The Ontario Securities Commission

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May 27, 2011

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

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1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

May 27, 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
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Edward P. Kerwin	—	EPK
Vern Krishna	—	VK
Christopher Portner	—	CP
Charles Wesley Moore (Wes) Scott	—	CWMS

SCHEDULED OSC HEARINGS

May 30-31, 2011 10:00 a.m.	**Sunil Tulsiani, Tulsiani Investments Inc., Private Investment Club Inc., and Gulfland Holdings LLC** s. 127 J. Feasby in attendance for Staff Panel: VK/CWMS
May 30, 2011 10:00 a.m.	**Nelson Financial Group Ltd., Nelson Investment Group Ltd., Marc D. Boutet, Stephanie Lockman Sobol, Paul Manuel Torres, H.W. Peter Knoll** s. 127 J. Waechter/S. Chandra in attendance for Staff Panel: JDC
May 30, 2011 11:00 a.m. May 31 and June 3, 2011 10:00 a.m.	**Nelson Financial Group Ltd., Nelson Investment Group Ltd., Marc D. Boutet, Stephanie Lockman Sobol, Paul Manuel Torres, H.W. Peter Knoll** s. 127 J. Waechter/S. Chandra in attendance for Staff Panel: JEAT/MCH
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 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 28, 2011 10:00 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 A. Perschy in attendance for Staff Panel: CP
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 11, 2011 11:30 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
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 15, 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: 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: CP

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
October 31, 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: TBA
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: JDC
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 and February 1-10, 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

TBA

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: TBA

TBA

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

s. 127(7) and 127(8)

H. Craig in attendance for Staff

Panel: TBA

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 CSA Staff Notice 81-322 – Status Report on the Implementation of the Modernization of Investment Fund Product Regulation Project and Request for Comment on Phase 2 Proposals

CSA STAFF NOTICE 81-322

STATUS REPORT ON THE IMPLEMENTATION OF THE MODERNIZATION OF INVESTMENT FUND PRODUCT REGULATION PROJECT AND REQUEST FOR COMMENT ON PHASE 2 PROPOSALS

May 26, 2011

Purpose

This Notice provides an update on the implementation of the Canadian Securities Administrators' (CSA) project to modernize the product regulation of publicly offered investment funds (the Modernization Project). We also seek feedback from investors and industry stakeholders on the CSA's proposal to focus next on developing an operational rule for non-redeemable investment funds, as part of a staged approach to proceeding with the Modernization Project.

Background

The Modernization Project's mandate is to review the product regulation of publicly offered investment funds and to consider whether our current regulatory approach sufficiently addresses product and market developments in the Canadian investment fund industry, and continues to adequately protect investors. The types of investment funds that are within the scope of the Modernization Project include: (i) open-end mutual funds[1], (ii) exchange-traded mutual funds[2] and (iii) non-redeemable investment funds.[3]

Open-end mutual funds rose in popularity subsequent to the passage of changes to the *Income Tax Act* (Canada) in the late 1950's, which enabled them to rapidly flourish as vehicles for registered retirement savings plans. By the late 1960's, assets under management by open-end mutual funds had considerably surpassed those under management by non-redeemable investment funds, which prior to that time had been the most prevalent form of publicly offered investment fund. The quick rise to mass appeal of the open-end mutual fund product led to much of the literature written on the need for regulation of mutual funds in Canada, and subsequent regulatory initiatives which focused on open-end mutual funds. Such initiatives included National Policy 39 – *Mutual Funds* (NP 39), an amalgamation of mutual fund policies from the 1970's and 1980's, which was implemented in November 1987. NP 39 was subsequently reformulated into National Instrument 81-102 *Mutual Funds* (NI 81-102) in January 2000. As a result, the investment fund product regulation we have today was drafted primarily with the traditional open-end mutual fund in mind.

Over the last decade, however, the gamut of publicly-offered investment fund products available to retail investors has expanded. Exchange-traded mutual funds have proliferated, with assets under management growing from approximately $6 billion in December 2000 to approximately $41 billion in March 2011[4]. Non-redeemable investment funds, although not new to the product landscape, have evolved in structure and complexity. In a time of rapid market development and innovation and increasing complexity of investment fund products, we think it is important that we assess the current regulatory framework that applies to different types of publicly offered investment funds to ensure our investor protection, fairness and market efficiency objectives are being met.

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1 Open-end mutual funds generally issue an unlimited number of units or shares from treasury on a continuous basis and provide a regular redemption feature, typically daily, at the fund's net asset value (NAV).

2 Exchange-traded mutual funds are open-end mutual funds whose units trade on an exchange. It is typically only large institutional investors (designated brokers) that purchase or redeem exchange-traded mutual fund units directly from the exchange-traded mutual fund at the fund's NAV, and then only in large blocks, which are usually exchanged in-kind with baskets of the underlying securities. Individual retail investors typically buy and sell units of exchange-traded mutual funds on the exchange at prevailing market prices, which may be at a premium or discount to a fund's NAV.

3 Non-redeemable investment funds typically issue a finite number of units or shares on an initial public offering, following which the units or shares are generally traded on an exchange at prevailing market prices, which may be at a premium or discount to NAV. They may offer the opportunity to redeem on an infrequent basis at a price based on the fund's NAV. See footnote 8 for details.

4 Source: Investor Economics.

The Modernization Project is a continuation of the CSA's efforts to regulate comparable publicly offered investment fund products in a similar manner.[5] Most recently, the CSA indicated that as part of the final stage of implementation of the point of sale disclosure proposals, we will consider point of sale disclosure requirements for other types of publicly offered investment funds, not just open-end mutual funds.[6] We anticipate that our work on the Modernization Project may inform this effort.

We are carrying out the Modernization Project in two phases.

Status of Modernization Project – Phase 1

On June 25, 2010, the CSA published amendments to NI 81-102, as well as related consequential amendments (together, the Phase 1 Amendments), for a 90-day comment period.

The Phase 1 Amendments focus primarily on publicly offered "mutual funds", as defined under Canadian securities legislation. Open-end mutual funds and exchange-traded mutual funds are "mutual funds" as each of them have a redemption feature that "*entitles the holder to receive on demand, or within a specified period after demand, an amount computed by reference to the value of a proportionate interest in the whole or in the part of the net assets*"[7]. The Phase 1 Amendments propose to codify exemptive relief that has frequently been granted by the CSA to recognize market and product developments, particularly the proliferation of exchange-traded mutual funds. The Phase 1 Amendments are also intended to keep pace with developing global standards in mutual fund product regulation. This includes updates to the requirements related to money market funds.

The comment period for the Phase 1 Amendments ended on September 24, 2010. We received 24 comment letters. Subject to any material changes being made to the Phase 1 Amendments, the CSA anticipate publishing the amendments in final form by late summer 2011.

Status of Modernization Project – Phase 2

While work is underway to finalize the Phase 1 Amendments, we are beginning work on Phase 2 of the Modernization Project. The CSA's objective in Phase 2 is to identify and address any market efficiency, investor protection or fairness issues that arise out of the differing regulatory regimes that apply to different types of publicly offered investment funds. Our aim in Phase 2 is to reduce the potential for regulatory arbitrage that may exist within the current regulatory framework.

The CSA propose to proceed with Phase 2 of the Modernization Project in stages, as described below. A staged approach will allow us the opportunity to focus first on investor protection and fairness concerns we have identified that arise out of the lack of an operational rule for non-redeemable investment funds.

Phase 2 – Stage 1 Proposal

As securities of non-redeemable investment funds are not redeemable on demand based on net asset value, these funds are generally not considered by the CSA to be "mutual funds" under securities legislation and are accordingly not subject to the operational requirements of NI 81-102.[8] These operational provisions include important self-dealing restrictions intended to protect mutual fund investors from transactions that may place the fund manager's interests ahead of theirs, and voting rights which enable investors to vote on proposed fundamental changes to the fund. In our view, securityholders of non-redeemable investment funds should similarly have these basic protections. While the structure and operations of mutual funds and non-redeemable investment funds may vary, both types of funds are fundamentally the same as they each offer investors the benefits of pooled investing and portfolio management services. We think this common primary purpose of investing money provided by their securityholders necessitates that both types of funds equally follow certain core investor protection and fairness principles.

We have begun to consider adopting certain core restrictions and operational requirements analogous to those in NI 81-102 for non-redeemable investment funds, to address certain investor protection and fairness concerns we have identified. Among these concerns are: protecting investors from transactions that give rise to a conflict of interest; providing investors with the

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5 National Instrument 81-106 *Investment Fund Continuous Disclosure* (June, 2005) and National Instrument 81-107 *Independent Review Committee for Investment Funds* (November, 2006) apply to all types of retail investment funds.

6 See CSA Staff Notice 81-319 – *Status Report on the Implementation of Point of Sale Disclosure for Mutual Funds* (2010) 33 OSCB 5449, at page 5450.

7 See definition of "mutual fund" in s.1(1) of the *Securities Act* (Ontario) and similar definitions in the respective Securities Acts of the CSA jurisdictions.

8 Non-redeemable investment funds listed on stock exchanges may, on an infrequent basis, offer the ability to redeem at a price based on NAV. The CSA generally take the view that where this redemption opportunity arises more frequently than once per year (e.g. monthly or quarterly), the fund provides a regular redemption feature and is therefore considered to be a "mutual fund" subject to the requirements of NI 81-102. Where however this redemption opportunity arises no more frequently than once per year, the fund is not considered a "mutual fund" and escapes the application of NI 81-102.

opportunity to vote on important changes that may impact the investment fund and its investors; ensuring the proper safeguarding of the investment fund's assets; and, potentially, some core investment restrictions. We anticipate that a proposed new stand-alone rule will be published for comment in early 2012.

Phase 2 – Stage 2 Proposal

In the second stage of Phase 2 of the Modernization Project, we propose to re-examine the investment restrictions applicable to open-end mutual funds and exchange-traded mutual funds under Part 2 of NI 81-102 to assess what, if any, changes should be made in recognition of market and product developments.

Increasingly, open-end mutual funds and exchange-traded mutual funds have sought more flexibility to make certain investments and employ strategies not currently permitted under NI 81-102, such as investments in physical commodities and new derivatives strategies. We propose to consider in the second stage of Phase 2 whether it would be beneficial to investors if certain investment restrictions in NI 81-102 were loosened. Relaxing certain investment restrictions may also achieve a more fair and consistent regulatory framework across all investment fund products. At the same time, informed by past experience and recent market events, we will also consider whether additional investment restrictions on mutual funds are needed to further reduce product and market risks and to ensure a mutual fund's ability to satisfy redemptions on demand. We anticipate we may also during this stage consider requirements or restrictions for non-redeemable investment funds that are in addition to those we are initially proposing in the first stage of Phase 2. We anticipate publishing for comment any proposed amendments in 2013.

Specific Issues for Consideration on the Modernization Project – Phase 2

In the first stage of Phase 2, we propose to introduce a new stand-alone rule that would apply only to non-redeemable investment funds. We anticipate that the rule will initially impose certain core restrictions and operational requirements on non-redeemable investment funds that will promote the investor protection and fairness principles we think should apply to all types of publicly offered investment funds. Among the requirements the CSA have identified are:

- ***Conflict of interest provisions*** to prohibit certain self-dealing transactions between the non-redeemable investment fund and its manager, trustee or portfolio advisor, and to restrict certain investments in related persons or companies.

  These could be similar to the restrictions that apply to mutual funds under Part 4 of NI 81-102 and under the mutual fund conflict of interest provisions in the Securities Acts of the various CSA jurisdictions. In some jurisdictions, consideration will be given to recommending amendments to the Securities Acts that would implement, or facilitate the implementation of, these requirements;

- ***Securityholder and regulatory approval requirements*** for specified fundamental changes to the non-redeemable investment fund (e.g. change of investment objective, merger with another fund, increase in fees, etc.) and to the management of the fund. These could be similar to the requirements for mutual funds in Part 5 of NI 81-102; and

- ***Custodianship requirements*** designed to ensure that the assets of the non-redeemable investment fund are sufficiently safeguarded.

  Currently, custodianship requirements for non-redeemable investment funds are set out in Part 14 of NI 41-101 – *General Prospectus Requirements* (NI 41-101). The CSA propose to move these requirements out of NI 41-101 and into the stand-alone rule for non-redeemable investment funds.

The introduction of the above minimum requirements for non-redeemable investment funds will extend key protections and rights to investors in these funds that are currently available only to investors in retail open-end mutual funds and exchange-traded mutual funds.

Specifically, restrictions on self-dealing and related-party transactions for non-redeemable investment funds would mandate consistent treatment of these types of transactions under securities legislation by all types of retail investment funds. This would result in fund managers of non-redeemable investment funds being required to seek regulatory and/or independent review committee approval under NI 81-107 *Independent Review Committee for Investment Funds* to engage in these types of transactions, as is already required of fund managers of retail mutual funds.

The requirements would further ensure that investors of non-redeemable investment funds have consistent and guaranteed voting rights on important changes that may impact the investment fund or its management.

Finally, the requirements would ensure that all non-redeemable investment funds comply with the custodianship requirements, not just those who filed a prospectus under NI 41-101 since the coming into force of that rule in 2008.

Issues for comment:

1. Do you agree with our view that certain consistent, core investor protection requirements should apply equally to all types of publicly offered investment funds? We particularly seek feedback from investors.

2. Do you agree with our approach to develop a stand-alone operational rule for non-redeemable investment funds? If not, what approach would you propose? What are the advantages and disadvantages of this approach?

3. We seek feedback on the initial restrictions and operational requirements we have identified for non-redeemable investment funds. If you disagree, what restrictions and operational requirements would be appropriate for non-redeemable investment funds and why? If you think no requirements are needed, please explain why.

4. Are there other investor protection principles and/or requirements of NI 81-102 which the CSA should consider for non-redeemable investment funds at this time? If so, please explain.

5. In addition to the initial requirements the CSA has identified for non-redeemable investment funds, we are considering the possibility of imposing certain investment restrictions, similar to those set out under Part 2 of NI 81-102. Please identify those core investment restrictions that, in your view, should apply to these funds and explain why. If you think no investment restrictions are needed, please explain why.

6. What do you foresee as the anticipated cost burdens in complying with the initial restrictions and operational requirements we are proposing for non-redeemable investment funds? Specifically, we request data from the investment fund industry and service providers on the anticipated costs of complying with the Phase 2 proposals.

Deadline for Comments

We have raised specific issues for comment in this Notice. We also welcome your comments on other aspects of our proposals for Phase 2 of the Modernization Project, including our general approach and any changes we should make. We will consider these comments and then follow our usual rule-making process to seek input from, and work collaboratively with, all stakeholders.

Submissions we receive are not confidential. All comments will be posted on the Ontario Securities Commission website at www.osc.gov.on.ca. Thank you in advance for your comments.

We will accept your comments on our proposals until July 25, 2011.

Please send your comments electronically in Word format.

Where to Send Your Comments

Please address your comments to all CSA members, as follows:

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
New Brunswick Securities Commission
Registrar of Securities, Prince Edward Island
Nova Scotia Securities Commission
Superintendent of Securities, Newfoundland and Labrador
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Yukon Territory
Superintendent of Securities, Nunavut

Please send your comments only to the addresses below. Your comments will be forwarded to the remaining CSA member jurisdictions.

John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West, Suite 1903, Box 55
Toronto, ON M5H3S8
Fax: 416-593-2318
E-mail: jstevenson@osc.gov.on.ca

Me Anne-Marie Beaudoin
Corporate Secretary
Autorité des marchés financiers
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C.P. 246, tour de la Bourse
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Questions

Please refer your questions to any of,

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1.2 Notices of Hearing

1.2.1 Caldwell Investment Management Ltd.

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

AND

IN THE MATTER OF
CALDWELL INVESTMENT MANAGEMENT LTD.

NOTICE OF HEARING

TAKE NOTICE that the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to section 127(1) and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended, at the offices of the Commission located at 20 Queen Street West, Toronto, 17th Floor, on May 26, 2011 at 10:00 a.m. or soon thereafter as the hearing can be held;

AND TAKE NOTICE that the purpose of the hearing is for the Commission to consider whether it is in the public interest to approve a settlement agreement dated May 24, 2011 entered into between Staff of the Commission and Caldwell Investment Management Ltd.

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

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

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

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

"Josée Turcotte"
per: John Stevenson
Secretary of the Commission

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

AND

IN THE MATTER OF
CALDWELL INVESTMENT MANAGEMENT LTD.

STATEMENT OF ALLEGATIONS OF
STAFF OF THE
ONTARIO SECURITIES COMMISSION
(Section 127)

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

PART I – OVERVIEW

2. Caldwell Investment Management Ltd. ("CIM" or the "Respondent") is registered with the Commission as an Investment Counsel Portfolio Manager ("ICPM"). during the relevant time period commencing in 2007 through to August 2010.

3. Between 2007 and August 2010 (the "Relevant Time Period"), the Respondent engaged in conduct contrary to the public interest by:

(a) failing to keep such books, records and other documents as were necessary for the proper recording of the business transactions and the financial affairs relating to frontierAlt investment funds;

(b) failing to provide adequate compliance oversight and supervision over its individual portfolio adviser with day-to-day responsibility for providing portfolio management services to FALT investment funds.

PART II – ALLEGATIONS

4. Commencing in 2007, CIM was retained by the general partner of certain limited partnerships organized as public investment funds promoted by the FrontierAlt ("FALT") financial organization. CIM agreed to act as portfolio manager of certain FALT investment funds including: a public mutual fund, FrontierAlt Resource Capital Class Fund ("FALT Resource"), and two limited partnerships organized as public, non-redeemable investment funds, FrontierAlt 2007 Energy & Precious Metals Flow-Through Limited Partnership and FrontierAlt 2008 Precious Metals & Energy Flow-Through Limited Partnership (collectively, the "FALT LPs"). CIM was compensated by these FALT public investment funds for its portfolio management services pursuant to portfolio management agreements executed with the general partners for the FALT investment funds. The FALT LPs prepared and issued prospectuses and raised $24 million from the public. In the prospectuses, CIM was identified as the ICPM of the FALT LPs.

5. Under the limited partnership agreements governing the FALT LPs, the general partners for the FALT LPs controlled and managed the business of the partnerships and retained control over the portfolio assets of the FALT LPs. During the relevant time, CIM primarily received information about portfolio assets from the back-office service provider affiliated with the FALT financial organization (the "Service Provider").

6. In practice, investment recommendations were routinely made to CIM by representatives of a limited market dealer affiliated with the FALT financial organization ("LMD") and CIM's approval of the investments was routinely conveyed to the LMD verbally. Written trade instructions were not given by CIM.

7. During the relevant period:

(a) CIM failed to maintain adequate documentation recording trade instructions provided for portfolio transactions executed for the FALT investment funds. Further, CIM failed to maintain a separate trade blotter of transactions conducted by the FALT investment funds.

(b) CIM had insufficient access to information about activity in the brokerage accounts maintained by the general partners to monitor trading activities. CIM did not have trading authority over or adequate access to monitor the brokerage accounts or the parties maintaining the custody of the assets of the FALT LPs. CIM did not receive copies of trade confirmations for transactions effected in the portfolios of FALT LPs nor did CIM receive monthly account statements from the brokerages. Rather, the general partners of the FALT LPs received those records and CIM received data about the portfolio assets it was responsible for managing and monitoring from the Service Provider. As a result, CIM lacked adequate means to independently monitor trading activity in the FALT investment funds that it was responsible for advising and managing.

8. In or about August 2009 and continuing through to December 2009, unauthorized purchases and sales of securities of issuers for the accounts of FALT LPs were conducted by a principal of the general partners of the FALT LPs without the authorization, approval, consent or knowledge of CIM which went undetected by CIM until early 2010 as a result of the inadequate monitoring of trading activity.

9. Until as late as the end of 2008, Caldwell compliance staff failed to perform adequate monitoring or oversight of the portfolio management activities performed by CIM for the FALT investment funds. This included inadequate ongoing monitoring of compliance with applicable investment restrictions and guidelines set out in the portfolio management agreements. The absence of ongoing portfolio monitoring resulted in CIM compliance staff learning and reporting to CIM senior management and FALT management in January 2009 about compliance issues relating to the FALT funds which included: concentration of ownership of issuers, early warning thresholds being reached but not reported on a timely basis, and a control block position being obtained in the securities of a reporting issuer.

10. Following the identification of compliance issues in 2009, CIM failed to implement adequate changes to its internal controls and procedures respecting its portfolio management activities for the FALT investment funds. This included: failing to start conducting periodic compliance reviews of the portfolios and failing to take steps to improve access to and control over the brokerage accounts. As late as the fall of 2009, CIM lacked adequate access to monitor trading in the brokerage accounts which held custody of the public assets of the FALT investment funds.

11. CIM failed to adequately monitor and manage activities of the individual portfolio adviser for the FALT investment funds. There was inadequate compliance oversight and supervision of the individual portfolio adviser's activities.

PART III – CONDUCT CONTRARY TO THE PUBLIC INTEREST

12. By engaging in the conduct described above, the Respondent engaged in conduct contrary to the public interest.

Dated at Toronto this 24th day of May, 2011.

1.3 News Releases

1.3.1 Abraham Grossman, Eric O'Brien, Abel DaSilva and Shallow Oil and Gas Inc. Found Guilty of Breaching Ontario Securities Act

FOR IMMEDIATE RELEASE
May 18, 2011

ABRAHAM GROSSMAN, ERIC O'BRIEN, ABEL DASILVA AND SHALLOW OIL AND GAS INC. FOUND GUILTY OF BREACHING ONTARIO SECURITIES ACT

TORONTO – Mr. Justice Joseph Kenkel of the Ontario Court of Justice today found Abraham Grossman, Eric O'Brien, Abel DaSilva and Shallow Oil and Gas Inc. each guilty on several counts of breaching the *Securities Act* (Ontario), including fraud, in a quasi criminal proceeding.

Grossman, O'Brien, DaSilva and Shallow Oil and Gas Inc. were charged by the OSC on June 12, 2008 in relation to their roles in running an alleged "boiler room" operation. The operation started in the fall of 2007 and was terminated in January of 2008 when the OSC executed a search warrant at the Shallow Oil and Gas Inc. office that was located in Markham, Ontario. At the time of the raid, the accused were actively soliciting investors across Canada using high pressure sales tactics along with false and misleading information and raised approximately $250,000 before the operation was shut down by the OSC.

Justice Kenkel found Grossman, O'Brien, DaSilva and Shallow Oil and Gas Inc. each guilty of trading in securities without registration and trading in securities without a prospectus. Grossman, O'Brien and DaSilva were also found guilty of trading in securities of Shallow Oil and Gas Inc. at a time when they were prohibited from trading in securities by an order of the OSC. Grossman and DaSilva were also convicted of providing misleading or untrue statements to OSC Staff.

A sentencing hearing for Grossman, O'Brien, DaSilva and Shallow Oil and Gas Inc. is scheduled for July 14, 2011 at 9:30 a.m. in Courtroom 200 at the Ontario Court of Justice, 50 Eagle Street, Newmarket, Ontario.

Grossman, O'Brien, DaSilva and Shallow Oil and Gas Inc. continue to be subject to a cease trade order prohibiting them from trading in securities. The cease trade order was first made by the OSC on January 16, 2008. The cease trade order and other documents related to this matter are available on the OSC website at www.osc.gov.on.ca.

Under section 122 of the Act, the OSC has the authority to lay quasi-criminal charges against individuals or companies in the Ontario Court of Justice for alleged violations of the Act. Quasi-criminal means that a jail term is a possible sanction if a defendant is convicted of a violation of the Act. The OSC pursues cases in court in order to seek sanctions and penalties that send a strong message of deterrence to those who try to exploit investors.

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:

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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 Otto Spork, Sextant Capital Management Inc., Sextant Capital GP Inc., Konstantinos Ekonomidis and Natalie Spork in Breach of Ontario Securities Act

FOR IMMEDIATE RELEASE
May 18, 2011

OSC PANEL FINDS OTTO SPORK, SEXTANT CAPITAL MANAGEMENT INC., SEXTANT CAPITAL GP INC., KONSTANTINOS EKONOMIDIS AND NATALIE SPORK IN BREACH OF ONTARIO SECURITIES ACT

TORONTO – In a decision released today, an Ontario Securities Commission (OSC) panel found, in summary, that Otto Spork, Sextant Capital Management Inc. (SCMI) and Sextant Capital GP Inc (Sextant GP) committed fraud contrary to the *Securities Act*.

Staff of the OSC alleged that the respondents sold investment fund units of Iceland Glacier Products (IGP) with falsely inflated values, took millions of dollars in fees based on falsely inflated values and directly misappropriated money from investment funds.

The OSC panel found that, in the period from July 31, 2007 to December 31, 2008, as a result of the wrongful inflation of the market price of IGP, the Sextant Strategic Opportunities Hedge Fund L.P. paid performance and management fees totalling $6,934,187, which Otto Spork benefitted from directly or indirectly. The panel determined that the payments were "unreasonable" and that "these payments made to Otto Spork constitute acts of fraud."

Additionally the panel found that, at Otto Spork's direction, SCMI took advances of over $4,000,0000, that these advances were prohibited loans taken by Otto Spork for his benefit to the detriment of investors and that, in so doing, Otto Spork, SCMI and Sextant GP committed acts of fraud.

The panel also found that the one or more of the Respondents breached their duties as investment fund managers, failed to deal fairly, honestly and in good faith, failed to maintain proper books and records and acted contrary to the public interest.

A sanctions and costs hearing will be scheduled. A copy of the Reasons and Decision in this matter is available on the OSC website at www.osc.gov.on.ca.

Clients of Sextant who may have questions concerning the receivership of the Sextant Strategic Opportunities Hedge Fund L.P., Sextant Capital Management Inc. and Sextant Capital GP Inc. should visit the PricewaterhouseCoopers website at www.pwc.com/ca/en/car/sextant.

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:

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1.3.3 Canadian Securities Regulators Seek Feedback on Next Phase of Investment Funds Modernization Initiative

FOR IMMEDIATE RELEASE
May 26, 2011

CANADIAN SECURITIES REGULATORS SEEK
FEEDBACK ON NEXT PHASE OF
INVESTMENT FUNDS MODERNIZATION INITIATIVE

Toronto – The Canadian Securities Administrators (CSA) today published CSA Staff Notice 81-322, which provides an update on the investment funds modernization project and seeks feedback on the next phase of this project.

The Notice follows on proposed amendments to National Instrument 81-102 *Mutual Funds*, published by the CSA on June 25, 2010, which represent the first phase of the modernization project. Those initial proposals aim to update the regulatory requirements for mutual funds to keep pace with market and product developments, and introduce additional requirements for money market funds.

In the next phase of the project, the CSA is proposing to implement certain key restrictions and operational requirements for non-redeemable investment funds (also referred to as 'closed-end funds'), consistent with similar requirements for mutual funds.

"Achieving consistent, fair and functional investment fund product regulation that effectively protects all retail fund investors is a key consideration of this modernization initiative," said Bill Rice, Chair of the CSA and Chair and CEO of the Alberta Securities Commission. "We encourage investors and marketplace participants to provide us with feedback on these issues as we proceed with this important project."

The CSA is seeking specific input from retail investors and market participants on its proposed approach for this second phase of the project. The Notice and Request for Comment is available on various CSA member websites. The comment period is open until Monday, July 25, 2011. The CSA expects to publish for comment rule proposals relating to this next phase in the spring of 2012.

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

For more information:

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Ainsley Cunningham
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Donn MacDougall
Northwest Territories
Securities Office
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Mark Dickey
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Richard Gilhooley
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Wendy Connors-Beckett
New Brunswick Securities Commission
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Jennifer Anderson
Saskatchewan Financial Services Commission
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Doug Connolly
Financial Services Regulation Div.
Newfoundland and Labrador
709-729-2594

Louis Arki
Nunavut Securities Office
867-975-6587

1.4 Notices from the Office of the Secretary

1.4.1 Firestar Capital Management Corp. et al.

FOR IMMEDIATE RELEASE
May 18, 2011

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

AND

IN THE MATTER OF
FIRESTAR CAPITAL MANAGEMENT CORP.,
KAMPOSSE FINANCIAL CORP.,
FIRESTAR INVESTMENT MANAGEMENT GROUP,
MICHAEL CIAVARELLA AND MICHAEL MITTON

TORONTO – Following a hearing held in the above named matter, the Commission issued an Order approving the Settlement Agreement reached between Staff of the Commission and Michael Ciavarella.

A copy of the Order dated May 17, 2011 and Settlement Agreement dated May 17, 2011 are available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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1-877-785-1555 (Toll Free)

1.4.2 Heir Home Equity Investment Rewards Inc. et al.

FOR IMMEDIATE RELEASE
May 19, 2011

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

AND

IN THE MATTER OF
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.

TORONTO – The Commission issued an Order in the above named matter which provides that the hearing is adjourned to June 28, 2011 at 10:00 a.m., or to such other date as may be agreed to by the parties and fixed by the Office of the Secretary, for the purpose of addressing scheduling and any other procedural matters or for such other purposes as may be requested.

A copy of the Order dated May 17, 2011 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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1.4.3 TBS New Media Ltd. et al.

FOR IMMEDIATE RELEASE
May 20, 2011

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

AND

IN THE MATTER OF
TBS NEW MEDIA LTD., TBS NEW MEDIA PLC,
CNF FOOD CORP., CNF CANDY CORP.,
ARI JONATHAN FIRESTONE AND MARK GREEN

TORONTO – The Commission issued a Temporary Order in the above named matter which provides that the Temporary Order, as amended by the July 12, 2010 Order, is extended to July 12, 2011 and the Hearing is adjourned to July 11, 2011 at 11:30 a.m., or such other date and time as set by the Office of the Secretary and agreed upon by the parties.

A copy of the Temporary Order dated May 20, 2011 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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1-877-785-1555 (Toll Free)

1.4.4 Caldwell Investment Management Ltd.

FOR IMMEDIATE RELEASE
May 24, 2011

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

AND

IN THE MATTER OF
CALDWELL INVESTMENT MANAGEMENT LTD.

TORONTO – The Office of the Secretary issued a Notice of Hearing in the above named matter for a hearing to consider whether it is in the public interest to approve a settlement agreement entered into by Staff of the Commission and Caldwell Investment Management Ltd.

The hearing will be held at the offices of the Commission located at 20 Queen Street West, Toronto, 17th Floor, commencing on May 26, 2011, at 10:00 a.m. or as soon thereafter as the hearing can be held.

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

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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1.4.5 Nelson Financial Group Ltd. et al.

FOR IMMEDIATE RELEASE
May 24, 2011

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

AND

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

TORONTO – The Commission issued an Order in the above named matter which provides that the hearing is adjourned to May 30, 2011 at 11:00 a.m., or such other date as the Secretary's Office may advise and the parties agree to.

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

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Goodman & Company, Investment Counsel Ltd. and Dynamic Energy Income Fund

Headnote

National Policy 11-203 Process For Exemptive Relief Applications in Multiple Jurisdictions – exemption granted from unitholder approval requirement contained in s. 5.1(a) of NI 81-102 – exemption required because fund to change the index that it uses as a benchmark for calculation of performance fee due to termination of the previous index – new index will perform substantially similar to old index – change will not result in a material increase, if any, to the fee paid by the fund.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 5.1(a), 19.1.

May 19, 2011

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO
(the "Jurisdiction")

AND

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

AND

IN THE MATTER OF
GOODMAN & COMPANY,
INVESTMENT COUNSEL LTD.
(the "Filer")

AND

DYNAMIC ENERGY INCOME FUND
(the "Fund")

DECISION

Background

The principal regulator in the Jurisdiction (the "**Principal Regulator**") has received an application from the Filer on behalf of the Fund for a decision under the securities legislation of the Jurisdiction of the Principal Regulator (the "**Legislation**") granting an exemption pursuant to Section 19.1 of National Instrument 81-102 *Mutual Funds* ("**NI 81-102**") from the requirement in Section 5.1(a) of NI 81-102 to obtain the prior approval of the unitholders of the Fund to replace the benchmark utilized for calculating the performance fee (the "**Fee**") charged to the Fund from the S&P/TSX Capped Energy Trust Index (the "**Original Index**") to the S&P/TSX Capped Energy Index (the "**New Index**") (collectively, the "**Exemption Sought**").

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

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

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

Interpretation

Defined terms contained in National Instrument 14-101 *Definitions* and MI 11-102 have the same meanings in this decision unless they are otherwise defined in this decision.

Representations

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

1. The Filer is a corporation incorporated under the laws of Ontario and has its head office in Toronto. The Filer is not in default of securities legislation in any Jurisdiction.

2. The Filer is registered as an advisor in all provinces of Canada except Prince Edward Island and Newfoundland and Labrador. The Filer is also registered as a commodity trading manager in Ontario and has applied for registration as an investment fund manager.

3. The Filer has established and is the manager of the Fund.

4. The Fund is a reporting issuer (or the equivalent) under the securities legislation of each Jurisdiction and is not in default of any requirements of such securities legislation. Units of the Fund are offered for sale on a continuous basis in each Jurisdiction pursuant to a simplified prospectus dated December 14, 2010, as amended (the "**Prospectus**").

5. The Filer is entitled to receive the Fee, which is calculated by comparing the performance of the

Fund to the performance of the Original Index, as described below.

6. The Fee is equal to the average of the month-end net asset value of the Fund (excluding the net asset value of Series FP, Series I, Series IP, Series IT, Series O, Series OP and Series P securities) during the calendar year multiplied by 10% of the difference between the lesser of:

   (a) the percentage increase or decrease in the net asset value of a Series A security of the Fund (without giving effect to any distributions or performance fee accrual) and the percentage increase or decrease in the Original Index since the end of the period for which the last performance fee was paid, and

   (b) the percentage increase or decrease in the net asset value of a Series A security of the Fund (without giving effect to any distributions or performance fee accrual) in the calendar year and the percentage increase or decrease in the Original Index in the same calendar year.

   The Fee is calculated to a maximum percentage, currently set at 2.00% of the average of the month-end net asset value of the Fund (excluding the net asset value of Series FP, Series I, Series IP, Series IT, Series O, Series OP and Series P securities) during the calendar year. The Fee is estimated and accrued daily and calculated at calendar year-end using such average month-end net asset values. For the calculation in (b) above, where the Fee calculated is negative, the amount is carried forward to reduce the Fee in future years.

7. Following the conversion of most income trusts to corporations at the end of 2010, the Original Index was reduced to only one constituent as of the close of business on January 21, 2011. In light of this development, Standard & Poor's Canadian Index Services announced by news release on March 2, 2011 that calculation of the Original Index would cease after the close of Friday, March 18, 2011. Calculation of the Original Index was ceased after the close of Friday, March 18, 2011.

8. As a result, the Filer proposes to replace the Original Index with the New Index, effective as of January 1, 2011.

9. Effective January 1, 2011, the Filer proposes to calculate the Fee by comparing the performance of the Fund to the New Index.

10. The Filer believes the New Index reasonably reflects the energy sector in which the Fund invests its assets and considers the New Index to be appropriate given the investment objective and investment strategies of the Fund. All but two of the constituents that were removed from the Original Index since the end of 2010 are currently constituents of the New Index. Moreover, issuers that were formerly on the Original Index comprise approximately 25% of the overall value of the New Index as of March 21, 2011.

11. The Filer believes that the New Index is a reasonable substitute for the Original Index and, of all alternative indices explored by the Filer, most closely reflects the range of energy sector investments in which the Fund may invest its assets. The Filer expects the New Index to have performance that is substantially similar to the Original Index. The Filer believes that the proposed change will not result in a material increase, if any, to the Fee paid by the Fund.

12. An amendment to the Prospectus will be filed to disclose the change from the Original Index to the New Index and, following issuance of a receipt for such amendment, all subsequent purchasers of securities of the Fund will receive notice of the change of index. The replacement of the Original Index with the New Index will also be described in the Fund's management report of fund performance for the year ended June 30, 2011. Accordingly, all existing securityholders of the Fund who receive management reports of fund performance will receive notice of the replacement of the Original Index.

13. The Filer will provide a notification of the change from the Original Index to the New Index in its next general mailing to unitholders of the Fund.

14. The costs associated with convening a meeting of unitholders to approve the change from the Original Index to the New Index would significantly outweigh any benefits associated with soliciting the approval of the unitholders of the Fund concerning this change.

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.

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

2.1.2 NBCN Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief granted from section 11.2 of National Instrument 31-103 Registration Requirements and Exemptions – A large bank-owned investment dealer with two distinct operating divisions headed by co-CEOs exempted from requirement to register a single ultimate designated person (UDP) and permitted to register two UDPs, one for each operating division.

Applicable Legislative Provisions

National Instrument 31-103 Registration Requirements and Exemptions, s. 11.2.
Multilateral Instrument 11-102 Passport System, s. 4.7.

May 19, 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
NBCN INC.
(the Filer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction (the **Legislation**) for an exemption for the Filer from the requirement contained in section 11.2 of National Instrument 31-103 *Registration Requirements and Exemptions* (**NI 31-103**) to designate an individual to be the ultimate designated person (**UDP**) and instead be permitted to designate and register two individuals as UDP in respect of two distinct divisions of the Filer (the **Exemption Sought**).

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

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

b) the Filer has provided notice that subsection 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in all of the other Canadian jurisdictions.

Interpretation

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

Representations

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

1. The Filer has its head office in Ontario.

2. The Filer is registered under the Legislation in the category of investment dealer and is a member of the Investment Industry Regulatory Organization of Canada (**IIROC**).

3. The Filer is also registered as an investment dealer in each of the other Canadian jurisdictions.

4. The Filer is not, to the best of its knowledge, in default of any requirements of securities legislation in any jurisdictions in Canada.

5. The Filer's business structure is organized as follows:

   a) The Filer has two distinct **Divisions** based on the nature of the business that is conducted — a **Correspondent Brokerage Services Division** ("**Correspondent Network**") and an **Operations Division**.

   b) Both divisions of the Filer are part of the Wealth Management group of National Bank Financial Group ("**NBFG**") and both divisions are supported by the Corporate Development and Governance unit.

   c) The **Correspondent Network** provides services to independent securities firms (third party IIROC member firms), financial planners, investment counselors and portfolio managers.

   d) The services offered by the **Correspondent Network** are: Trading services (Equity, Fixed Income, Options, Mutual Funds, GICs, Access to research, New issues, Structured Products and Alternative Investments), Client reporting (client statements and client confirmations), Portfolio management systems and support (Managed account solutions), Transition services, Business development and marketing, Mid office services and Client relationship management.

   e) The **Operations Division** supports both the Correspondent Network business and

the IIROC regulated dealers within NBFG in addition to the operations activities for affiliates of the Filer who are not members of IIROC (and do not need to be because of the nature of their specific activities).

f) The **Operations Division** provides the following services: Custody services, Clearing and Settlement for Canadian, American and Foreign transactions, Segregation / Safekeeping services and Recordkeeping, Reconciliation, Estate settlement, Administration of Taxable and Registered accounts (including tax withholding and remittance to CRA and IRS, Tax slip management), Mandatory and optional market events, Documentation management, Credit and Risk management and Banking operations.

g) The Correspondent Network Division and the Operations Division each have separate and distinct senior management structures. Although they are part of the same corporate entity (i.e. the Filer), each Division is functionally a stand-alone operation within their parent bank's group of financial services companies and each Division Head will have the title of co-Chief Executive Officer (**co-CEO**) of the Filer.

h) As co-CEOs, each Division Head will be Chief Executive Officer (**CEO**) in respect of the Division for which the Division Head is responsible. Each Division Head reports independently to a member of the Office of the President of NBFG and each has access to the Filer's Board of Directors.

i) Each of the Division Heads has final authority to effect decisions in respect of its division (subject to the Board of Directors of the Filer).

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

UDP Requirement

1. NI 31-103 was implemented on September 28, 2009 (the **Implementation Date**).

2. Under paragraph 11.2(a) of NI 31-103, a registered firm is required to designate an individual to be the UDP (the **UDP Requirement**) and the UDP must be the CEO or equivalent of the registered firm.

3. Under section 16.8 of NI 31-103, there is a 3-month transition period from the implementation Date for a registered firm to comply with the UDP Requirement.

4. Prior to the implementation of NI 31-103, there was no requirement under the securities legislation of any Filing Jurisdiction for an investment dealer to designate an individual, and have him or her registered, as the UDP.

5. Prior to the implementation of NI 31-103, under IIROC Rules, there was a requirement for a member to have a UDP which had to be one of the member's senior management. IIROC Rule 38 required a member to appoint a senior management person to the UDP position but did not require the person to be the CEO.

6. Designating only one of the Division Heads for purposes of satisfying the UDP Requirement would not be consistent with the policy objectives it is intended to achieve because the Division Heads will be CEOs of their respective Divisions.

Decision

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

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

i) each Division shall have its own UDP, who shall be designated as co-CEO.

"Erez Blumberger"
Deputy Director, Registrant Regulation
Ontario Securities Commission

2.1.3 AGF Investments Inc. et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – exemption granted to a precious metals fund to permit the fund to invest in precious metals indirectly by precious metals ETF, and derivatives subject to certain conditions – permit the Fund to invest in leveraged ETFs and inverse ETFs subject to certain conditions – to permit the Fund to acquire, store and hold precious metals assets in and outside Canada through Brinks or Via Mat, for purposes other than facilitating portfolio transactions of the Fund.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 2.3(h), 2.5(2)(a), 2.5(2)(c), 6.1(2), 6.1(3)(b), 6.2, 6.3, 19.1.

May 12, 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
AGF INVESTMENTS INC.
(THE FILER)

AND

IN THE MATTER OF
AGF PRECIOUS METALS FUND
(THE FUND)

AND

IN THE MATTER OF
CITIBANK CANADA
(THE CUSTODIAN)

DECISION

BACKGROUND

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for an exemption relieving the Fund from:

Derivatives and ETFs Relating to Precious Metals

(i) clause 2.3(h) of NI 81-102, to permit the Fund to purchase, sell or use specified derivatives, the direct or indirect underlying interest of which is silver, platinum, palladium or rhodium on an unlevered basis (**SPPR Metals Derivatives**);

(ii) clause 2.5(2)(a) and (c) of NI 81-102, to permit the Fund to invest in exchange-traded funds traded on a stock exchange in Canada or the United States, the underlying interest of which is gold, silver, platinum, palladium and/or rhodium (**Precious Metals ETFs**);

Leveraged ETFS

(iii) paragraphs 2.5(2)(a) and (c) of NI 81-102, to permit the Fund to purchase and hold securities of

(A) Exchange Traded Funds (**ETFs**) that seek to provide daily results that replicate the daily performance of a specified widely-quoted market index (the ETF's **Underlying Index**) by a multiple of 200% (**Leveraged Bull ETFs**) or an inverse multiple of 200% (**Leveraged Bear ETFs**, which together with Leveraged Bull ETFs are referred to collectively in this decision as **Leveraged Index ETFs**);

(B) ETFs that seek to provide daily results that replicate the daily performance of their Underlying Index by an inverse multiple of 100% (**Inverse Index ETFs**); and

(C) ETFs that seek to provide daily results that replicate the daily performance of gold or silver or the value of a specified derivative the underlying interest of which is gold or silver by a multiple of 200% (**Leveraged Gold ETFs** and **Leveraged Silver ETFs**, respectively);

(Leveraged Index ETFs, Inverse Index ETFs, Leveraged Gold ETFs and Leveraged Silver ETFs are referred to collectively in this decision as the **Leveraged ETFs**);

Custody of Precious Metals

(iv) clause 6.1(2)(b) of NI 81-102, to permit the physical bullion of the Fund to be held outside of Canada by the Custodian, for purposes other than facilitating portfolio transactions of the Fund;

(v) clause 6.1(3)(b) of NI 81-102, to permit the Custodian to authorize the Bank of Nova Scotia (the **Bullion Sub-Custodian**) to appoint the Brinks Company, or its subsidiaries or affiliates (**Brinks**) or Via Mat International Ltd., or its subsidiaries or affiliates (**Via Mat**), which are persons or companies that are not described in section 6.2 or 6.3 of NI 81-102, to act as sub-custodians to hold the Fund's physical bullion;

(vi) section 6.2 of NI 81-102 to permit Brinks or Via Mat to be appointed as sub-custodians of the Fund to hold the Fund's physical bullion in Canada; and

(vii) section 6.3 of NI 81-102 to permit Brinks and Via Mat to be appointed as sub-custodians of the Fund to hold the Fund's physical bullion outside Canada;

(collectively, the Requested Exemption);

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

1. the Ontario Securities Commission is the Principal Regulator for this application; and

2. 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 and Labrador, Northwest Territories, Yukon Territories and Nunavut (collectively with the Jurisdiction, the **Jurisdictions**).

INTERPRETATION

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

REPRESENTATIONS

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

The Filer and the Fund

1. The Filer is a corporation organized under the laws of the province of Ontario and is registered as an adviser in the category of portfolio manager to provide discretionary advisory services in all provinces and territories of Canada. The Filer is also registered as a mutual fund dealer, exempt market dealer and commodity trading manager in Ontario and as a mutual fund dealer in British Columbia.

2. The head office of the Filer is located in Ontario.

3. The Filer is the investment fund manager and portfolio manager of the Fund.

4. The Fund is: (a) an open-ended mutual fund established under the laws of the province of Ontario in 1993, (b) a reporting issuer under the laws of all of the provinces and territories of Canada, and (c) governed by the provisions of NI 81-102.

5. Securities of the Fund are qualified for distribution in all of the provinces and territories of Canada under a simplified prospectus and annual information form prepared in accordance with National Instrument 81-101 *Mutual Fund Prospectus Disclosure* (**NI 81-101**) and filed with and receipted by the securities regulators in the Jurisdictions.

6. The Fund's objective is to provide long-term growth of capital by investing, directly or indirectly, in equity securities and in precious metals consisting primarily of gold and, to a lesser extent, silver, platinum, palladium and rhodium.

7. Due to exemptive relief obtained when the Fund was first offered, the Fund has been permitted since its inception to invest in gold, silver, platinum, palladium and rhodium and certificates representing the same, without any concentration restriction.

8. Neither the Filer nor the Fund is in default of securities legislation in the Jurisdictions.

Investment in SPPR Derivatives

9. The Fund is not restricted from entering into derivatives, the underlying interest of which is gold (**Gold Derivatives**) provided it complies with section 2.7 to 2.11 of NI 81-102.

10. The Fund proposes to have the ability similarly to invest in SPPR Derivatives, subject to and in compliance with the limitations in section 2.7 to 2.11 of NI 81-102.

11. The use of SPPR Derivatives are attractive investments for the Fund, as they provide an efficient and cost effective means of achieving exposure to silver, platinum, palladium and rhodium and present no greater volatility than holding such metals as physical commodities.

Investment in Exchange Traded Funds (ETFs) which are Precious Metals ETFs

12. To obtain exposure to gold, silver, platinum, palladium and rhodium indirectly, the Fund intends to invest in Precious Metals ETFs.

13. Each Precious Metals ETF is a "mutual fund" (as such term is defined under the *Securities Act* (Ontario)) and is listed and traded on a stock exchange.

14. The assets of each Precious Metals ETF consist primarily of gold, silver, platinum palladium and/or rhodium, as applicable. The objective of each Precious Metals ETF is to reflect the price of the relevant precious metal(s) (less the Precious Metals ETF's expenses and liabilities) on an unlevered basis and the objective of each Precious Metals ETF is to replicate the performance of the underlying metal(s) on an unlevered basis.

15. In accordance with the concentration restrictions in NI 81-102, no investment in a Precious Metals ETF will exceed 10% of the Fund's net asset value, taken at market value at the time of purchase.

16. The Fund will not invest in leveraged Precious Metals ETFs or inverse Precious Metals ETFs, other than Leveraged Gold ETFs and Leveraged Silver ETFs, as permitted by this decision.

17. An investment by the Fund in securities of a Precious Metals ETF will represent the business judgment of responsible persons uninfluenced by considerations other than the best interests of the Fund.

Investment in Leveraged ETFs

18. The Fund proposes to have the ability to invest in the following Leveraged ETFs:

    (a) Leveraged Bull ETFs;

    (b) Inverse ETFs; and

    (c) Leveraged Gold ETFs and Leveraged Silver ETFs.

19. Each Leveraged Bull ETF will be rebalanced daily to ensure that its performance and exposure to its Underlying Index will not exceed +/-200% of the corresponding daily performance of its Underlying Index.

20. Each Inverse ETF will be rebalanced daily to ensure that its performance and exposure to its Underlying Index will not exceed -100% of the corresponding daily performance of its Underlying Index.

21. Each Leveraged Gold ETF and Leveraged Silver ETF will be rebalanced daily to ensure that its performance and exposure to its Underlying Gold or Silver Interest will not exceed +200% of the corresponding daily performance of its Underlying Gold or Silver Interest.

22. The amount of the loss that can result from an investment by a Fund in a Leveraged ETF will be limited to the amount invested by the Fund in securities of the Leveraged ETF.

23. An investment by the Fund in securities of a Leveraged ETF will represent the business judgment of responsible persons uninfluenced by considerations other than the best interest of the Fund.

Custody of Bullion Held by the Fund

24. The Custodian acts as the custodian of the property for all mutual funds managed by the Filer, including any of the Fund's physical gold, silver, platinum, palladium and rhodium bullion, and the terms of the Custodian Agreement between the Filer on behalf of the funds and the Custodian comply with all requirements in Part 6 of NI 81-102.

25. The Custodian has appointed the Bullion Custodian to be a sub-custodian of the Fund in respect of the Fund's physical gold, silver, platinum, palladium and rhodium bullion. The custody arrangements with respect to the Fund's physical gold, silver, platinum and palladium bullion will be governed by the terms of agreements between the Custodian and the Bullion Sub-Custodian (the **Bullion Sub-Custodian Agreement**). Except as represented below, the terms of the Bullion Sub-Custodian Agreement will comply with all requirements in Part 6 of NI 81-102.

26. The Fund's physical gold, silver, platinum, palladium and rhodium bullion will be stored and held either on an allocated and segregated basis in the vault facilities of the Custodian, the Bullion Sub-Custodian, in Canada, London, England or New York, U.S.A, or will be stored in the vault of a sub-custodian on an allocated and segregated basis in Canada, London, England or New York, U.S.A, where in the latter case it shall be identified as the property of the Bullion Sub-Custodian. The Bullion Sub-Custodian shall at all times record and identify in the books and records maintained by the Bullion Sub-Custodian that such bullion is being held on behalf of the Bullion Sub-Custodian. The Bullion Sub-Custodian is one of the largest providers of physical precious metals trading and custodial services in the world. The Custodian has determined that the Bullion Sub-Custodian will be the appropriate choice to provide custodial services to the Fund because the Bullion Sub-

Custodian is experienced in providing gold, silver, platinum, palladium and rhodium storage and custodial services, and is familiar with the requirements relating to the physical handling and storage of gold, silver, platinum, palladium and rhodium bullion.

27. The Fund will not insure its physical gold, silver, platinum, palladium or rhodium bullion. The Bullion Sub-Custodian Agreement requires that the Bullion Sub-Custodian or any sub-custodian maintain insurance on such terms and conditions as it considers appropriate against all risk of physical loss of, or damage to, bullion stored in the Bullion Sub-Custodian's or such sub-custodian's vaults except the risk of war, nuclear incident, terrorism events or government confiscation. Neither the Filer nor the Fund are beneficiaries of any such insurance and neither of them have the ability to dictate the existence, nature or amount of coverage.

28. The Custodian has discussed such insurance coverage with the Bullion Sub-Custodian, and stated to the Filer that it believes that the insurance that the Bullion Sub-Custodian or any sub-custodian has obtained will be appropriate for the Fund. The Bullion Sub-Custodian Agreement provides or will provide that neither the Bullion Sub-Custodian shall cancel its insurance or permit its sub-custodian to cancel such insurance except upon 30 days prior written notice to the Filer. The Fund will disclose the material details of that insurance arrangement in the next renewal of its annual information form.

29. The Custodian has advised the Filer that due to physical storage capacity constraints, having regard to the amount of gold, silver, platinum, palladium and rhodium bullion which the Fund may acquire, there may not be sufficient space in the vault facilities of the Custodian or the Bullion Sub-Custodian to store all of the Fund's physical gold, silver, platinum, palladium and rhodium bullion.

30. As a result, the Bullion Sub-Custodian may be required to use the services of sub-custodians to store some of the Fund's physical gold, silver, platinum, palladium and rhodium bullion.

31. The Bullion Sub-Custodian has advised the Filer, through the Custodian, that it proposes to use Brinks and Via Mat, as sub-custodians, if necessary, to hold the physical gold, silver, platinum, palladium and rhodium bullion of the Fund. Brinks and Via Mat are not entities that are currently approved to act as a custodian or sub-custodian for assets held in Canada, or to act as a sub-custodian for assets held outside of Canada as Brinks and Via Mat are not, among other things, a bank listed in Schedule I, II or III of the *Bank Act* (Canada) or a trust company incorporated under the laws of Canada.

32. Brinks and Via Mat are leading providers of secure logistics for valuables, including diamonds, jewelry, precious metals, securities, currency and secure data, serving banks, retailers, governments, mines, refiners and metal traders. Brinks and Via Mat are both authorized depositories for the London Bullion Market Association and have vault facilities that are accepted as warehouses for the London Bullion Market Association. Brinks is also an authorized depository for NYMEX/COMEX.

33. The number of entities in Canada which are eligible to act as sub-custodians for the physical storage of bullion is limited. Of these eligible entities, some already have exclusive relationships with other investment funds for storage purposes whereas others simply may not have the excess capacity that the Fund may need to store physical bullion. These capacity constraints have been intensified due to the increased demand for physical commodities and the corresponding need to arrange for safe-keeping.

34. The Filer, the Custodian and the Bullion Sub-Custodian believe that both Brinks and Via Mat are appropriate sub-custodians for the Fund's physical gold, silver, platinum, palladium and rhodium bullion. The Bullion Sub-Custodian has engaged in a review of the facilities, procedures, records and the level of insurance coverage of Brinks and Via Mat, and will engage in a similar review annually, to satisfy itself as to the continuing appropriateness of using Brinks and Via Mat as sub-custodians of the Fund's physical bullion.

35. The custody arrangements with respect to the holding of the Fund's physical gold, silver, platinum, palladium and rhodium bullion by Brinks or Via Mat will be governed by the terms of an agreement between the Bullion Sub-Custodian and Brinks or Via Mat, as the case may be (the **Brinks/Via Mat Agreements**), the terms of which will comply with Part 6 of NI 81-102, except as represented herein.

36. To the best of the Filer's, the Fund's, the Custodian's and the Bullion Sub-Custodian's knowledge, the Bullion Sub-Custodian Agreement and the Brinks/Via Mat Agreements are consistent with industry practice.

37. In relation to the Fund, the sub-custodial activities of Brinks and Via Mat will be limited to holding the Fund's physical gold, silver, platinum, palladium and rhodium bullion. All physical gold, silver, platinum, palladium and rhodium bullion of the Fund held by Brinks and Via Mat will be held in

vault facilities in Canada, London, England or New York, U.S.A, on an allocated and segregated basis. The Bullion Sub-Custodian will exercise its audit rights under each Bullion Sub-Custodian Agreement on an on-going basis in order to satisfy itself that Brinks and Via Mat are in substantial compliance with the terms of the relevant Bullion Sub-Custodian Agreement and, in particular, that the bullion of the Fund which the Bullion Sub-Custodian has transferred to Brinks and Via Mat on behalf of the Fund (i) is held by Brinks and Via Mat at vault facilities that are accepted as warehouses for the London Bullion Market Association, (ii) is physically segregated and specifically identified, both in the vault facilities in which such bullion is held by Brinks and Via Mat and on the books and records of Brinks and Via Mat, as constituting the property of the Bullion Sub-Custodian or the Fund, (iii) has not sustained loss, damage or destruction (but with no obligation on the part of the Bullion Sub-Custodian to verify the weight, quality, fineness, assay characteristics, authenticity or composition of such bullion or that such bullion conforms to any good delivery standards for the London Bullion Market Association, NYMEX/COMEX, the London Platinum and Palladium Market Association or any other bullion trading body or that such bullion is otherwise fit for any purpose), and (iv) remains the subject of a subsisting policy of insurance that covers Brinks' and Via Mats' liability for the loss, damage or destruction of such bullion.

38. Pursuant to the Custodian Agreement, in safekeeping the property of the Fund, the Custodian is required to exercise (i) the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances; or (ii) at least the same degree of care as it exercises with respect to its own property of a similar kind, if this is a higher degree of care than the degree of care referred to in (i). In addition, pursuant to the Custodian Agreement, the Custodian is not entitled to an indemnity from the Fund in the event the Custodian breaches its standard of care. The Bullion Sub-Custodian Agreement includes a similar standard of care in respect of the obligations of the Bullion Sub-Custodian and a similar provision in respect of the Bullion Sub-Custodian's indemnity. The Bullion Sub-Custodian has satisfied itself that the degree of care to which Brinks and Via Mat are subject in respect of the Bullion Sub-Custodian Agreement is no less than the degree of care referred to in (i).

39. The Bullion Sub-Custodian Agreement provides that the Bullion Sub-Custodian shall, at all times, indemnify and save harmless the Custodian from and against any and all losses, charges, damages, actions, demands, costs, expenses, claims and liabilities (except for indirect, incidental, exemplary, punitive, consequential or special damages) arising from the Bullion Sub-Custodian's own negligence or willful misconduct in the performance or non-performance of its duties under the Bullion Sub-Custodian Agreement.

40. The Custodian Agreement provides that if the Fund suffers a loss as a result of any act or omission of the Custodian or of any other agent appointed by the Custodian (rather than appointed by the Filer), including the Bullion Sub-Custodian, and if such loss is directly attributable to the failure of such agent to comply with its standard of care in the provision of any service to be provided by it under the Custodian Agreement, then the Custodian shall assume liability for such loss directly (except for indirect, incidental, exemplary, punitive, consequential or special damages), and shall reimburse the Fund accordingly. The Bullion Sub-Custodian Agreement provides that if the Custodian suffers a loss as a result of any act or omission of a sub-custodian (including Brinks or Via Mat) or of any other agent appointed by the Bullion Sub-Custodian (rather than appointed by the Custodian) and if such loss is directly attributable to the failure of such agent to comply with its standard of care in the provision of any service to be provided by it under the Bullion Sub-Custodian Agreement or the applicable Bullion Sub-Custodian Agreement, then the Bullion Sub-Custodian shall assume liability for such loss directly (except for indirect, incidental, exemplary, punitive, consequential or special damages) and shall reimburse the Custodian accordingly.

41. The Fund's auditors will be present during, and will verify, a physical count of all of the Fund's physical gold, silver, platinum, palladium and rhodium bullion, whether held by the Custodian, the Bullion Sub-Custodian, Brinks, or Via Mat, at least once every year. The Fund and its auditors will have the ability, with sufficient advance notice to the Custodian, who shall make arrangements with the Bullion Sub-Custodian, Brinks or Via Mat, where required, to attend at the vaults of the Custodian, Bullion Sub-Custodian, Brinks and/or Via Mat as required to verify the gold, silver, platinum, palladium and rhodium bullion held by the Custodian, the Bullion Sub-Custodian, Brinks or Via Mat on behalf of the Fund.

42. The Custodian shall, to the best of its ability, monitor the most recent audited financial statements of Brinks and Via Mat or their respective affiliates or subsidiaries, in order to ensure that the shareholders' equity of such entities is sufficient with what the Custodian believes to be appropriate for an entity acting as custodian of physical bullion and, in any event at sufficient levels in order to meet the Custodian's own internal requirements as though the Custodian were seeking to deposit its own physical bullion with such sub-custodians.

43. All bullion purchased by the Fund will be certified by the relevant vendor as bullion conforming to the good delivery standards of the London Bullion Market Association, the London Platinum and Palladium Market or another internationally recognized bullion trading body.

DECISION

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

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

(a) the investment by the Fund in SPPR Derivatives, Precious Metals ETFs and Leveraged ETFs is in accordance with the fundamental investment objectives of the Fund;

(b) the Fund does not short sell securities of a Precious Metals ETF or Leveraged ETF;

(c) the Fund does not enter into a SPPR Derivative, or purchase securities of a Precious Metals ETF if, immediately after the purchase, more than 10% of the net assets of the Fund in aggregate, taken at market value at the time of the purchase, would consist of the underlying market exposure of the SPPR Derivatives and securities of the Precious Metals ETFs;

(d) the Fund does not purchase securities of a Leveraged ETF if, immediately after the purchase, more than 10% of the net assets of the Fund in aggregate, taken at market value at the time of the purchase, would consist of securities of the Leveraged ETFs;

(e) the Fund does not enter into any transaction if, immediately after the transaction, more than 20% of the net assets of the Fund, taken at market value at the time of the transaction, would consist of, in aggregate, securities of the Leveraged ETFs and all securities sold short by the Fund;

(f) the securities of the Precious Metals ETFs and the Leveraged ETFs are traded on a stock exchange in Canada or the United States;

(g) the securities of the Precious Metals ETFs and Leveraged ETFs are treated as specified derivatives for the purposes of Part 2 of NI 81-102;

(h) the prospectus of the Fund discloses, or will disclose the next time it is renewed after the date hereof, (i) in the Investment Strategy section of the prospectus, the fact that the Fund has obtained relief to enter into or invest in the SPPR Derivatives, the Precious Metals ETFs and Leveraged ETFs, together with the risks associated with investments in the SPPR Derivatives, Precious Metals ETFs and Leveraged ETFs, to the extent they differ from direct investments in precious metals, securities or the use of derivatives generally;

(i) in respect of the relief granted from the requirements of sections 6.1(2)(b), 6.1(3)(b), 6.2 and 6.3, the Fund, the Filer, the Custodian and the Bullion Sub-Custodian are limited to using Brinks and Via Mat as sub-custodians for the gold, silver, platinum, palladium and rhodium bullion of the Fund which will be held only in Canada, London or New York;

(j) in respect of the compliance reports to be prepared by the Custodian pursuant to section 6.7 of NI 81-102, in lieu of including the information required by paragraphs 6.7(1)(a), 6.7(1)(b), 6.7(1)(c) and 6.7(2)(b) and (c) in respect of the Custodian's review of the sub-custodian arrangements involving Brinks and Via Mat, the Custodian shall instead be entitled to rely on a certificate of the Bullion Sub-Custodian prepared in respect of the Bullion Sub-Custodian's annual review process for Brinks and Via Mat referred to in paragraph 34 above, and whether the Bullion Sub-Custodian remains of the view that Brinks and Via Mat continue to be appropriate sub-custodians to hold the Fund's physical gold, silver, platinum, palladium and rhodium bullion; and

(k) the annual information form of the Fund discloses, or will disclose the next time it is renewed after the date hereof, the material details of the insurance arrangements in relation to the Bullion Sub-Custodian Agreement and Brinks/Via Mat Agreements.

"Darren McKall"
Manager, Investment Funds
Ontario Securities Commission

2.2 Orders

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

Headnote

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

Applicable Legislative Provision

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

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

AND

IN THE MATTER OF
ALPHA ATS LP

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

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

AND UPON the Applicant filing an updated Form F2 on May 18, 2011, describing a fee change to be implemented June 1, 2011 (the "Fee Change");

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

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

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

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

2. The Applicant would like to implement changes to its fee schedule on June 1, 2011.

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

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

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

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

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

IT IS ORDERED by the Director:

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

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

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

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

DATED this 19th day of May, 2011

"Susan Greenglass"
Director, Market Regulation
Ontario Securities Commission

2.2.2 Chi-X Canada ATS – s. 15.1 of NI 21-101 Marketplace Operation and s. 6.1 of OSC Rule 13-502 Fees

Headnote

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

Applicable Legislative Provision

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

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

AND

IN THE MATTER OF
Chi-X Canada ATS

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

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

AND UPON the Applicant filing an updated Form F2 on April 28, 2011, describing a fee change to be implemented June 1, 2011 (the "Fee Change");

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

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

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

1. The Applicant is carrying on business as an alternative trading system in Ontario with its head office in Toronto.

2. The Applicant has consulted with industry participants prior to arriving at the new fee model and plans to provide notice to the industry prior to the implementation of the resulting fee schedule changes.

3. The Applicant would like to implement changes to its fee schedule on June 1, 2011.

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

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

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

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

IT IS ORDERED by the Director:

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

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

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

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

DATED this 18th day of May, 2011

"Susan Greenglass"
Director, Market Regulation
Ontario Securities Commission

2.2.3 LCH.Clearnet Limited – s. 144

Headnote

Application under section 144 of the Securities Act (Ontario) (OSA) to vary and restate the interim order of LCH.Clearnet Limited (LCH) which exempts LCH under section 147 of the OSA on an interim basis from recognition as a clearing agency under subsection 21.2(0.1) of the OSA.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 21.2(0.1), 147, 144.

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

AND

IN THE MATTER OF
LCH.CLEARNET LIMITED (LCH)

VARIATION TO THE INTERIM ORDER
(Section 144 of the Act)

WHEREAS the Ontario Securities Commission (**Commission**) issued an interim order dated March 1, 2011 pursuant to section 147 of the Act exempting LCH from the requirement to be recognized as a clearing agency under section 21.2(0.1) of the Act (**Interim Order**);

AND WHEREAS LCH has filed an application received on May 2, 2011 (**Application**) with the Commission pursuant to section 144 of the Act requesting that the Commission vary the Interim Order;

AND WHEREAS the Commission has determined that it is not prejudicial to the public interest to issue this order that varies and restates the Interim Order to clarify that LCH may provide additional clearing services, including the LCH EnClear OTC service, to Ontario-resident clients;

IT IS ORDERED, pursuant to section 144 of the Act, that the Interim Order be varied 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
LCH.CLEARNET LIMITED (LCH)

ORDER
(Section 147 of the Act)

WHEREAS LCH filed an application dated January 13, 2011 (**January Application**) with the Ontario Securities Commission (**Commission**) pursuant to section 147 of the Act requesting an interim order exempting LCH from the requirement to be recognized as a clearing agency under section 21.2(0.1) of the Act;

AND WHEREAS the Commission had granted such order dated March 1, 2011 (**Interim Order**);

AND WHEREAS LCH has filed an application received on May 2, 2011 (**May Application**) with the Commission pursuant to section 144 of the Act requesting that the Commission vary and restate the Interim Order to clarify that LCH may provide additional clearing services, including the LCH EnClear OTC service (**EnClear**), to Ontario-resident clients;

AND WHEREAS LCH has represented to the Commission that:

1.1 LCH is a clearing house incorporated under the laws of England and Wales;

1.2 LCH is a Recognised Clearing House (**RCH**) in the United Kingdom (**UK**) under the UK's Financial Services and Markets Act 2000 (**FSMA**) and, as such, is approved by the UK Financial Services Authority (**FSA**) to clear a broad range of asset classes including: securities, exchange traded derivatives, energy, freight, interest rate swaps and euro and sterling denominated bonds and repurchase transactions;

1.3 As of May 25, 2010, LCH.Clearnet Group Ltd., the parent company of LCH, is owned 83 percent by users (clearing members) and 17 percent by exchanges;

1.4 LCH operates as an industry utility and receives most of its revenue from clearing fees charged to its members;

1.5 LCH works closely with market participants and exchanges to identify and develop clearing services for new asset classes;

1.6 LCH clears a broad range of asset classes including: securities, exchange traded derivatives, commodities, energy, freight, interest rate swaps, credit default swaps and euro and sterling denominated bonds and repos. More specifically, exchange-traded futures and options on futures, exchange-traded options on equity indices and individual equities, and exchange-traded cash equities. The exchange-traded futures and options on futures relate to underlyings in short-term interest rates (Euro, Sterling, Swiss Franc); government bonds (UK Gilts and Japanese Government Bonds); medium and long-term swap rates (Euro); equity indices (UK-related FTSE indices and FTSE and MSCI pan-European indices); and individual stocks (British, Dutch, French, German, Italian, Spanish and US companies); and to a broad range of commodities (non-ferrous metals – aluminium (primary and secondary), copper, lead, nickel, tin and zinc; plastics; and 'softs' and agriculturals – cocoa, coffee, white (refined) sugar, wheat, barley and potatoes). In addition, LCH clears cash-settled OTC freight forwards and options, OTC emissions contracts, iron and fertilizer swaps and clears cash-settled electricity futures for participants of the Nodal Exchange;

1.7 Currently, LCH provides clearing services for the following UK Recognised Investment Exchanges: NYSE Liffe Futures & Options, the London Metal Exchange and EDX London, as well as for the London Stock Exchange and in Switzerland, SIX Swiss Exchange AG;

1.8 LCH has approximately 130 members consisting of banks, securities houses/investment banks, commodity brokers and traders and, to a very limited extent, industrial companies;

1.9 LCH does not have any office or maintain other physical installations in Ontario or any other Canadian province or territory;

1.10 LCH currently intends to offer Ontario-resident clients access to its RepoClear, SwapClear, EnClear and other clearing services;

1.11 RepoClear is a service clearing cash bond and repo trades across a number of European markets and is the second largest clearer of fixed income and repo products in the world;

1.12 RepoClear clears cash bond and repo trades in the following markets: Austrian, Belgian, Dutch, German, Irish, Finnish, Portuguese and UK government bonds. Additional markets served include: German Jumbo Pfandbriefe and Supra-nationals, Agency and Sovereign. RepoClear accepts the following types of specific bond repo trades: classic fixed rate repos with 1st leg settlement on a same day and forward start basis with a term not greater than one year;

1.13 A RepoClear participant has to either be a clearing member or have a clearing arrangement with a firm that is a clearing member. A RepoClear participant who clears repos is a RepoClear Clearing Member (**RCM**). A participant who has a clearing arrangement with an RCM is a RepoClear Dealer;

1.14 SwapClear was launched in 1999 and has grown to become the largest central counterparty for OTC interest rate derivatives globally. LCH anticipates clearing an expanded list of swap products and OTC derivatives on exempt commodities. Transactions cleared through SwapClear are traded by LCH members on a bilateral basis, either inter-office, or through brokers, or on automated trading systems recognized by LCH;

1.15 There are broadly two recognised participants in SwapClear: (i) members; and (ii) clients of these members. A SwapClear Clearing Member is eligible to clear trades on their own behalf, and on behalf of their branches, affiliated companies and clients. A SwapClear Dealer is an affiliate company of a SwapClear Clearing Member which is

identified separately within SwapClear and whose trades clear through the affiliated SwapClear Clearing Member based on a clearing agreement between the SwapClear Clearing Member and the SwapClear Dealer;

1.16 An applicant for either RepoClear or SwapClear must enter into a Clearing Membership Agreement with LCH before it can become a member of LCH. Applicants that wish to clear trades through RepoClear or SwapClear on their own behalf or on behalf of others must enter into a Clearing Membership Agreement. RepoClear Dealers and SwapClear Dealers must clear trades through a RepoClear Clearing Member or SwapClear Clearing Member and are not considered clearing members of LCH;

1.17 EnClear is comprised of three divisions, namely, the Energy Division, Freight Division, and Precious Metals Division;

1.18 EnClear's Energy Division provides independent multilateral netting and clearing for the global OTC spot and forward carbon allowance markets. It clears OTC emissions spot and forward contracts, specifically OTC Spot and Forward European Union Allowances contracts issued in accordance with the terms of Directive 1003/87/EC (**EUA**) and OTC Spot and Forward Certified Emissions Reductions contracts issued pursuant to Article 12 of the Kyoto Protocol (**CER**);

1.19 EnClear's Freight Division clears Forward Freight Agreement (**FFA**) products, Container Freight Swap Agreement (**CFSA**) products and commodities (e.g., iron ore swaps, steel swaps, fertilizer swaps, coal swaps and coal options);

1.20 EnClear's Precious Metals Division only clears OTC gold bullion contracts;

1.21 EnClear's cleared OTC emission contracts provide an effective risk management and delivery solution, and allow market practitioners to benefit from the security offered by a central counterparty and the flexibility provided by platform independence;

1.22 EnClear's OTC emissions contract clearing solution gives the end user the option to use its preferred voice broker or broker trading platform to capitalize on a single pool of open interest. OTC emissions contracts can be manually entered or uploaded in batch format into LCH's Extensible Clearing System (**ECS**); an electronic platform accessible to Approved Emissions Brokers;

1.23 EnClear's OTC spot emissions contracts cleared by LCH are physically delivered and therefore place an obligation on Clearing Members that hold an open position at expiry to deliver emissions credits;

1.24 LCH's OTC emissions clearing services allow for spot and forward contracts that have been concluded either bilaterally or through Approved Emissions Brokers to be registered for clearing. Trades are entered using the ECS by Approved Emissions Brokers, subject to the following criteria:

(a) Each party to the spot and forward trade must either be a Clearing Member or a client of a Clearing Member of LCH; and

(b) The terms of the OTC spot and forward contracts to be registered must adhere to those of an eligible trade as specified by LCH;

1.25 Applicants that wish to clear trades through EnClear on their own behalf or on behalf of others must either enter into a Clearing Membership Agreement with LCH or extend their current membership to include EnClear;

1.26 To date, LCH has admitted one Ontario-resident client as a SwapClear Clearing Member;

1.27 LCH currently has two Ontario-resident clients that are RepoClear Dealers but are not RepoClear Clearing Members. These clients clear through a non-Canadian, third party RepoClear Clearing Member;

1.28 An existing Ontario-resident SwapClear Clearing Member wishes to utilize EnClear's Energy Division which clears OTC emissions spot and forward contracts;

1.29 The new section 21.2 of the Act, that became effective March 1, 2011, prohibits clearing agencies from carrying on business in Ontario unless they are recognized by the Commission as a clearing agency;

1.30 LCH is in the process of filing a full application to the Commission for a subsequent order recognizing LCH as a clearing agency under subsection 21.2(0.1) of the Act or exempting it from the requirement to be recognized as clearing agency under section 147 of the Act (**Subsequent Order**);

AND WHEREAS based on the January Application and the May Application and the representations LCH has made to the Commission, the Commission has determined that the granting of the exemption on an interim basis from recognition as a clearing agency under section 21.2(0.1) would not be prejudicial to the public interest;

IT IS HEREBY ORDERED by the Commission that, pursuant to section 147 of the Act, LCH is exempt on an interim basis from recognition as a clearing agency under section 21.2(0.1);

PROVIDED THAT:

1. This Order shall terminate on the earlier of (i) September 1, 2011 and (ii) the effective date of the Subsequent Order;

2. LCH shall:

   (a) continue to be a RCH under the FSMA; and

   (b) promptly notify staff of the Commission of:

      (i) any material change or proposed material change in the regulatory oversight by the FSA;

      (ii) any material problems with the clearance and settlement of transactions in its RepoClear, SwapClear, EnClear or other clearing services that could materially affect the financial viability of LCH;

      (iii) any new clearing services to be provided to Ontario-resident clients; and

      (iv) any new Ontario-resident clients of the RepoClear, SwapClear, EnClear or other clearing services.

DATED March 1, 2011, as varied on May 17, 2011.

“Christopher Portner”

“Mary G. Condon”

2.2.4 Firestar Capital Management Corp. 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
FIRESTAR CAPITAL MANAGEMENT CORP.,
KAMPOSSE FINANCIAL CORP.,
FIRESTAR INVESTMENT MANAGEMENT GROUP,
MICHAEL CIAVARELLA AND MICHAEL MITTON**

AND

**IN THE MATTER OF
MICHAEL CIAVARELLA**

**ORDER
(Subsection 127(1))**

WHEREAS on December 21, 2004, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") in connection with a Statement of Allegations filed by Staff of the Commission ("Staff") on December 21, 2004;

AND WHEREAS Michael Ciavarella (the "Respondent") entered into a settlement agreement with Staff dated May 17, 2011 (the "Settlement Agreement") in which the Respondent agreed to a proposed settlement of the proceeding commenced by the Notice of Hearing dated May 16, 2011, subject to the approval of the Commission;

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

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

IT IS HEREBY ORDERED THAT:

(a) the Settlement Agreement is approved;

(b) pursuant to clause 2 of subsection 127(1) of the Act, trading in any securities by the Respondent cease for a period of 5 years from the date of the approval of this Settlement Agreement, with the following exceptions;

  (i) the Respondent is permitted to trade securities in mutual funds through a registered dealer for the account of his registered retirement savings plan (as defined in the *Income Tax Act* (Canada)); and

  (ii) that the Respondent is permitted to trade shares in a "private company" as defined in section 1 of the Act;

(c) pursuant to clause 2.1 of subsection 127(1) of the Act, the Respondent is prohibited for a period of 5 years from the date of the approval of this Settlement Agreement from the acquisition of any securities, with the following exceptions:

  (i) the Respondent is permitted to acquire securities in mutual funds through a registered dealer for the account of his registered retirement savings plan (as defined in the *Income Tax Act* (Canada)); and

  (ii) that the Respondent is permitted to acquire shares in a "private company" as defined in section 1 of the Act;

(d) pursuant to clause 3 of subsection 127(1) of the Act that any exemptions contained in Ontario securities law do not apply to the Respondent for a period of 5 years from the date of the approval of this Settlement Agreement;

(e) pursuant to clause 6 of subsection 127(1) of the Act, the Respondent is reprimanded;

(f) pursuant to clauses 7, 8.1 and 8.3 of subsection 127(1) of the Act that the Respondent resign any position he may hold as an officer or director of any public corporation, private corporation, registrant or investment fund manager;

(g) pursuant to clauses 8 and 8.4 of subsection 127(1) of the Act that the Respondent be prohibited from becoming or acting as a director or officer of any Canadian public corporation, reporting issuer or investment fund manager for a period of 5 years from the date of the approval of this Settlement Agreement;

(h) pursuant to clause 8.5 of subsection 127(1) of the Act that the Respondent be prohibited from becoming or acting as a registrant, as an investment fund manager or as a promoter for a period of 5 years from the date of the approval of this Settlement Agreement; and

(i) with the consent of the Respondent, the Respondent will make a payment to the Commission of the sum of $100,000 by no later than June 30, 2011 to be distributed as though it were a payment made pursuant to subsection 3.4(2)(b) of the Act.

DATED at Toronto this 17th day of May, 2011.

"James D. Carnwath"

2.2.5 Heir Home Equity Investment Rewards Inc. et al. – ss. 127(1), 127.1

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

AND

IN THE MATTER OF
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.

ORDER
(Sections 127(1) and 127.1)

WHEREAS on March 29, 2011, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "*Act*") in connection with a Statement of Allegations filed by Staff of the Commission ("Staff") on March 29, 2011 in respect of HEIR Home Equity Investment Rewards Inc., FFI First Fruit Investments Inc., Wealth Building Mortgages Inc., Archibald Robertson, Eric Deschamps (collectively the "HEIR Respondents") and 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. (collectively the "Canyon Respondents");

AND WHEREAS the Respondents were served with the Notice of Hearing and Statement of Allegations on March 29 and 30, 2011 and April 5, 2011;

AND WHEREAS the Notice of Hearing provided that a hearing would be held at the offices of the Commission on April 27, 2011;

AND WHEREAS counsel for the Canyon Respondents wished to attend the hearing but was not available on April 27, 2011;

AND WHEREAS, on consent of all parties, on April 20, 2011, the Commission ordered that the hearing scheduled to commence on April 27, 2011 was rescheduled to commence on May 17, 2011 at 11:00 a.m. or as soon thereafter as the hearing can be held;

AND WHEREAS on May 17, 2011, Staff and counsel for the Respondents attended before the Commission for a first appearance on this matter;

AND WHEREAS at the first attendance, counsel from Borden Ladner Gervais LLP attended on behalf of all of the HEIR Respondents;

AND WHEREAS at the first attendance, counsel from Cassels Brock & Blackwell LLP attended on behalf of all of the Canyon Respondents;

AND WHEREAS Staff submitted that the hearing on the merits should be scheduled at a future pre-hearing conference or at a subsequent attendance;

AND WHEREAS, if necessary, the parties may contact the Office of the Secretary to schedule a confidential pre-hearing conference;

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

IT IS ORDERED that the hearing is adjourned to June 28, 2011 at 10:00 a.m., or to such other date as may be agreed to by the parties and fixed by the Office of the Secretary, for the purpose of addressing scheduling and any other procedural matters or for such other purposes as may be requested.

DATED at Toronto this 17th day of May, 2011.

"Christopher Portner"

2.2.6 TBS New Media 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
TBS NEW MEDIA LTD., TBS NEW MEDIA PLC,
CNF FOOD CORP., CNF CANDY CORP.,
ARI JONATHAN FIRESTONE AND MARK GREEN

TEMPORARY ORDER
(Subsections 127(7) & 127(8))

WHEREAS on June 29, 2010, the Ontario Securities Commission (the "Commission") issued a temporary order (the "Temporary Order") pursuant to subsections 127(1) and 127(5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") ordering the following:

(i) that all trading in the securities of TBS New Media Ltd. ("TBS"), TBS New Media PLC ("TBS PLC"), CNF Food Corp. ("CNF Food") and CNF Candy Corp. ("CNF Candy") shall cease;

(ii) that TBS, TBS PLC, CNF Food, CNF Candy, Ari Jonathan Firestone ("Firestone") and Mark Green ("Green"), collectively the "Respondents", cease trading in all securities; and

(iii) that any exemptions contained in Ontario securities law do not apply to TBS, TBS PLC,CNF Food, CNF Candy, Firestone and Green;

AND WHEREAS on June 29, 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 July 5, 2010, the Commission issued a notice of hearing to consider, among other things, the extension of the Temporary Order, to be held on July 12, 2010 at 10:00 a.m. (the "Notice of Hearing");

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

AND WHEREAS on July 12, 2010, a hearing was held before the Commission which counsel for Staff of the Commission ("Staff") attended, counsel attended on behalf of TBS, TBS PLC, CNF Food, CNF Candy and Firestone, but no one attended on behalf of Green;

AND WHEREAS on July 12, 2010, Staff provided the Commission with the Affidavit of Dale Victoria Grybauskas, sworn on July 9, 2010, describing the attempts of Staff to serve the Respondents with copies of the Temporary Order, the Notice of Hearing, and the Affidavit of Stephen Carpenter;

AND WHEREAS on July 12, 2010, the Commission was satisfied that Staff had properly served or attempted to serve the Respondents with copies of the Temporary Order, the Notice of Hearing and the Affidavit of Stephen Carpenter;

AND WHEREAS on July 12, 2010, the Commission considered the evidence and submissions before it and the Commission was of the opinion that satisfactory information has not been provided to it by the Respondents and the Commission was of the opinion that it was in the public interest to extend the Temporary Order, subject to an amendment of the Temporary Order for the benefit of Firestone;

AND WHEREAS Staff did not object to amending the Temporary Order, as submitted by counsel for Firestone;

AND WHEREAS on July 12, 2010, the Commission ordered that the Temporary Order be amended by including a paragraph as follows: Notwithstanding the provisions of this Order, Firestone is permitted to trade, solely through a registered dealer or, as appropriate, a registered dealer in a foreign jurisdiction (which dealer must be given a copy of this order) in (a) any "exchange-traded security" or "foreign exchange-traded security" within the meaning of National Instrument 21-101 provided that he does not own beneficially or exercise control or direction over more than 5 percent of the voting or equity securities of the issuer(s) of any such securities; or (b) any security issued by a mutual fund that is a reporting issuer; and provided that Firestone provides Staff with the particulars of the accounts in which such trading is to occur (as soon as practicable before any trading in such accounts occurs) including the name of the registered dealer through which the trading will occur and the account numbers, and Firestone shall instruct the registered dealer to provide copies of all trade confirmation notices with respect to trading in the accounts directly to Staff at the same time that such notices are provided to him;

AND WHEREAS pursuant to subsections 127 (7) and (8) of the Act the Commission ordered that the Temporary Order, as amended by the July 12, 2010 order, be extended to September 9, 2010;

AND WHEREAS on September 3, 2010, the Office of the Secretary issued a notice of hearing accompanied by a Statement of Allegations setting the matter down to be heard on September 8, 2010 at 10:00 a.m.;

AND WHEREAS on September 8, 2010, a hearing was held before the Commission which counsel for Staff attended, counsel attended on behalf of TBS, TBS

PLC, CNF Food, CNF Candy and Firestone, but no one attended on behalf of Green;

AND WHEREAS at the hearing on September 8, 2010, a pre-hearing conference in this matter was set down for October 21, 2010;

AND WHEREAS on September 8, 2010, counsel for TBS, TBS PLC, CNF Food, CNF Candy and Firestone consented to an extension of the Temporary Order to October 22, 2010;

AND WHEREAS on September 8, 2010, the Commission extended the Temporary Order, as amended by the July 12, 2010 order, to October 22, 2010 and an order was issued by the Commission on September 10, 2010;

AND WHEREAS on October 21, 2010, a hearing was held before the Commission which counsel for Staff attended, but no one attended on behalf of any of the Respondents;

AND WHEREAS on October 21, 2010, Staff informed the Commission that counsel for TBS, TBS PLC, CNF Food, CNF Candy and Firestone consented to a further extension of the Temporary Order, as amended by the July 12, 2010 order via email dated October 19, 2010;

AND WHEREAS by order dated October 22, 2010, the Commission extended the Temporary Order, as amended by the July 12, 2010 order, to December 7, 2010;

AND WHEREAS on December 6, 2010, a hearing was held before the Commission which counsel for Staff attended, but no one attended on behalf of any of the Respondents;

AND WHEREAS on December 6, 2010, Staff informed the Commission that counsel for TBS, TBS PLC, CNF Food, CNF Candy and Firestone consented to a further extension of the Temporary Order, as amended by the July 12, 2010 order;

AND WHEREAS by order dated December 6, 2010, the Commission extended the Temporary Order, as amended by the July 12, 2010 order, to February 9, 2011;

AND WHEREAS on February 8, 2011, a hearing was held before the Commission which counsel for Staff attended, but no one attended on behalf of any of the Respondents;

AND WHEREAS on February 8, 2011, Staff informed the Commission that counsel for TBS, TBS PLC, CNF Food, CNF Candy and Firestone consented to a further extension of the Temporary Order, as amended by the July 12, 2010 order;

AND WHEREAS by order dated February 8, 2011, the Commission extended the Temporary Order, as amended by the July 12, 2010 order to March 14, 2011;

AND WHEREAS on March 11, 2011, a hearing was held before the Commission which counsel for Staff attended, but no one attended on behalf of any of the Respondents;

AND WHEREAS on March 11, 2011, Staff informed the Commission that counsel for TBS, TBS PLC, CNF Food, CNF Candy and Firestone did not oppose a further extension of the Temporary Order, as amended by the July 12, 2010 order;

AND WHEREAS the Commission ordered that the Temporary Order, as amended by the July 12, 2010 order, be extended to May 18, 2011 and that the Hearing be adjourned to May 17, 2011 at 10:00 a.m.;

AND WHEREAS on May 17, 2011, a hearing was held before the Commission which counsel for Staff attended, but no one attended on behalf of any of the Respondents;

AND WHEREAS the Commission was satisfied that counsel for TBS, TBS PLC, CNF Food, CNF Candy and Firestone was properly served with notice of the hearing;

AND WHEREAS Staff requested that the Temporary Order, as amended by the July 12, 2010 order, be extended;

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

IT IS ORDERED that the Temporary Order, as amended by the July 12, 2010 order, is extended to July 12, 2011;

IT IS FURTHER ORDERED that the Hearing is adjourned to July 11, 2011 at 11:30 a.m., or such other date and time as set by the Office of the Secretary and agreed upon by the parties.

Dated at Toronto this 20th day of May, 2011.

“Christopher Portner”

2.2.7 Nelson Financial Group Ltd. et al.

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

AND

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

ORDER

WHEREAS on May 12, 2010, the Ontario Securities Commission (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") in relation to a Statement of Allegations filed by Staff of the Commission ("Staff") with respect to Nelson Financial Group Ltd., Nelson Investment Group Ltd., Marc D. Boutet, Stephanie Lockman Sobol, Paul Manuel Torres, and H.W. Peter Knoll;

AND WHEREAS on August 16, 2010, the Commission ordered that the hearing on the merits shall commence on Monday, February 14, 2011 at 10:00 a.m.;

AND WHEREAS on January 31, 2011, the Commission ordered that:

1. The hearing for this matter is adjourned to May 16, 2011 through to May 31, 2011, excluding May 23 and 24, 2011, peremptory to the Respondents with or without counsel; and

2. A pre-hearing conference will be held on February 25, 2011 at 11:00 a.m;

AND WHEREAS on May 13, 2011, the Commission ordered that the hearing on the merits was adjourned until May 17, 2011 at 10:00 a.m.;

AND WHEREAS on May 16, 2011, the Commission ordered that the hearing on the merits was adjourned until May 25, 2011;

AND WHEREAS the parties consent to the adjournment;

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

IT IS ORDERED THAT the hearing is adjourned to May 30, 2011 at 11:00 a.m., or such other date as the Secretary's Office may advise and the parties agree to.

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

"James Turner"

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Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions, Orders and Rulings

3.1.1 Firestar Capital Management Corp. et al.

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

AND

IN THE MATTER OF
FIRESTAR CAPITAL MANAGEMENT CORP.,
KAMPOSSE FINANCIAL CORP.,
FIRESTAR INVESTMENT MANAGEMENT GROUP,
MICHAEL CIAVARELLA AND MICHAEL MITTON

SETTLEMENT AGREEMENT
BETWEEN STAFF AND MICHAEL CIAVARELLA

SETTLEMENT AGREEMENT BETWEEN
MICHAEL CIAVARELLA AND
STAFF OF THE ONTARIO SECURITIES COMMISSION

I. INTRODUCTION

1. By Notice of Hearing dated May 16, 2011, the Commission announced that it proposed to hold a hearing to consider whether, pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5 (the "*Act*"), it is in the public interest for the Commission to make an order approving the settlement agreement entered into between Staff of the Commission and the Respondent Michael Ciavarella (the "Respondent").

2. The Commission will issue a Notice of Hearing to announce that it will hold a hearing to consider whether, pursuant to section 127 of the Act, it is in the public interest for the Commission to approve this Settlement Agreement and to make certain orders in respect of the Respondent.

PART II – JOINT SETTLEMENT RECOMMENDATION

3. Staff agree to recommend settlement of the proceeding initiated by the Notice of Hearing dated December 21, 2004 against Respondent (the "Proceeding") in accordance with the terms and conditions set out below. The Respondent consents to the making of an order in the form attached as Schedule "A", based on the facts set out below. The facts giving rise to the proceedings occurred from approximately July of 2004 until December of 2004 (the "Material Time").

PART III – AGREED FACTS

(a) Background

4. The Respondent is an individual who resides in the Province of Ontario.

5. Michael Mitton ("Mitton") is an individual who resides in British Columbia and/or Ontario. Prior to this matter, Mitton had been convicted of at least 103 counts of fraud, many of which have involved securities fraud. He is currently subject to a 20 year cease trade order in British Columbia.

6. Kamposse Financial Corp. ("Kamposse") was a corporation incorporated in Ontario with its head office in Richmond Hill, Ontario.

7. Firestar Investment Management Group Inc. ("Firestar Investment") was a corporation incorporated in Ontario with its head office in Sudbury, Ontario. At the Material Time, the Respondent ("Ciavarella") was the President and a Director of Firestar Investment.

8. Firestar Capital Management Corp. ("Firestar Capital") was a corporation incorporated in Ontario with its head office in Toronto, Ontario. Ciavarella was President, Secretary and a Director of Firestar Capital.

9. At the material time, Pender International Inc. ("Pender") was a company incorporated in the State of Delaware with its head office in Thornhill, Ontario. Pender traded on the National Association of Securities Dealers Over the Counter Bulletin Board in New York.

10. During the Material Time, the Respondent was an insider of Pender as that term is defined in the Securities and Exchange Act 1934 of the United States of America.

11. Pender had a similar address and phone number as Kamposse.

12. Armistice Resources Ltd. ("Armistice") was a corporation incorporated in Ontario with its head office in Kirkland Lake, Ontario.

13. In July of 2004, Pender announced that it had completed a private placement of US$1.6 million at US $0.50 per share. By press release dated October 27, 2004, Pender announced that those funds were used to acquire IMM Investments Inc. ("IMM"), a private company, which became a wholly owned subsidiary of Pender. The press release indicated that IMM owned approximately 30% of Armistice with rights to purchase up to 55%.

14. Pender acquired IMM from KJ Holding Inc. ("KJ Holding"), an Ontario corporation. As a result of the acquisition, KJ Holding acquired 36.5% of Pender's issued and outstanding common stock. KJ Holding is wholly owned by Kalano Jang, the father of Kalson Jang, who was a director of Pender.

15. The only asset of Armistice and Pender was a mine in northern Ontario near Kirkland Lake. At that time, the National Instrument 43-101 geological report for Armistice indicated a mineable resource of gold on the property; however, the mine was flooded with water. The financial statements of Armistice for the three month period ending September 30, 2004 reveal a deficit of $29,598,630.

16. By press release dated October 27, 2004, Pender announced that dewatering the mine would take 6-8 weeks, and that production was targeted in early 2005. By press release dated October 28, 2004, Pender announced that it would be engaging Atlas Dewatering to dewater the mine, and it was expected that the dewatering would be completed in 4-6 weeks.

17. Although Atlas prepared to commence dewatering operations, Pender did not release any further information during the Material Time about efforts to dewater the mine.

18. The only other substantive press release during the period June to November 2004 was the announcement that Pender, on October 25, 2004, had appointed the Respondent as President and Director of Pender, and had appointed a new Board of Directors.

(b) The Accounts

19. Firestar Capital maintained accounts at HSBC Securities (Canada) Inc. ("HSBC Securities") and HSBC Bank Canada ("HSBC Bank"). The Respondent was the only person authorized to trade on the Firestar Capital account at HSBC Securities. The Respondent was the only principal of the Firestar Capital account at HSBC Bank and Kalson Jang also had signing authorization over the account.

20. The Respondent maintained accounts in his own name at HSBC Securities, Desjardins Securities Inc. ("Desjardins") and TD Waterhouse Canada Inc. ("TD Waterhouse").

21. Kamposse maintained accounts at HSBC Bank, RBC Dominion Securities Inc. ("RBC DS") and CIBC World Markets. The Respondent referred Kamposse to RBC DS. Karen Lam and Gwen Jang are the principals of the Kamposse account at HSBC Bank. Karen Lam and Gwen Jang had trading authority over the Kamposse account at RBC DS. Karen Lam and Gwen Jang had trading authority over the account at CIBC World Markets.

22. All of the above accounts (which will be referred to collectively as the "Accounts") are related to each other and/or related to insiders of Pender.

(c) Trading in Pender

23. In July of 2004, Pender was quoted at approximately US $0.08 per share. Prior to October 14, 2004, there had been no active market for Pender shares. On October 14, 2004, the shares opened at US $0.30 and closed at the same price on a

volume of 12,000 shares traded. Over the next 35 trading days, the shares traded as high as US $11.35 on a volume of over 2 million shares trading. This represents an increase in price of the shares of Pender of approximately 3,783%.

24. During the Material Time, none of the news releases issued by Pender were intended to cause the dramatic increase in the price and volume of Pender shares traded. Even if the news releases did have a marginal effect on the price, Pender did not release any news after October 28, 2004.

25. The increase in the share price of Pender was artificial and was caused by trading that was arranged between the Accounts and orchestrated by Mitton.

26. This was achieved by Mitton and others (not including Ciavarella) conspiring to acquire all or almost all of the free-trading shares of Pender which would then enable them to trade those shares in a circular pattern at ever increasing volume and prices. This type of trading activity to manipulate the price of a stock, known as a "pump and dump", artificially inflated the price of Pender shares with the intention of defrauding unsuspecting investors.

27. In the summer of 2004, Mitton orchestrated the purchase of shares of Pender by Kalano Jang and others through a complex series of transactions using funds from private investors.

28. Kalano Jang used about $900,000 to purchase almost all of the then outstanding shares of Pender and IMM used approximately $2,000,000 to purchase a 14.4% interest in Armistice. IMM and its interest in Armistice were subsequently vended to Pender in exchange for Pender shares.

29. As a result, Kalano Jang and others acquired control over almost all of the free-trading shares in Pender, Pender acquired a 14.4 % interest in Armistice and the private investors acquired shares in Pender.

30. In the middle of October of 2004, having acquired almost all of the free-trading shares of Pender, Mitton and his associates (not including the Respondent) orchestrated the trading in Pender shares thus manipulating the share price of Pender.

31. This circular trading in Pender shares was conducted by Mitton using certain of the Accounts over which the Respondent had legal authority or through other accounts held by nominee account holders whom Mitton directed or controlled. The Respondent was negligent in failing to adequately monitor his accounts.

32. The trading was conducted by Mitton at ever increasing prices and volumes in order to artificially inflate the Pender share price and distorted the normal market forces as they related to the trading of Pender shares.

33. Given Mitton's notoriety, none of the Accounts were in the name of Mitton.

34. In trading the Pender shares, Mitton engaged in various sophisticated tactics which were indicative of a stock manipulation scheme using certain of the Accounts controlled by the Respondent and the Respondent failed to adequately monitor these accounts.

35. Over the following weeks, the price of Pender shares rose from $0.30 U.S. per share to approximately $11.35 U.S. per share on November 18, 2004.

36. Given concerns regarding the Accounts, the brokerage firms where the Accounts were located commenced internal investigations and discovered that the principal purchases of the Pender shares were also the principal sellers. As a result, these brokerages froze the accounts held by the Respondent and others on suspicion that the share price of Pender had been manipulated.

37. In November of 2004, the HSBC Bank had an outstanding debt of about U.S. $2,600,000 due to the unauthorized purchase of Pender shares in the Respondent's accounts that had not been settled. This debt was never settled and as a result, the HSBC Bank incurred a loss of over U.S. $2,625,000. It has subsequently obtained a default judgment against the Respondent for its losses.

38. The Respondent, through trades executed through his accounts by Mitton and his associates at HSBC and elsewhere, became the paper buyer of large amounts of Pender securities as a result of this stock manipulation scheme.

39. On or about November 18, 2004, the Accounts largely stopped trading shares of Pender. When the Accounts stopped trading the shares of Pender, the share price of Pender dropped dramatically, causing losses to investors.

40. By the end of December 2004, the price had dropped to U.S. $6.00 and by the end of February 2005 the share price had fallen to U.S. $0.34.

41. On December 10, 2004, the Commission issued directions freezing certain accounts and issued temporary cease trade orders preventing the Respondent, Mitton and others from trading shares of Pender. Pursuant to an order made under the *Criminal Code of Canada*, the Respondent has been prohibited from trading in all securities since September 26, 2006.

42. Although all of the Accounts traded and/or funded the purchase of Pender stock, the main purchasing account was the Firestar Capital account at HSBC Securities and the main selling account was the Kamposse account at RBC DS. Funds from Kamposse were transferred to the Firestar Capital account at HSBC Securities.

43. As at September 30, 2004, the Kamposse account at RBC DS contained 318,000 shares of Pender with a market value of Can $26,087.61. During October and November of 2004, those shares were sold and total funds of US $953,378 and Can $1,603,000 were withdrawn from the account.

44. In November of 2004, the Firestar Capital account at HSBC Securities purchased 392,000 shares of Pender, of which it sold 17,500, at a net cost of US $3,557,343.37. It also deposited 200,000 shares of Pender into the same account. Four cheques totaling US $2,324,000 that were deposited to the Firestar Capital account at HSBC Securities were subsequently returned unpaid. As at November 30, 2004, the Firestar Capital US dollar account at HSBC was in a debit position of US $2,822,700.75, which was offset by a credit position in the Firestar Capital CDN dollar account of $293,590.

(d) The Involvement of the Respondent

45. The Respondent was negligent in the monitoring of the securities trading accounts he controlled. His lack of diligence allowed the Firestar account at HSBC to be used by Mitton as one of the main accounts used to manipulate the share price of Pender securities, a company of which the Respondent was the directing mind.

46. The Respondent, Firestar Investment and Firestar Capital are subject to a default judgment of the Superior Court of Ontario obtained by HSBC in the amount of $3.2 million. An appeal of this judgment was rejected by the Ontario Court of Appeal and leave to appeal to the Supreme Court of Canada was denied.

IV. CONDUCT CONTRARY TO THE PUBLIC INTEREST

47. The Respondent's failure to adequately monitor his accounts was contrary to the public interest in that during the material time, trading in the shares of Pender was dominated by trading that was orchestrated by Mitton and others (not including the Respondent) in part through accounts controlled by the Respondent. This trading was arranged between the Accounts by Mitton in a way that created a misleading appearance of trading activity and artificially increased the share price of Pender.

48. The Respondent admits and acknowledges that his failure to monitor trading in his account was contrary to the public interest.

IV. FACTS IN MITIGATION

49. By virtue of Section 127 orders issued by the Commission on December 10, 2004, the Respondent has been prohibited from trading in securities Pender since that date. By virtue of an order made under the *Criminal Code of Canada*, the Respondent has been prohibited from trading in any securities since September 26, 2010.

V. TERMS OF SETTLEMENT

50. The Respondent agrees to the following terms of settlement, to be set out in an order by the Commission pursuant to s. 127(1) of the Act, as follows:

(a) pursuant to clause 2 of subsection 127(1) of the Act, trading in any securities by the Respondent cease for a period of 5 years from the date of the approval of this Settlement Agreement, with the following exceptions:

(i) that the Respondent is permitted to trade in securities in mutual funds through a registered dealer for the account of his registered retirement savings plan (as defined in the *Income Tax Act* (Canada)); and

(ii) that the Respondent is permitted to trade shares in a "private company" as defined in section 1 of the Act;

(b) pursuant to clause 2.1 of section 127(1) of the Act, the Respondent is prohibited for a period of 5 years from the date of the approval of this Settlement Agreement from the acquisition of any securities, with the following exceptions:

(i) the Respondent is permitted to acquire securities in mutual funds through a registered dealer for the account of his registered retirement savings plan (as defined in the *Income Tax Act* (Canada)); and

(ii) that the Respondent is permitted to acquire shares in a "private company" as defined in section 1 of the Act;

(c) pursuant to clause 3 of subsection 127(1) that any exemptions contained in Ontario securities law do not apply to the Respondent for a period of 5 years from the date of the approval of this Settlement Agreement;

(d) pursuant to clause 6 of subsection 127(1) of the Act, the Respondent is reprimanded;

(e) pursuant to clauses 7, 8.1 and 8.3 of subsection 127(1) that the Respondent resign any position he may hold as an officer or director of any public corporation, private corporation, registrant or investment fund manager;

(f) pursuant to clauses 8 and 8.4 of subsection 127(1) that the Respondent be prohibited from becoming or acting as a director or officer of any Canadian public corporation, reporting issuer or investment fund manager a period of 5 years from the date of the approval of this Settlement Agreement;

(g) pursuant to clause 8.5 of subsection 127(1) that the Respondent be prohibited from becoming or acting as a registrant, as an investment fund manager or as a promoter for a period of 5 years from the date of the approval of this Settlement Agreement; and

(h) with the consent of the Respondent, the Respondent will make a payment to the Commission of the sum of $100,000 by no later than June 30, 2011 to be distributed as though it were a payment made pursuant to section 3.4(2)(b).

PART VI – STAFF COMMITMENT

51. If this Settlement Agreement is approved by the Commission, Staff will not initiate any other proceeding under the Act against the Respondent in relation to the facts set out in Part III herein, subject to the provisions of paragraph 52 below.

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

PART VII – PROCEDURE FOR APPROVAL OF SETTLEMENT

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

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

55. If this Settlement Agreement is approved by the Commission, the Respondent agrees to waive all rights to a full hearing, judicial review or appeal of this matter under the Act.

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

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

PART VIII – DISCLOSURE OF SETTLEMENT AGREEMENT

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

(a) this Settlement Agreement and its terms, including all settlement negotiations between Staff and the Respondent leading up to its presentation at the settlement hearing, shall be without prejudice to Staff and the Respondent ; and

(b) Staff and the Respondent shall be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing on the merits of the allegations in the Notice of Hearing and Statement of Allegations of Staff, unaffected by the Settlement Agreement or the settlement discussions/negotiations.

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

PART IX – EXECUTION OF SETTLEMENT AGREEMENT

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

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

Dated this 17th day of May, 2011.

Signed in the presence of:

"S. Hutchison"
Witness:

"Michael Ciavarella"
Michael Ciavarella

Dated this 17th day of May, 2011

"Tom Atkinson"
Tom Atkinson
Director, Enforcement Branch

Schedule A

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

AND

MICHAEL CIAVARELLA

ORDER
(Section 127(1))

WHEREAS on December 21, 2004 the Ontario Securities Commission (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") in respect of Michael Ciavarella (the "Respondent");

AND WHEREAS the Respondent entered into a Settlement Agreement with Staff of the Commission dated May 17, 2011 (the "Settlement Agreement") in which the Respondent agreed to a proposed settlement of the proceeding commenced by the Notice of Hearing, subject to the approval of the Commission;

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

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

IT IS HEREBY ORDERED THAT:

(a) the Settlement Agreement is approved;

(b) pursuant to clause 2 of subsection 127(1) of the Act, trading in any securities by the Respondent cease for a period of 5 years from the date of the approval of this Settlement Agreement, with the following exceptions;

  (i) the Respondent is permitted to trade securities in mutual funds through a registered dealer for the account of his registered retirement savings plan (as defined in the *Income Tax Act* (Canada)); and

  (ii) that the Respondent is permitted to trade shares in a "private company" as defined in section 1 of the Act;

(c) pursuant to clause 2.1 of section 127(1) of the Act, the Respondent is prohibited for a period of 5 years from the date of the approval of this Settlement Agreement from the acquisition of any securities, with the following exceptions:

  (i) the Respondent is permitted to acquire securities in mutual funds through a registered dealer for the account of his registered retirement savings plan (as defined in the *Income Tax Act* (Canada)); and

  (ii) that the Respondent is permitted to acquire shares in a "private company" as defined in section 1 of the Act;

(d) pursuant to clause 3 of subsection 127(1) that any exemptions contained in Ontario securities law do not apply to the Respondent for a period of 5 years from the date of the approval of this Settlement Agreement;

(e) pursuant to clause 6 of subsection 127(1) of the Act, the Respondent is reprimanded;

(f) pursuant to clauses 7, 8.1 and 8.3 of subsection 127(1) that the Respondent resign any position he may hold as an officer or director of any public corporation, private corporation, registrant or investment fund manager;

(g) pursuant to clauses 8 and 8.4 of subsection 127(1) that the Respondent be prohibited from becoming or acting as a director or officer of any Canadian public corporation, reporting issuer or investment fund manager for a period of 5 years from the date of the approval of this Settlement Agreement;

(h) pursuant to clause 8.5 of subsection 127(1) that the Respondent be prohibited from becoming or acting as a registrant, as an investment fund manager or as a promoter for a period of 5 years from the date of the approval of this Settlement Agreement; and

(i) with the consent of the Respondent, the Respondent will make a payment to the Commission of the sum of $100,000 by no later than June 30, 2011 to be distributed as though it were a payment made pursuant to section 3.4(2)(b).

DATED AT TORONTO this _____ day of _____, 2011.

_____

Chapter 4

Cease Trading Orders

4.1.1 Temporary, Permanent & Rescinding Issuer Cease Trading Orders

Company Name	Date of Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/Revoke
Poplar Point Energy Inc.	09 May 11	20 May 11	20 May 11	
First Metals Inc.	09 May 11	20 May 11	20 May 11	
Newlook Industries Corp.	09 May 11	20 May 11	20 May 11	
XRM Global Inc.	09 May 11	20 May 11	20 May 11	
World Wide Minerals Ltd.	09 May 11	20 May 11	20 May 11	
SG Spirit Gold Inc.	11 May 11	24 May 11	24 May 11	
West Isle Energy Inc.	11 May 11	24 May 11		25 May 11
SonnenEnergy Corp.	11 May 11	24 May 11	24 May 11	
Azcar Technologies Incorporated	11 May 11	24 May 11	24 May 11	
Churchill 10 Real Estate Limited Partnership	12 May 11	24 May 11	24 May 11	
Range Gold Corp.	13 May 11	25 May 11	25 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		24 May 11	
Canada Lithium Corp.	10 May 11	20 May 11	20 May 11		
Process Capital Corp.	11 May 11	24 May 11		25 May 11	
Enssolutions Group Inc.	11 May 11	24 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		
Dia Bras Exploration Inc.	09 May 11	20 May 11		24 May 11	
Canada Lithium Corp.	10 May 11	20 May 11	20 May 11		
Process Capital Corp.	11 May 11	24 May 11		25 May 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
Enssolutions Group Inc.	11 May 11	24 May 11	24 May 11		

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	Tot Purchase Price ($)	No. of Securities Distributed
04/13/2011	1	1710 Kingsway Holdings Inc. - Units	848,861.00	848,861.00
01/20/2011	2	22nd Century Limited, LLC - Units	675,308.00	680,000.00
01/20/2011	1	22nd Century Limited, LLC - Warrants	39,600.00	40,000.00
04/21/2011	47	Aben Resources Ltd. - Flow-Through Units	2,000,000.00	500,000.00
04/21/2011	108	Aben Resources Ltd. - Units	2,888,000.00	22,440,000.00
03/31/2011	30	ACM Commercial Mortgage Fund - Units	1,481,440.00	13,561.44
03/11/2011	40	Active Growth Capital Inc. - Common Shares	720,000.00	4,500,000.00
02/16/2011	1	Adira Energy Ltd. - Common Shares	6,500,000.00	10,483,871.00
12/09/2010	1	Advanced Explorations Inc. - Common Shares	5,308,349.00	21,233,396.00
11/03/2010	1	Advanced Explorations Inc. - Units	2,800,000.00	7,000,000.00
12/31/2010	20	Advent 8 Kingsview Limited Partnership - Units	1,851,200.00	8,001.00
04/29/2011	105	Agcapita Farmland Appreciation Fund II - Trust Units	317,265.00	63,453.00
04/29/2011	105	Agcapita Farmland Appreciation Fund II - Units	2,855,385.00	571,077.00
05/05/2011	120	Alange Energy Corp. - Units	31,050,000.00	31,050.00
02/24/2011	19	Almaden Minerals Ltd. - Flow-Through Shares	400,000.00	100,000.00
04/29/2011 to 05/04/2011	39	Amarillo Gold Corporation - Units	10,051,401.00	6,700,934.00
04/14/2011	5	Ameristar Casinos, Inc. - Notes	17,326,800.00	181,588.90
05/03/2011	165	Apogee Silver Ltd. - Common Shares	25,032,000.00	89,400,000.00
04/18/2011	3	Applewood II Hotel Holdings Inc & Combo Construction Limited - Units	1,962,197.00	1,962,197.00
04/21/2011	17	Archean Star Resources Inc. - Units	359,250.00	2,395,000.00
03/23/2011	15	Augustine Ventures Inc. - Units	540,000.00	1,900,000.00
04/28/2011	22	Australia and New Zealand Banking Group Limited - Notes	250,000,000.00	250.00
05/13/2011	52	Azabache Energy Inc. - Common Shares	17,114,894.50	31,117,990.00
04/26/2011	16	Azcan RPG Corp. - Units	477,000.00	477.00
02/24/2011	87	Banro Corporation - Special Warrants	56,875,000.00	17,500,000.00

Transaction Date	No. of Purchasers	Issuer/Security	Tot Purchase Price ($)	No. of Securities Distributed
03/15/2011	37	Baymount Incorporated - Units	1,360,000.00	18,133,333.00
04/01/2011	1	BCE Inc. - Common Shares	750,000,000.00	21,729,239.00
04/07/2011	5	Bending Lake Iron Group Limited - Common Shares	60,000.00	30,000.00
10/14/2010 to 10/20/2010	4	Bending Lake Iron Group Limited - Flow-Through Shares	375,000.00	N/A
04/06/2011	49	Bravada Gold Corporation - Units	2,025,000.00	N/A
04/29/2011	21	Brazilian Gold Corporation - Common Shares	23,023,000.00	16,445,000.00
03/16/2011	3	Bricol Capital Corp. - Common Shares	50,000.00	1,000,000.00
04/26/2011	59	Canadian Horizons First Mortgage Investment Corporation - Preferred Shares	1,773,190.00	1,773,190.00
03/10/2011	51	Canadian Orebodies Inc. - Receipts	5,250,000.00	15,000,000.00
04/01/2011	5	Capital Direct I Income Trust - Trust Units	201,590.00	20,159.00
04/26/2011	9	CareVest Blended Mortgage Investment Corporation - Preferred Shares	212,984.00	212,984.00
04/26/2011 to 04/28/2011	22	CareVest Capital Blended Mortgage Investment Corp. - Preferred Shares	549,526.00	549,526.00
04/21/2011	29	Carube Resources Inc. - Common Shares	652,000.00	3,260,000.00
03/23/2011	15	Castillian Resources Corp. - Common Shares	10,000,000.00	50,000,000.00
02/15/2011	1	Cayden Resources Inc. - Common Shares	11,549,800.00	2,887,500.00
02/08/2011	12	CBM Asia Development Corp. - Common Shares	544,993.00	3,633,290.00
03/29/2011	1	Celeste Copper Corporation - Common Shares	250,000.00	2,500,000.00
05/12/2011	15	Cell-Loc Location Technologies Inc. - Common Shares	497,799.96	4,148,333.00
04/29/2011	44	Centurion Apartment Real Estate Investment Trust - Units	2,528,492.00	250,808.25
03/31/2011	1	CFI Trust - Notes	10,000,000.00	N/A
04/29/2011	48	China Opportunity inc. - Common Shares	12,600,000.00	21,000,000.00
03/25/2011	1	Coconut Gove Textiles Inc. - Common Shares	250,000.00	625,000.00
04/29/2011	2	Community Choice Financial Inc. - Notes	6,650,000.00	2.00
01/05/2011 to 01/30/2011	14	CommunityLend Inc. - Units	1,059,300.00	N/A
04/29/2011	2	CR China Retail Real Estate Development Feeder Fund I (Cayman) L.P. - Units	704,700.00	750,000.00
04/28/2011	63	CRS Electronics Inc. - Units	5,158,535.00	9,379,156.00
04/20/2011	515	CuOro Resources Corp. - Common Shares	10,083,750.00	83,750.00

Transaction Date	No. of Purchasers	Issuer/Security	Tot Purchase Price ($)	No. of Securities Distributed
11/24/2010	152	Curis Resources Ltd. - Common Shares	41,154,282.00	18,973,252.00
04/18/2011	6	DB Mortgage Investment Corporation #1 - Common Shares	7,000,000.00	7,000.00
03/30/2011	110	Driven Capital Corp. - Units	823,500.00	8,235,000.00
02/24/2011 to 02/28/2011	14	Duncan Park Holdings Corporation - Units	1,099,999.95	10,476,188.00
04/29/2011	28	DW Ergon Maid Marian #1, L.P. - Limited Partnership Interest	819,569.00	0.03
04/18/2011	1	Dynamic Systems Holdings Inc. - Common Shares	250,000.00	500,000.00
04/20/2011	25	Eacom Timber Corporation - Common Shares	34,561,250.00	69,122,500.00
04/27/2011	29	Eco Oil & Gas Ltd. - Units	2,960,000.00	5,920,000.00
04/12/2011	82	Edge Resources Inc. - Common Shares	2,128,709.90	4,289,500.00
04/11/2011	1	Edgeworth Mortgage Investment II Corporation - Preferred Shares	30,000.00	3,000.00
03/10/2011	1	Eloro Resources Ltd. - Common Shares	5,250,000.00	70,000,000.00
04/19/2011	4	Empower Technologies Corporation - Common Shares	216,000.00	1,440,000.00
04/19/2011	42	Empower Technologies Corporation - Common Shares	660,000.00	3,300,000.00
04/28/2011	135	ePals Finance Corp. - Receipts	23,000,000.00	35,937,500.00
05/05/2011	112	Ethos Capital Corp. - Units	14,874,000.00	8,250,000.00
03/17/2011	10	Fire River Gold Corp. - Common Shares	2,212,500.00	4,425,000.00
04/08/2011	150	Fire River Gold Corp. - Common Shares	5,197,163.00	10,390,326.00
12/07/2010	32	Fire River Gold Corp. - Common Shares	1,252,534.95	2,783,411.00
04/26/2011	1	First Leaside Global Limited Partnership - Units	25,000.00	25,907.00
04/13/2011 to 04/15/2011	5	First Leaside Mortgage Fund - Trust Units	226,650.00	226,650.00
04/26/2011	2	First Leaside Mortgage Fund - Trust Units	24,000.00	24,000.00
03/30/2011 to 04/05/2011	3	First Leaside Mortgage Fund - Trust Units	117,256.00	117,256.00
04/08/2011	2	First Leaside Mortgage Fund - Trust Units	17,881.00	17,881.00
04/19/2011	1	First Leaside Venture Limited Partnership - Limited Partnership Interest	50,000.00	50,000.00
04/20/2011	1	First Leaside Venture Limited Partnership - Units	250,000.00	250,000.00
04/06/2011 to 04/11/2011	9	First Leaside Wealth Management Fund - Limited Partnership Interest	179,057.00	179,057.00

Transaction Date	No. of Purchasers	Issuer/Security	Tot Purchase Price ($)	No. of Securities Distributed
04/14/2011 to 04/18/2011	6	First Leaside Wealth Management Fund - Limited Partnership Interest	230,401.00	230,401.00
04/26/2011	3	First Leaside Wealth Management Fund - Limited Partnership Interest	124,000.00	124,000.00
03/30/2011 to 04/05/2011	9	First Leaside Wealth Management Fund - Limited Partnership Interest	147,389.00	147,389.00
04/15/2011	5	First Leaside Wealth Management Inc. - Preferred Shares	35,028.00	35,028.00
04/01/2011	16	Flatiron Trust - Trust Units	224,000.00	7,733.20
05/10/2011	8	Fort Chimo Minerals Inc. - Common Shares	625,000.00	25,000,000.00
04/01/2011	1	Foundation Mortgage "3" Corporation - Bonds	53,300.00	533.00
04/21/2011	52	FT Capital Fund II - Units	711,500.00	1,423.00
04/30/2011	18	Gateway Petroleum - Common Shares	247,200.00	824,000.00
04/15/2011	1	Gestion Salcan Inc. - Units	4,200,000.00	4,200,000.00
05/11/2011	10	Gold Canyon Resources Inc - Common Shares	5,002,000.00	1,640,000.00
05/11/2011	6	Gold Canyon Resources Inc - Flow-Through Shares	5,000,500.00	1,370,000.00
03/09/2011	2	Gold Standard Ventures Corp. - Common Shares	11,949,999.65	12,578,947.00
03/31/2011	1	Golden Peaks Resources Ltd. - Options	0.00	250,000.00
03/01/2011	80	Golden Peaks Resources Ltd. - Receipts	2,000,000.00	4,000,000.00
02/15/2011	2	Golden Share Mining Corporation - Common Shares	0.00	200,000.00
03/21/2011	1	Golden Share Mining Corporation - Common Shares	0.00	100,000.00
04/29/2011	10	GoldTrain Resources Inc. - Units	166,623.65	3,332,473.00
03/25/2011	7	Grenville Gold Corporation - Units	420,000.00	1,050,000.00
03/09/2011	12	Halo Resources Ltd. - Common Shares	352,000.00	640,000.00
12/23/2010	33	Halo Resources Ltd. - Units	4,500,000.00	9,000,000.00
11/19/2010	1	Hy Lake Gold Inc. - Units	600,000.00	2,000,000.00
04/29/2011	61	i-minerals inc. - Units	5,000,000.00	20,000,000.00
04/27/2011	1	Iasis Healthcare LLC and IASIS Capital Corporation - Notes	4,774,500.00	5,000.00
04/25/2011 to 04/29/2011	40	IGW Real Estate Investment Trust - Units	2,228,092.17	2,195,930.96
04/01/2011	1	Imperial Capital Acquisition Fund IV (Institutional) 2 Limited Partnership - Limited Partnership Units	22,170.02	22,170.02

Transaction Date	No. of Purchasers	Issuer/Security	Tot Purchase Price ($)	No. of Securities Distributed
04/01/2011	1	Imperial Capital Acquisition Fund IV (Institutional) 3 Limited Partnership - Limited Partnership Units	22,170.02	22,170.02
04/01/2011	1	Imperial Capital Acquisition Fund IV (Institutional) 4 Limited Partnership - Limited Partnership Units	11,085.00	11,085.00
04/01/2011	1	Imperial Capital Acquisition Fund IV (Institutional) 5 Limited Partnership - Limited Partnership Units	11,085.00	11,085.00
04/29/2011	11	Intermap Technologies Corporation - Units	6,450,000.00	16,125,000.00
03/17/2011	51	International Northair Mines Ltd. - Units	5,137,500.00	17,126,666.00
02/02/2011	2	InterXion Holding N.V. - Common Shares	2,569,580.00	20,375,252.00
03/25/2011	7	Invesco Mortgage Capital Inc. - Common Shares	8,464,464.00	410,100.00
04/07/2011	1	Isabella Developments Inc. - Units	1,496,036.18	1,496,036.18
04/29/2011	39	Isee3d Inc. - Warrants	0.00	2,530,176.00
04/28/2011 to 05/05/2011	21	iskander Energy Corp. - Special Warrants	3,613,109.50	4,817,476.00
01/20/2010 to 04/12/2011	189	Jaymor American Opportunity I Registered Captial Ltd. - Units	6,701,650.00	134,033.00
03/09/2011	1	J.P. Morgan Digital Growth L.P. - Limited Partnership Interest	971,400.00	N/A
03/02/2011	1	J.P. Morgan Digital Growth Offshore Special L.P. - Limited Partnership Interest	2,914,200.00	N/A
03/09/2011	1	J.P. Morgan Digital Growth Offshore Special L.P. - Limited Partnership Interest	971,400.00	N/A
04/15/2011	82	Kane Biotech Inc. - Units	2,391,159.00	19,926,328.00
03/02/2011	1	KGW Resources Inc. - Common Shares	400,000.00	4,000,000.00
03/30/2011 to 04/05/2011	69	Kivalliq Energy Corporation - Common Shares	12,550,160.00	22,633,600.00
03/30/2011	1	Klass Capital Fund I, LP - Limited Partnership Interest	150,000.00	N/A
03/29/2011 to 04/12/2011	3	KmX Corp. - Debentures	193,860.00	0.00
03/23/2011	2	Lake Shore Gold Corp. - Common Shares	0.00	395,000.00
03/21/2011	15	Lake Shore Gold Corp. - Flow-Through Shares	5,155,774.28	944,281.00
04/20/2011	1	Leighton Holdings Limited - Common Shares	526,262.88	23,001.00
03/04/2011 to 03/10/2011	31	Lions Gate Metals Inc. - Units	6,031,200.40	1,052,632.00
04/01/2011 to 04/04/2011	2	LoneStar West Inc. - Debentures	260,000.00	0.00
04/11/2011 to 04/20/2011	13	Magellan Fuel Solutions Inc. - Common Shares	675,000.00	3,600,000.00

Transaction Date	No. of Purchasers	Issuer/Security	Tot Purchase Price ($)	No. of Securities Distributed
03/29/2011	51	Manitou Gold Inc. - Common Shares	10,010,000.00	6,400,000.00
04/01/2011	1	Marret MSIF Trust - Trust Units	6,310,350.00	523,320.04
03/18/2011	55	Maya Gold & Silver Inc. - Units	1,899,690.00	4,221,534.00
03/28/2011	5	Merc International Minerals Inc. - Units	250,000.00	250,000.00
03/18/2011	1	Meridian Realty Partners H I, L.P. - Limited Partnership Interest	44,298,000.00	N/A
03/29/2011	1	Merrill Lynch S.A. - Notes	2,732,274.00	2,000,000.00
04/01/2011	1	Mesirow Absolute Return Fund (Institutional), Ltd. - Common Shares	9,869,725.00	7,801.00
04/13/2011	57	Metalex Ventures Ltd. - Flow-Through Shares	11,199,999.75	N/A
03/04/2011	26	Metanor Resources Inc. - Common Shares	2,374,200.00	7,914,000.00
11/16/2010	3	Metanor Resources Inc. - Flow-Through Shares	350,200.00	680,000.00
02/28/2011	10	Metanor Resources Inc. - Flow-Through Units	4,668,350.00	13,730,442.00
03/04/2011	19	Metanor Resources Inc. - Flow-Through Units	6,763,416.00	19,892,400.00
02/18/2011	8	Metanor Resources Inc. - Units	2,427,500.00	8,091,668.00
03/17/2011	1	Mineral Mountain Resources Ltd. - Common Shares	162,352.80	450,980.00
03/30/2011	1	Mineral Mountain Resources Ltd. - Common Shares	162,500.00	325,000.00
03/30/2011	1	Mineral Mountain Resources Ltd. - Common Shares	8,272.08	22,978.00
04/01/2011	61	MineralFields 2011 Super Flow-Through Limited Partnership - Units	2,695,000.00	2,695,000.00
02/08/2011	1	Mint Technology Corp. - Units	100,000.00	100,000.00
01/10/2011	16	Module Resources Incorporated - Flow-Through Shares	280,100.00	1,300,000.00
04/07/2011	34	Mogul Ventures Corp. - Common Shares	1,258,610.00	0.00
03/29/2011	47	Mooncor Oil & Gas Corp. - Units	2,661,200.00	N/A
04/28/2011	14	Morrison Laurier Mortgage Corporation - Preferred Shares	532,000.00	53,200.00
03/30/2011	36	Morrison Laurier Mortgage Corporation - Preferred Shares	2,039,000.00	203,900.00
04/19/2011	31	Morumbi Oil & Gas Inc. - Units	1,700,000.00	6,800,000.00
02/04/2011	1	Murgor Resources Inc. - Common Shares	1,800,000.00	10,200,000.00
03/29/2011	29	Nerium Biotechnology, Inc. - Common Shares	291,748.43	199,583.00
04/07/2011	23	Network 2011 Mutual Fund Trust - Trust Units	705,000.00	7,050.00

Transaction Date	No. of Purchasers	Issuer/Security	Tot Purchase Price ($)	No. of Securities Distributed
04/29/2011 to 05/06/2011	147	Nevado Resources Corporation - Units	6,478,878.72	12,105,137.00
01/24/2011	7	New Dimension Resources Ltd. - Common Shares	200,080.00	833,666.00
03/22/2011	26	New Dimension Resources Ltd. - Common Shares	1,209,000.00	6,045,000.00
04/15/2011	1	New Solutions Financial (II) Corporation - Debenture	50,000.00	1.00
04/04/2011	1	Niklas Group 1915 Limited Partnership - Units	50,000.00	N/A
03/31/2011	86	Nordegg Resources Inc. - Common Shares	12,428,000.00	3,720,000.00
04/21/2011	20	Nordic Oil and Gas Ltd. - Debentures	545,000.00	545.00
11/26/2010	28	Noront Resources Ltd. - Flow-Through Shares	6,093,750.00	4,875,000.00
03/31/2011	2	North American Nickel Inc. - Common Shares	57,000.00	950,000.00
12/22/2010	5	Northcore Technologies Inc. - Common Shares	625,311.80	N/A
02/14/2011	37	Northcore Technologies Inc. - Common Shares	838,222.00	2,250,000.00
05/13/2011	1	Northern Gold Mining Inc. - Common Shares	0.00	16,000,000.00
04/05/2011	26	Northern Vertex Capital Inc. - Units	2,200,100.00	3,143,000.00
03/08/2011 to 03/21/2011	40	Norvista Resources Corporation - Common Shares	2,056,639.75	3,739,345.00
03/10/2011 to 03/17/2011	18	NuLegacy Gold Corporation - Units	1,611,150.00	5,370,500.00
04/28/2011	1	NWM Mining Corporation - Common Shares	147,619.20	1,476,192.00
03/23/2011	1	Oaktree Power Opportunities Fund III (Cayman), L.P. - Limited Partnership Interest	9,821,000.00	N/A
11/30/2010	122	Oceanic Iron Ore Corp. - Common Shares	35,576,500.00	80,535,000.00
05/04/2011	4	Open EC Technologies, Inc. - Investment Trust Interests	148,000.00	1,850,000.00
05/10/2010 to 06/01/2010	1	Opus Catastrophe Fund Ltd. - Common Shares	41,757,600.21	40,027.79
05/10/2011	150	Otterburn Ventures Inc. - Units	6,779,598.75	15,065,775.00
03/23/2011	6	Outside Intelligence Inc. - Notes	150,000.00	150,000.00
01/31/2011	60	Passport Potash Inc. - Units	7,107,500.00	28,430,000.00
04/29/2011	82	Petrocapita Income Trust - Units	1,702,739.00	1,702,739.00
04/14/2011	110	Pivot Acquisition Corp. - Debentures	43,600,000.00	43,600.00
04/21/2011	1	Polar Star Mining Corporation - Common Shares	58,499.96	62,234.00
04/15/2011	4	PPL Corporation - Common Shares	3,692,080.00	152,000.00
03/18/2011	31	Prospero Silver Corp - Units	1,967,999.25	5,622,855.00

Transaction Date	No. of Purchasers	Issuer/Security	Tot Purchase Price ($)	No. of Securities Distributed
04/01/2011	1	Rainy River Resources Ltd. - Common Shares	318,000.00	30,000.00
01/07/2011	51	Rainy River Resources Ltd. - Common Shares	75,014,500.00	5,930,000.00
05/02/2011	11	Red Ore Gold Inc. - Units	392,500.00	785,000.00
04/20/2011	26	Reunion Gold Corporation - Common Shares	40,220,000.00	23,000,000.00
03/31/2011	1	Rexahn Pharmaceuticals, Inc. - Common Shares	1,999,999.20	666,666.00
04/27/2011 to 04/28/2011	18	Rockland Minerals Corp. - Units	1,197,699.00	7,262,744.00
04/01/2011	14	Roundtable Energy Income II LP - Units	16,800,000.00	16,800.00
01/14/2011	2	Royal Bank of Canada - Notes	1,980,800.00	1,000.00
03/01/2011	22	Sabina Gold & Silver Corp. - Common Shares	1,353,236.50	208,340.00
03/15/2011	38	Sacre-Coeur Minerals, Ltd. - Units	2,575,025.00	4,681,863.00
07/30/2010 to 12/20/2010	17	SGS Sunray Global Solutions Inc. - Common Shares	734,200.00	6,434,800.00
04/25/2011 to 05/03/2011	60	Shoal Point Energy Ltd. - Units	3,228,599.45	7,065,777.00
03/25/2011	36	Sirona Biochem Corp - Common Shares	2,300,000.00	9,200,000.00
04/08/2011	48	Skyline Apartment Real Estate Investment Trust - Units	5,542,039.56	503,821,777.00
04/20/2011	23	Solitaire Minerals Corp. - Flow-Through Units	645,000.00	7,100,000.00
12/22/2010	16	Sona Resources Corp. - Units	3,205,290.00	488,900.00
05/04/2011	10	South American Rare Earth Corp. - Units	845,580.00	4,227,900.00
04/14/2011	48	South American Rare Earth Corp. - Units	3,600,000.00	18,000,000.00
05/01/2011	2	Stacey Muirhead Limited Partnership - Limited Partnership Units	252,000.00	6,676.06
05/01/2011	1	Stacey Muirhead RSP Fund - Trust Units	500.00	50.23
04/28/2011	62	Stans Energy Corp. - Units	27,999,801.60	15,135,136.00
03/29/2011 to 04/04/2011	15	Sustainable Energy Technologies Ltd. - Units	748,099.94	5,343,571.00
03/18/2011 to 03/22/2011	31	Sustainable Energy Technologies Ltd. - Units	1,518,900.04	10,849,286.00
04/19/2011	1	Tartisan Resources Corp. - Common Shares	1,626,534.60	2,710,891.00
12/16/2010	10	The Toronto-Dominion Bank - Notes	3,400,000.00	3,400.00
02/14/2011	1	Trueclaim Resources Inc. - Common Shares	18,000.00	100,000.00
04/25/2011	15	TrueContext Mobile Solutions Corporation - Common Shares	1,900,000.00	11,875,000.00

Transaction Date	No. of Purchasers	Issuer/Security	Tot Purchase Price ($)	No. of Securities Distributed
03/31/2010 to 12/23/2010	2	T.Rowe Price Funds SICAV - Global Equity Fund Class I - Common Shares	13,026,164.00	1,387,414.20
01/31/2011	25	Ursa Major Minerals Incorporated - Flow-Through Shares	1,500,000.00	7,500,000.00
01/31/2011	9	Ursa Major Minerals Incorporated - Units	971,820.00	5,399,000.00
04/29/2011	19	U.S. Grocery-Anchored Retail (1A) Limited Partnership - Limited Partnership Units	6,188,300.00	6,364.00
04/29/2011	14	U.S. Grocery-Anchored Retail (1B) Limited Partnership - Limited Partnership Units	3,994,750.00	4,205.00
04/30/2011	124	Vertex Fund - Trust Units	11,260,020.91	404,854.32
04/30/2011	3	Vertex Strategic Income Fund - Trust Units	1,323,035.49	123,743.00
03/03/2011	38	Viscount Systems, Inc. - Units	547,500.00	3,650,000.00
03/31/2011	4	Vortaloptics, Inc. - Common Shares	98,153.41	134,000.00
03/11/2011	17	Walton DC Region Land 1 IC - Common Shares	244,720.00	24,472.00
04/21/2011	39	Walton Silver Crossing IC - Common Shares	990,180.00	99,018.00
04/29/2011	33	Walton Silver Crossing IC - Common Shares	489,610.00	48,961.00
04/21/2011	7	Walton Silver Crossing LP - Units	1,211,904.28	126,649.00
04/29/2011	4	Walton Silver Crossing LP - Units	580,308.34	60,778.00
03/11/2011	33	Walton Southern U.S. Land 2 Investment Corporation - Common Shares	732,660.00	73,266.00
03/11/2011	5	Walton Southern U.s. land LP 2 - Units	1,289,659.37	133,133.00
04/29/2011	15	Walton Southern U.s. land LP 2 - Units	490,017.53	51,777.00
12/24/2010	4	Williams Creek Explorations Limited - Units	1,030,000.00	2,783,783.00
04/01/2011	1	York Global Value Unit Trust - Trust Units	454,728.00	N/A
04/01/2011	1	Z Capital Special Situations Fund-A, L.P. - Limited Partnership Interest	4,814,500.00	1.00
02/17/2011	11	ZoomMed inc. - Common Shares	700,000.00	3,500,000.00

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Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
Canadian Silver Hunter Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated May 20, 2011
NP 11-202 Receipt dated May 20, 2011
Offering Price and Description:
$2,500,000.00- 10,000,000 Units Price: $0.25
Underwriter(s) or Distributor(s):
All Group Financial Services Inc.
Promoter(s):
Jeffery Hunter
Project #1748492

Issuer Name:
Cline Mining Corporation
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated May 20, 2011
NP 11-202 Receipt dated May 20, 2011
Offering Price and Description:
$75,020,000.00 - 27,280,000 Common Shares Price: $2.75 per Common Share
Underwriter(s) or Distributor(s):
TD Securities Inc.
GMP Securities L.P.
Jennings Capital Inc.
Cormark Securities Inc.
M Partners Inc.
Promoter(s):
-
Project #1748578

Issuer Name:
Datum Ventures Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary CPC Prospectus dated May 17, 2011
NP 11-202 Receipt dated May 19, 2011
Offering Price and Description:
$200,000.00 - 2,000,000 Common Shares PRICE: $0.10 per Common Share
Underwriter(s) or Distributor(s):
Haywood Securities Inc.
Promoter(s):
Dale Wallster
Project #1748006

Issuer Name:
Dundee Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated May 24, 2011
NP 11-202 Receipt dated May 24, 2011
Offering Price and Description:
$155,178,000.00 - 4,660,000 REIT Units, Series A PRICE: $33.30 per Unit
Underwriter(s) or Distributor(s):
TD SECURITIES INC.
SCOTIA CAPITAL INC.
CIBC WORLD MARKETS INC.
RBC DOMINION SECURITIES INC.
BMO NESBITT BURNS INC.
DUNDEE SECURITIES LTD.
CANACCORD GENUITY CORP.
HSBC SECURITIES (CANADA) INC.
BROOKFIELD FINANCIAL CORP.
NATIONAL BANK FINANCIAL INC.
Promoter(s):
-
Project #1749194

Issuer Name:
Horizons Morningstar Hedge Fund Replication Index ETF
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated May 19, 2011
NP 11-202 Receipt dated May 20, 2011
Offering Price and Description:
Class E Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
AlphaPro Management Inc.
Project #1748247

Issuer Name:
Killam Properties Inc.
Principal Regulator - Nova Scotia
Type and Date:
Preliminary Short Form Prospectus dated May 18, 2011
NP 11-202 Receipt dated May 18, 2011
Offering Price and Description:
$40,000,000.00 - 5.45% Convertible Unsecured Subordinated Debentures due June 30, 2018
Price: $1,000 per Debenture
Underwriter(s) or Distributor(s):
DOMINION SECURITIES INC.
BMO NESBITT BURNS INC.
CIBC WORLD MARKETS INC.
SCOTIA CAPITAL INC.
TD SECURITIES INC.
CANACCORD GENUITY CORP.
DUNDEE SECURITIES CORPORATION
MACQUARIE CAPITAL MARKETS CANADA LTD.
BEACON SECURITIES LIMITED
BROOKFIELD FINANCIAL CORP.
GMP SECURITIES L.P.
Promoter(s):
-
Project #1747424

Issuer Name:
Neo Material Technologies Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated May 18, 2011
NP 11-202 Receipt dated May 18, 2011
Offering Price and Description:
US$200,000,000.00 - 5.00% Convertible Unsecured Subordinated Debentures due December 31, 2017
Price: US$1,000 per Debenture
Underwriter(s) or Distributor(s):
RBC DOMINION SECURITIES INC.
SCOTIA CAPITAL INC.
CIBC WORLD MARKETS INC.
GMP SECURITIES L.P.
HSBC SECURITIES (CANADA) INC.
CANACCORD GENUITY CORP.
RAYMOND JAMES LTD.
Promoter(s):
-
Project #1747443

Issuer Name:
Parkland Fuel Corporation
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated May 18, 2011
NP 11-202 Receipt dated May 18, 2011
Offering Price and Description:
75,020,000.00 - 6,200,000 COMMON SHARES Price: $12.10 PER COMMON SHARE
Underwriter(s) or Distributor(s):
RBC DOMINION SECURITIES INC.
SCOTIA CAPITAL INC.
CIBC WORLD MARKETS INC.
TD SECURITIES INC.
HSBC SECURITIES (CANADA) INC.
NATIONAL BANK FINANCIAL INC.
CANACCORD GENUITY CORP.
PI FINANCIAL CORP.
Promoter(s):
-
Project #1747669

Issuer Name:
Sherritt International Corporation
Principal Regulator - Ontario
Type and Date:
Preliminary Base Shelf Prospectus dated May 18, 2011
NP 11-202 Receipt dated May 19, 2011
Offering Price and Description:
$500,000,000.00:
Debt Securities
Common Shares
Subscription Receipts
Warrants
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1747570

Issuer Name:
Student Transportation Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated May 24, 2011
NP 11-202 Receipt dated May 24, 2011
Offering Price and Description:
US$60,000,000.00 - 6.25% Convertible Subordinated Unsecured Debentures Price: US$1,000 per Debenture
Underwriter(s) or Distributor(s):
SCOTIA CAPITAL INC.
NATIONAL BANK FINANCIAL INC.
BMO NESBITT BURNS INC.
CIBC WORLD MARKETS INC.
RAYMOND JAMES LTD.
WELLINGTON WEST CAPITAL MARKETS INC.
Promoter(s):
-
Project #1749246

Issuer Name:
UI Capital Inc.
Principal Regulator - Quebec
Type and Date:
Preliminary CPC Prospectus dated May 20, 2011
NP 11-202 Receipt dated May 20, 2011
Offering Price and Description:
MINIMUM OFFERING: $500,000.00 or 1,000,000 Common Shares; MAXIMUM OFFERING: $600,000.00 or 1,200,000 Common Shares PRICE: $0.50 per Common Share
Underwriter(s) or Distributor(s):
MACQUARIE PRIVATE WEALTH INC.
Promoter(s):
-
Project #1748674

Issuer Name:
Barranco Resources Corp.
Principal Regulator - British Columbia
Type and Date:
Final CPC Prospectus dated May 16, 2011
NP 11-202 Receipt dated May 18, 2011
Offering Price and Description:
$200,000.00 - 2,000,000 Common Shares Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
Northern Securities Inc.
Promoter(s):
Geoff Balderson
Project #1734084

Issuer Name:
Chemtrade Logistics Income Fund
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated May 17, 2011
NP 11-202 Receipt dated May 18, 2011
Offering Price and Description:
$130,016,000.00 - 9,560,000 Subscription Receipts, each representing the right to receive one trust unit
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:
NorSerCo Inc.
Northern Property Real Estate Investment Trust
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated May 19, 2011
NP 11-202 Receipt dated May 19, 2011
Offering Price and Description:
$50,745,000.00 - 1,700,000 Stapled Units Price: $29.85 per Stapled Unit
Underwriter(s) or Distributor(s):
CIBC WORLD MARKETS INC.
BMO NESBITT BURNS INC.
RBC DOMINION SECURITIES INC.
SCOTIA CAPITAL INC.
DUNDEE SECURITIES LTD.
GMP SECURITIES LP
MACQUARIE CAPITAL MARKETS CANADA LTD.
TD SECURITIES INC.
Promoter(s):
-
Project #1744106/1744104

Issuer Name:
Nova Scotia Power Incorporated
Principal Regulator - Nova Scotia
Type and Date:
Amendment #1 dated May 13, 2011 to the Base Shelf Prospectus dated July 15, 2010
NP 11-202 Receipt dated May 18, 2011
Offering Price and Description:
$800,000,000.00:
Debt Securities
(Unsecured)
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1574454

Issuer Name:
PACIFIC & WESTERN CREDIT CORP.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated May 18, 2011
NP 11-202 Receipt dated May 19, 2011
Offering Price and Description:
Minimum: $15,000,000.00 - 6,666,667 Units; Maximum: $30,000,001.00 - 13,333,334 Units $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:
Aeroquest International Limited
Principal Jurisdiction - Ontario
Type and Date:
Preliminary Short Form Prospectus dated April 15, 2011
Withdrawn on May 18, 2011
Offering Price and Description:
Minimum Offering: $4,000,000.00 (4,000,000 Units); Maximum Offering: $6,000,000.00 (6,000,000 Units) Price: $1.00 per Unit
Underwriter(s) or Distributor(s):
Fraser Mackenzie Limited
Jennings Capital Inc.
Mackie Research Capital Corporation
Promoter(s):
-
Project #1729882

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Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
New Registration	Integrated-Equities Inc.	Exempt Market Dealer	May 20, 2011
Name Change	From: C.A. Bancorp Ltd. To: NorRock Realty Management Services Ltd.	Exempt Market Dealer, Portfolio Manager and Investment Fund Manager	May 20, 2011
New Registration	Dynamic Tree Asset Management AG	Portfolio Manager Exempt Market Dealer	May 24, 2011
Voluntary Surrender	First Capital Markets Inc.	Exempt Market Dealer	May 24, 2011
New Registration	HNW Management Inc.	Portfolio Manager	May 24, 2011

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Chapter 13

SROs, Marketplaces and Clearing Agencies

13.1 SROS

13.1.1 IIROC Rules Notice – Request for Comments – Dealer Member Rules – Plain language rule re-write project – Debt Markets and Inter-Dealer Bond Brokers

PLAIN LANGUAGE RULE RE-WRITE PROJECT –
DEBT MARKETS AND INTER-DEALER BOND BROKERS

11-0164
May 27, 2011

Summary of the nature and purpose of the proposed Rules

On January 27, 2011, the Board of Directors ("the Board") of the Investment Industry Regulatory Organization of Canada ("IIROC") approved the publication for comment of proposed Dealer Member Rules 7200 through 7300 relating to Debt Markets and Inter-Dealer Bond Brokers respectively (together, the "Proposed Rules").

IIROC has undertaken a project to rewrite its rules in plain language. The primary objective of this project is to develop a set of rules that is more clear, concise and organized, without changing the rules themselves. In addition we have identified a number of rules that also require substantive revisions.

The new rules are being submitted to the Board and issued for public comments in discrete tranches. This tranche submitted to the Board and issued for public comments does not contain any substantive revisions.

Issues and specific proposed amendments

The Proposed Rules do not create any new obligations for Dealer Members and have been drafted to consolidate and clarify the existing Rules with respect to Debt Markets and Inter-Dealer Bond Brokers. Rule 7100 is reserved for future use.

Rule-making process

IIROC consulted with the Bank of Canada in the course of drafting the Proposed Rules. The Proposed Rules were approved for publication by the IIROC Board of Directors on January 27, 2011.

The full text of the Proposed Rules is set out in Attachment A. The text of the existing Dealer Member Rules to be repealed is set out in Attachment B. A table of concordance is included as Attachment C.

The Proposed Rules will be published again for further comment when the entire rulebook rewrite is completed.

Proposed Rule classification

Although the Proposed Rules do not contain any substantive amendments, they have been classified as Public Comment Rule proposals in order to maintain the transparency and consultative process of the plain language rewrite initiative.

Effects of proposed Rule on market structure, Dealer Members, non-members, competition and costs of compliance

With the Proposed Rules, Dealer Members will benefit from enhanced clarity and certainty in the rules relating to debt markets.

The Proposed Rules will not have any significant effects on Dealer Members or non-Dealer Members, market structure or competition. Furthermore, it is not expected that there will be any increased costs of compliance as a result of the Proposed Rules.

The Proposed Rules do not impose any burden or constraint on competition or innovation that is not necessary or appropriate in the furtherance of IIROC's regulatory objectives. The Proposed Rules do not impose costs or restrictions on the activities of market participants that are disproportionate to the goals of the regulatory objectives sought to be realized.

Technological implications and implementation plan

There should not be any significant technological implications for Dealer Members as a result of the proposed amendments. It is currently anticipated that the proposed plain language Rules 7200 and 7300 will be implemented at the same time as the balance of the plain language rules are implemented.

Request for public comment

Comments are sought on the proposed amendments. Comments should be made in writing. Two copies of each comment letter should be delivered within 90 days of the publication of this notice. One copy should be addressed to the attention of:

Brendan Hart
Policy Counsel
Investment Industry Regulatory Organization of Canada
Suite 1600, 121 King Street West
Toronto, Ontario
M5H 3T9
bhart@iiroc.ca

A second copy should be addressed to the attention of:

Manager of Market Regulation
Ontario Securities Commission
20 Queen Street West
19th Floor, Box 55
Toronto, Ontario
M5H 3S8
marketregulation@osc.gov.on.ca

Those submitting comment letters should be aware that a copy of their comment letter will be made publicly available on the IIROC website (www.iiroc.ca under the heading "IIROC Rulebook – Dealer Member Rules – Policy Proposals and Comment Letters Received").

Questions may be referred to:

Brendan Hart
Policy Counsel, Member Regulation Policy
Investment Industry Regulatory Organization of Canada
416-865-3047
bhart@iiroc.ca

Attachments

Attachment A – Proposed Rules 7200 and 7300

Attachment B – Text of the relevant provisions of Dealer Member Rules 29, 36, 800, 2100, 2800, and 2800B

Attachment C – Table of Concordance

Attachment D – Guidance Notes Relating to Proposed Rules 7200 and 7300

ATTACHMENT A

INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA

RULES 7200 - DEBT MARKETS AND 7300 – INTER-DEALER BOND BROKERS

PROPOSED AMENDMENTS

1. As part of a project to rewrite IIROC Rules in plain language, the following current rules are repealed and replaced.

Repealed current rule	Proposed plain language rule
	7100. – 7199. – Reserved.
	RULE 7200 **DEBT MARKETS**
Rule 2800, Purpose Rule 2800B, Purpose	**7201. Introduction** (1) This Rule establishes trading and settlement practices that are designed to promote fair and efficient debt markets. This rule makes no distinction between institutional and retail markets.
	PART A – GENERAL
Rule 2800, Application and Item 4.2; Rule 2800B, Item 4.2(d)	**7202. General Requirements** (1) A Dealer Member must ensure that its trading in the debt markets does not contravene any applicable law, regulation, direction, or requirement, whether or not such requirement is binding or has the force of law, including without limitation the directions or requirements of the Bank of Canada or the Department of Finance (Canada). (2) A Dealer Member must not condone or knowingly facilitate conduct by its affiliates, customers, or counterparties that contravenes this rule.
Rule 2800, Items 2.1, 2.3, and 3.2; Rule 2800B, Part 2, and Part 3	**7203. Policies and procedures** (1) A Dealer Member must maintain and enforce written policies, compliance procedures and internal controls that are designed to ensure compliance with applicable securities law and Corporation requirements. (2) A Dealer Member must include the following items in its policies and procedures for the debt markets: (i) restrictions of, and controls over, trading in non-client accounts; (ii) a prohibition on the use of inside information; (iii) a prohibition of front-running; (iv) standards for fair allocation of new issues among clients; (v) written policies or guidelines issued to its registered representatives on its mark-ups or commissions on debt or fixed income securities sold to the Dealer Member's retail clients; (vi) reasonable monitoring procedures to detect mark-ups or commissions that exceed the maximums specified by the Dealer Member, and to ensure any deviation is justified; and (vii) standards for prompt and accurate disclosure to clients and counterparties if any conflict of interest arises.

Repealed current rule	Proposed plain language rule
	(3) Senior management of the appropriate business group of the Dealer Member must approve the policies, procedures and internal controls.
	PART B – DEBT MARKET TRADING
Rule 2800, Items 2.2 and 4.4 and Rule 2800B, Part 3	**7204. Trading personnel** (1) A Dealer Member must ensure that all personnel trading in the debt markets are: (i) properly qualified and trained; and (ii) aware of applicable laws and Corporation requirements relating to debt market trading. (2) A Dealer Member must ensure that its personnel use clear and unambiguous language in their trading activities. (3) A Dealer Member's personnel must be familiar with the appropriate trading terminology and conventions. (4) Senior management of the appropriate business group of the Dealer Member must supervise its trading activities.
Rule 2800, Item 2.4	**7205. Confidentiality** (1) Except with the express permission of the party concerned or as required by applicable law, a Dealer Member: (i) must ensure that its dealings with clients and counterparties are confidential; (ii) must not disclose or discuss, or request that others disclose or discuss, any client's or counterparty's participation in the debt market or the terms of any trading or anticipated trading; and (iii) must ensure on a pre-trade basis that its own trading activities and planning strategies are kept confidential for market integrity purposes. (2) A Dealer Member's policies and procedures must: (i) restrict access to information to the personnel that require it for their jobs; (ii) confine trading by designated personnel to restricted-access office areas; and (iii) use secure forms of communications and technology. (3) A Dealer Member must comply with requests for information from the Bank of Canada.
Rule 2800, Item 2.5	**7206. Resources and systems** (1) A Dealer Member must have sufficient capital, liquidity support, and personnel to support its trading activities. (2) A Dealer Member must have comprehensive operating systems, including all aspects of risk management, transaction valuation, technology, and financial reporting to ensure full support for trading.

Repealed current rule	Proposed plain language rule
Rule 2800, Item 3.2	**7207. Conflicts of interest** (1) A Dealer Member must ensure that its dealings in debt markets are fair and transparent. (2) A Dealer Member must fulfill its duties to clients before its own interests or those of its personnel. (3) A Dealer Member, when executing a debt market transaction for a customer or an issuer in the event of a distribution, must make reasonable efforts to obtain a price that is fair and reasonable in relation to prevailing market conditions.
Rule 2800, Item 4.1 Rule 2800B, Item 4.1	**7208. Duty to deal fairly** (1) A Dealer Member must observe high standards of ethics and conduct in transacting business to maintain investor confidence in the debt markets. (2) A Dealer Member must prohibit any business conduct or practice that is unbecoming or detrimental to the public interest. (3) A Dealer Member must act fairly, honestly, and in good faith when marketing, entering into, carrying out, and administering trades in the debt market.
Rule 2800, Item 4.3(a) and Rule 2800B, Item 4.2(a)	**7209. Manipulative and deceptive practices in the debt markets** (1) In its trading activities in the debt markets, a Dealer Member must not, directly or indirectly, engage or participate in any act, method or practice it knows or ought reasonably to know is manipulative or deceptive. (2) Without limiting the conduct prohibited by this Rule, the following are manipulative or deceptive practices: (i) carrying out trades intended to artificially increase trading volumes; (ii) carrying out trades intended to artificially change trading prices; (iii) participating in or tacitly consenting to spreading rumours or information about issuers that are known, or ought reasonably to be known, to be false or misleading; (iv) disseminating any information that falsely states or implies governmental approval of any institution or trading; or (v) conspiring or colluding with another market participant to manipulate information or deal unfairly.
Rule 2800, Item 4.3(b) and Rule 2800B, Item 4.2(b)	**7210. Taking unfair advantage** (1) A Dealer Member and its executives, partners, directors, employees, and agents must not engage in trading practices that take unfair advantage of clients or counterparties by: (i) acting on knowledge of a new issue or client order to unfairly profit from the expected market movement or distorted market levels; (ii) carrying out proprietary trades ahead of client orders on the same side of the market without first disclosing to the client the intention to do so and obtaining the client's approval; (iii) profiting unfairly by using proprietary information that if released could reasonably be expected to affect market prices;

Repealed current rule	Proposed plain language rule
	(iv) using material non-public information; (v) abusing market procedures or conventions to obtain an unfair advantage over, or unfairly prejudice, its counterparties or clients; or (vi) completing a trade when the price is clearly outside of the prevailing market and proposed or agreed to as a result of an evident error.
Rule 2800, Item 4.3(c) and Rule 2800B, Item 4.2(c)	**7211. Derivatives Trading** (1) The prohibitions in sections 7209 and 7210 apply to trading in derivatives of debt market instruments.
Rule 2800, Item 4.3(e) and (f)	**7212. Prohibited practices** (1) A Dealer Member's executives, partners, directors, employees, and agents must not accept any material consideration, including remuneration, gratuity or benefit, from any person other than the Dealer Member for any activities conducted on behalf of a client. (2) A Dealer Member and its executives, partners, directors, employees, and agents must not offer any consideration, including remuneration, gratuity, or benefit, to any executive, director, employee, shareholder or agent of a client or any associate of any of them. (3) Consideration that is non-monetary, of minimal value and infrequent such that it will not cause a reasonable person to question whether it created a conflict of interest is not consideration under this section.
Rule 2800, Items 5.2 and 5.3	**7213. Surveillance and reporting** (1) A Dealer Member must monitor the trading and conduct of its employees and agents in the debt markets. (2) A Dealer Member must promptly report to the Corporation or other authority having jurisdiction, including the Bank of Canada: (i) any breaches of Corporation requirements, or (ii) suspicious or irregular market conduct. (3) A Dealer Member and its related companies must file a net position report if the Corporation or the Bank of Canada (for Government of Canada securities) requests it. On request, a Dealer Member must also provide information to identify large holdings that would permit a participant to have undue influence over the debt markets.
	PART C – TRADING AND DELIVERY OF DEBT SECURITIES
Rules 800.5, 800.6, 800.7, and 800.16	**7214. Dealing with fixed interest obligation securities** (1) A Dealer Member must deal with fixed interest obligation securities on an accrued interest basis until maturity or the debtor defaults or announces a default, whichever is first. (2) If a Dealer Member sells a fixed interest obligation security before a default or default announcement but has not delivered that security before the date of the announcement or default, the Dealer Member must deal with that security on an accrued interest basis and in accordance with the terms of the original transaction.

Repealed current rule	Proposed plain language rule
	(3) After a debtor defaults or announces a default on a fixed interest obligation security, a Dealer Member must deal in that security on a flat basis until all interest arrears have been paid and one interest payment has been made when due. (4) On occasion, a Dealer Member may deal with fixed interest obligation securities differently than set out in subsection 7214(1) if common practice and expediency require it in that case. The Dealer Member must notify all Dealer Members that it intends to deal in this security differently than required under subsection 7214(1). (5) Subsection 7214(1) above does not apply to sale and repurchase agreements of fixed interest obligation securities.
Rule 800.8	**7215. Bonds with interest payable out of income** (1) A Dealer Member must deal in bonds that have interest payable out of income (if, as and when earned) on a flat basis. (2) A Dealer Member must continue to trade income bonds that have been called for redemption on a flat basis even after the call date is published.
Rule 800.9	**7216. Bonds whose issuers have been reorganized** (1) A Dealer Member dealing in a bond of an issuer that was reorganized (or had a capital adjustment) so that holders were given a stock or scrip as a bonus or other payment, must trade those securities ex-stock or ex-scrip unless otherwise stated when the trade is made. (2) A Dealer Member must trade these bonds flat until all arrears have been paid and one interest payment has been made when due, unless the Corporation specifies differently.
Rules 800.19, 800.20, 800.22, and 800.25	**7217. Trading debt securities, as principal or agent** (1) In this section, an “odd lot” is an amount less than a trading unit for a security. (2) A Dealer Member calling a market must trade a security in trading units if called on to trade, unless the Dealer Member qualified the market at the beginning. (3) A Dealer Member asking the size of a market must be prepared to buy or sell a trading unit at the quoted price if immediately asked to do so by the Dealer Member calling the market. (4) A Dealer Member calling a market may trade an odd lot at the quoted market price or may adjust the price for the odd lot. (5) If a trade involves the sale or purchase of more than one maturity, a Dealer Member must treat each maturity as a separate transaction. A Dealer Member may not make a transaction contingent on the execution of another transaction.
Rules 800.24 and 800.26	**7218. Delivery – General** (1) All trades are for regular delivery unless the transaction stipulates otherwise. (2) Securities may be dealt in both as actual bonds, debentures or other forms of securities and as certificates of deposit. (3) If the securities are interchangeable for delivery, then delivery can be either in actual security or certificate of deposit.

Repealed current rule	Proposed plain language rule
	(4) If securities are not interchangeable for delivery, then delivery must be in the form of actual securities unless it is stipulated at the time of the transaction that they are certificates of deposit in which case they would be delivered as such.
	PART D - ADMINISTRATION
Rules 800.10 and 800.30D	**7219. Dealer Member registering securities in client's name** (1) A Dealer Member may only register a security in a client's, or a client's nominee's, name after the Dealer Member has received payment for that security. (2) A Dealer Member must not absorb bank or other charges that a client or its nominee incurs in registering a security. After payment is received, a Dealer Member may absorb the fees to transfer the security on a client's instructions. (3) Subsection 7219(1) above does not apply to a new issue on the takedown date. (4) Despite subsection 7219(1) above, a Dealer Member may register an eligible security in the name of, or in the name of a nominee of, a self-administered registered retirement savings plan registered under the Income Tax Act (Canada) before payment is received if, before the securities are registered, a Dealer Member obtains an unconditional guarantee from the trust company administering the plan.
	7220. – 7299. – Reserved.
	RULE 7300 **INTER-DEALER BOND BROKERS**
New	**7301. Introduction** (1) This Rule describes Corporation requirements for IDBBs used by Dealer Members. Its purposes are to ensure the financial viability of IDBBs and make the debt market more efficient.
Rule 2100.1 (a), (c), (d), (e)	**7302. Definitions** In This Rule: (1) **"Domestic Debt Securities"** means Canadian dollar denominated debt securities issued or primarily traded in Canadian markets, are issued by the Government of Canada, a province, a municipality, a crown corporation, or a private sector corporation, and includes securities being traded on a "when issued" basis. Eurodollar debt securities are not domestic debt securities (2) **"IDBB"** means an inter-dealer bond broker, being an organization (whether or not incorporated) that provides information, trading and communications services for domestic debt securities trading among IDBB customers. (3) **"IDBB customer"** means an organization permitted by an IDBB to use its services to trade domestic debt securities. (4) **"IDBB trader"** means an individual supervised or controlled by an IDBB customer, either through an employee or other similar relationship, who is authorized by the IDBB customer to use the IDBB to buy or sell domestic debt securities for that IDBB customer.

Repealed current rule	Proposed plain language rule
	PART A - GENERAL REQUIREMENTS
Rule 36.1	**7303. Dealer Members must trade through a Corporation-approved IDBB** (1) A Dealer Member that trades domestic debt securities through the facilities of an IDBB must do so through a Corporation-approved IDBB. Trades must comply with the IDBB's operating procedures and Corporation requirements.
	PART B - REQUIREMENTS FOR IDBB APPROVAL AND CONTINUED APPROVAL
Rules 36.2 and 36.3	**7304. Eligibility of IDBBs for Corporation approval** (1) An applicant for Corporation approval as an IDBB must: (i) be registered or licensed in each province or territory where it requires registration or licensing, (ii) comply with securities legislation and requirements of any securities commission having jurisdiction over the applicant, and (iii) comply with the standards and conditions of approval described in section 7305. (2) An applicant for approval as an IDBB must submit its application to the Corporation together with any information required by the Corporation requirements.
Rules 2100.3 through 2100.6 and Rules 2100.9 through 2100.15	**7305. Corporation requirements for IDBB approval and continued approval** (1) An IDBB must meet the requirements in this section to be approved by the Corporation and to retain its approval. (2) An IDBB must have and maintain at least $500,000 of shareholders' equity, or have a parent corporation with at least $500,000 of shareholders' equity irrevocably guarantee that amount. (3) An IDBB must: (i) provide evidence to the Corporation that all of its IDBB customers are and will continue to be: (a) Dealer Members, (b) Canadian chartered banks or other organizations described in clause 7305(4)(iii) below, or (c) any other Corporation-approved financial institution. (ii) require each new IDBB customer, other than a Dealer Member or Canadian chartered bank, to provide it with recent financial statements or other evidence of financial condition and a favourable reference letter from a participant in a Corporation-approved IDBB; (iii) provide evidence to the Corporation that all of the IDBB traders for its IDBB customers will be located in Canada. (4) Clause 7305(3)(iii) does not apply to an IDBB trader trading for an IDBB customer that: (i) is a chartered bank that Schedule I of the Bank Act lists or its affiliate (other than an affiliate, or its subsidiary, whose business is mainly securities),

Repealed current rule	Proposed plain language rule
	(ii) is a chartered bank that Schedule II of the Bank Act lists or its subsidiary of such a bank whose primary business is not securities (this exception does not apply to IDBB traders of other affiliates of chartered banks), or (iii) (a) is a Dealer Member or branch Dealer Member, (b) is a Dealer Member's affiliate that has entered into an agreement as subsection 7305(7) describes and that either is regulated by the Financial Industry Regulatory Authority (FINRA) or is a member of a Corporation-designated SRO in the United States or elsewhere, or (c) has entered into an agreement as subsection 7305(7) describes and: (I) is not a Dealer Member's affiliate, (II) is regulated by FINRA or is a member of a Corporation-designated SRO in the United Stated or elsewhere, and (III) gives the Corporation a satisfactory legal opinion stating that the IDBB customer does not contravene the registration requirements of applicable securities legislation. (5) The IDBB must only deal in domestic debt securities as agent on behalf of its IDBB customers and must not act as principal, either directly or indirectly. (6) The IDBB must be a member of a Corporation-recognized organization that provides market transparency for domestic debt securities trading through Corporation-approved IDBBs. These Corporation-recognized organizations provide an electronic-record-based digital feed of real-time market price, volume and other information to interested persons. [LINK: GN 7300-1] (7) IDBB customers outside Canada must sign an agreement under clauses 7305(4)(iii)(b) and (c). This agreement must include the following provisions: (i) The parties to the agreement must include the Corporation, the IDBB customer outside Canada and, if applicable, the IDBB customer's affiliated Dealer Member. (ii) An IDBB customer outside Canada must state that it is carrying out its trading: (a) in a jurisdiction in which it either is regulated by FINRA or is a member of a Corporation-designated SRO in the United States or elsewhere; or (b) from a jurisdiction in which the Corporation is satisfied that one of the SROs specified in clause 7305(7)(ii)(a) has jurisdiction over its trading activities. (iii) An IDBB customer outside of Canada must agree to give a Dealer Member its domestic debt securities trading activity information so that the Dealer Member can regularly report its aggregated trading to the Corporation under the Corporation requirements;

Repealed current rule	Proposed plain language rule
	(iv) If the Corporation requests this information for a specific inquiry about domestic debt securities trading, the IDBB customer outside Canada must agree to give it, subject to appropriate confidentiality provisions, additional information, and (v) The agreement must adapt the above requirements to the circumstances of the IDBB customer. (8) (i) An IDBB must publish a commission schedule showing commissions charged for a trade. (ii) An IDBB must not charge a commission greater than those listed in its commission schedule. (iii) A change to an IDBB's commission schedule may be effective from the date the IDBB gives written notice to all its IDBB customers. (9) (i) An IDBB must have a current operating procedures manual and appropriate enforcement or compliance procedures to ensure its provisions are observed. (ii) The IDBB's operating procedures manual must: (a) have a code of ethics that includes the following: (I) the IDBB will keep confidential all information received from or about its IDBB customers or their activities, unless that information must be disclosed for regulatory or compliance reasons; (II) all IDBB customers will receive fair treatment; and (III) the IDBB will not give to an IDBB customer's employee any gift or other incentive to do business unless it is non-monetary, of minimal value and infrequent such that it will not cause a reasonable person to question whether it created a conflict of interest; and (b) describe the minimum capital requirements for its IDBB customers and the procedure to establish the requirements. (iii) An approved IDBB must provide a copy of its operating procedures manual to each IDBB customer. (iv) The IDBB must give its IDBB customers two weeks prior written notice of any amendment to its operating procedures manual, unless the Corporation approves a shorter notice period. (10) An IDBB must give each of its IDBB customers a daily report that describes the net amount of outstanding deliveries that the IDBB customer had with every other IDBB customer at the previous day's close of business in each of the following categories: (i) domestic debt securities, with 10 years or less to maturity, issued or guaranteed by the Government of Canada or by a Canadian province or municipality,

Repealed current rule	Proposed plain language rule
	(ii) domestic debt securities with more than 10 years to maturity, issued or guaranteed by the Government of Canada or a Canadian province or municipality, (iii) domestic debt securities issued by a corporation, (iv) other debt securities, including domestic debt securities not in another category, and (v) the total amount outstanding in each category. (11) An IDBB must file with the Corporation: (i) within 140 days of its financial year end, summary balance sheet information and an auditor's report, prepared in accordance with generally accepted accounting principles; and (ii) within 60 days of the interim-period date, interim semi-annual balance sheet information prepared in accordance with generally accepted accounting principles. (12) An IDBB must have its auditor confirm to the Corporation, at least annually, that the IDBB has met the Corporation requirements for continued approval under this Rule. At a minimum, the confirmation must state the following: "In the course of our audit, nothing came to our attention that caused us to believe that the company held a position in securities for its own account or dealt with any person that is not eligible to be an IDBB customer of the company under Rule 7300." (13) The parties to an IDBB customer agreement must agree that any disagreement between IDBB customers, or between an IDBB customer and the IDBB, about who is responsible for a financial loss of less than $100,000 must go to arbitration under the Arbitrations Act (Ontario). The parties must agree that the following provisions govern any arbitration: (i) Three arbitrators must resolve the disagreement. The arbitrators must be selected as follows: (a) one arbitrator must be the Chair of the Corporation Fixed Income Committee or, if the Chair is involved in the disagreement, the Chair's designate; (b) the parties to the disagreement must unanimously agree on the selection of one arbitrator from among all Corporation-approved IDBBs and their IDBB customers; and (c) the parties must unanimously agree on the selection of one arbitrator who is unconnected to either an IDBB customer or an IDBB. If the parties cannot unanimously agree, then a party may apply to have a judge select one or both arbitrators. (ii) Subject to co-operation from the parties, the arbitrators must make their decision within two weeks of being notified in writing of their appointment. However, the parties may agree on a later notification date. (iii) The parties may not appeal the arbitrators' award under the Arbitrations Act.

Repealed current rule	Proposed plain language rule
	PART C - CHANGES TO CORPORATION REQUIREMENTS FOR IDBBS
Rule 2100.8	**7306. Committee review** (1) The Corporation must consult a committee comprised of representatives of persons that this Rule applies to, including Dealer Members, IDBB customers outside of Canada, and approved IDBBs before the Corporation amends this Rule 7300 or changes its interpretation of this Rule.
	7307. – 7999. – Reserved.

ATTACHMENT B

INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA

TEXT OF THE CURRENT RELEVANT PROVISIONS OF DEALER MEMBER RULES 29, 36, 800, 2100, 2800, AND 2800B

RULE 29
BUSINESS CONDUCT

29.9. A Dealer Member which purchases debt securities taken in trade shall purchase the securities at a fair market price at the time of purchase.

A Dealer Member, in the course of a distribution of a fixed price offering of debt securities, shall ensure that any purchase of other debt securities taken in trade in relation to that offering is done at fair market price.

29.10. For the purpose of Rule 29.9, unless the subject matter or context otherwise requires, the expression:

"Taken in Trade" means the purchase by a Dealer Member as principal, or as agent, of a debt security from a customer pursuant to an agreement or understanding that the customer purchase other debt securities from or through the Dealer Member;

"Fair market Price" means a price not higher than the price at which the securities would be purchased from the customer or from a similarly situated customer in the ordinary course of business by a dealer in such securities in transactions of similar size and having similar characteristics but not involving a security taken in trade.

RULE 36
INTER-DEALER BOND BROKERAGE SYSTEMS

36.1. No Dealer Member shall trade domestic debt securities through the facilities of an inter-dealer bond broker unless the broker has been approved as such by the Board of Directors, the approval has not been rescinded, and the trade is made in compliance with the operating procedures of the broker and the rules of the Corporation. For purposes of this Rule and Rule 2100, "domestic debt securities" means Canadian dollar denominated debt securities other than Eurodollar securities and any other securities that the Board of Directors determines should not be treated as domestic debt securities.

36.2. An application for approval as an inter-dealer bond broker shall be in such form and executed in such manner as the Board of Directors may prescribe and shall contain or be accompanied by such information as the Rules and the Board of Directors may require.

36.3. Any inter-dealer bond broker shall be eligible for approval, and continued approval, if:

(a) It is registered or licensed in each jurisdiction in Canada where the nature of its business requires such registration or licensing, and is in compliance with such legislation and the requirements of any securities commission having jurisdiction over the applicant; and

(b) It complies with such other standards and conditions of approval as set forth from time to time in the Rules.

36.4. The provisions of Rule 33.1 shall apply mutatis mutandis to any decision of the Board of Directors and for the purposes of any decision made under this Rule 36, the securities commission referred to in Rule 33.1 shall be deemed conclusively to have jurisdiction to dispose of any review or appeal sought in connection therewith. Any party affected by a decision of the Board of Directors may require the Board of Directors to give reasons in writing for the decision.

RULE 800
TRADING AND DELIVERY

800.5. All securities having interest payable as a fixed obligation shall be dealt in on an "accrued interest" basis until maturity or a default in such payment either occurs or is announced by the debtor, whichever is the earlier event. This Rule 800.5 may be abrogated from time to time in specific cases where common practice and expediency prompt such action; due notice of such special instances to be given to all Dealer Members.

800.6. Sales made of securities prior to actual default or official announcement as specified in Rule 800.5, but undelivered at the time of default or such announcement, shall be dealt in on an "accrued interest" basis in accordance with the terms of the original transaction.

800.7. Subsequent to default or official announcement as specified in Rule 800.5, the securities shall be dealt in on a flat basis with all matured and unpaid coupons attached, until such time as all arrears of interest have been paid and one current coupon has been paid when due.

800.8. Transactions in bonds having coupons payable out of income, if, as and when earned, shall all take place upon a flat basis. Any matured and unpaid income coupons must be attached. Income bonds which have been called for redemption, should continue to be traded on a flat basis even after the call date has been published.

800.9. When transactions occur in bonds the issuers which have been subject to reorganization or capital adjustment with the result that holders have received as a bonus or otherwise, certain stock or scrip then such transactions shall be ex stock or scrip, unless otherwise stated at the time the trade is made. Such bonds shall be traded flat until such time as all arrears have been paid and one current coupon has been paid when due, except where the Board of Directors shall determine otherwise.

800.10. No security, with the exception of a new issue at take down date, shall be registered in the name of the customer or his or her nominee prior to the receipt of payment. The absorption by a Dealer Member of bank or other charges incurred by a customer or his or her nominee for the registration of a security will be considered an infraction of this Rule. A Dealer Member may absorb transfer fees incurred in the transfer of a security after payment according to a customer's instructions.

800.16. All transactions, except sale and repurchase agreements, involving bonds and debentures on which interest is a fixed obligation shall be treated on an accrued interest basis.

800.19. Unless prefixed by some qualifying phrase, a Dealer Member calling a market shall be obliged to trade Trading Units (as hereinafter defined) if called upon to trade.

800.20. Any Dealer Member asking the size of a stated market must be prepared to buy or sell at least a Trading Unit (as hereinafter defined) at the price quoted if immediately requested to do so by the Dealer Member calling the market.

800.22. Any amount less than one Trading Unit shall be considered as an odd lot and any Dealer Member who has been requested to call a market has the option to trade an odd lot at the called market (if so requested) or to adjust his market to compensate for the smaller amount involved.

800.24. Unless otherwise stated at the time of the transaction, all trades are to be considered for regular delivery.

800.25. When a deal involves the sale of more than one maturity or the purchase or more than one maturity, the deal covering each maturity shall be treated as a separate transaction. No contingent (all or none) dealings are permitted.

800.26. In trading securities which are dealt in both as actual bonds, debentures, or other forms of securities and as certificates of deposit, and in the absence of an existing ruling making them interchangeable for delivery, delivery shall be made in the form of actual securities unless it is stipulated at the time of the transaction that they are (a) certificates of deposit, or (b) unspecified; in the latter case, either actual securities or certificates of deposit or mixed, shall be good delivery.

800.30D.

(a) For the purpose of this Rule 800.30D:

(i) "Dealer Member User" means a Dealer Member which is a party to a nominee facility agreement;

(ii) "Dealer Member Non-user" means a Dealer Member, which is not a party to a nominee facility agreement;

(iii) "Non-member User" means a corporation, firm, person or other entity, which is not a Dealer Member and is a party to a nominee facility agreement;

(iv) "Non-member Non-user" means a corporation, firm, person or other entity, which is not a Dealer Member and is not a party to a nominee facility agreement;

(v) "Nominee Facility Agreement" means an agreement in writing in a form satisfactory to the Corporation whereby The Canadian Depository for Securities Limited/La Caisse Canadienne de Dépôt de Valeurs Limitée, the TSX Venture Exchange or any other person approved by the Corporation provides for the issuing of a nominee certificate evidencing an eligible security of an issuer;

(vi) "Issuer" means an issuer of securities designated by the Corporation as an issuer for the purpose of this Rule 800.30D;

(vii) "Eligible Security" means a security of an issuer designated by the Corporation as an eligible security for the purpose of this Rule 800.30D;

(viii) "Nominee Certificate" means a certificate issued by or on behalf of an issuer in respect of an eligible security in the name of a facility nominee in a form and manner satisfactory to the Corporation;

(ix) "Facility Nominee" means a nominee appointed by The Canadian Depository for Securities Limited/La Caisse Canadienne de Dépôt de Valeurs Limitée or the TSX Venture Exchange or any other nominee, any of which nominees shall have been approved by the Corporation for the purposes and on the terms and conditions prescribed by the Corporation.

(b) Notwithstanding any other Rule relating to the delivery or good delivery of securities, but subject to Rule 800.30C, good delivery in eligible securities of an issuer,

(i) Between Dealer Member users and between Dealer Member users and non-Dealer Member users shall only be by nominee certificates except that, if a delivering non-Dealer Member user is a chartered bank or trust company licensed or registered to do business in Canada or a province thereof, good delivery may also be by certificates registered in the name of the delivering chartered bank or trust company or their respective nominees, clients or a nominee of their clients (provided that a Dealer Member or a non-Dealer Member user other than a chartered bank or trust company shall not be a nominee) and shall otherwise comply with Rule 800;

(ii) Between Dealer Member non-users and between delivering Dealer Member non-users and either non-Dealer Member users or non-Dealer Member non-users shall only be by certificates registered in the name of the receiving Dealer Member non-user, non-Dealer Member user or non-Dealer Member non-user, as the case may be, its client or the client's nominee and shall otherwise comply with Rule 800, provided that, if the receiving non-Dealer Member user or non-Dealer Member non--user is the client of the delivering Dealer Member non-user, certificates shall be in the name of the beneficial owner or such owner's nominee (which nominee shall not be a Dealer Member);

(iii) Between a delivering Dealer Member user and either a Dealer Member non-user or a non-Dealer Member non-user shall only be by certificates registered in the name of the receiving Dealer Member non-user or non-Dealer Member non-user, as the case may be, or their respective clients or their clients' nominees and shall otherwise comply with Rule 800 provided that, if the receiving non-Dealer Member non-user is the client of the delivering Dealer Member user, certificates shall be in the name of the beneficial owner or such owner's nominee (which nominee shall not be a Dealer Member);

(iv) Between a delivering Dealer Member non-user and a Dealer Member user shall be by certificates registered in the name of the delivering Dealer Member non-user, its client or the client's nominee and shall otherwise comply with Rule 800.

(c) Notwithstanding Rule 800.10, an eligible security may be registered by a Dealer Member in the name of, or in the name of a nominee of, a self-administered registered retirement savings plan registered under the Income Tax Act (Canada) prior to the receipt of payment therefore provided that the Dealer Member obtains an unconditional guarantee of payment by the trust company administering the plan prior to such registration.

(d) Where delivery is made by certificates in the name of a receiving Dealer Member non-user, non-Dealer Member user, non-Dealer Member non-user or a client or the client's nominee in accordance with Rules 800.30D(b)(ii) or (iii), the delivering Dealer Member or Dealer Member non-user, as the case may be, shall be entitled to payment for such certificates immediately on its advising that the certificates are available for

delivery, which advice may be subject to receipt of instructions as to registration and the effecting of registrations.

RULE 2100
INTER-DEALER BOND BROKERAGE SYSTEMS

2100.1. Definitions: In this Rule 2100, and for all purposes of Rule 36:

(a) **"Domestic Debt Securities"** means Canadian dollar denominated debt securities issued or primarily traded in the Canadian markets, whether the issuer is the Government of Canada, a province, a municipality, a crown corporation, or a private sector corporation, and includes securities being traded on a "when issued" basis; a class of debt instruments is issued or primarily traded in the Canadian markets if the primary distribution of the class was effected principally to investors in Canada or if the bulk of secondary market trading occurs in Canada and, for greater certainty, Eurodollar debt securities are not issued or primarily traded in the Canadian markets;

(b) **"Eurodollar Debt Securities"** means debt instruments issued in the international market that exists outside Canada and in respect of which an international secondary market exists primarily outside Canada;

(c) **"Inter-dealer Bond Broker"** means an organization (whether or not incorporated) that provides information, trading and communications services in connection with trading in domestic debt securities among customers of the organization;

(d) **"Customers"** means organizations authorized by an inter-dealer bond broker to use its services in connection with trading in domestic debt securities;

(e) **"Trader"** means an individual who is subject to the supervision and control of a customer of an inter-dealer bond broker, by virtue of being an employee or of some other relationship, and who is authorized by the customer to use the services of the inter-dealer bond broker for the purposes of buying or selling domestic debt securities on behalf of that customer.

2100.2. Continued Recognition. Each inter-dealer bond broker that has approved status at the time this Rule and related amendments become effective shall retain that status, subject to continuing compliance with Rule 2100 as it stood prior to the amendments, for a period of six months or such longer period as the Board of Directors may determine, after which the approved status will be retained only if the inter-dealer bond broker is in compliance with this Rule as so amended. If, at the expiry of that period, an inter-dealer bond broker would qualify for acceptance but for the fact that one or more customers of the inter-dealer bond broker does not yet satisfy Rule 2100.4, the Corporation may provide a further extension under this Rule 2100.2 on being satisfied that efforts are in progress to bring the customer or customers into compliance with Rule 2100.4 and that there is a reasonable likelihood the efforts will be successful.

2100.3. Minimum Capital. Any applicant for approval as an inter-dealer bond broker and any approved inter-dealer bond broker shall have and maintain at all times shareholders' equity in the minimum amount of $500,000 or such higher amount as may from time to time be fixed by the Board of Directors, or have an irrevocable guarantee for such amount from a parent corporation with at least that amount of shareholders' equity.

2100.4. Qualified Customers; Trader Location and Business. To qualify for approval as an inter-dealer bond broker, an applicant for approval must demonstrate and undertake that:

(a) All of its customers are and will be Dealer Members of the Corporation or of another Canadian securities industry self-regulatory organization, Canadian chartered banks, other organizations described in paragraphs (a), (b) or (c) of Rule 2100.5 or any other financial institution approved by the Board of Directors; new customers other than Dealer Members or Canadian chartered banks will provide the inter-dealer bond broker with a favourable letter of reference from a participant in an approved inter-dealer bond brokerage system and with recent financial statements or other evidence of financial condition;

(b) All of the traders for customers of the inter-dealer bond broker will be physically situated in Canada except:

(i) As to traders for a customer that is a chartered bank listed in Schedule I to the Bank Act or an affiliate of such a bank, other than an affiliate that carries on business primarily as a securities firm or a subsidiary of such an affiliate;

(ii) As to traders for a customer that is a chartered bank listed in Schedule II to the Bank Act, or that is a subsidiary of such a bank that does not carry on business primarily as a securities firm, but not including traders for other affiliates of such a bank; and

(ii) As to traders for a customer that is a chartered bank listed in Schedule II to the Bank Act, or that is a subsidiary of such a bank that does not carry on business primarily as a securities firm, but not including traders for other affiliates of such a bank; and

(c) The business of the inter-dealer bond broker relating to domestic debt securities shall be restricted to acting as agent on behalf of customers and shall not include dealing in domestic debt securities as principal, directly or indirectly through an entity in which it has an interest or which has an interest in the inter-dealer bond broker; and

(d) It is a participant in or member of an organization which has been recognized by the Board of Directors and which provides for market transparency in the domestic debt securities trading business carried on through approved inter-dealer brokers by making available to any interested person an electronic record-based digital feed of real-time market price, volume and other information. CANPX Corporation as established and organized at the date this Rule becomes effective shall be deemed to have been recognized by the Board of Directors and to be an organization which provides for market transparency for the purposes of this Rule 2100.4(d).

2100.5. Traders Outside Canada. Rule 2100.4(b) does not apply to a trader that is trading on behalf of a customer, if the Corporation is satisfied that the customer is:

(a) A firm that is a Dealer Member or a branch of a Dealer Member;

(b) An affiliate of a firm that is a Dealer Member, but only if the affiliate is a member of one of the organizations referred to in, or designated in accordance with, paragraph 2100.5(c)(ii); for greater certainty, this item (b) applies whether the affiliate is a parent or a subsidiary of the Dealer Member;

(c) A firm that:

(i) Is not affiliated with a Dealer Member;

(ii) Is a dealer regulated by the Financial Industry Regulatory Authority, or some other self-regulatory organization in the United States or elsewhere designated by the Board of Directors; and

(iii) Provides the Corporation with a legal opinion satisfactory to the Director confirming that the firm is not in contravention of registration requirements under applicable securities legislation in Canada,

but this Rule 2100.5 does not apply to a firm referred to in (b) or (c) unless that firm enters into an agreement in accordance with Rule 2100.6.

2100.6. Agreements. The parties to an agreement referred to in Rule 2100.5 shall include the Corporation and the particular firm referred to in paragraph (b) or (c) of Rule 2100.5 (referred to as the "Outside Canada Firm"), and, in the case of firms referred to in paragraph (b) of Rule 2100.5, the parties shall also include the affiliated firm of the Outside Canada Firm that is a Dealer Member. The agreement shall:

(a) State that the Outside Canada Firm will be dealing with or through the inter-dealer bond broker, specifying that such activities will be physically carried on from jurisdictions in which the Outside Canada Firm is a member of one of the self-regulatory organizations referred to in, or designated in accordance with, Rule 2100.5(c)(ii), or from other jurisdictions where the Corporation are satisfied that the trading activities are within the reach of one or more of those self-regulatory organizations;

(b) obligate the Outside Canada Firm to provide the Dealer Member firm with information as to its trading activities in domestic debt securities to enable the Dealer Member to provide the Corporation with regular reporting concerning such trading on an aggregated basis in accordance with Corporation requirements;

(c) commit the Outside Canada Firm also to provide (subject to appropriate confidentiality provisions in accordance with Canadian practice) additional information as required by the Corporation in connection with a specific inquiry concerning trading in domestic debt securities;

The agreement entered into in accordance with this section shall also contain specific provisions necessary and appropriate to adapt the requirements set out above to the particular circumstances of the Outside Canada Firm.

2100.7. Regulatory Variations. Before an inter-dealer bond broker or an Outside Canada Firm becomes subject to any Corporation requirements that are more onerous than, or are materially different from, those initially applied to it in accordance with this Rule 2100, the inter-dealer bond broker or Outside Canada Firm may require that reasonable notice of the new proposed requirement be given to the Ontario Securities Commission and to any other securities regulatory authority with applicable jurisdiction. The new requirement shall not be applied if the contrary is ordered by that authority, or by any of them. This procedure shall not apply to a change of rules arising other than under Rule 2100, for example a change that affects an Outside Canada Firm solely because it is a subsidiary of a Dealer Member.

2100.8. Consultative Committee. A consultative committee with reasonable representation from affected constituencies, including Dealer Members, Outside Canada Firms and approved inter-dealer bond brokers, shall be constituted while this Rule 2100 is in effect. The committee shall be consulted by the Board of Directors or the staff of the Corporation before any amendment is made to Rule 2100 or the manner in which it is administered including, without limitation, changes in or approvals under Rule 2100.5. The committee and any of its members may record in writing comments on any proposed amendment to this Rule or a change in its mode of administration and, where such comments are not reflected in the resulting amendment or administrative practice, copies of such written comments may be supplied by a committee member to the Ontario Securities Commission and any other relevant securities regulatory authority or as part of the material delivered by the Corporation to the Ontario Securities Commission or to any other regulator in connection with the approval or non-disapproval of the amendment.

2100.9. Commissions. An approved inter-dealer bond broker shall not charge a commission on any trade in excess of its published schedule of commissions, as amended from time to time.

2100.10. Operating Procedures Manual. An approved inter-dealer bond broker shall publish a manual of its operating procedures and shall provide a copy of same to each customer and to the Corporation whose approval thereof is a condition to the availability of approved status. Such manual shall include a schedule of commissions charged to customers. Such operating procedures may be amended at any time by the inter-dealer bond broker with prior approval from the Corporation upon two weeks (or such lesser period as is agreed to by the Corporation) prior notice in writing to all customers and such commission schedule may be amended with effect from the giving of notice in writing to all customers and the Corporation.

2100.11. Operating Procedures. The manual of operating procedures shall:

(a) Incorporate a code of ethics which shall, at minimum, provide:

(i) All information received by the inter-dealer bond broker from or concerning customers or their activities shall remain confidential except for regulatory or compliance purposes;

(ii) All customers shall receive fair treatment; and

(iii) No gift or other incentive to do business may be given to an employee of a customer unless it is reasonable in value and is publicly given and acknowledged;

(b) Set out minimum capital criteria for the acceptance of customers and provide a procedure to establish those criteria,

And as part of the approval process the Corporation shall be satisfied as to these provisions and as to the enforcement or compliance procedure to be used by the inter-dealer broker with respect to these provisions.

2100.12. Daily Reports. An approved inter-dealer bond broker shall provide each customer with a daily report which shall set out, at minimum, the net amount of outstanding deliveries which that customer has with each other customer as of the close of business on the previous day in each of the following categories:

(a) Domestic debt instruments issued or guaranteed by the Government of Canada or a province or municipality in Canada with ten years or less to maturity;

(b) Domestic debt instruments issued or guaranteed by the Government of Canada or a province or municipality in Canada with more than ten years to maturity;

(c) Domestic debt instruments issued by a corporation;

(d) Other, which shall include any domestic debt instruments not falling into another category; and

(e) The total outstanding in all categories.

2100.13. Financial Statements. An approved inter-dealer bond broker shall provide annually to the Corporation within 140 days from the end of its last financial year, summary balance sheet information and an auditors report, prepared in accordance with generally accepted accounting principles. It shall also provide to the Corporation within 60 days of the date to which it is made up, interim semi-annual balance sheet information prepared in accordance with generally accepted accounting principles.

2100.14. Audit Confirmation. An approved inter-dealer bond broker's auditor shall confirm to the Corporation on at least an annual basis that the conditions of approval as set forth in the Rules have been complied with. At minimum such confirmation shall state: "in the course of our audit nothing came to our attention which caused us to believe that the company held a position in securities for its own account or dealt with any person that is not eligible to be a customer of the company pursuant to Rule 2100".

2100.15. Arbitration. An approved inter-dealer bond broker shall include in its agreement with each of its customers a provision that in the event any disagreement arises among customers (except that where one or both customers is or are non-residents of Canada, this section does not apply if inconsistent with applicable requirements under the laws of another jurisdiction), or among customers and the inter-dealer bond broker, involving a financial loss not in excess of $100,000, and the responsibility for which the parties cannot agree, then every such disagreement shall be referred to arbitration pursuant to the Arbitrations Act (Ontario) and the following provisions shall govern any arbitration thereunder:

(a) The disagreement shall be determined by arbitration by three (3) arbitrators, one of whom shall be the Chair of the Bond Trading Committee, or his or her designate in the event the Chair is involved, directly or indirectly, in the disagreement. The parties to the disagreement shall choose one of the other two arbitrators from among all approved inter-dealer bond brokers and all customers of all approved inter-dealer bond brokerage systems, but the third arbitrator shall have no connection with either a customer or an inter-dealer bond broker and the choice of such two arbitrators shall be by unanimous consent of the parties to the disagreement; except that if the parties to the disagreement cannot identify one or both of the other arbitrators by unanimous consent, then the selection of that arbitrator or those arbitrators may be made by a judge of the Supreme Court of Ontario on application by any party;

(b) Subject to adequate co-operation from the parties to the arbitration, the arbitrators shall make their award within two (2) weeks after having been appointed so to act by notice in writing or on or before such later date to which the parties to the disagreement may enlarge the time for making the award; and

(c) There shall be no appeal from the award of arbitrators in accordance with the provisions of the Arbitrations Act.

RULE 2800
CODE OF CONDUCT FOR CORPORATION DEALER MEMBER FIRMS TRADING IN WHOLESALE DOMESTIC DEBT MARKETS

PREFACE

PURPOSE

Rule 2800 describes the standards for trading by market participants in wholesale domestic Canadian debt markets. This Corporation policy was developed jointly with the Bank of Canada and Department of Finance to ensure the integrity of Canadian debt securities markets and thereby to encourage liquidity, efficiency and the maintenance of active trading and lending and promote public confidence in such debt markets.

In its application to Corporation Dealer Member Firms, Rule 2800 is supplementary to and explanatory of the Rules of the Corporation. It does not replace or restrict the application of the Rules to the wholesale domestic debt market.

History

In the spring of 1998 the Bank of Canada and Department of Finance introduced several initiatives, in consultation with the Investment Dealers Association (a predecessor organization of the Investment Industry Regulatory Organization of Canada) and other market participants, to maintain a well-functioning market in Government of Canada securities.

These actions were prompted by what was perceived as potential challenges to the liquidity and integrity of debt markets, including such factors as declining benchmark issue size in response to falling government borrowing requirements, the predominance of heavily capitalized market-makers and the emergence of levered market participants.

The federal government has defined its jurisdiction over domestic debt markets as the new issue or primary markets for Government of Canada securities. Since the liquidity and integrity of secondary markets are also at risk from reduced issue size, and capitalized and levered market participants, the Investment Dealers Association worked with the Bank of Canada and Department of Finance to develop a formal code of conduct for dealing practices in wholesale (i.e. institutional) domestic debt markets. This code of business conduct is embodied for Corporation Dealer Members in Rule 2800, and is intended by the participants in its development to be applicable in principle to all participants in wholesale domestic markets. It complements the federal government's objective to safeguard the liquidity and integrity of domestic markets.

The Corporation and the Provincial securities regulatory authorities (collectively the Canadian Securities Administrators (CSA)) also have in place specific and general rules that regulate domestic secondary market trading carried out by Corporation member firms. Rule 2800 provides further amplification and, in some cases, broader application of these rules in relation to domestic debt markets.

In 2002 the CSA and Corporation conducted, through an independent consultant, a survey of domestic debt market participants, including Dealer Members, to determine whether they were encountering any problems in the debt market. The survey was followed by reviews of a number of Corporation Dealer Members by Corporation Staff to further delineate the issues, one of which was the difficulty of developing operational and supervisory procedures from the general provisions of Rule 2800. In 2004 the Corporation struck a committee to revise Rule 2800. That committee has worked with the Bank of Canada and the Department of Finance to develop this version of Rule 2800.

Application

While Rule 2800 applies directly only to Corporation member firms and their related companies (as defined in Rule 1.1), which play an active and integral role in domestic debt markets, this code of conduct should also guide the actions of all other market participants. Examples of such market participants are chartered banks, which play a role in the marketplace analogous to Corporation member firms, insurance companies, money managers, pension funds, mutual funds and hedge funds. The Bank of Canada and the Department of Finance are joining the Corporation in taking steps to make these institutions aware of the Corporation code of conduct and encourage them to adopt and enforce similar rules. Dealer Members should also promote the standards established in this Rule among their affiliates, customers, and counterparties.

Aspects of the Rule require the co-operation of affiliates and customers of Dealer Members, for example in reporting and certain disclosure, and Dealer Members are expected to conduct their business in a way that will encourage compliance with the Rule by affiliates, customers and counterparties to the extent applicable.

Moreover, dealings between Dealer Members, their related companies, affiliates, customers and other counterparties must be on terms which are consistent with this Rule and such dealings shall be deemed to include any terms necessary for a party to implement or comply with this Rule. Dealer Members must not condone or knowingly facilitate conduct by their affiliates, customers or counterparties that deviates from this Rule and its purpose of maintaining and promoting public confidence in the integrity of the Domestic Debt Market. Subject to Applicable Law, the surveillance provisions of this Rule require reporting to the Corporation or appropriate authorities of the failure, or suspected failure, of Dealer Members, their affiliates, customers and counterparties to comply with this Rule.

Dealer Members generally are responsible for the conduct of their partners, directors, officers, registrants and other employees and compliance by such persons with the Rules of the Corporation pursuant to Rule 29.1. In addition, partners, directors, officers, registrants and other employees of Dealer Members and their related companies are expected to comply with the Rules of the Corporation and other regulatory requirements, and this Rule is to be construed as being applicable to related companies and such persons whenever reference is made to a Dealer Member.

Implementation and Compliance Expectations

Rule 2800 sets out specific requirements for dealing with customers and counterparties, including that customer dealings be carried out on a confidential basis, and standards related to market conduct. As with all Rules, the Corporation expects member firms that are involved in wholesale domestic debt markets to have in place written policies and procedures relating to their dealings with customers and trading. Such policies and procedures must address both Rule 2800 and all other Corporation and CSA regulations related to the Dealer Member's whole domestic debt market activities. These policies and procedures must be readily available to relevant employees, who must be properly trained and qualified. Internal controls and operating systems must be in place to support compliance.

The Corporation will audit Dealer Member's sales and trading activities in the Domestic Debt Markets to ensure compliance with this Rule.

The Rule also provides for 'on demand' reporting to the Corporation of large securities positions held by dealers or traded with customers, if market circumstances warrant the need for such information.

The terms of the Rule are binding on Dealer Members and all related companies of Dealer Members and failure to comply with the Rule may subject a Dealer Member, a related company or their personnel to sanctions pursuant to the enforcement and disciplinary Rules of the Corporation. The disciplinary Rules of the Corporation provide for a wide range of sanctions, including fines of up to the greater of $5,000,000 per offence for Dealer Members ($1,000,000 per offence for Approved Persons) or triple the amount of the benefit from the breach, reprimands, suspension or termination of approval or expulsion. Notice of such sanctions is given to the public and government and other regulatory authorities in accordance with the Rules. In addition, other government or regulatory authorities such as the Bank of Canada, Department of Finance (Canada) or provincial securities regulatory authorities may, in their discretion, impose formal or informal sanctions including, in the case of Government of Canada securities, the suspension or removal by the Bank of Canada of eligible bidder status for auctions of such securities.

The Rule, together with applicable securities legislation, the auction rules and Terms of Participation for Primary Dealers and Government Securities Distributors, will ensure proper conduct of market participants at auctions of Government of Canada securities, in other primary markets and in secondary markets, and will result in the close coordination between federal authorities, the CSA, Corporation member firms and the Corporation in the exchange of detailed market information and the enforcement of proper market conduct.

1. Definitions

The following terms used in this Rule shall have the meanings indicated:

"Applicable Laws" means the common or civil law or any statute or regulation of any jurisdiction in which Dealer Members and their related companies trade in the Domestic Debt Market, or any rule, policy, regulation, directive, order or other requirement of any regulatory authority, exchange or self-regulatory organization applicable to trading in, or having jurisdiction over, the Domestic Debt Market and/or Dealer Members or their related companies.

"Domestic Debt Market" means any Canadian wholesale debt market in which Dealer Members participate as dealers on their own account as principal, as agent for customers, as primary distributors or jobbers as approved by the Bank of Canada or in any other capacity and in respect of any debt or fixed income securities issued by any government in Canada or any Canadian institution, corporation or other entity or any derivative instruments thereon, and includes, without limitation, repo, security lending and other specialty or related debt markets.

"Rules" means the Rules, Rulings and Forms of the Investment Industry Regulatory Organization of Canada, from time to time in effect.

2. Dealer Member Standards and Procedures

2.1 Policies and Procedures

Dealer Members shall have written policies and procedures relating to trading in the Domestic Debt Market and the matters identified in this Rule. Such policies and procedures shall be approved by the board of directors of the Dealer Member or an appropriate level of senior management and by the Corporation. The policies and procedures must be established and implemented by senior management and must be periodically reviewed to ensure that they are appropriate to the size, nature and complexity of the Dealer Member's business and remain appropriate as such business and market circumstances change.

2.2 Responsibility

Dealer Members shall ensure that all personnel engaged in Members' trading activities in the Domestic Debt Market are properly qualified and trained, are aware of all Applicable Laws, this Rule and internal policies and procedures relating to Domestic Debt Market Trading and are supervised by appropriate levels of management.

2.3 Controls and Compliance

Dealer Members shall maintain and enforce internal control and compliance procedures as part of the policies and procedures required in paragraph 2.1 above to ensure that trading in Domestic Debt Markets by the Dealer Member is in accordance with Applicable Laws and this Rule.

2.4 Confidentiality

Dealer Members shall ensure that dealings in the Domestic Debt Market with customers and counterparties is on a confidential basis. Except with the express permission of the party concerned or as required by Applicable Law or Rules (including requests for information or reporting by the Corporation or by the Bank of Canada), Dealer Members shall not disclose or discuss, or request that others disclose or discuss, the participation of any customer or counterparty in the Domestic Debt Market or the terms of any trading or anticipated trading by such customer or counterparty. In addition, Dealer Members shall ensure that their own trading activities are kept confidential including information with respect to customers and trading and planning strategies. The policies and procedures adopted to ensure confidentiality should restrict access to information to the personnel that require it to properly perform their job functions, confine trading to "restricted access" office areas by designated personnel and encourage the use of secure forms of communications and technology (e.g. careful use of cell or speaker phones, secure systems access and close supervision).

2.5 Resources and Systems

Dealer Members must devote adequate human, financial and operational resources to their trading activities in the Domestic Debt Market. Further, Dealer Members must implement operation and technological safeguards to ensure that their trading activities in the Domestic Debt Markets can be fully supported. This requirement contemplates not only that the Dealer Member have sufficient capital, liquidity support and personnel, but also that it have comprehensive operational systems appropriate for Domestic Debt Market trading such as all aspects of risk management (market, credit, legal, etc.), transaction valuation, technology and financial reporting.

3. Dealings with Customers and Counterparties

3.1 Know-Your-Client and Suitability

Dealer Members must learn the essential facts about every customer, order and account accepted and to ensure the suitability of investment recommendations made to a customer. This applies to Dealer Members dealing with all customers that trade in the Domestic Debt Market. Rule 2700 establishes minimum standards of supervision necessary to ensure compliance with Rule 1300.1 in dealings with institutional clients and will be applicable to dealings with customers in the Domestic Debt Market.

3.2 Conflicts of Interest

Good business conduct as well as provisions of the other Rules of the Corporation and Applicable Law require that Dealer Members avoid conflicts of interest in their dealings with customers, counterparties and the public. Such conflicts can arise in many different circumstances but one of the underlying principles is that a fair, efficient and liquid Domestic Debt Market relies in part on open and unbiased dealings by Dealer Members, and fulfillment by Dealer Members of their duties to customers before their own interests or those of their personnel. The policies and procedures of Dealer Members should clearly describe the standards of conduct for Dealer Members and personnel. Examples of some of the matters to be included in the policies and procedures are restrictions and controls for trading in the accounts of Members' personnel, prohibition of the use of inside information and practices such as front running, fair client priority and allocation standards and prompt and accurate disclosure to customers and counterparties where any apparent but unavoidable conflict of interest arises.

4. Market Conduct

4.1 Duty to Deal Fairly

Dealer Members must observe high standards of ethics and conduct in the transaction of their business and prohibit any business conduct or practice which is unbecoming or detrimental to the public interest. Dealer Members must act fairly, honestly and in good faith when marketing, entering into, executing and administering trades in the Domestic Debt Market.

4.2 Criminal and Regulatory Offences

Dealer Members shall ensure that their trading in the Domestic Debt Market does not contravene any Applicable Law including, without limitation, money laundering, criminal or provincial securities legislation or the directions or requirements of the Bank of Canada or the Department of Finance (Canada) whether or not such directives or requirements are binding or have the force of law.

4.3 Prohibited Practices

Without limiting the generality of the foregoing, no Dealer Member or partner, officer, director, employee or agent of a Dealer Member shall:

(a) engage in any trading practices in the Domestic Debt Market that are fraudulent, deceptive or manipulative; such as

(1) executing trades which are primarily intended to artificially increase trading volumes;

(2) executing trades which are primarily intended to artificially increase or decrease trading prices;

(3) spreading, or acquiescing or assisting in the spreading, of any rumours or information regarding issuers or the Domestic Debt Market that the Dealer Member or partner, director, officer, employee or agent of the Dealer Member knows or believes, or reasonably ought to know or believe, to be false or misleading;

(4) disseminating any information that falsely states or implies governmental approval of any institution or trading; or

(5) conspiring or colluding with another market participant to manipulate or unfairly deal in the Domestic Debt Market

(b) engage in any trading which takes unfair advantage of customers, counterparties or material non-public information, such as:

(1) acting on specific knowledge of a new issue or client order in such a way as to unfairly profit from the expected resultant market movement and/or distort market levels;

(2) executing proprietary trades ahead of client orders on the same side of the market without first disclosing to the client the intention to do so and obtaining the client's approval;

(3) using proprietary information, the release of which could reasonably be expected to affect market prices, to profit unfairly;

(4) using material, non public information which may reasonably be expected to affect prices in the Domestic Debt Market, for gain; or

(5) abusing market procedures or conventions to obtain an unfair advantage over, or to unfairly prejudice, its counterparties or customers;

(6) consummating a trade where the price is clearly outside the context of the prevailing market and has been proposed or agreed as a result of manifest error.

(c) engage in any trading in derivatives on Domestic Debt Market instruments in contravention of the above prohibitions;

(d) accept any order from or effect any trade with another Domestic Debt Market participant if the Dealer Member knows or has reasonable grounds to believe that the other participant is, by giving the order or conducting the trade, contravening this Rule 2800 or any Applicable Laws;

(e) accept or permit any associate to accept, directly or indirectly, any material remuneration, benefit or other consideration from any person other than the Dealer Member or its affiliates or its related companies, in respect of the activities carried out by such partner, officer, director, employee or agent on behalf of the Dealer Member or its affiliates or its related companies in connection with the sale or placement of securities on behalf of any of them;

(f) give, offer or agree to give or offer, directly or indirectly, to any partner, director, officer, employee, shareholder or agent of a customer, or any associate of such persons, a material advantage, benefit or other consideration in relation to any business of the customer with the Dealer Member, unless the prior written consent of the customer has first been obtained.

4.4 Market Conventions and Clear Communication

Dealer Members shall use clear and unambiguous language in course of their trading activities, particularly when negotiating trades on the Domestic Debt Market. Each kind of trading in the Domestic Debt Market has its own unique terminology, definitions and calculations and a Dealer Member shall, prior to engaging in any trading, familiarize itself with the terminology and conventions relevant to that type of trading.

5. Enforcement

5.1 Corporation Procedures to Apply

Compliance by Dealer Members with the terms of this Rule will be enforced in accordance with the general compliance, investigative and disciplinary Rules of the Corporation.

5.2 Surveillance

Careful surveillance of the Domestic Debt Market and the trading activities of market participants is required to ensure that the objectives of this Rule are achieved. Dealer Members and their related companies are responsible for monitoring their trading and the conduct of their employees and agents. Dealer Members have an obligation to report promptly to the Corporation or any other authority having jurisdiction, including the Bank of Canada, breaches of the Rule or suspicious or irregular market conduct. Dealer Members should also encourage their customers or counter-parties who raise concerns about any Domestic Debt Market activity or participants to report such concerns to the relevant authorities.

5.3 Net Position Reports

As part of the surveillance of Domestic Debt markets, the Corporation may require a Dealer Member and its related companies to file the Corporation Net Position Report. Net Position Reports may be requested by either the Bank of Canada (for Government of Canada securities), or by the Corporation. The request for a report, and associated requests for information required to clarify individual Dealer Member's reports, would be undertaken as a preliminary step to identify large holdings of securities that could have allowed a participant to have undue influence or control over the Government of Canada, provincial, municipal or corporate debt markets.

RULE 2800B
RETAIL DEBT MARKET TRADING AND SUPERVISION

Purpose

Rule 2800B describes the standards for trading and supervision by Corporation Dealer Members of retail domestic debt market activity.

Rule 2800B is supplementary to and explanatory of the Rules of the Corporation. It does not replace or restrict the application of the Rules to the retail domestic debt market.

1. Definitions

"Retail Debt Market Trading" means trading conducted by Dealer Members, whether as principal or agent, to fill orders received from a retail customer for any debt or fixed income securities or any derivative instruments thereon including, without limitation, repo, security lending and other specialty or related debt markets.

"Retail Customer" means a customer of the Dealer Member that is not an institutional client as defined in Rule 2700.

2. Dealer Member Policies and Procedures

Dealer Members shall have written policies and procedures relating to trading in the Retail Debt Market and the matters identified in this Rule. Such policies and procedures shall be approved by the board of directors of the Dealer Member or an appropriate level of senior management and by the Corporation. The policies and procedures must be established and implemented by senior management and must be periodically reviewed to ensure that they are appropriate to the size, nature and complexity of the Dealer Member's business and remain appropriate as such business and market circumstances change.

3. Commissions and Mark-Ups

Dealer Members must have written procedures or guidelines issued to its registered representatives regarding mark-ups or commissions on debt or fixed income securities sold to the Dealer Member's retail customers. The Dealer Member must have reasonable monitoring procedures to detect and monitor mark-ups or commissions which exceed those specified in the written procedures or guidelines and ensure that such mark-up or commission is justified in the reasonable judgment of the Dealer Member.

4. Market Conduct

4.1 Duty to Deal Fairly

Dealer Members must observe high standards of ethics and conduct in the transaction of their business and prohibit any business conduct or practice which is unbecoming or detrimental to the public interest. Dealer Members shall act fairly, honestly and in good faith when marketing, entering into, executing and administering trades in the Retail Debt Market.

4.2 Prohibited Practices

Without limiting the generality of the foregoing, no Dealer Member or partner, officer, director, employee or agent of a Dealer Member shall:

(a) engage in any trading practices in the Retail Debt Market that are fraudulent, deceptive or manipulative; such as

(1) executing trades which are primarily intended to artificially increase trading volumes;

(2) executing trades which are primarily intended to artificially increase or decrease trading prices;

(3) spreading, or acquiescing or assisting in the spreading, of any rumours or information regarding issuers that the Dealer Member or partner, director, officer, employee or agent of the Dealer Member knows or believes, or reasonably ought to know or believe, to be false or misleading;

(4) disseminating any information that falsely states or implies governmental approval of any institution or trading; or

(5) conspiring or colluding with another registrant to manipulate or unfairly deal in the Retail Debt Market.

(b) engage in any trading which takes unfair advantage of customers, counterparties or material non-public information, such as:

(1) acting on specific knowledge of a new issue or client order in such a way as to unfairly profit from the expected resultant market movement and/or distort market levels;

(2) executing proprietary trades ahead of client orders on the same side of the market without first disclosing to the client the intention to do so and obtaining the client's approval;

(3) using proprietary information, the release of which could reasonably be expected to affect market prices, to profit unfairly;

(4) using material, non public information which may reasonably be expected to affect prices in the Domestic Debt Market, for gain; or

(5) abusing market procedures or conventions to obtain an unfair advantage over, or to unfairly prejudice, its counterparties or customers;

(6) consummating a trade where the price is clearly outside the context of the prevailing market and has been proposed or agreed as a result of manifest error.

(c) engage in any trading in derivatives on debt market instruments in contravention of the above prohibitions.

(d) accept any order from or effect any trade for a retail customer if the Dealer Member knows or has reasonable grounds to believe that the customer is, by giving the order or conducting the trade, contravening this Rule 2800B or any statute or regulation, or any rule, policy, directive, order or other requirement of any regulatory authority, exchange or self-regulatory organization governing the Dealer Member or the market in which the trade will be effected.

ATTACHMENT C

Table of Concordance

Current rule number and title	Sub-section		New rule number	New section, title and description	Sub-section	Comments
Rule 2800: Code of conduct for Corporate Dealer Member Firms Trading in Wholesale Domestic Debt Markets	Purpose		Rule 7200	R. 7201. Introduction	{1}	
Rule 2800B: Retail Debt Market Trading and Supervision	Purpose		Rule 7200	R. 7201. Introduction	{1}	
Rule 2800: Code of conduct for Corporate Dealer Member Firms Trading in Wholesale Domestic Debt Markets	1. Definitions		Rule 7200			[**Repealed - Non-substantive** – Definitions of Applicable Laws and Rules are included in general definitions. The term Domestic Debt Market is not used.]
Rule 2800B: Retail Debt Market Trading and Supervision	1. Definitions		Rule 7200			[**Repealed - Non-substantive** – These retail-specific definitions are not required since the rule applies to retail and institutional business.]
Rule 2800: Code of conduct for Corporate Dealer Member Firms Trading in Wholesale Domestic Debt Markets	History		Rule 7200			[**Repealed - Non-substantive** – History of the development of the debt market requirements no longer relevant.]

Current rule number and title	Sub-section		New rule number	New section, title and description	Sub-section	Comments
Rule 2800: Code of conduct for Corporate Dealer Member Firms Trading in Wholesale Domestic Debt Markets	Application		Rule 7200	R. 7202. General Requirements	{1}& {2}	
Rule 2800: Code of conduct for Corporate Dealer Member Firms Trading in Wholesale Domestic Debt Markets	Implementa-tion and Compliance Procedures		Rule 7200			[**Repealed - Non-substantive** – Implementation and Compliance Procedures no different than for other IIROC requirements.]
Rule 2800: Code of conduct for Corporate Dealer Member Firms Trading in Wholesale Domestic Debt Markets	4. Market Conduct	4.2	Rule 7200	R. 7202. General Requirements	{1}	[**Amended - Non-substantive** – Redundant portions removed.]
Rule 2800B: Retail Debt Market Trading and Supervision	4. Market Conduct	4.2(d)	Rule 7200	R. 7202. General Requirements	{2}	
Rule 0029: Business Conduct	29.09		Rule 7200			[**Repealed - Non-substantive** - Removed with OTC fair pricing proposal]
Rule 0029: Business Conduct	29.10	fair market price	Rule 7200		fair market price	[**Repealed - Non-substantive** - Removed with OTC fair pricing proposal]
Rule 0029: Business Conduct	29.10	taken in trade	Rule 7200		taken in trade	[**Repealed - Non-substantive** - Removed with OTC fair pricing proposal]

Current rule number and title	Sub-section		New rule number	New section, title and description	Sub-section	Comments
Rule 2800: Code of conduct for Corporate Dealer Member Firms Trading in Wholesale Domestic Debt Markets	2. Dealer Member Standards and Procedures	2.3	Rule 7200	R. 7203. Policies and Procedures	{1}	
Rule 2800B: Retail Debt Market Trading and Supervision	2. Dealer Member Policies and Procedures	1st sen-tence	Rule 7200	R. 7203. Policies and Procedures	{1}	
Rule 2800: Code of conduct for Corporate Dealer Member Firms Trading in Wholesale Domestic Debt Markets	2. Dealer Member Standards and Procedures	2.1	Rule 7200	R. 7203. Policies and Procedures	{1} through {3}	
Rule 2800: Code of conduct for Corporate Dealer Member Firms Trading in Wholesale Domestic Debt Markets	3. Dealing with Customers and Counter-parties	3.1				[**Repealed - Non-substantive** - Redundant with general suitability provisions elsewhere in Rules]
Rule 2800: Code of conduct for Corporate Dealer Member Firms Trading in Wholesale Domestic Debt Markets	3. Dealing with Customers and Counter-parties	3.2, last part	Rule 7200	R. 7203. Policies and Procedures	{2}{vii}	
Rule 2800B: Retail Debt Market Trading and Supervision	3. Commis-sions and Mark-Ups	1st sen-tence	Rule 7200	R. 7203. Policies and Procedures	{2}{v}	
Rule 2800B: Retail Debt Market Trading and Supervision	3. Commis-sions and Mark-Ups	2nd sen-tence	Rule 7200	R. 7203. Policies and Procedures	{2}{vi}	
Rule 2800B: Retail Debt Market Trading and Supervision	2. Dealer Member Policies and Procedures	2nd sen-tence	Rule 7200	R. 7203. Policies and Procedures	{3}	

Current rule number and title	Sub-section		New rule number	New section, title and description	Sub-section	Comments
Rule 2800: Code of conduct for Corporate Dealer Member Firms Trading in Wholesale Domestic Debt Markets	2. Dealer Member Standards and Procedures	2.2	Rule 7200	R. 7204. Trading Personnel	{1} through {4}	
Rule 2800: Code of conduct for Corporate Dealer Member Firms Trading in Wholesale Domestic Debt Markets	4. Market Conduct	4.4	Rule 7200	R. 7204. Trading Personnel	{2} and {3}	
Rule 2800: Code of conduct for Corporate Dealer Member Firms Trading in Wholesale Domestic Debt Markets	2. Dealer Member Standards and Procedures	2.4	Rule 7200	R. 7205. Confidentiality	{1} through {4}	
Rule 2800: Code of conduct for Corporate Dealer Member Firms Trading in Wholesale Domestic Debt Markets	2. Dealer Member Standards and Procedures	2.5	Rule 7200	R. 7206. Resources and Systems	{1} and {2}	
Rule 2800: Code of conduct for Corporate Dealer Member Firms Trading in Wholesale Domestic Debt Markets	3. Dealing with Customers and Counter-parties	3.2	Rule 7200	R. 7207. Conflicts of Interest	{1} and {2}	
Rule 2800: Code of conduct for Corporate Dealer Member Firms Trading in Wholesale Domestic Debt Markets	4. Market Conduct	4.1	Rule 7200	R. 7208. Duty to Deal Fairly	{1} through {3}	

Current rule number and title	Sub-section		New rule number	New section, title and description	Sub-section	Comments
Rule 2800: Code of conduct for Corporate Dealer Member Firms Trading in Wholesale Domestic Debt Markets	4. Market Conduct	4.3{a}	Rule 7200	R. 7209. Manipulative and deceptive practices in the debt market	{1} and {2}	
Rule 2800B: Retail Debt Market Trading and Supervision	4. Market Conduct	4.1	Rule 7200	R. 7209. Manipulative and deceptive practices in the debt markets	{1} through {3}	
Rule 2800B: Retail Debt Market Trading and Supervision	4. Market Conduct	4.2{a}	Rule 7200	R. 7210. Taking unfair advantage	{1}	
Rule 2800: Code of conduct for Corporate Dealer Member Firms Trading in Wholesale Domestic Debt Markets	4. Market Conduct	4.3{b}	Rule 7200	R. 7210. Taking unfair advantage	{1}{i}{vi}	
Rule 2800: Code of conduct for Corporate Dealer Member Firms Trading in Wholesale Domestic Debt Markets	4. Market Conduct	4.3{c}	Rule 7200	R. 7211. Derivatives Trading	{1}	
Rule 2800B: Retail Debt Market Trading and Supervision	4. Market Conduct	4.2{b}	Rule 7200	R. 7211. Derivatives Trading	{1}	
Rule 2800B: Retail Debt Market Trading and Supervision	4. Market Conduct	4.2{c}	Rule 7200	R. 7212. Prohibited Practices	{1}	
Rule 2800: Code of conduct for Corporate Dealer Member Firms Trading in Wholesale Domestic Debt Markets	4. Market Conduct	4.3{e}	Rule 7200	R. 7212. Prohibited Practices	{1}	

Current rule number and title	Sub-section		New rule number	New section, title and description	Sub-section	Comments
Rule 2800: Code of conduct for Corporate Dealer Member Firms Trading in Wholesale Domestic Debt Markets	4. Market Conduct	4.3{f}	Rule 7200	R. 7212. Prohibited Practices	{2}	
New			Rule 7200	R. 7212. Prohibited Practices	{3}	[**New – Non substantive** – Adoption of language used in Personal Financial Dealings proposals. This does not change the substance of the requirement.
Rule 2800: Code of conduct for Corporate Dealer Member Firms Trading in Wholesale Domestic Debt Markets	5. Enforce-ment	5.1	Rule 7200			[**Repealed - Non-substantive** – Redundant.]
Rule 2800: Code of conduct for Corporate Dealer Member Firms Trading in Wholesale Domestic Debt Markets	5. Enforce-ment	5.2	Rule 7200	R. 7213. Surveillance and Reporting	{1} and {2}	
Rule 2800: Code of conduct for Corporate Dealer Member Firms Trading in Wholesale Domestic Debt Markets	5. Enforce-ment	5.3	Rule 7200	R. 7213. Surveillance and Reporting	{3}	
Rule 0800: Trading & Delivery	800.05		Rule 7200	R. 7214. Dealing with fixed interest obligation securities	{1} and {4}	
Rule 0800: Trading & Delivery	800.16		Rule 7200	R. 7214. Dealing with fixed interest obligation securities	{1} and {5}	

Current rule number and title	Sub-section		New rule number	New section, title and description	Sub-section	Comments
Rule 0800: Trading & Delivery	800.06		Rule 7200	R. 7214. Dealing with fixed interest obligation securities	{2}	
Rule 0800: Trading & Delivery	800.07		Rule 7200	R. 7214. Dealing with fixed interest obligation securities	{3}	
Rule 0800: Trading & Delivery	800.08		Rule 7200	R. 7215. Bonds with interest payable out of income	{1} and {2}	
Rule 0800: Trading & Delivery	800.09		Rule 7200	R. 7216. Bonds whose issuers have been reorganized	{1} and {2}	
Rule 0800: Trading & Delivery	800.22		Rule 7200	R. 7217. Trading debt securities, as principal or agent	{1} and {4}	
Rule 0800: Trading & Delivery	800.19		Rule 7200	R. 7217. Trading debt securities, as principal or agent	{2}	
Rule 0800: Trading & Delivery	800.20		Rule 7200	R. 7217. Trading debt securities, as principal or agent	{3}	
Rule 0800: Trading & Delivery	800.25		Rule 7200	R. 7217. Trading debt securities, as principal or agent	{5}	
Rule 0800: Trading & Delivery	800.24		Rule 7200	R. 7218. Delivery - General	{1}	
Rule 0800: Trading & Delivery	800.26		Rule 7200	R. 7218. Delivery - General	{2} through {4}	
Rule 0800: Trading & Delivery	800.10		Rule 7200	R. 7219. Dealer Member registering securities in client's name	{1} and {2}	
Rule 0800: Trading & Delivery	800.30	D	Rule 7200	R. 7219. Dealer Member registering securities in client's name	{1} through {4}	
New			Rule 7200	R. 7220. – 7299. – Reserved		[**New – Non substantive** – Reserved sections]

Current rule number and title	Sub-section		New rule number	New section, title and description	Sub-section	Comments
New			Rule 7200	R. 7301. Introduction	{1}	[**New – Non substantive** – Introduction section]
Rule 2100: Inter-Dealer Bond Brokerage Systems	2100.01		Rule 7300	R. 7302. Definitions	{1} through {4}	[**Amended - Non-substantive** – Definition of Eurodollar debt securities not used and therefore removed.]
Rule 0036: Inter-Dealer Bond Brokerage Systems	36.01		Rule 7300	R. 7303. Dealer Members must trade through an IIROC-approved IDBB	{1}	
Rule 0036: Inter-Dealer Bond Brokerage Systems	36.03		Rule 7300	R. 7304. Eligibility of IDBBs for IIROC approval	{1}	
Rule 0036:Inter-Dealer Bond Brokerage Systems	36.02		Rule 7300	R. 7304. Eligibility of IDBBs for IIROC approval	{2}	
Rule 2100: Inter-Dealer Bond Brokerage Systems	2100.04		Rule 7300	R. 7305. IIROC requirements for IDBB approval and continued approval	{1}	
Rule 2100: Inter-Dealer Bond Brokerage Systems	2100.12		Rule 7300	R. 7305. IIROC requirements for IDBB approval and continued approval	{10}	
Rule 2100: Inter-Dealer Bond Brokerage Systems	2100.13		Rule 7300	R. 7305. IIROC requirements for IDBB approval and continued approval	{11}	
Rule 2100: Inter-Dealer Bond Brokerage Systems	2100.14		Rule 7300	R. 7305. IIROC requirements for IDBB approval and continued approval	{12}	
Rule 2100: Inter-Dealer Bond Brokerage Systems	2100.15		Rule 7300	R. 7305. IIROC requirements for IDBB approval and continued approval	{13}	

Current rule number and title	Sub-section		New rule number	New section, title and description	Sub-section	Comments
Rule 2100: Inter-Dealer Bond Brokerage Systems	2100.03		Rule 7300	R. 7305. IIROC requirements for IDBB approval and continued approval	{2}	
Rule 2100: Inter-Dealer Bond Brokerage Systems	2100.04	{a}	Rule 7300	R. 7305. IIROC requirements for IDBB approval and continued approval	{3}{i}{ii}	2100.4{b}{iii} moved into exception section 7304(4){iii}; changed "and" to "or"
Rule 2100: Inter-Dealer Bond Brokerage Systems	2100.04	{b}	Rule 7300	R. 7305. IIROC requirements for IDBB approval and continued approval	{3}{iii} and {4}{i}{ii}	
Rule 2100: Inter-Dealer Bond Brokerage Systems	2100.05		Rule 7300	R. 7305. IIROC requirements for IDBB approval and continued approval	{4}{iii}	
Rule 2100: Inter-Dealer Bond Brokerage Systems	2100.04	{c}	Rule 7300	R. 7305. IIROC requirements for IDBB approval and continued approval	{5}	
Rule 2100: Inter-Dealer Bond Brokerage Systems	2100.04	{d}	Rule 7300	R. 7305. IIROC requirements for IDBB approval and continued approval	{6}	
Rule 2100: Inter-Dealer Bond Brokerage Systems	2100.06		Rule 7300	R. 7305. IIROC requirements for IDBB approval and continued approval	{7}	
Rule 2100: Inter-Dealer Bond Brokerage Systems	2100.09		Rule 7300	R. 7305. IIROC requirements for IDBB approval and continued approval	{8}	
Rule 2100: Inter-Dealer Bond Brokerage Systems	2100.11		Rule 7300	R. 7305. IIROC requirements for IDBB approval and continued approval	{9}{i} and {ii}	
Rule 2100: Inter-Dealer Bond Brokerage Systems	2100.10		Rule 7300	R. 7305. IIROC requirements for IDBB approval and continued approval	{9}{i}, {iii} and {iv}	

Current rule number and title	Sub-section		New rule number	New section, title and description	Sub-section	Comments
Rule 2100: Inter-Dealer Bond Brokerage Systems	2100.08		Rule 7300	R. 7306. Committee review	{1}	
Rule 2100: Inter-Dealer Bond Brokerage Systems	2100.02		Rule 7300			[**Repealed - Non-substantive** – Redundant.]
Rule 2100: Inter-Dealer Bond Brokerage Systems	2100.07		Rule 7300			[**Repealed - Non-substantive** – Redundant.]

ATTACHMENT D

GUIDANCE NOTE 7200-1
DEBT MARKET REQUIREMENTS

Introduction

Rule 7200 describes the standards for trading by market participants in debt markets. This rule has been updated, from the previous IIROC Rule 2800, by the Corporation in consultation with the Bank of Canada to ensure the integrity and well functioning of the Canadian debt markets and thereby to encourage liquidity, efficiency and the maintenance of active trading and lending and promote public confidence in these markets.

The Corporation and the Provincial securities regulatory authorities (collectively the Canadian Securities Administrators (CSA)) also have rules and standards that apply to domestic secondary market trading carried out by Corporation member firms. Rule 7200 provides further amplification and, in some cases, broader application of these rules in relation to debt markets. Dealer Members that are Primary Dealers and/or Government Securities Distributors and that are eligible to bid in Government of Canada securities auctions are also subject to the Government of Canada's Terms of Participation in Auctions for Government Securities Distributors and must observe their administrative and reporting procedures.

Application

While Rule 7200 applies directly only to Corporation member firms and their related companies, which play an active and integral role in Canadian debt markets, this code of conduct should also guide the actions of all other market participants in these markets. Dealer Members should promote the standards established in this Rule to their affiliates, clients, and counterparties. In particular, market participants may be required to cooperate in reporting and making certain disclosures, and Dealer Members should conduct their business in a manner that will encourage these affiliates, clients and counterparties to comply with Rule 7200.

The Rule, together with applicable securities legislation, the auction rules and Terms of Participation for Government Securities Distributors, will ensure proper conduct of market participants during auctions of Government of Canada securities as well as in other primary and secondary debt markets. It will result in the close coordination between federal authorities, the CSA, Corporation member firms and the Corporation in the exchange of detailed market information and the enforcement of proper market conduct.

Regulatory sanctions

Members that do not comply with Corporation requirements could face sanctions from the Corporation and also from the Government of Canada, Department of Finance (Canada) and provincial securities regulatory authorities. In the case of Government of Canada securities, this could include the Bank of Canada suspending or removing eligible-bidder status for auctions of Government of Canada securities.

GUIDANCE NOTE 7300-1
ORGANIZATIONS THAT PROVIDE DOMESTIC DEBT MARKET TRANSPARENCY

Introduction

Subsection 7305(6) of Rule 7300 requires that an IDBB be a member of a Corporation-recognized organization that provides market transparency for domestic-debt securities. This Guidance Note lists the organizations that the Corporation recognizes.

Recognized organizations providing market transparency for domestic-debt securities:

CanPX Corporation

13.3 Clearing Agencies

13.3.1 LCH.Clearnet Limited – Notice of Commission Order – Application for Variation and Restatement of LCH's Interim Order

LCH.CLEARNET LIMITED (LCH)

APPLICATION FOR VARIATION AND RESTATEMENT OF LCH's INTERIM ORDER

NOTICE OF COMMISSION ORDER

On May 17, 2011, the Commission issued an order under section 144 of the *Securities Act* (Ontario) (Act) varying and restating the interim order exempting LCH under section 147 of the Act from the requirement in subsection 21.2(0.1) of the Act to be recognized as a clearing agency. The variation to the interim order clarifies that LCH may provide additional clearing services, including the LCH EnClear OTC service, to Ontario-resident clients. LCH has been approved by their primary regulator, the Financial Services Authority located in the United Kingdom, to clear a broad range of asset classes including contracts cleared through the LCH EnClear OTC service.

LCH continues to be exempted from the recognition requirement until the earlier of (i) September 1, 2011, and (ii) the effective date of the subsequent order by the Commission recognizing LCH as a clearing agency under subsection 21.2(0.1) of the Act or exempting it from the requirement to be recognized as a clearing agency under section 147 of the Act.

A copy of the variation order is published in Chapter 2 of this Bulletin.

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