per cent or more, 30 per cent or more[22,] 50 per cent or more, or to become a parent undertaking (if different from the increase to more than 50 per cent).

In all cases, levels of control are assessed by reference to the aggregate holdings of a person and any other person with whom he has agreed to jointly exercise his shareholding or voting power.

In assessing the request to acquire, or increase, control over Mergeco, the FSA must:

---

18 Currently, the only voting shares of LSEG are its ordinary shares (the equivalent of common shares of a Canadian company). If LSEG were to issue other voting shares, the provisions of subsection 1(3) would apply in the same way to all voting shares in the aggregate.

19 The deemed control of Mergeco arises under OSA subsection 1(3) and the deemed beneficial ownership of all of the TMX Group common shares arises under OSA subsections 1(5) and 1(6). Exchangeco, the owner of all of the common shares of TMX Group, Interco and Callco will be subsidiaries of Mergeco (under OSA subsection 1(4)) and Mergeco, Interco, Exchangeco and Callco will be affiliates of each other (under OSA subsection 1(2)); furthermore, for a company that controls Mergeco, Mergeco, Interco, Callco and Exchangeco would all be affiliates (under OSA subsections 1(2) - 1(4)).

20 As explained in Section II(E)(i), two U.K. regulatory regimes – that for RIEs and that for FSA authorized firms – are applicable to Mergeco and this Section IV(C) describes how the combined requirements of those regimes apply.

21 The threshold of 10 per cent applies in relation to an FSA-authorized firm. For a RIE alone, the initial threshold is 20 per cent.

22 This threshold applies in relation to an FSA-authorized firm.

- consider the suitability of the proposed acquiror − broadly speaking, this goes to an assessment of the fitness and propriety of the acquiror based on a range of criteria including potential impact on the continuing ability of any of Mergeco's U.K. regulated subsidiaries to meet its obligations; and

- have regard to the influence that the proposed acquiror will have over the U.K. regulated subsidiaries of Mergeco.

For an acquisition of, or increase in, control of Mergeco, the FSA will have broad discretion in deciding whether to approve or to refuse the request for approval based on a broad range of criteria and to approve subject to conditions.

In addition to the specific process for acquisition of the levels of control described above, the FSA has a number of broad recognition requirements which the LSE, as a RIE, must meet on an ongoing basis, and will therefore be of relevance in any acquisition or increase of control of Mergeco. These high level requirements provide the FSA with discretion to take account of any holding in Mergeco where it has concerns about the impact of the holding upon the LSE.

In relation to contravening acquisitions, the FSA may issue restriction notices, which may direct that the shares or voting power held by the acquiror are, until further notice, subject to one or more of the following:

- any transfer of shares or voting power in Mergeco, without a court order, is void;

- no voting power in Mergeco is to be exercisable;

- no further shares in Mergeco are to be issued pursuant to any right held by, or any offer made to, the acquiror; and

- except in a liquidation, no payment is to be made of any sums due from Mergeco on any such shares, whether in respect of capital or otherwise.

To provide additional context, we note that the four main shareholders of LSEG are Borse Dubai Limited, Qatar Investment Authority, Unicredito Italiano S.p.A. and Intesa Sanpaolo S.p.A, which hold 20.6 per cent, 15.1 per cent, 6.0 per cent and 5.3 per cent, respectively, of the LSEG ordinary shares. After the Merger, Borse Dubai Limited will hold approximately 11.3 per cent, Qatar Investment Authority will hold approximately 8.3 per cent, Unicredito Italiano S.p.A. will hold approximately 3.3 per cent and Intesa Sanpaolo S.p.A, will hold approximately 2.9 per cent of the ordinary shares of Mergeco.

D. Post-Merger Share Ownership Restrictions

In this section, we describe why, in TMX Group's view, and LSEG's view, it is unnecessary and inappropriate for share ownership restrictions like the TMX Share Restrictions to be made to apply directly to Mergeco.

(i) *Mergeco Change of Control Will Require Commission Approval*

Following the Merger, the Commission will continue to have the power to approve or reject the type of change in share ownership that is of most significance in regulatory terms, being that which results in a change of control of Mergeco. Indeed, this power is consistent with many regulatory regimes in Canada and elsewhere, which regulate a change of control rather than specific lower levels of share ownership.

As described in Section IV(B) above, the Commission has the power to approve or reject both a legal change of control of Mergeco and an effective change of control of Mergeco. In this regard, effective control is ultimately a question of fact. Accordingly, the Commission would finally determine this matter in any particular case, subject only to review by courts that show deference to the Commission's expertise. This is likely to require any would-be investor in Mergeco ordinary shares to proceed cautiously in order to avoid triggering a change of control and becoming subject to the Enforcement Mechanisms.

For changes in share ownership of Mergeco that do not result in a change of control of Mergeco, Commission approval would not be required. However, such share ownership changes are restricted and regulated under U.K. laws.

(ii) *Impact of U.K. Takeover Code*

As a U.K. public company, an offer for Mergeco ordinary shares will be subject to the U.K. Takeover Code (the "Code"). Under the terms of the Code if a person acquires an interest in shares resulting in that person having an interest in Mergeco ordinary shares carrying in aggregate 30 per cent or more of the voting rights of Mergeco, that person must make a mandatory cash offer for the rest of the shares and must acquire more than 50 per cent of the shares or the offer will lapse. Such an offer is also not permitted to contain regulatory conditions. The practical effect of these requirements is that any person planning to

cross the 30 per cent threshold through buying shares will have to obtain approval of the Commission first.[23] Accordingly, the range of potential changes in Mergeco share ownership that do not trigger a change of control of Mergeco (thereby requiring Commission approval) should in practice be limited to those involving less than 30 per cent of the Mergeco ordinary shares. As described immediately below, there is additional oversight by the FSA of changes in share ownership that involve less than 30 per cent of the Mergeco ordinary shares.

(iii) *U.K. Rules Applicable to Mergeco*

As noted in Section IV(C) above, the FSA must approve the acquisition of shares or voting power in Mergeco at the level of 10 per cent and at higher levels. Accordingly, even changes in share ownership that involve less than 30 per cent of the Mergeco ordinary shares and that do not otherwise trigger a change of control of Mergeco (thereby requiring approval of the Commission), are still well regulated.

In this regard, we note that the TMX Share Restrictions are incorporated in the articles of TMX Group. Accordingly, compliance with the TMX Share Restrictions is enforced by TMX Group.

The TMX Share Restrictions are therefore of a different character from the statutory share ownership rules administered by the FSA in respect of LSEG, which do not involve enforcement directly by LSEG itself. In the U.K., it is not the practice to restrict the transfer of shares of publicly traded companies like LSEG, but rather changes in share ownership are typically approved, or rejected, subsequent to transfer.

Where a strong Ontario regulatory regime in respect of a change of control of Mergeco continues to apply, it would also be, in our view, inappropriate as a matter of comity to add Canadian style share ownership restrictions to the articles of a U.K. holding company, the share ownership of which is well regulated by the FSA, a responsible U.K. regulator.

Another possible approach would be a memorandum of understanding between the Commission and the FSA of the type regularly entered into by regulatory bodies dealing with cross-border issues. This memorandum of understanding could include a reference to consultation that could take place between the FSA and the Commission in respect of share ownership changes in Mergeco that do not otherwise require Commission consent.[24]

(iv) *Mergeco Governance Structure Addresses Conflicts*

A main purpose for originally establishing the TMX Share Restrictions was to address conflicts concerns arising in connection with the demutualization of Toronto Stock Exchange, because Toronto Stock Exchange would be operating on a for-profit basis and the participating organizations of Toronto Stock Exchange would be its initial shareholders. This was particularly a concern for the small shareholders/participating organizations who were worried about a concentration of influence among the larger participating organizations.

The governance structure proposed for Mergeco addresses issues relating to conflicts of interest and concentrated ownership among industry participants. Following completion of the Merger, the board of directors of Mergeco will comprise a majority of independent members. In addition, as Mergeco will be listed on Toronto Stock Exchange, it will be subject to mandatory Canadian securities laws governance requirements and it has also committed to complying with Canadian securities laws standards.[25] As Mergeco will be listed on London Stock Exchange, it will also be subject to U.K. corporate governance requirements. Furthermore, the proposed recognition orders for each of TMX Group and TSX will include requirements that at least 50 per cent of each of their boards of directors be both Canadian and independent. Independence for this purpose would (as does the current recognition order for TMX Group and TSX) incorporate both the securities law standard under National Instrument 52-110 - Audit Committees and additional standards that would exclude executive officers and employees of participating organizations and others affiliated with participating organizations.

(v) *Effect of Regulatory Structure*

In connection with the Merger, and as described in more detail in Section V(A) below, Mergeco will be providing comprehensive undertakings directly to the Commission, including those relating to the governance and operation of TMX Group and TSX. These undertakings, which are directly enforceable against Mergeco as a matter of Ontario securities law,

---

[23] The only exception to this rule is where a person obtains a more than 30% holding through the issue of new ordinary shares to that person by Mergeco, provided that a vote of independent shareholders has approved that issue. This sort of transaction (and approval) is very rare, as shareholders are in effect being asked to allow a person to obtain a controlling position without paying a control premium.

[24] See also the consultation report entitled "Regulatory Issues arising from Exchange Evolution" of the Technical Committee of the International Organization of Securities Commissions (November 2006), at p. 25: "[a]s groups come to operate in a more integrated way, a major challenge for regulators will be to ensure that the elements of the group for which they have legal responsibility comply with their national regulatory requirements but also find ways to collaborate with other regulators that enable regulation to be conducted effectively, and also efficiently."

[25] See s. 5.7(b) of the Merger Agreement.

would remain in force unaffected by any change in ownership of Mergeco, including the emergence of a larger non-controlling shareholder of Mergeco whose acquisition of Mergeco ordinary shares did not require approval by the Commission. The Commission would also have the authority under section 21 of the OSA to require changes to the recognition order of TMX Group and TSX to impose additional requirements if the Commission felt it necessary in order to address the impact of such a non-controlling shareholder.

(vi) ***TMX Share Restrictions Appropriately Balanced in Context of the Merged Group***

In the context of TMX Group and TSX as part of the Merged Group, we believe that the manner in which the TMX Share Restrictions and U.K. rules will continue to apply post-Merger achieves the right balance between Ontario regulatory oversight and U.K. regulatory oversight for an international group structured as the Merged Group will be. Accordingly, in TMX Group's view, and in LSEG's view, it is not necessary or appropriate to apply share ownership restrictions like the TMX Share Restrictions directly to Mergeco.

V. GOVERNANCE, UNDERTAKINGS AND PROPOSED AMENDMENTS TO RECOGNITION ORDER

The TMX Group board determined that it would enter into a strategic combination transaction only if it believed it would result in the enhancement of Canadian capital markets. In particular, the TMX Group board, in considering such a transaction, sought one that would: (i) be advantageous to shareholders and to all other stakeholders, including Canadian investors, issuers listed on TMX Group's exchanges and potential issuers, and securities dealers and other market intermediaries; (ii) achieve benefits for Canada, including through continuing effective participation of residents of Canada in the governance and management of Mergeco; and (iii) preserve under the Canadian securities regulatory regime requirements for the local governance, management and operation of TMX Group's exchanges and clearing agencies and the ongoing regulation of them by Canadian securities regulators.

The board of directors of TMX Group approved the Merger with LSEG after determining that these requirements were satisfied.

First, the Merger Agreement provides for substantive business continuity commitments regarding the future of TMX Group's Ontario and Canadian operations and Canadian participation in the governance of Mergeco. These commitments both protect the value inherent in TMX Group's exchanges and, as described in Part III above, open new opportunities for growth that we believe will have far reaching benefits across the full spectrum of the Canadian business and financial services sectors.

Second, the Merger Agreement preserves the existing regulatory regime applicable to TMX Group's business and strengthens it further pursuant to regulatory commitments provided for in the Merger Agreement. Accordingly, the Merger Agreement ensures the full and complete continued autonomy of Canadian regulatory authorities to exercise their existing powers and oversight responsibilities over TMX Group's exchanges. In addition, issuers on TMX Group exchanges will see no change to their processes or regulatory relationships and obligations.

Accordingly, consistent with their fiduciary obligations, the board of directors of TMX Group approved the Merger because they feel it is in the best interests of the Canadian capital markets and is consistent with their public interest mandate, and is therefore in the best interests of TMX Group.[26]

The business continuity and regulatory commitments referenced above have been reflected in the proposed undertakings to be provided by Mergeco to the Commission and in the proposed changes to the TMX Group and TSX recognition order, each of which is described in further detail below.

Among other things, these commitments ensure that:

- the head office and executive offices of TMX Group and TSX will continue to be located in Toronto;
- TSX will maintain its core operations in Canada and will be locally managed[27];
- the chief executive officer of TMX Group and TSX will be ordinarily resident in Ontario;
- the most senior executives of TSX responsible for each of listing and issuer services, trading, market data and compliance and regulation functions will be ordinarily resident in Ontario and their principal place of business will be in Toronto;

[26] See *BCE Inc. v. 1976 Debentureholders*, 2008 SCC 69 at paragraph 82: In each case, the question is whether, in all circumstances, the directors acted in the best interests of the corporation, having regard to all relevant considerations, including, but not confined to, the need to treat affected stakeholders in a fair manner, commensurate with the corporation's duties as a responsible corporate citizen.

[27] These commitments regarding the business continuity of TMX Group and TSX are similar to provisions that already exist with respect to TMX Group's subsidiaries in Quebec, Alberta and British Columbia.

- at least 50 per cent of the directors and members of each of the committees of the board of directors of TMX Group and TSX will be ordinarily resident in Canada and independent;

- Mergeco will allocate sufficient financial and other resources to TMX Group and TSX to ensure that they can carry out their functions in a manner that is consistent with the public interest and the terms and conditions of their recognition order;

- all Canadian regulation functions will be carried on in Canada; and

- Mergeco will not do anything to cause TSX to cease to be the Canadian national exchange for the listing of issuers and the trading of their securities without approval of the Commission.

The board of directors of TMX Group also recognized and took into account that these types of provisions would be important to the Commission in its consideration of whether the Merger with LSEG is in the public interest and accordingly whether the Commission should provide its consent to the ownership by Mergeco of all the common shares of TMX Group.

The following describes the undertakings proposed to be provided by Mergeco to the Commission and the proposed changes to the recognition order in detail.

A. Mergeco Undertakings

This section describes the undertakings proposed to be provided by Mergeco as a condition of the order of the Commission approving the acquisition by Mergeco of all of the TMX Group common shares. The undertakings will themselves constitute "Ontario securities law" as defined in the OSA. Therefore, any breach by Mergeco of the undertakings would be a breach of Ontario securities law and subject to the enforcement remedies under the OSA. The undertakings will also be considered a contract between Mergeco and the Commission. Accordingly, if Mergeco were to breach the undertakings, the Commission would also be able to seek contractual remedies.

(i) *Corporate Governance*

(1) Corporate Governance until the Fourth Anniversary of the Undertakings

Mergeco will undertake that until the fourth anniversary of the undertakings, the board of directors of Mergeco will consist of 15 directors, subject to permitted adjustment. Mergeco will ensure that appropriate nominations are made by the board of directors of Mergeco at each annual general meeting of Mergeco to ensure that the board of directors of Mergeco will consist of at least seven directors who are "Canadian Directors", assuming that the election of those nominees is approved by the shareholders of Mergeco. In the event that any of those nominees is not elected by the shareholders of Mergeco, the Mergeco directors will identify and appoint alternative directors to the Mergeco board of directors so that at least seven Mergeco directors are Canadian Directors as soon as reasonably practicable thereafter and will ensure that those alternative directors are nominated by the board of directors of Mergeco for election at the next annual general meeting of Mergeco.

For the purposes of the undertakings, a "Canadian Director" means a director who is ordinarily resident in Canada or, if at least five directors are ordinarily resident in Canada, one may be a Canadian citizen who is not ordinarily resident in Canada (provided that, before the fourth anniversary of these undertakings, that individual is ordinarily resident anywhere other than in Europe).

Subject to permitted adjustment, the Canadian Directors of Mergeco will include:

(i) the most senior executive officer of the Merged Group (excluding, for greater certainty, the Chair of the board of directors) who is ordinarily resident in Canada (the "Senior Canadian Officer");

(ii) at least four independent Canadian Directors (who may include, for greater certainty, the Chair of the board of directors of Mergeco), at least three of whom will be independent directors of TMX Group at the relevant time; and

(iii) residents of Québec in a number equal to 25 per cent of the independent Canadian Directors (rounded down).

For the purposes of these undertakings, a Canadian Director is independent if he or she is independent within the meaning of the existing TMX Group and TSX recognition order and a Merged Group executive who principally performs his or her duties and resides in Canada is ordinarily resident in Canada from the time at which he or she begins to perform those duties and reside in Canada.

The composition and number of the Canadian Directors are permitted to be adjusted either if the Merged Group expands its operations through a transaction with another party and adds directors from the other party's board of directors to the Mergeco board of directors or if Mergeco adds directors who are resident outside Canada and Europe, on the basis that, after the addition:

(i) Canadian Directors represent at least the same proportion of those individuals who both were directors of Mergeco before the change and continue as directors of Mergeco after the change (rounded down) as Canadian Directors represented of directors of Mergeco before the change, subject to a minimum of three Canadian Directors;

(ii) one of the Canadian Directors will be the Senior Canadian Officer;

(iii) at least 50 per cent of the Canadian Directors will be independent directors (who may include, for greater certainty, the Chair of the board of directors of Mergeco) who will be independent directors of TMX Group at the relevant time; and

(iv) of those independent Canadian Directors, 25 per cent (rounded down) will be residents of Québec.

By way of a numerical example, if Canadian Directors constitute seven of a 15-member board before the change, and the change results in nine of those 15 directors continuing as directors, with six new directors joining the board, Canadian directors must constitute at least four (7/15 of nine) of the new 15-member board.

The Canadian Directors who are members of committees of the board of directors of Mergeco will be substantially proportionate to the percentage of Canadian Directors from time to time and at least one standing committee of the board of directors of Mergeco will be chaired by an independent Canadian Director.

These adjustment provisions reflect the possibility that Mergeco may enter into future transactions given the nature of the exchange industry and the fact that Mergeco is a public company and are intended to ensure that Canadian interests are taken into account.

(2) Corporate Governance after the Fourth Anniversary of the Undertakings

On or after the fourth anniversary of the date of the undertakings, the number of Canadian Directors will be permitted to be reduced to a minimum that is the greater of:

(i) the number that the Mergeco board of directors, in the exercise of its fiduciary duties and having regard to the interests of all stakeholders in all the jurisdictions in which the Merged Group operates from time to time, determines to be appropriate in light of the overall current and prospective significance of the Canadian business to the Merged Group business as a whole, having regard to both relevant financial measures and non-financial factors, including the strategic significance of the Canadian business to the Merged Group business and the development of the Merged Group business since the LSEG/TMX Group combination; and

(ii) three;

and:

(iii) of those Canadian Directors, at least 50 per cent will be independent directors who will be independent directors of TMX Group at the relevant time; and

(iv) of those independent Canadian Directors, 25 per cent (rounded down) will be residents of Québec.

The nomination procedure provided for under "Corporate Governance until the Fourth Anniversary of these Undertakings" above will also apply to the election or appointment of Canadian Directors after the fourth anniversary of these undertakings, including on the basis of permitted adjustment or reduction of the number or composition of the Canadian Directors .

There will be appropriate representation of Canadian Directors on committees of the board of directors of Mergeco, as determined by the Mergeco board of directors in the exercise of its fiduciary duties and having regard to the interests of all stakeholders in all the jurisdictions in which the Merged Group operates from time to time.

(ii) *Allocation of Resources*

Mergeco will allocate sufficient financial and other resources to TMX Group and TSX to ensure that each of TMX Group and TSX can carry out its functions in a manner that is consistent with the public interest and the terms and conditions of its recognition order. Mergeco will notify the Commission immediately upon becoming aware that it is or will be unable to allocate such resources to either of TMX Group or TSX to ensure that each of TMX Group and TSX can carry out its functions in a manner that is consistent with the public interest and the terms and conditions of its recognition order.

(iii) *Continuity of Operations*

Mergeco will cause TSX to be locally managed, subject to the strategic and policy direction of Mergeco.[28]

Mergeco will cause TSX to maintain its core operations in Canada, except to the extent that, in accordance with its obligations with respect to "Change in Operations" under its recognition order, TSX ceases or otherwise changes its operations.

Mergeco will not do anything to cause TSX to cease to be the Canadian national exchange for the listing of issuers and the trading of their securities without the prior approval of the Commission and complying with any terms and conditions it may impose in the public interest in connection with any change to TSX's operations.

(iv) *Financial Information*

Mergeco will prepare as mandated for Mergeco under applicable securities legislation and file with the Commission unaudited interim consolidated financial statements of Mergeco, and audited annual consolidated financial statements of Mergeco, within periods as are mandated for Mergeco under applicable securities legislation.

(v) *Compliance*

Mergeco will do everything within its control to cause each of TMX Group and TSX to carry out its activities as an exchange recognized under section 21 of the OSA and to comply with the terms and conditions in its recognition order.

(vi) *Access to Information*

Mergeco will and will cause its subsidiaries to permit the Commission to have access to and to inspect all data and information in its or their possession that is required for the assessment by the Commission of the performance of TSX of its regulation functions and the compliance of each of TMX Group and TSX with the terms and conditions in its recognition order.

Mergeco will permit the Commission to have access to and to inspect all data and information in its possession that is required for the assessment by the Commission of the compliance of Mergeco with its undertakings to the Commission.

(vii) *Change in Ownership of TMX Group or TSX*

Mergeco will not sell or otherwise dispose of any voting or equity securities of TMX Group or TSX (except, for greater certainty, to their direct or indirect wholly-owned subsidiaries) without the prior approval of the Commission.

(viii) *Failure to Comply*

If Mergeco fails to perform any of its undertakings, then, after any period that the Commission in its discretion grants Mergeco to remedy the failure, the Commission may, without limiting or restricting the exercise of any other remedies the Commission may have under statute, at common law, in equity or otherwise, require the recognition order of TMX Group or of TSX to be changed, including, without limitation, by revoking it.

(ix) *Term*

The undertakings of Mergeco to the Commission will cease to have effect if:

(i) the Commission revokes the TMX Group and TSX recognition order for any reason other than the failure by Mergeco to fulfill its undertakings with the Commission;

(ii) TMX Group and TSX cease to carry on business after complying with any terms and conditions the Commission may impose; or

[28] The reference to being subject to the "strategic and policy direction of Mergeco" reflects the fact that TMX Group and TSX will operate as part of the Merged Group and that the board of Mergeco is ultimately responsible for setting and overseeing implementation of the Merged Group's strategic objectives.

(iii) TMX Group and TSX cease to be subsidiaries of Mergeco.

B. Proposed Amendments to Recognition Order

(i) *TMX Group*

The provisions of the recognition order related to TMX Group will remain in effect, except as modified by the following additional provisions.

(1) Corporate Governance

At least 50 per cent of the directors and members of each of the committees of the board of directors of TMX Group will be both ordinarily resident in Canada and independent.

TMX Group shall maintain the Finance and Audit Committee of its board of directors.

(2) Offices

The head office and executive offices of TMX Group will be located in Toronto.

(3) Senior Management

The chief executive officer of TMX Group will be ordinarily resident in Ontario and his or her principal place of business will be in Toronto. For greater certainty, that officer will be subject to the strategic and policy direction of Mergeco.

(ii) *TSX*

The provisions of the recognition order related to TSX will remain in effect, except as modified by the following additional provisions.

(1) Corporate Governance

At least 50 per cent of the directors and members of each of the committees of the TSX board of directors will be both ordinarily resident in Canada and independent.

(2) Offices

The head office and the executive offices of TSX will be located in Toronto.

(3) Senior Management

The chief executive officer, and the most senior executives of TSX responsible for each of listing and issuer services, trading, market data, and compliance and regulation functions (or their equivalents from time to time), will be ordinarily resident in Ontario and their principal place of business will be in Toronto. For greater certainty, those most senior executives will be subject to the strategic and policy direction of Mergeco.

(4) Continuity of Operations

TSX will be locally managed, subject to the strategic and policy direction of Mergeco.

TSX will maintain its core operations in Canada, except to the extent that, in accordance with its obligations outlined in the next paragraph, TSX ceases or otherwise changes its operations.

(5) Change in Operations

TSX will not cease to operate or suspend, discontinue or wind up all or a significant portion of TSX's operations, or dispose of all or substantially all of TSX's assets, without (i) providing the Commission at least six months' prior notice of TSX's intention; and (ii) complying with any terms and conditions that the Commission may impose in the public interest for the orderly discontinuance of TSX's operations or the orderly disposition of TSX's assets.

(6) Regulation Functions to be Carried on in Canada

The recognition order will be revised to ensure that all regulation functions will be carried on in Canada.

(7) Self-Listing Conditions

The requirements of section 22 of the recognition order will be revised to provide that Appendix I of the recognition order will apply to the listing on TSX of Mergeco and Exchangeco. We also propose changing the heading to "Affiliate Listing Conditions".

(8) Outsourcing

The requirements of section 23 of the recognition order regarding outsourcing that currently apply to third parties shall also apply to associates and affiliates of TMX Group that are incorporated, or that primarily carry on business, outside Canada.

(9) Related Party Transactions

The provisions of section 24 of the recognition order regarding related party transactions will govern material agreements and transactions between TSX and TMX Group and any affiliate of TMX Group, in addition to subsidiaries and associates of TMX Group.

(iii) *Appendix I*

Appendix I to the recognition order will remain in effect, except as modified to reflect the fact that TMX Group will no longer be a listed issuer on TSX, and that Mergeco and Exchangeco each propose to become a listed issuer on TSX. See Part VI immediately below.

VI. SELF-LISTING CONDITIONS WILL APPLY TO MERGECO SHARES TRADED ON TORONTO STOCK EXCHANGE AND EXCHANGEABLE SHARES

As described above, the Merger contemplates that each of Mergeco and Exchangeco will list its shares on Toronto Stock Exchange. In 2002, to address issues that could arise due to the listing of TSX Group Inc. on Toronto Stock Exchange, TSX established a reporting structure whereby it notified the Commission of conflicts of interest or potential conflicts of interest. This structure is set out in section 22 and Appendix I of the recognition order. In connection with the initial listing of TSX Group Inc. shares on Toronto Stock Exchange, section 2 of Appendix I of the recognition order provides that the Commission is in a position to approve or disapprove of the initial listing of TSX Group Inc. on the Toronto Stock Exchange.

We submit that it would be appropriate for the Commission to apply the initial listing arrangements set out in section 2 of Appendix I of the recognition order to the listing of the Mergeco shares and Exchangeco shares. These arrangements will enable Commission staff to approve or disapprove the listing of the Mergeco and Exchangeco shares on Toronto Stock Exchange. We submit that these arrangements remain relevant and appropriate for the listing of Mergeco shares and Exchangeco shares on Toronto Stock Exchange.

VII. ITEMS IN RECOGNITION ORDER THAT ARE NOT IMPACTED

There are a number of items in the recognition order that will not be impacted by the Merger. With respect to Part I of Schedule "A" of the recognition order, section 2 ("Fitness"), section 3 ("Allocation of Resources"), section 4 ("Financial Information"), section 5 ("Compliance"), section 6 ("Access to Information") and section 7 ("Share Ownership Restrictions") will not be impacted by the Merger.

With respect to Part II of Schedule "A" of the recognition order, section 9 ("Fees"), section 10 ("Access"), section 11 ("Fitness"), section 12 ("Financial Viability"), section 14 ("Systems"), section 15 ("Purpose of Rules"), section 16 ("Rules and Rule-Making"), section 17 ("Financial Statements"), section 18 ("Sanction Rules"), section 19 ("Due Process"), section 20 ("Information Sharing"), section 21 ("listed Company Rules") and section 25 ("Clearing and Settlement") will not be impacted by the Merger.

We also note that the Commission has recently updated its criteria for exchange recognition. We confirm that TMX Group and TSX continue to meet the criteria for exchange recognition as it has been updated by the Commission, and that they will continue to meet those criteria post-Merger.

VIII. AMENDED EXEMPTION ORDERS IN RESPECT OF TSX VENTURE AND THE BOURSE

A. TSX Venture Exchange Inc.

(i) *Recognition Order Amendments*

On November 26, 1999, as amended on July 31, 2001, September 3, 2002, and August 12, 2005, and varied on June 1, 2008, TSX Venture was recognized by the ASC as an exchange in Alberta under subsection 52(2) of the *Securities Act* (S.A. 1981, c. S-6.1, as amended) and by the BCSC as an exchange in British Columbia under subsection 24(2) of the *Securities Act* (British Columbia).

TSX Venture and LSEG are making application to the ASC and BCSC to amend and restate TSX Venture's recognition orders to reflect the Merger. Amendments to the TSX Venture recognition orders are proposed in three areas: corporate governance, regulation functions, and outsourcing. Under the proposed amendments, the corporate governance provisions would be modified to add a condition that at least 50 per cent of the directors and members of each of the committees of the TSX Venture board of directors will be both ordinarily resident in Canada and independent. The regulatory functions provisions would also be modified to add a condition that the regulation functions of TSX Venture will be carried on in Canada. The outsourcing provision would also be modified to add that the outsourcing requirements in the recognition orders that apply to third parties also apply to affiliates and associates of TMX Group that are incorporated, or that primarily carry on business, outside Canada.

(ii) *Exemption Order Amendments*

We respectfully request that the Commission make an order amending and restating the Existing Venture Exemption Order to reference the amended and restated TSX Venture recognition orders that are being revised in relation to the Merger. We are not proposing any substantive changes to the terms and conditions of the Existing Venture Exemption Order.

B. Bourse de Montréal Inc.

(i) *Recognition Order Amendments*

On December 17, 2002, as amended on May 13, 2003, the Bourse was recognized by the Commission des valeurs mobilières du Québec as a self-regulatory organization. Under a decision dated April 10, 2008, as amended on November 22, 2010, the Bourse was authorized by the Autorité to carry on business as an exchange in Quebec and was recognized by the Autorité as a self-regulatory organization.

The Bourse and LSEG are making application to the Autorité to amend and restate the Bourse's recognition order to reflect the Merger. Amendments to the Bourse recognition order are proposed in two areas: corporate governance and outsourcing. Under the proposed amendments, the corporate governance provisions would be modified to add a condition that at least 50 per cent of the directors and members of each of the committees of the Bourse board of directors will be both ordinarily resident in Canada and independent. The outsourcing provision would also be modified to add that the outsourcing requirements in the recognition order that apply to third parties also apply to affiliates and associates of TMX Group that are incorporated, or that primarily carry on business, outside Canada.

(ii) *Exemption Order Amendments*

We respectfully request that the Commission make an order amending and restating the Existing Bourse Exemption Order to reference the amended and restated Bourse recognition order that is being revised in relation to the Merger. We are not proposing any substantive changes to the terms and conditions of the Existing Bourse Exemption Order.

IX. ENCLOSURES

Appendix A – Draft LSEG undertakings; and

Appendix B – Draft recognition order, blacklined to identify proposed amendments.

Yours truly,

"Sharon C. Pel"

Sharon C. Pel
Senior Vice President, Group Head of
Legal and Business Affairs
TMX Group Inc.

Tel (416) 947-4300
Fax (416) 947-4461
sharon.pel@tmx.com

"Catherine Johnson"

Catherine Johnson
Director, Legal and Regulatory Strategy
London Stock Exchange Group PLC

Tel +44 (0)20 7797 1522
Fax +44 (0)20 7334 8908
cjohnson@londonstockexchange.com

cc: Jacinthe Bouffard, Autorité des marchés financiers

Appendix A – Draft LSEG Undertakings

[LSEG Letterhead]

●, 2011

Howard Wetston, Q.C.
Chair and Chief Executive Officer
Ontario Securities Commission
20 Queen Street West, Suite 1903
Toronto, Ontario
M5H 3S8

Dear Sir:

Re: TMX Group Inc. - Merger with London Stock Exchange Group PLC

We are writing to provide certain undertakings to the Ontario Securities Commission (the "Commission") in support of the application of London Stock Exchange Group PLC ("LSEG"), TMX Group Inc. ("TMX Group") and TSX Inc. ("TSX") filed under section 21.11(4) of the *Securities Act* (Ontario) (the "Application") in connection with TMX Group's merger (the "Merger") with LSEG. In connection with the Merger, TMX Group will become an indirect subsidiary of LSEG. In support of the Application, LSEG undertakes to the Commission as set out below. LSEG understands that the Commission is relying on these undertakings to rule on the Application. In these undertakings, "Mergeco" means LSEG after giving effect to the Merger and "Merged Group" means Mergeco and its subsidiaries worldwide.

1. Corporate Governance until the Fourth Anniversary of these Undertakings

Mergeco undertakes that the board of directors of Mergeco will consist of 15 directors, subject to permitted adjustment. Mergeco will ensure that appropriate nominations are made by the board of directors of Mergeco at each annual general meeting of Mergeco to ensure that the board of directors of Mergeco will consist of at least seven directors who are "Canadian Directors", assuming that the election of those nominees is approved by the shareholders of Mergeco. In the event that any of those nominees is not elected by the shareholders of Mergeco, the Mergeco directors will identify and appoint alternative directors to the Mergeco board of directors so that at least seven Mergeco directors are Canadian Directors as soon as reasonably practicable thereafter and will ensure that those alternative directors are nominated by the board of directors of Mergeco for election at the next annual general meeting of Mergeco.

For the purposes of these undertakings, a "Canadian Director" means a director who is ordinarily resident in Canada or, if at least five directors are ordinarily resident in Canada, one Canadian citizen (provided that, before the fourth anniversary of these undertakings, that individual is ordinarily resident anywhere other than in Europe).

Subject to permitted adjustment, the Canadian Directors of Mergeco will include:

(i) the most senior executive officer of the Merged Group (excluding, for greater certainty, the Chair of the board of directors) who is ordinarily resident in Canada (the "Senior Canadian Officer");

(ii) at least four independent Canadian Directors (who may include, for greater certainty, the Chair of the board of directors of Mergeco), at least three of whom will be independent directors of TMX Group at the relevant time; and

(iii) residents of Québec in a number equal to 25 per cent of the independent Canadian Directors (rounded down).

For the purposes of these undertakings, a Canadian Director is independent if he or she is independent within the meaning of the existing TMX Group recognition order and a Merged Group executive who principally performs his or her duties and resides in Canada is ordinarily resident in Canada from the time at which he or she begins to perform those duties and reside in Canada.

The composition and number of the Canadian Directors are permitted to be adjusted either if the Merged Group expands its operations through a transaction with another party and adds directors from the other party's board of directors to the Mergeco board of directors or if Mergeco adds directors who are resident outside Canada and Europe, on the basis that, after the addition:

(i) Canadian Directors represent at least the same proportion of those individuals who both were directors of Mergeco before the change and continue as directors of Mergeco after the change (rounded down) as Canadian Directors represented of directors of Mergeco before the change, subject to a minimum of three Canadian Directors;

(ii) one of the Canadian Directors will be the Senior Canadian Officer;

(iii) at least 50 per cent of the Canadian Directors will be independent directors (who may include, for greater certainty, the Chair of the board of directors of Mergeco) who will be independent directors of TMX Group at the relevant time; and

(iv) of those independent Canadian Directors, 25 per cent (rounded down) will be residents of Québec.

By way of a numerical example, if Canadian Directors constitute seven of a 15-member board before the change, and the change results in nine of those 15 directors continuing as directors, with six new directors joining the board, Canadian directors must constitute at least four (7/15 of nine) of the new 15-member board.

The Canadian Directors who are members of committees of the board of directors of Mergeco will be substantially proportionate to the percentage of Canadian Directors from time to time and at least one standing committee of the board of directors of Mergeco will be chaired by an independent Canadian Director.

2. Corporate Governance after the Fourth Anniversary of these Undertakings

On or after the fourth anniversary of the date of these undertakings, the number of Canadian Directors is permitted to be reduced to a minimum that is the greater of:

(i) the number that the Mergeco board of directors, in the exercise of its fiduciary duties and having regard to the interests of all stakeholders in all the jurisdictions in which the Merged Group operates from time to time, determines to be appropriate in light of the overall current and prospective significance of the Canadian business to the Merged Group business as a whole, having regard to both relevant financial measures and non-financial factors, including the strategic significance of the Canadian business to the Merged Group business and the development of the Merged Group business since the LSEG/TMX Group combination; and

(ii) three;

and:

(iii) of those Canadian Directors, at least 50 per cent will be independent directors who will be independent directors of TMX Group at the relevant time; and

(iv) of those independent Canadian Directors, 25 per cent (rounded down) will be residents of Québec.

In the event that the Mergeco board of directors, in the exercise of its fiduciary duties and having regard to the interests of all stakeholders in all jurisdictions in which Mergeco operates from time to time, determines that a material change in circumstances makes inappropriate the requirement of three Canadian Directors provided for in the immediately preceding paragraph, Mergeco may apply to the Commission for a change in that requirement and the Commission may, in the public interest, consider that change.

The nomination procedure provided for under “Corporate Governance until the Fourth Anniversary of these Undertakings” above will also apply to the election or appointment of Canadian Directors on the basis of permitted adjustment or reduction of the number or composition of the Canadian Directors after the fourth anniversary of these undertakings.

There will be appropriate representation of Canadian Directors on committees of the board of directors of Mergeco, as determined by the Mergeco board of directors in the exercise of its fiduciary duties and having regard to the interests of all stakeholders in all the jurisdictions in which the Merged Group operates from time to time.

3. Allocation of Resources

Mergeco undertakes that Mergeco will allocate sufficient financial and other resources to TMX Group and TSX to ensure that each of TMX Group and TSX can carry out its functions in a manner that is consistent with the public interest and the terms and conditions of its recognition order. Mergeco will notify the Commission immediately upon becoming aware that it

is or will be unable to allocate such resources to either of TMX Group or TSX to ensure that each of TMX Group and TSX can carry out its functions in a manner that is consistent with the public interest and the terms and conditions of its recognition order.

4. Continuity of Operations

Mergeco will cause TSX to be locally managed, subject to the strategic and policy direction of Mergeco.

Mergeco will cause TSX to maintain its core operations in Canada, except to the extent that, in accordance with its obligations with respect to "Change in Operations" under its recognition order, TSX ceases or otherwise changes its operations.

Mergeco will not do anything to cause TSX to cease to be the Canadian national exchange for the listing of issuers and the trading of their securities without the prior approval of the Commission and complying with any terms and conditions it may impose in the public interest in connection with any change to TSX's operations.

5. Financial Information

Mergeco will prepare as mandated for Mergeco under applicable securities legislation and file with the Commission unaudited interim consolidated financial statements of Mergeco, and audited annual consolidated financial statements of Mergeco, within periods as are mandated for Mergeco under applicable securities legislation.

6. Compliance

Mergeco will do everything within its control to cause each of TMX Group and TSX to carry out its activities as an exchange recognized under section 21 of the *Securities Act* (Ontario) and to comply with the terms and conditions in its recognition order.

7. Access to Information

Mergeco will and will cause its subsidiaries to permit the Commission to have access to and to inspect all data and information in its or their possession that is required for the assessment by the Commission of the performance of TSX of its regulation functions and the compliance of each of TMX Group and TSX with the terms and conditions in its recognition order.

Mergeco will permit the Commission to have access to and to inspect all data and information in its possession that is required for the assessment by the Commission of the compliance of Mergeco with its undertakings to the Commission.

8. Change in Ownership of TMX Group or TSX

Mergeco will not sell or otherwise dispose of any voting or equity securities of TMX Group or TSX (except, for greater certainty, to their direct or indirect wholly-owned subsidiaries) without the prior approval of the Commission.

9. Failure to Comply

If Mergeco fails to perform any of its undertakings, then, after any period that the Commission in its discretion grants Mergeco to remedy the failure, the Commission may, without limiting or restricting the exercise of any other remedies the Commission may have under statute, at common law, in equity or otherwise, require the recognition order of TMX Group or of TSX to be changed, including, without limitation, by revoking it.

10. Term

These undertakings will cease to have effect if:

(i) the Commission revokes the TMX Group and TSX recognition order for any reason other than the failure by Mergeco to fulfill its undertakings with the Commission;

(ii) TMX Group and TSX cease to carry on business after complying with any terms and conditions the Commission may impose; or

(iii) TMX Group and TSX cease to be subsidiaries of Mergeco.

11. General

These undertakings will take effect at the effective date of the Merger.

Yours truly,

[Xavier Rolet]
[Chief Executive]
[London Stock Exchange Group PLC]

Appendix B – Draft recognition order, blacklined to identify proposed amendments

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

AND

IN THE MATTER OF
~~TSX~~TMX GROUP INC. AND TSX INC.

AMENDMENT TO RECOGNITION ORDER
(Section 144)

WHEREAS the Commission issued an order dated April 3, 2000 granting and continuing the recognition of The Toronto Stock Exchange Inc. ("TSE") as a stock exchange pursuant to section 21 of the Act;

AND WHEREAS the Commission issued an amended and restated order dated January 29, 2002 to reflect that the TSE retained Market Regulation Services Inc. ("RS Inc.") to perform its market regulation functions;

AND WHEREAS the Commission issued an amended and restated order dated September 3, 2002 to reflect the name change of TSE to TSX Inc. ("TSX") and a reorganization under which TSX became a wholly-owned subsidiary of TSX Group Inc. ~~("TSX~~**, which later changed its name to TMX Group Inc. ("TMX** Group"), a holding company, and granted ~~TSX~~**TMX** Group recognition as a stock exchange pursuant to section 21 of the Act, in each case effective on the closing of the reorganization ~~("Previous Order")~~;

AND WHEREAS the Commission <*~~has determined that it is not prejudicial to the public interest to issue an order that amends and restates the Previous Order~~*>*~~< to reflect changes to the definition of an independent director~~*>;**issued an amended and restated order dated August 12, 2005**> *to reflect changes to the definition of an independent director*< **(the "Amended and Restated Order");**

AND WHEREAS the Commission issued an order dated December 16, 2005 to vary the financial viability and financial statement terms and conditions of the Amended and Restated Order to adjust the financial ratios to reflect a change in accounting policy of TMX Group and TSX, and to make other suitable revisions (together with the Amended and Restated Order, the "First Amended Recognition Order");

AND WHEREAS the Commission issued an order dated August 10, 2006 to: (i) vary the financial viability terms and conditions of the First Amended Recognition Order to adjust the current ratio and to make revisions to the financial leverage ratio; and (ii) to vary paragraph 13(d) of the First Amended Recognition Order to provide TSX the ability to seek the approval of the Commission to perform its regulation functions, not performed by RS Inc., through any other party, including its affiliates or associates (together with the First Amended Recognition Order, the "Second Amended Recognition Order");

AND WHEREAS the Commission issued an order effective June 1, 2008 to vary the Second Amended Recognition Order to refer to the Investment Industry Regulation> *Organization of Canada (*<**"IIROC") (together with the Second Amended Recognition Order, the "Previous Order");**

AND WHEREAS the Commission >*has determined that it is not prejudicial to the public interest to issue an order that amends and restates the Previous Order*< **to reflect changes pursuant to the merger of TMX Group with London Stock Exchange Group PLC ("LSEG", and "Mergeco" after giving effect to the merger);**

IT IS ORDERED, pursuant to section 144 of the Act that the Previous Order be amended and restated as follows:

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

AND

IN THE MATTER OF
~~TSX~~TMX GROUP INC. AND TSX INC.

RECOGNITION ORDER
(Section 21)

WHEREAS the Commission granted and continued the recognition of The Toronto Stock Exchange Inc. ("TSE") as a stock exchange on April 3, 2000 following the continuance of the TSE under the Business Corporations Act (Ontario);

AND WHEREAS the Commission granted the TSE an amended and restated recognition order dated January 29, 2002 to reflect that the TSE retained Market Regulation Services Inc. ("RS Inc.") as a regulation services provider ("RSP") under National Instrument 21-101 Marketplace Operation and National Instrument 23-101 Trading Rules ("ATS Rules");

AND WHEREAS the Commission granted the TSE an amended and restated recognition order dated September 3, 2002 to reflect the name change of TSE to TSX and a reorganization under which TSX became a wholly-owned subsidiary of ~~TSX~~**TMX** Group;

AND WHEREAS the Commission **granted TSX and TMX Group an amended and restated order dated August 12, 2005 to reflect changes** >*to the definition of an independent director*<**;**

AND WHEREAS the Commission granted TSX and TMX Group an amendment to the Amended and Restated Order dated December 16, 2005 to vary certain financial viability and financial statement terms and conditions and to make other suitable revisions;

AND WHEREAS the Commission granted TSX and TMX Group an amendment to the First Amended Recognition Order dated August 10, 2006 to vary certain financial viability terms and conditions and to provide TSX the ability to seek the approval of the Commission to perform its regulation functions, not performed by RS Inc., through any other party, including its affiliates or associates;

AND WHEREAS the Commission granted TSX and TMX Group an amendment to the August 2006 Recognition Order effective June 1, 2008 to refer to IIROC;

AND WHEREAS the Commission has determined that it is not prejudicial to the public interest to issue an order that amends and restates the Previous Order to reflect changes <*to the definition of an independent director*>**pursuant to the merger of TMX Group with LSEG**;

AND WHEREAS the Commission considers it appropriate to set out in an order the terms and conditions of each of TSX's and ~~TSX~~**TMX** Group's continued recognition as a stock exchange, which terms and conditions are set out in Schedule "A" attached;

AND WHEREAS TSX and ~~TSX~~**TMX** Group have agreed to the terms and conditions applicable to each of them set out in Schedule "A";

AND WHEREAS the Commission has determined that continuing to recognize TSX and ~~TSX~~**TMX** Group is not prejudicial to the public interest~~;~~**.**

The Commission hereby amends each of TSX's and ~~TSX~~**TMX** Group's recognition as a stock exchange so that the recognition pursuant to section 21 of the Act continues with respect to TSX and ~~TSX~~**TMX** Group, in each case effective, subject to the terms and conditions attached as Schedule "A", on the date hereof.

DATED April 3, 2000, as amended on January 29, 2002, on September 3, 2002, **on August 12, 2005, on December 16, 2005, on August 10, 2006, on June 1, 2008** and on **●, 2011.** ~~August 12, 2005.~~

~~[The attached terms and conditions also include the amendments made in the Variation Orders dated December 16, 2005, August 10, 2006 and June 1, 2008.]~~

~~"Susan Wolburgh Jenah"~~ ~~"Paul M. Moore"~~

SCHEDULE "A"

TERMS AND CONDITIONS

PART I--~~TSX~~TMX GROUP

1. ~~1.~~ CORPORATE GOVERNANCE

(a) ~~TSX~~**TMX** Group's governance structure shall provide for:

(i) Fair and meaningful representation on its board of directors and any governance committee thereof, having regard to, among other things, ~~TSX~~**TMX** Group's ownership of TSX;

(ii) Appropriate representation of independent directors on ~~TSX~~**TMX** Group's committees; and

(iii) Appropriate qualifications, remuneration, conflict of interest provisions and limitation of liability and indemnification protections for directors and officers and employees of ~~TSX~~**TMX** Group generally.

(b) ~~TSX~~**TMX** Group shall ensure, on an annual basis and each time that an individual joins the board of directors, that at least fifty per cent (50%) of its directors are independent. For purposes of this recognition order, a director is independent if he or she is independent within the meaning of section 1.4 of Multilateral Instrument 52-110–Audit Committees, as amended from time to time. The board of directors will adopt standards which may be amended from time to time with the prior approval of the Commission, setting out criteria to determine whether individuals are independent, including criteria to determine whether an individual has a material relationship with ~~TSX~~**TMX** Group and is therefore considered not to be independent. These standards will be made available on the TSX website.

In the event that at any time ~~TSX~~**TMX** Group fails to meet such requirement, it shall promptly remedy such situation.

(c) TMX Group shall ensure that at least fifty per cent (50%) of the directors and members of each of the committees of the board of directors will be both ordinarily resident in Canada and independent.

(d) TMX Group shall maintain the Finance and Audit Committee of its board of directors.

2. OFFICES

The head office and the executive offices of TMX Group will be located in Toronto.

3. SENIOR MANAGEMENT

The chief executive officer of TMX Group will be ordinarily resident in Ontario and his or her principal place of business will be in Toronto. For greater certainty, that officer will be subject to the strategic and policy direction of Mergeco.

4. ~~2.~~ FITNESS

~~TSX~~**TMX** Group will take reasonable steps to ensure that each officer or director of ~~TSX~~**TMX** Group is a fit and proper person and the past conduct of each officer or director affords reasonable grounds for belief that the officer or director will perform his or her duties with integrity.

5. ~~3.~~ ALLOCATION OF RESOURCES

(a) ~~TSX~~**TMX** Group will, subject to paragraph ~~3~~**5**(b) hereof and for so long as TSX carries on business as a stock exchange, allocate sufficient financial and other resources to TSX to ensure that TSX can carry out its functions in a manner that is consistent with the public interest and the terms and conditions of Part II of this Schedule "A".

(b) ~~TSX~~**TMX** Group will notify the Commission immediately upon becoming aware that it is or will be unable to allocate sufficient financial and other resources to TSX to ensure that it can carry out its functions in a manner that is consistent with the public interest and the terms and conditions of Part II of this Schedule "A".

6. ~~4.~~ FINANCIAL INFORMATION

~~TSX~~**TMX** Group will file with the Commission unaudited quarterly consolidated financial statements of ~~TSX~~**TMX** Group within 45 days of each quarter end and audited annual consolidated financial statements of ~~TSX~~**TMX** Group within 90 days of each year,

or such shorter periods as are mandated for reporting issuers to file such financial statements under applicable securities legislation.

7. ~~5.~~ **COMPLIANCE**

~~TSX~~**TMX** Group will carry out its activities as a stock exchange recognized under section 21 of the Act. ~~TSX~~**TMX** Group will do everything within its control to cause TSX to carry out its activities as a stock exchange recognized under section 21 of the Act and to comply with the terms and conditions in Part II of this Schedule "A".

8. ~~6.~~ **ACCESS TO INFORMATION**

(a) ~~TSX~~**TMX** Group will and will cause its subsidiaries to permit the Commission to have access to and to inspect all data and information in its or their possession that is required for the assessment by the Commission of the performance of TSX of its regulation functions and the compliance of TSX with the terms and conditions in Part II of this Schedule "A".

(b) ~~TSX~~**TMX** Group will permit the Commission to have access to and to inspect all data and information in its possession that is required for the assessment by the Commission of the compliance of ~~TSX~~**TMX** Group with the terms and conditions in Part I of this Schedule "A".

9. ~~7.~~ **SHARE OWNERSHIP RESTRICTIONS**

The restrictions on share ownership set out in section 21.11(1) of the Act, as amended from time to time by regulation, shall apply to the voting shares of ~~TSX~~**TMX** Group, and the articles of ~~TSX~~**TMX** Group shall contain the share ownership restrictions and provisions respecting the enforcement of such restrictions which, without limiting the foregoing, may provide for the filing of declarations, the suspension of voting rights, the forfeiture of dividends, the refusal of the issue or registration of voting shares and the sale or redemption of voting shares held contrary to the restrictions and payment of the net proceeds of the sale or redemption to the person entitled thereto.

PART II--TSX

10. ~~8.~~ CORPORATE GOVERNANCE

(a) To ensure diversity of representation, TSX will ensure that the composition of its board of directors provides a proper balance between the interests of the different entities using its services and facilities.

(b) TSX's governance structure shall provide for:

(i) Fair and meaningful representation on its board of directors and any governance committee thereof, in the context of the nature and structure of TSX;

(ii) Appropriate representation of independent directors on TSX's committees; and

(iii Appropriate qualifications, remuneration, conflict of interest provisions and limitation of liability and indemnification protections for directors and officers and employees of TSX generally.

© TSX shall ensure, on an annual basis and each time that an individual joins the board of directors, that at least fifty per cent (50%) of its directors are independent. For purposes of this recognition order, a director is independent if he or she is independent within the meaning of section 1.4 of Multilateral Instrument 52-110–Audit Committees, as amended from time to time. The board of directors will adopt standards which may be amended from time to time with the prior approval of the Commission, setting out criteria to determine whether individuals are independent, including criteria to determine whether an individual has a material relationship with TSX and is therefore considered not to be independent. These standards will be made available on the TSX website.

In the event that at any time TSX fails to meet such requirement, it shall promptly remedy such situation.

(d) TSX shall ensure that at least fifty per cent (50%) of the directors and members of each of the committees of the board of directors will be both ordinarily resident in Canada and independent.

11. OFFICES

The head office and the executive offices of TSX will be located in Toronto.

12. SENIOR MANAGEMENT

The chief executive officer, and the most senior executives of TSX responsible for each of listing and issuer services, trading, market data, and compliance and regulation functions (or their equivalents from time to time), will be ordinarily resident in Ontario and their principal place of business will be in Toronto. For greater certainty, those most senior executives will be subject to the strategic and policy direction of Mergeco.

13. ~~9.~~ FEES

(a) Any and all fees imposed by TSX on its Participating Organizations shall be equitably allocated. Fees shall not have the effect of creating barriers to access and shall be balanced with the criteria that TSX have sufficient revenues to satisfy its responsibilities.

(b) TSX's process for setting fees shall be fair and appropriate.

14. ~~10.~~ ACCESS

(a) The requirements of TSX shall permit all properly registered dealers that are members of a recognized self-regulatory organization and that satisfy TSX's criteria to access the trading facilities of TSX.

(b) Without limiting the generality of the foregoing, TSX shall:

(i) establish written standards for granting access to trading on its facilities;

(ii) not unreasonably prohibit or limit access by a person or company to services offered by it; and

(iii) keep records of:

(A) each grant of access including, for each entity granted access to its trading facilities, the reasons for granting such access; and

(B) each denial or limitation of access, including the reasons for denying or limiting access to any applicant.

15. ~~11.~~ FITNESS

TSX will take reasonable steps to ensure that each officer or director of TSX is a fit and proper person and the past conduct of each officer or director affords reasonable grounds for belief that the officer or director will perform his or her duties with integrity.

16. ~~12.~~ FINANCIAL VIABILITY

(a) TSX shall maintain sufficient financial resources for the proper performance of its functions.

(b) TSX shall calculate monthly the following financial ratios:

(i) a current ratio, being the ratio of current assets (excluding the portion of future tax asset related to deferred revenue – initial and additional listing fees) to current liabilities (excluding deferred revenue – initial and additional listing fees),

(ii) a debt to cash flow ratio, being the ratio of total debt used to finance TSX's operations (including any line of credit drawdowns, term loans, debentures and capital lease obligations, but excluding liabilities such as accounts payable, deferred revenue, income taxes payable and employee benefit liabilities) to adjusted EBITDA for the most recent twelve months, where adjusted EBITDA is earnings before interest, taxes, depreciation and amortization, adjusted to include initial and additional listing fees received and to exclude initial and additional listing fees reported as revenue, and

(iii) a financial leverage ratio, being the ratio of adjusted total assets to adjusted shareholders' equity, where adjusted total assets is calculated as total assets on the TSX balance sheet less the portion of future tax asset reported on the TSX balance sheet that is related to deferred revenue-initial and additional listing fees as reported on the TSX balance sheet ("Adjusted Future Tax Asset") and adjusted shareholders' equity is calculated as shareholders' equity as reported on the TSX balance sheet plus deferred revenue – initial and additional listing fees as reported on the TSX balance sheet less Adjusted Future Tax Asset,

in each case as calculated on a consolidated basis and consistently with the consolidated financial statements of TSX.

(c) TSX shall report quarterly (concurrently with the financial statements filed pursuant to paragraph ~~17~~**21**) to Commission staff the monthly calculations of its current ratio, debt to cash flow ratio and financial leverage ratio for the previous quarter.

(d) If TSX fails to maintain or anticipates it will fail to maintain in the next twelve months:

(i) its current ratio at greater than or equal to 1.1/1,

(ii) its debt to cash flow ratio at less than or equal to 4.0/1, or

(iii) its financial leverage ratio at less than or equal to 4.0/1,

it shall immediately notify Commission staff.

(e) If TSX fails to maintain its current ratio, debt to cash flow ratio, or financial leverage ratio at the levels outlined in paragraph ~~12~~**16**(d) above for a period of more than three months:

(i) its Chief Executive Officer will immediately deliver a letter advising Commission staff of the reasons for the continued ratio deficiencies and the steps being taken to rectify the situation, and

(ii) TSX will not, without the prior approval of the Director, make any capital expenditures in excess of its approved budget, or make any loans, bonuses, dividends or other distributions of assets to any director, officer, related company or shareholder until the deficiencies have been eliminated for at least six months or a shorter period of time as agreed to by Commission staff.

(f) TSX shall not enter into any agreement or transaction either (i) outside the ordinary course of business or (ii) with ~~TSX~~**TMX** Group or any subsidiary or associate of ~~TSX~~**TMX** Group if it expects that, after giving effect to the agreement or transaction, TSX is likely to fail to maintain the current ratio, the debt to cash flow ratio or the financial leverage ratio at the levels outlined in paragraph ~~12~~**16**(d) above.

17. ~~13.~~ REGULATION

(a) TSX shall continue to retain ~~the Investment Industry Regulatory< *Organization of Canada (*>IIROC)~~**IIROC** as an RSP to provide certain regulation services which have been approved by the Commission. TSX shall provide to the Commission, on an annual basis, a list outlining the regulation services provided by IIROC and the regulation services performed by TSX. All amendments to those listed services are subject to the prior approval of the Commission.

(b) In providing the regulation services, as set out in the agreement between IIROC and TSX (Regulation Services Agreement), IIROC provides certain regulation services to TSX pursuant to a delegation of TSX's authority in accordance with Section 13.0.8(4) of the Toronto Stock Exchange Act and will be entitled to exercise all the authority of TSX with respect to the administration and enforcement of certain market integrity rules and other related rules, policies and by-laws.

(c) TSX shall provide the Commission with an annual report with such information regarding its affairs as may be requested from time to time. The annual report shall be in such form as may be specified by the Commission from time to time.

(d) TSX shall continue to perform all ~~other~~ regulation functions not performed by IIROC **and shall carry on its regulation functions in Canada, either directly or through IIROC**. TSX shall not perform such regulation functions through any other party, including its affiliates or associates, without prior Commission approval. For greater certainty, any outsourcing of a business function that is done in accordance with paragraph ~~23~~**27** does not contravene this paragraph.

(e) Management of TSX (including the Chief Executive Officer) shall at least annually assess the performance by IIROC of its regulation functions and report thereon to the Board of TSX, together with any recommendations for improvements. TSX shall provide the Commission with copies of such reports and shall advise the Commission of any proposed actions arising therefrom.

18. ~~14.~~ SYSTEMS

For each of its systems that support order entry, order routing, execution, data feeds, trade reporting and trade comparison, capacity and integrity requirements, TSX shall:

(a) on a reasonably frequent basis, and in any event, at least annually,

(i) make reasonable current and future capacity estimates;

(ii) conduct capacity stress tests of critical systems on a reasonably frequent basis to determine the ability of those systems to process transactions in an accurate, timely and efficient manner;

(iii) develop and implement reasonable procedures to review and keep current the development and testing methodology of those systems;

(iv) review the vulnerability of those systems and data centre computer operations to internal and external threats including physical hazards and natural disasters;

(v) establish reasonable contingency and business continuity plans;

(b) annually, cause to be performed an independent review and written report, in accordance with established audit procedures and standards, of its current systems technology plans and whether there are appropriate processes in place to manage the impact of changes in technology on the exchange and parties interfacing with exchange systems. This will include an assessment of TSX's controls for ensuring that each of its systems that support order entry, order routing, execution, data fees, trade reporting and trade comparisons, capacity and integrity requirements is in compliance with paragraph (a) above. Senior management will conduct a review of a report containing the recommendations and conclusions of the independent review; and

(c) promptly notify the Commission of material systems failures and changes.

19. ~~15.~~ PURPOSE OF RULES

(a) TSX shall, subject to the terms and conditions of this Recognition Order and the jurisdiction and oversight of the Commission in accordance with Ontario securities laws, through IIROC and otherwise, establish such rules, policies and other similar instruments ("Rules") that are necessary or appropriate to govern and regulate all aspects of its business and affairs.

(b) In particular, TSX shall ensure that:

(i) the Rules are designed to:

(A) ensure compliance with securities legislation;

(B) prevent fraudulent and manipulative acts and practices;

(C) promote just and equitable principles of trade;

(D) foster co-operation and co-ordination with persons or companies engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in, securities; and

(E) provide for appropriate discipline;

(ii) the Rules do not:

(A) permit unreasonable discrimination among clients, issuers and Participating Organizations; or

(B) impose any burden on competition that is not reasonably necessary or appropriate; and

(iii) the Rules are designed to ensure that TSX's business is conducted in a manner so as to afford protection to investors.

20. ~~16.~~ RULES AND RULE-MAKING

(a) TSX shall comply with the existing protocol between TSX and the Commission, as it may be amended from time to time, concerning Commission approval of changes in its Rules.

(b) All Rules of general application, and amendments thereto, adopted by TSX must be filed with the Commission.

21. ~~17.~~ FINANCIAL STATEMENTS

TSX shall file unaudited quarterly consolidated financial statements within 45 days of each quarter end and audited consolidated annual financial statements within 90 days of each year end or such shorter period as is mandated for reporting issuers to file such financial statements under applicable securities legislation. TSX shall provide certain unconsolidated financial information if requested by Commission staff.

22. ~~18.~~ **SANCTION RULES**

TSX shall ensure, through IIROC and otherwise, that its Participating Organizations and its listed issuers are appropriately sanctioned for violations of the Rules. In addition, TSX will provide notice to the Commission of any violations of securities legislation of which it becomes aware in the ordinary course operations of its business.

23. ~~19.~~ **DUE PROCESS**

TSX shall ensure that the requirements of TSX relating to access to the trading and listing facilities of TSX, the imposition of limitations or conditions on access and denial of access are fair and reasonable, including in respect of notice, an opportunity to be heard or make representations, the keeping of a record, the giving of reasons and the provisions for appeals.

24. ~~20.~~ **INFORMATION SHARING**

TSX shall co-operate by the sharing of information and otherwise, with the Commission and its staff, the Canadian Investor Protection Fund and other Canadian exchanges, recognized self-regulatory organizations and regulatory authorities responsible for the supervision or regulation of securities firms and financial institutions, subject to the applicable privacy or other laws about the sharing of information and the protection of personal information.

25. ~~21.~~ **LISTED COMPANY RULES**

TSX shall ensure, through IIROC and otherwise, that it has appropriate review procedures in place to monitor and enforce issuer compliance with the Rules.

26. ~~22.~~ **SELF-AFFILIATE LISTING CONDITIONS**

TSX shall be subject to the terms and conditions relating to the listing on TSX of ~~TSX Group~~**Mergeco and [Exchangeco] ("Exchangeco"), an indirect subsidiary of Mergeco,** as are set out in the attached Appendix I, as amended from time to time.

27. ~~23.~~ **OUTSOURCING**

In any material outsourcing of any of its business functions with parties other than ~~TSX~~**TMX** Group or an affiliate or associate of ~~TSX Group~~**TMX Group that is incorporated, or that primarily carries on business, in Canada**, TSX shall proceed in accordance with industry best practices. Without limiting the generality of the foregoing, TSX shall:

(a) establish and maintain policies and procedures that are approved by its board of directors for the evaluation and approval of such material outsourcing arrangements;

(b) in entering into any such material outsourcing arrangement:

(i) assess the risk of such arrangement, the quality of the service to be provided and the degree of control to be maintained by TSX; and

(ii) execute a contract with the service provider addressing all significant elements of such arrangement, including service levels and performance standards;

(c) ensure that any contract implementing such material outsourcing arrangement that is likely to impact on TSX's regulation functions provide in effect for TSX, its agents and the Commission to be permitted to have access to and to inspect all data and information maintained by the service provider that TSX is required to share under paragraph ~~20~~**24** or that is required for the assessment by the Commission of the performance of TSX of its regulation functions and the compliance of TSX with the terms and conditions in Part II of this Schedule "A"; and

(d) monitor the performance of the service provided under any such material outsourcing arrangement.

28. ~~24.~~ **RELATED PARTY TRANSACTIONS**

Any material agreement or transaction entered into between TSX and ~~TSX~~**TMX** Group or any subsidiary ~~or~~**,** associate**, or affiliate** of ~~TSX~~**TMX** Group shall be on terms and conditions that are at least as favourable to TSX as market terms and conditions.

29. ~~25.~~ CLEARING AND SETTLEMENT

The Rules impose a requirement on Participating Organizations to have appropriate arrangements in place for clearing and settlement through a clearing agency recognized by the Commission.

30. CONTINUITY OF OPERATIONS

(a) TSX will be locally managed, subject to the strategic and policy direction of Mergeco.

(b) TSX will maintain its core operations in Canada, except to the extent that, in accordance with its obligations with respect to paragraph 31, TSX ceases or otherwise changes its operations.

31. CHANGE IN OPERATIONS

(a) TSX will not cease to operate or suspend, discontinue or wind up all or a significant portion of TSX's operations, or dispose of all or substantially all of TSX's assets, without:

(i) providing the OSC at least six months' prior notice of TSX's intention; and

(1) complying with any terms and conditions that the OSC may impose in the public interest for the orderly discontinuance of TSX's operations or the orderly disposition of TSX's assets.

APPENDIX I

Affiliate Listing-Related ~~Related~~ Conditions

1. ~~1.~~ UNDERLYING PRINCIPLES

1.1. TSX carries on the business of the Toronto Stock Exchange.

1.2. ~~TSX Group proposes~~**Mergeco and Exchangeco each propose** to become a listed company on TSX, which will be wholly-owned by ~~TSX Group~~**Mergeco**.

1.3. TSX will report to the Director (the "Director") of the Ontario Securities Commission ("OSC") or other members of the staff of the OSC certain matters provided for in this Appendix I (the "Listing-Related Procedures") with respect to ~~TSX Group~~**Mergeco and Exchangeco** or certain other TSX-listed issuers that raise issues of conflict of interest or potential conflict of interest for TSX.

1.4. The purpose of this reporting process is to ensure that TSX follows appropriate standards and procedures with respect to the initial and continued listing of ~~TSX Group~~**Mergeco and Exchangeco** and Competitors, to ensure that ~~TSX Group is~~**Mergeco and Exchangeco are** dealt with appropriately in relation to, and Competitors are treated fairly and not disadvantaged by, ~~TSX Group~~**Mergeco's and Exchangeco**'s listing on TSX. For purposes of these Listing- Related Procedures, "Competitor" means any person, the consolidated business and operations or the disclosed business plans of which are in competition, to a significant extent, with the listing functions, trading functions, market data services or other material line of business of ~~TSX Group~~**Mergeco** or its affiliates.

2. ~~2.~~ INITIAL LISTING ARRANGEMENTS

2.1. TSX will review, in accordance with its procedures, the ~~TSX Group~~**Mergeco and Exchangeco** initial listing ~~application~~**applications**. A copy of **each of** the ~~application~~**applications** will be provided by TSX to the OSC's Director, Corporate Finance at the same time that the application is filed with TSX.

2.2. Upon completing its review of the application and after allowing ~~TSX Group~~**Mergeco and Exchangeco** to address any deficiencies noted by TSX, TSX will provide a summary report to the OSC's Director, Corporate Finance, with its recommendation for listing approval, if made. The summary report will provide details of any aspects of the application that were atypical as well as any issues raised in the process that required the exercise of discretion by TSX. Any related staff memoranda, analysis, recommendations and decisions not included in the summary report will be attached for review by the OSC's Director, Corporate Finance. A copy of TSX's current listing manual will also be provided to the OSC's Director, Corporate Finance.

2.3. The OSC's Director, Corporate Finance will have the right to approve or disapprove the listing of the ~~TSX Group~~**Mergeco and Exchangeco** shares. In the event of disapproval, ~~TSX Group~~**Mergeco and Exchangeco** will have the opportunity to

address the concerns of the OSC's Director, Corporate Finance and may resubmit an amended application for listing, or amended parts thereof, to TSX, which will provide a revised summary report and any new materials to the OSC's Director, Corporate Finance in accordance with section 2.2, along with a copy of the amended application.

3. ~~3.~~ CONFLICTS COMMITTEE

3.1. TSX will establish a committee (the "Conflicts Committee") that will review any matters brought before it regarding a conflict of interest or potential conflict of interest relating to the continued listing on TSX of ~~TSX Group~~**Mergeco or Exchangeco** or the initial listing or continued listing of Competitors (each, a "Conflict of Interest"). Without limiting the generality of the above sentence, continued listing matters include the following:

(a) matters relating to the continued listing of ~~TSX Group~~**Mergeco, Exchangeco** or a Competitor or of a listing of a different class or series of securities of ~~TSX Group~~**Mergeco, Exchangeco** or a Competitor than a class or series already listed;

(b) any exemptive relief applications of, or approvals applied for by, ~~TSX Group~~**Mergeco, Exchangeco** or a Competitor;

I any other requests made by ~~TSX Group~~**Mergeco, Exchangeco** or a Competitor that require discretionary involvement by TSX; and

(d) any listings matter related to a TSX-listed issuer or listing applicant that asserts that it is a Competitor.

3.2. Notwithstanding section 3.1, where a Competitor certifies to TSX that information required to be disclosed to the Conflicts Committee or TSX in connection with an initial listing or continued listing matter of the Competitor is competitively sensitive and the disclosure of that information would in its reasonable view put it at a competitive disadvantage with respect to ~~TSX Group~~**Mergeco**, TSX will refer the matter to the Director, requesting that the Director review issues relating to the competitively sensitive information. The Conflicts Committee shall consider all other aspects of the matter in accordance with the procedures set out in section 3.8. In addition, at any time that a Competitor believes that it is not being treated fairly by TSX as a result of TSX being in a conflict of interest position, TSX will refer the matter to the Director.

3.3. In any initial listing or continued listing matter of a Competitor, the Competitor may waive the application of these Listing-Related Procedures by providing a written waiver to TSX and the Director. Where a waiver is provided, TSX will deal with the initial listing or continued listing matter in the ordinary course as if no Conflict of Interest exists.

3.4. The Conflicts Committee will be composed of: the Chief Executive Officer of TSX, the general counsel of TSX (the "Committee Secretary"), the senior officer responsible for listings of each of TSX and TSX Venture Exchange Inc., the senior officer responsible for trading operations of TSX, a senior management representative of IIROC and two other persons who shall be independent of TSX (as independent is defined in paragraph 1(a) of Schedule "A" of the terms and conditions of the recognition order). At least one such independent member must participate in meetings of the Conflicts Committee, in order for there to be a quorum.

3.5 TSX shall use its best efforts to instruct senior management and relevant staff at TSX, and relevant senior management and staff at IIROC, in order that they are alerted to, and are able to identify, Conflicts of Interest which may exist or arise in the course of the performance of their functions. Without limiting the generality of the foregoing:

3.5.1. TSX shall provide instruction that any matter concerning ~~TSX Group~~**Mergeco or Exchangeco** that is brought to the attention of staff at TSX must be immediately brought to the attention of the Committee Secretary.

3.5.2. TSX shall maintain a list in an electronic format, to be updated regularly and in any event at least monthly and reviewed and approved by the Conflicts Committee at least monthly, of all Competitors that are TSX-listed issuers, and shall promptly after the above-noted approval by the Conflicts Committee provide the current list to managers at TSX and IIROC who supervise departments that (i) review continuous disclosure; (ii) review requests/applications for exemptive relief; (iii) perform timely disclosure and monitoring functions relating to TSX-listed issuers; and (iv) otherwise perform tasks and/or make decisions of a discretionary nature. In maintaining this list, TSX shall ensure that senior executives in the issuer services division of TSX regularly prepare and review and update the list and provide it promptly to the Conflicts Committee.

3.5.3. TSX shall provide instruction to staff at TSX that any initial listing or continued listing matter or a complaint of a Competitor or of any TSX-listed issuer or listing applicant that asserts that it is a Competitor must be immediately brought to the attention of the Committee Secretary.

3.5.4. TSX shall provide to staff who review initial listing applications and to senior executives in the issuer services division of TSX a summary of the types of businesses undertaken to a significant degree by ~~TSX Group~~**Mergeco** or its affiliates and shall update the list as these businesses change, in order that initial listings staff and senior executives in the issuer services division of TSX may recognize a Competitor.

3.6. The Committee Secretary shall convene a meeting of the Conflicts Committee to be held no later than one business day after a Conflict of Interest has been brought to his or her attention. The Committee Secretary or any member of the Conflicts Committee may also convene a meeting of the Conflicts Committee whenever he or she sees fit, in order to address any conflict issues that may not be related to any one specific matter or issuer.

3.7. TSX shall, at the time a Conflicts Committee meeting is called in response to a Conflict of Interest, immediately notify the OSC's Manager of Market Regulation that it has received notice of a Conflict of Interest and shall provide with such notice: (i) a written summary of the relevant facts; and (ii) an indication of the required timing for dealing with the matter.

3.8. The Conflicts Committee will consider the facts and form an initial determination with respect to the matter. The Conflicts Committee will then proceed as follows depending on the circumstances:

3.8.1. If the Conflicts Committee determines that a conflict of interest relating to the continued listing on TSX of ~~TSX Group~~**Mergeco or Exchangeco** or the initial or continued listing of a Competitor on TSX does not exist and is unlikely to arise, it will notify the OSC's Manager of Market Regulation of this determination. If the OSC's Manager of Market Regulation approves such determination, TSX will deal with the matter in its usual course. When it has dealt with the matter, a brief written record of such determination with details of the analysis undertaken, and the manner in which the matter was disposed of, will be made by TSX and provided to the OSC's Manager of Market Regulation. If the OSC's Manager of Market Regulation does not approve the determination and provides notice of such non-approval to TSX, TSX will follow the procedures set out in section 3.8.2.

3.8.2. If the Conflicts Committee determines that a conflict of interest relating to the continued listing on TSX of ~~TSX Group~~**Mergeco or Exchangeco** or the initial or continued listing of a Competitor on TSX does exist or is likely to arise or if TSX is provided non-approval notice from the OSC's Manager of Market Regulation under section 3.8.1, TSX shall: (i) formulate a written recommendation of how to deal with the matter; and (ii) provide its recommendation to the OSC's Manager of Market Regulation for his or her approval, together with a summary of the issues raised and details of any analysis undertaken. If the OSC's Manager of Market Regulation approves the recommendation, TSX will take steps to implement the terms of its recommendation.

3.9. Where the OSC's Manager of Market Regulation has considered the circumstances of an issue based on the information provided to him or her by the Conflicts Committee under section 3.8.2, and has determined that he or she does not agree with TSX's recommendation (i) and has requested that TSX reformulate its recommendation, TSX shall do so; or (ii) the OSC's Manager of Market Regulation may direct TSX to take such other action as he or she considers appropriate in the circumstances.

3.10. Where the OSC's Manager of Market Regulation or the Director is requested to review a matter pursuant to section 3.9 or 3.2, respectively, TSX shall provide to the OSC's Manager of Market Regulation or the Director any relevant information in its possession and, if requested by the OSC's Manager of Market Regulation or the Director, any other information in its possession, in order for the OSC's Manager of Market Regulation or the Director to review or, if appropriate, make a determination regarding the matter, including any notes, reports or information of TSX regarding the issue, any materials filed by the issuer or issuers involved, any precedent materials of TSX, and any internal guidelines of TSX. TSX shall provide its services to assist the matter, if so requested by the OSC's Manager of Market Regulation or by the Director.

3.11. TSX will provide to the OSC's Manager of Continuous Disclosure a copy of ~~TSX Group~~**Mergeco's and Exchangeco**'s annual ~~questionnaire~~**questionnaires** and any other ~~TSX Group~~**Mergeco or Exchangeco** disclosure documents that are filed with TSX but not with the OSC's Continuous Disclosure department. TSX will conduct its usual review process in connection with ~~TSX Group~~**Mergeco's and Exchangeco**'s annual ~~questionnaire~~**questionnaires** and all prescribed periodic filings of ~~TSX Group~~**Mergeco and Exchangeco**. Any deficiencies or irregularities in ~~TSX Group~~**Mergeco's or Exchangeco**'s annual ~~questionnaire~~**questionnaires** or other TSX-issuer prescribed filings will be communicated to the OSC's Manager of Continuous Disclosure and brought to the attention of the Conflicts Committee which shall follow the procedures outlined in this section 3.

4. ~~4.~~ TIMELY DISCLOSURE AND MONITORING OF TRADING

4.1 TSX shall use its best efforts to ensure that IIROC at all times is provided with the current list of the TSX-listed issuers that are Competitors.

5. ~~5.~~ MISCELLANEOUS

5.1. Information provided by a Competitor in connection with an initial listing or continued listing matter to the Conflicts Committee will not be used by TSX for any purpose other than addressing Conflicts of Interest. TSX will not disclose any confidential information obtained under these Listing-Related Procedures to a third party other than the OSC unless:

(a) prior written consent of the other parties is obtained;

(b) it is required or authorized by law to disclose the information; or

(c) the information has come into the public domain otherwise than as a result of its breach of this clause.

5.2. TSX will provide disclosure on its website and in the TSX Company Manual to the effect that an issuer can assert that it is a Competitor and will outline the procedures for making such an assertion, including appeal procedures.

This page intentionally left blank

Index