The Ontario Securities Commission

OSC Bulletin

November 4, 2011

Volume 34, Issue 44

(2011), 34 OSCB

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

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Published under the authority of the Commission by:
Carswell, a Thomson Reuters business
One Corporate Plaza
2075 Kennedy Road
Toronto, Ontario
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Subscriptions are available from Carswell at the price of $649 per year.

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

U.S.	$175
Outside North America	$400

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ISSN 0226-9325

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1.1.1 Current Proceedings Before The Ontario Securities Commission

November 7, 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
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Edward P. Kerwin	—	EPK
Vern Krishna	—	VK
Christopher Portner	—	CP
Judith N. Robertson	—	JNR
Charles Wesley Moore (Wes) Scott	—	CWMS

SCHEDULED OSC HEARINGS

November 7, 2011	**Application for Reactivation of Sanjiv Sawh and Vlad Trkulja**
10:00 a.m.	s. 8(2)
	R. Goldstein/S. Horgan in attendance for Staff
	Panel: MGC/JNR
November 7, November 9-21, November 23-30, 2011	**Majestic Supply Co. Inc., Suncastle Developments Corporation, Herbert Adams, Steve Bishop, Mary Kricfalusi, Kevin Loman and CBK Enterprises Inc.**
10:00 a.m.	s. 37, 127 and 127.1
	D. Ferris in attendance for Staff
	Panel: EPK/PLK
November 7, 2011	**Taras Hucal**
4:30 p.m.	s. 127
	M. Britton in attendance for Staff
	Panel: JEAT
November 8, 2011	**Innovative Gifting Inc., Terence Lushington, Z2A Corp., and Christine Hewitt**
2:00 p.m.	s. 127
	M. Vaillancourt in attendance for Staff
	Panel: PLK
November 9, 2011	**Zungui Haixi Corporation**
10:00 a.m.	s. 127
	J. Superina in attendance for Staff
	Panel: CP

November 9, 2011 11:30 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
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: VK/JDC
November 21, 2011 10:00 a.m.	**Investment Industry Regulatory Organization Of Canada v. Mark Allen Dennis** S. 21.7 S. Horgan in attendance for Staff Panel: MGC/SOA
November 22, 2011 9:00 a.m.	**Portus Alternative Asset Management Inc., Portus Asset Management Inc., Boaz Manor, Michael Mendelson, Michael Labanowich and John Ogg** s. 127 H Craig in attendance for Staff Panel: PLK
November 23, 2011 9:15 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: JEAT
November 23, 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: CP
November 24, 2011 10:00 a.m.	**FactorCorp Inc., FactorCorp Financial Inc. and Mark Twerdun** s. 127 C. Price in attendance for Staff Panel: CP
November 28, 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: CP
December 1, 2011 10:00 a.m.	**MBS Group (Canada) Ltd., Balbir Ahluwalia and Mohinder Ahluwalia** s. 37, 127 and 127.1 C. Rossi in attendance for staff Panel: JEAT

December 5, 2011 10:00 a.m.	**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
December 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 J. Lynch/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
December 7, 2011 10:00 a.m.	**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
December 12-13, 2011 10:00 a.m.	**Investment Industry Regulatory Organization of Canada v. TD Securities Inc., Kenneth Nott, Aidin Sadeghi, Christopher Kaplan, Robert Nemy and Jake Poulstrup** S. 21.7 D. Ferris in attendance for Staff Panel: MGC/JNR
December 16, 2011 9:30 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: JEAT
December 19, 2011 9:00 a.m.	**New Hudson Television Corporation, New Hudson Television L.L.C. & James Dmitry Salganov** s. 127 C. Watson in attendance for Staff Panel: MGC

December 19, 2011 10:00 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
January 3-10, 2012 10:00 a.m.	**Simply Wealth Financial Group Inc., Naida Allarde, Bernardo Giangrosso, K&S Global Wealth Creative Strategies Inc., Kevin Persaud, Maxine Lobban and Wayne Lobban** s. 127 and 127.1 C. Johnson in attendance for Staff Panel: JDC
January 11, 2012 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: CP
January 12-13, 2012 10:00 a.m.	**Richvale Resource Corp., Marvin Winick, Howard Blumenfeld, John Colonna, Pasquale Schiavone, and Shafi Khan** s. 127(7) and 127(8) J. Feasby in attendance for Staff Panel: EPK
January 18-23, 2012 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: TBA
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
January 26-27, 2012 10:00 a.m.	**Empire Consulting Inc. and Desmond Chambers** s. 127 D. Ferris in attendance for Staff Panel: TBA
February 1, 2012 10:00 a.m.	**Ciccone Group, Medra Corp. (a.k.a. Medra Corporation), 990509 Ontario Inc., Tadd Financial Inc., Cachet Wealth Management Inc., Vincent Ciccone (a.k.a. Vince Ciccone), Darryl Brubacher, Andrew J Martin, Steve Haney, Klaudiusz Malinowski, and Ben Giangrosso** s. 127 M. Vaillancourt in attendance for Staff Panel: TBA

February 1-13, February 15-17 and February 21-23, 2012 10:00 a.m.	**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
February 15-17, 2012 10:00 a.m.	**Maitland Capital Ltd., Allen Grossman, Hanoch Ulfan, Leonard Waddingham, Ron Garner, Gord Valde, Marianne Hyacinthe, Dianna Cassidy, Ron Catone, Steven Lanys, Roger McKenzie, Tom Mezinski, William Rouse and Jason Snow** s. 127 and 127.1 D. Ferris in attendance for Staff Panel: TBA
February 29 – March 12 and March 14-21, 2012 10:00 a.m.	**Ameron Oil and Gas Ltd., MX-IV Ltd., Gaye Knowles, Giorgio Knowles, Anthony Howorth, Vadim Tsatskin, Mark Grinshpun, Oded Pasternak, and Allan Walker** s. 127 H. Craig/C. Rossi in attendance for Staff Panel: TBA
March 8, 2012 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: TBA
March 12, March 14-26, and March 28, 2012 10:00 a.m.	**David M. O'Brien** s. 37, 127 and 127.1 B. Shulman in attendance for Staff Panel: TBA
April 2-5, April 9, April 11-23 and April 25-27, 2012 10:00 a.m.	**Bernard Boily** s. 127 and 127.1 M. Vaillancourt/U. Sheikh in attendance for Staff Panel: TBA
April 30-May 7, May 9-18 and May 23-25, 2012 10:00 a.m.	**Rezwealth Financial Services Inc., Pamela Ramoutar, Justin Ramoutar, Tiffin Financial Corporation, Daniel Tiffin, 2150129 Ontario Inc., Sylvan Blackett, 1778445 Ontario Inc. and Willoughby Smith** s. 127(1) and (5) A. Heydon in attendance for Staff Panel: TBA
May 9-18 and May 23-25, 2012 10:00 a.m.	**Crown Hill Capital Corporation and Wayne Lawrence Pushka** s. 127 A. Perschy in attendance for Staff Panel: TBA

September 21, 2012 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
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	**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

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

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

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

Paul Donald

s. 127

C. Price 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

Nest Acquisitions and Mergers, IMG International Inc., Caroline Myriam Frayssignes, David Pelcowitz, Michael Smith, and Robert Patrick Zuk

s. 37, 127 and 127.1

C. Price in attendance for Staff

Panel: TBA

TBA

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

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

s. 127

C. Rossi in attendance for Staff

Panel: TBA

TBA

Peter Sbaraglia

s. 127

J. Lynch in attendance for Staff

Panel: TBA

TBA

Ground Wealth Inc., Armadillo Energy Inc., Paul Schuett, Doug DeBoer, James Linde, Susan Lawson, Michelle Dunk, Adrion Smith, Bianca Soto and Terry Reichert

s. 127

S. Schumacher 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

TBA

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 / B. Shulman in attendance for Staff

Panel: TBA

TBA

Sino-Forest Corporation, Allen Chan, Albert Ip, Alfred C.T. Hung, George Ho and Simon Yeung

s. 127

A. Perschy/H. Craig in attendance for Staff

Panel: TBA

TBA **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: TBA

TBA **Normand Gauthier, Gentree Asset Management Inc., R.E.A.L. Group Fund III (Canada) LP, and CanPro Income Fund I, LP**

s. 127

B. Shulman in attendance for Staff

Panel: TBA

TBA **Vincent Ciccone and Medra Corp.**

s. 127

M. Vaillancourt 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

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

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

1.1.2 OSC Staff Notice 81-716 – 2011 Summary Report for Investment Fund Issuers

OSC Staff Notice 81-716 – *2011 Summary Report for Investment Fund Issuers* is reproduced on the following internally numbered pages. Bulletin pagination resumes at the end of the Staff Notice.

ONTARIO SECURITIES COMMISSION

OSC Staff Notice 81-716

2011

Summary Report for Investment Fund Issuers

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OSC ONTARIO SECURITIES COMMISSION

Introduction

This report provides an overview of the key activities and initiatives of the Ontario Securities Commission for 2010/2011 that impact investment fund issuers and the fund industry, including:

- key policy initiatives,
- disclosure and compliance reviews, and
- recent developments in staff practices.

This report provides information about the status of some of the initiatives the OSC is undertaking to promote clear and concise disclosure in order to assist investors to make more informed investment decisions. The report also provides information about our work to address the sufficiency of regulatory coverage across all investment fund products. It highlights recent product and market developments, as well as our regulatory response to these developments, in order to assist the investment fund industry in understanding and complying with current regulatory requirements.

The OSC is responsible for overseeing over 3000 publicly-offered investment funds. Ontario based publicly-offered investment funds hold approximately 80% of the over $800 billion in publicly-offered investment fund assets in Canada.

We administer the regulatory framework for investment funds, including:

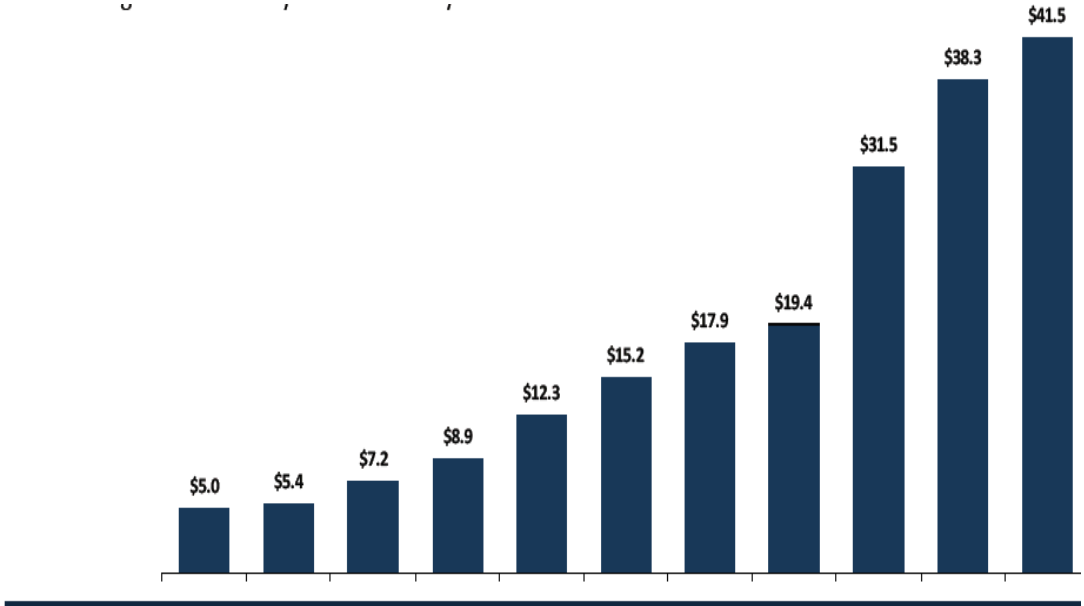
- reviewing and assessing product disclosure for all types of investment funds, including prospectuses and continuous disclosure filings,
- considering applications for discretionary relief from securities legislation and rules, and
- taking a leadership role in developing new rules and policies to adapt to the changing environment in the investment fund industry.

We also monitor and participate in investment fund regulatory developments globally, primarily through our work with the International Organization of Securities Commissions (IOSCO). OSC staff participation on IOSCO SC5 Investment Management technical committee informs both our operational and policy work. We discuss our participation with IOSCO further on our website at www.osc.gov.on.ca at About the OSC – Co-operation.

The investment fund products we oversee include both conventional mutual funds and non-conventional investment funds. Non-conventional funds include non-redeemable investment

funds such as closed-end funds, mutual funds listed and posted for trading on a stock exchange (ETFs), commodity pools, scholarship plans, labour-sponsored or venture capital funds and flow-through limited partnerships. We discuss the different types of funds further on our website at www.osc.gov.on.ca Investment Funds - Fund Operations.

While non-conventional funds remain small relative to the conventional fund industry in terms of number and assets under management, they continue to grow at a faster rate than conventional funds. Offerings of non-conventional funds, particularly ETFs, continue to proliferate. In 2011, assets under management by ETF providers exceeded $40 billion for the first time.[1] As of June 2011 the number of exchange-traded products listed on the Toronto Stock Exchange (TSX) topped 200.[2] These products include 187 ETFs and 14 exchange-traded notes.[3] The number of listed ETF products on the TSX has more than doubled in the past two years, bringing the total market cap to approximately $49 billion.[4]



	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Mar 2011
Number of ETFs	15	16	16	16	20	26	49	77	109	158	174
Mutual fund ratio*	90:1	77:1	65:1	59:1	49:1	46:1	42:1	30:1	22:1	20:1	19:1

*Assets in mutual fund per $1 of ETFs

Source: Investor Economics

[1] Investor Economics ETF and Index Funds Report First Quarter 2011
[2] TSX News Release June 1, 2011
[3] TSX News Release June 1, 2011
[4] TSX News Release June 1, 2011

The closed-end fund industry has also recently seen renewed growth exceeding over $30 billion in assets under management for the first time since December 2007.[5]

As these and other non-conventional investment products, such as linked note derivative offerings, increase in number, the OSC will continue to assess and respond to product developments and innovations with a view to promoting investor protection and assessing the sufficiency and consistency of regulatory treatment of different investment fund products.

[5] Investor Economics Insight Monthly Update May 2011

1. Key Policy Initiatives

1. Key Policy Initiatives

The OSC continues to play a leading role in several significant policy initiatives with other securities regulators in Canada through the Canadian Securities Administrators (the CSA). This section reports on the status of significant policy initiatives including:

- the CSA's project to modernize investment fund product regulation, and
- the point of sale project.

We also report on other projects that impact investment funds and the fund industry including:

- National Instrument 41-101 – General Prospectus Requirements, and
- OSC Staff Notice 81-715 – Cross-listings by Foreign Exchange Traded Funds.

1.1 Modernization of Investment Fund Product Regulation

The modernization project's mandate is to review the regulation of publicly offered investment funds with a view to developing rules that recognize product developments and trends in the investment fund industry. The project is being carried out in two phases.

The first phase of this CSA initiative is proposed amendments to National Instrument 81-102 Mutual Funds (NI 81-102) and National Instrument 81-106 Investment Fund Continuous Disclosure (NI 81-106), which were published for comment on June 25, 2010. Phase 1 involves amending existing rules to update certain regulatory requirements for mutual funds in order to keep pace with market and product developments, particularly with respect to ETFs. The amendments also introduce new liquidity and term restrictions on money market fund holdings. The comment period for these proposals expired on September 24, 2010 and 24 comment letters were received. The CSA have reviewed and considered all of the comments and expect to publish final amendments for this first phase of the project by the end of 2011.

On May 26, 2011, the CSA published 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 (the Notice). The Notice provides an update on the status of the Modernization project generally, including an anticipated timeline for the stages of the project. It also seeks specific feedback from investors and industry stakeholders on the CSA's proposal to focus next on developing an operational rule for non-redeemable investment funds. This second phase of the initiative aims to introduce certain core investment restrictions and operational requirements for non-redeemable investment funds that are analogous to those applicable to mutual funds under NI 81-102. The purpose of

Phase 2 would be to address investor protection and fairness concerns the CSA have identified. The CSA's goal in making these proposals is to achieve more consistent, fair and functional regulation across the investment fund product spectrum.

The comment period on the Phase 2 proposal discussed in the Notice expired on July 25, 2011. The CSA continue to review and consider all the comments received and aim to publish a proposed rule for comment in 2012.

1.2 Point of Sale (POS)

On August 12, 2011, the CSA published proposed amendments to NI 81-101 Mutual Fund Prospectus Disclosure (NI 81-101) that set out Stage 2 of the CSA's implementation of the POS disclosure initiative for mutual funds. You can find out more about the CSA's decision to proceed with a staged implementation of the POS project in CSA Staff Notice 81-319 Status Report on the Implementation of Point of Sale Disclosure for Mutual Funds (the Staff Notice).

The Fund Facts document is central to the POS disclosure project. The CSA designed the Fund Facts to make it easier for investors to find and use key information, including past performance, risks and the costs of investing in a mutual fund. The document provides investors with key information about the mutual fund, followed by a concise explanation of its expenses and fees, adviser compensation and the investor's rights. Stage 1, which came into force January 1, 2011, requires a mutual fund to produce and file the Fund Facts and for it to be available on the mutual fund's or mutual fund manager's website.

The Stage 2 proposed amendments will require delivery of the Fund Facts within two days of buying a mutual fund. The proposed amendments will also permit delivery of the Fund Facts to satisfy the current prospectus delivery requirements under securities legislation. Although delivery of the simplified prospectus will no longer be required, it must continue to be available to investors upon request.

On February 24, 2011, we published CSA Staff Notice 81-321 Early Use of the Fund Facts to Satisfy Prospectus Delivery Requirements, which provides guidance on the key terms and conditions that the CSA will look for when considering applications for exemptive relief to permit the early use of the Fund Facts to satisfy delivery while Stage 2 is underway.

Once the CSA has completed its review and consideration of the issues related to point of sale delivery for mutual funds, in Stage 3 the CSA will publish for further comment any proposed requirements that would implement point of sale delivery for mutual funds. As part of Stage 3, we will also consider point of sale delivery for other types of publicly offered investment funds.

1.3 National Instrument 41-101 – General Prospectus Requirements

The CSA published proposed amendments to NI 41-101 on July 15, 2011. The purpose of the amendments is to enhance the effectiveness of prospectus disclosure standards, clarify the requirements, address significant identified gaps, and eliminate or modify ineffective or unduly burdensome requirements. The amendments are based on CSA experience with the rule to date, feedback from the public and requests for relief from issuers.
Key amendments that impact investment funds include:

- A specific requirement to describe maximum and minimum amounts of leverage through use of derivatives,
- A new requirement to disclose trading expense ratio,
- Expansion of the disclosure requirement concerning ownership interests in a fund and the manager, and
- A requirement for management to disclose bankruptcies and cease trade orders in respect of all issuers (not just investment fund issuers).

1.4 OSC Staff Notice 81-715 – Cross-listings by Foreign Exchange Traded Funds

We published OSC Staff Notice 81-715 on August 26, 2011 in response to inquiries we have received in recent years from U.S. based ETFs. The notice sets out OSC staff's view regarding the applicable securities regulatory requirements in connection with potential cross-listings by U.S. based ETFs.

The notice confirms staff's view that a cross-listing by a foreign based ETF would generally be a distribution in Ontario and, consequently, that foreign ETF providers must file a prospectus to qualify their securities and comply with product regulation in Ontario before applying to cross-list on an exchange in Ontario. The notice further confirms staff's view that foreign providers of other products that are comparable to ETFs and use a similar distribution structure to ETFs, such as some exchange traded notes (ETNs), must also file a prospectus before applying to cross-list their securities on an exchange in Ontario.

2. Disclosure and Compliance Reviews

OSC ONTARIO SECURITIES COMMISSION

2. Disclosure and Compliance Reviews

On an ongoing basis, OSC staff review the prospectus and continuous disclosure filings of Ontario-based investment funds. Risk-based criteria are used to select investment funds for reviews of their disclosure documents. We may also choose to conduct targeted reviews of a particular industry segment or on a particular topic. In addition to our prospectus and continuous disclosure reviews, the Investment Funds (IF) Branch works closely with staff in the Compliance and Registrant Regulation (CRR) Branch on issues related to fund manager compliance and identifying possible emerging issues. This can sometimes lead to us conducting joint reviews.

This section discusses some observations, findings and themes from:

- our prospectus reviews of non-redeemable investment funds and ETFs,
- our prospectus reviews of hypothetical pro-forma performance data,
- our focused continuous disclosure reviews of money market funds, ETFs and investment portfolio holdings, and
- our focused disclosure reviews of Independent Review Committees.

2.1 Non-redeemable Investment Funds

We reviewed a high number of prospectuses for non-redeemable investment funds as a result of the renewed growth in this industry segment over the past year. These funds are non-conventional investment funds, and are often referred to as closed-end funds. They are generally not redeemable on demand for net asset value and list their securities for trading on an exchange. In addition, they are generally not in continuous distribution, relying on cash from limited underwritten offerings to acquire their initial assets.

We will continue to monitor developments in this industry through our prospectus reviews with a view to informing what regulatory changes may be appropriate in connection with Phase 2 of our Modernization project discussed above.

2.1.1 OSC Staff Notice 81-711 Closed-end Investment Fund Conversions to Open-end Mutual Funds

We published OSC Staff Notice 81-711 on October 29, 2010, in response to the increasing use of a built-in conversion feature by which a closed-end fund converts to an open-end mutual fund.

Closed-end fund securities typically trade on an exchange, but often at a discount to their net asset value (NAV). Historically, the industry has attempted to manage this discount by providing investors with an annual redemption right at NAV. The annual redemption right has resulted in significant redemptions and

early fund terminations in some instances. A key objective of the conversion feature is to provide investors in the closed-end fund with enhanced liquidity through a more frequent redemption feature at NAV after the fund converts to an open-end mutual fund.

The notice sets out the views of OSC staff on the regulatory issues related to closed-end fund conversions and the types of comments staff will generally raise in the course of a review of a built-in conversion feature. As discussed in the notice, we have focused on whether the funds continue to have the same or substantially similar investment objectives, strategies and fees before and after the conversion. We have generally taken the view that these products should be compliant with the regulatory requirements applicable to conventional mutual funds from inception if they intend to convert to a mutual fund within a relatively short timeframe. Our prospectus reviews have focused on key areas of disclosure such as:

- the potential that these products will trade at a discount to NAV up to the time of conversion,
- fees payable by investors both before and after the fund converts to a mutual fund,
- the risks associated with the conversion, and
- performance disclosure for periods before and after conversion.

2.1.2 Long-term Warrant Offerings

We noted a continued resurgence in the use of long-term warrant offerings by closed-end funds. These offerings appear unique to closed-end funds that rely on them to replenish their asset base after experiencing redemptions at an annual redemption date. We discussed these offerings previously in last year's branch report and the OSC Investment Funds Practitioner. Our concerns relate primarily to prospectus delivery on exercise of the warrants and dilution.

OSC staff continue to raise comments on long-term warrant offerings with a view to:

- promoting the disclosure of any unique risks, such as dilution,
- confirming that the investor that pays the subscription price receives a prospectus, and
- better understanding the use of this method of capital raising for investment funds.

2.2 OSC Staff Notice 81-714 Compliance with Form 41-101F2 – Information Required in an Investment Fund Prospectus

We published OSC Staff Notice 81-714 on March 4, 2011, in response to the increasing number of closed-end fund prospectuses that were not complying with the Form 41-101F2 requirements relating to the use of plain language, brevity and the ordering of information and use of headings. In particular, we noted that closed-end funds were providing increasing amounts of information on the cover page and in the summary of their prospectuses.

The Notice sets out the types of comments staff will generally raise as part of our reviews to encourage presentation to investors of information about the investment fund in a clear, concise and comparable format that assists them in making informed investment decisions. For example, IF staff may ask that cover page disclosure be reduced or request that certain disclosure be removed. In instances where the investment fund has complex or unique risks, features or costs, staff ask for additional, tailored disclosure that is specific to the securities to be distributed. The disclosure should be added to the cover page or the prospectus summary disclosure so that investors are provided with full, true and plain disclosure of all material facts. Staff may also ask the fund or its fund manager to include a plainly worded, brief warning presented in bold type or in text boxes.

The Notice also states that OSC staff will raise comments when the investment objective does not clearly set out the fundamental features of the investment fund that distinguish it from other funds. In addition, it sets out staff's view that the number of investment funds offered in a single long form prospectus should be limited to those investment funds with substantially similar investment objectives, strategies and features, with a view to facilitating full, true and plain disclosure to investors.

2.3 Exchange-traded Funds and Index Participation Units

We note that over the past few years there has been a proliferation in the number of product offerings from index providers. We also recognize that there is an interest on the part of ETF providers to differentiate themselves in the market by branching out beyond the traditional indices. Staff are of the view that the term "market index" should be interpreted in a manner that is consistent with the investment restrictions set out in NI 81-102.

We have been raising comments on some ETF prospectuses where the ETF describes its securities as being index participation units (IPUs) under NI 81-102 in instances where they did not appear to be tracking a market index as contemplated under NI 81-102 because:

- the index provides exposure to asset classes or strategies that a mutual fund would not be able to engage in directly,
- the index tracks the price of a commodity,
- the index purports to track the performance of hedge funds, real property, or incorporates leverage or shorting strategies,
- the index is designed to terminate at a specified time, and
- the index is overly concentrated in a few issuers.

We also discussed market indices and IPUs in the May, 2011 edition of the Investment Funds Practitioner.

2.4 Hypothetical Pro-forma Performance Data

We continue to raise comments regarding the use of hypothetical pro-forma performance data by all investment funds and other products such as linked notes. We have discussed the use of performance data and yield disclosure in offering documents previously in the November 30, 2007 and January 8, 2010 editions of the Investment Funds Practitioner. Our CRR Branch, along with the CSA, also published CSA Staff Notice 31-325 – Marketing Practices of Portfolio Managers on July 8, 2011. The notice discusses some of the concerns with the use of hypothetical performance data including that many investors may not have sophisticated investment knowledge sufficient to fully understand its inherent risks and limitations. In order to address this concern, we generally request the removal of hypothetical pro-forma performance data disclosure.

2.5 Continuous Disclosure Reviews

The IF Branch continued our continuous disclosure review program this year by applying risk based criteria to select investment funds for reviews of their disclosure documents. We also conducted targeted reviews of particular industry segments and topics. This section discusses some of our reviews and findings in connection with:

- money market funds,
- ETFs,
- investment portfolio holdings, and
- fund facts risk rankings.

2.5.1 Money Market Funds

In response to recent global regulatory developments related to money market funds and to further inform our own CSA proposals (see Modernization of Investment Fund Product Regulation above), we commenced a targeted review of money market funds focused on their risk and liquidity profiles. We anticipate the reviews will provide us with a better understanding of the makeup of the industry's capitalization (i.e. retail vs. institutional), redemption experience, and any differences between the different types of money market funds (e.g. Premium and T-Bill). The reviews will also look at differences in exposure between money market funds offered in Canadian and U.S. currencies.

To this point, the reviews have provided OSC staff with some initial insights on how the Canadian money market industry competes and how money market funds are dealing with various market risks, including

sovereign default risks in Greece and their potential effect on short term paper issued by European banks and businesses. We also used the reviews to quickly assess the potential exposure of Canadian and U.S. money market funds to potential U.S. government debt defaults in the event the debt ceiling issue was not resolved in the U.S.

2.5.2 ETFs

In response to the continued growth of the ETF industry and the growing complexity of ETF products, we completed targeted reviews of ETFs. The reviews were primarily focused on the valuation of illiquid assets and the use of proprietary derivatives, such as forwards. We reviewed a total of 40 ETFs from 11 fund managers, which represent approximately 70% of the ETF industry.

We will continue to monitor developments in this industry through our prospectus reviews with a view to informing what regulatory changes or guidance may be appropriate in connection with the Modernization project discussed above.

2.5.3 Investment Portfolio Holdings

We are currently engaged in a focused review of the investment portfolio holdings disclosed in the management reports of fund performance (MRFPs), financial statements and in the Fund Facts. As part of this focused review, staff intend to examine: (1) whether the summarized investment portfolio in the MRFP and Fund Facts provides information classified into appropriate sub-groups and provides meaningful information to investors about the fund's portfolio, and (2) whether the investment portfolio in the financial statements provides sufficiently organized information for investors to assess consistency and performance against the fund's stated investment objectives and strategies.

Our review is intended to examine how closely a fund's stated investment objectives and strategies are implemented over time. Following the review, we will consider providing guidance around the presentation of a fund's investment portfolio disclosure and how the fund's discussion of its investment strategy can be updated and improved based on how the fund has been investing. We anticipate completing the review by fall, 2011.

2.5.4 Fund Facts Risk Ranking Reviews

We also currently have under way a focused review of the investment risk classification methodology in the simplified prospectus. Following amendments to the simplified prospectus form which added a requirement to describe the methodology by which the fund manager identifies the investment risk level of a mutual fund, we have noticed that such disclosure in the simplified prospectus may be overly brief. As part of this focused review, staff are asking for a copy of the methodology which the manager is required to make available to investors, in order to assess: (1) whether the prospectus disclosure is adequate; and

(2) whether the investment risk classifications in the simplified prospectus and Fund Facts documents seem to be appropriate.

2.6 OSC Staff Notice 81-713 Focused Disclosure Review National Instrument 81-107 Independent Review Committee for Investment Funds

As discussed in last year's annual report, the IF Branch completed targeted reviews of NI 81-107 related disclosure. We reported our findings in OSC Staff Notice 81-713 which we published on March 25, 2011.

3. Outreach and Consultation

3. Outreach and Consultation

We continue our efforts to be transparent regarding practices and procedures that impact investment fund issuers in as timely a manner as possible. Our intent in doing so is to better enable fund managers and their advisors to avoid potential regulatory issues when they are at the planning stage for a new fund or transaction.

3.1 Investment Funds Product Advisory Committee (IFPAC)

The OSC announced the members of our first ever Investment Funds Product Advisory Committee on August 11, 2011.

In an environment of rapid product growth and increasing complexity of investment fund products, we recognize the unique perspective that market participants, particularly product manufacturers and portfolio advisors, may have in identifying and anticipating market and product trends.

The IFPAC will advise OSC staff specifically on emerging product developments and innovations occurring in the investment fund industry. The committee will discuss the impact of these developments and emerging issues. The IFPAC may also act as one source of feedback to OSC staff on the development of policy and rule-making initiatives to promote investor protection, fairness and market efficiency across all types of publicly offered investment fund products.

The initial IFPAC members are:

Ghassan (Jason) Agaby	Dynamic Funds
Tom Bradley	Steadyhand Investment Funds
Darren Farkas	Fidelity Investments Canada ULC
Adam Felesky	Horizons Exchange Traded Funds (ETFs)
Goshka Folda	Investor Economics
Kevin Gopaul	BMO Asset Management
Ed Jackson	RBC Capital Markets
Oliver McMahon	Blackrock Asset Management Canada
Marian Passmore	Canadian Foundation for Advancement of Investor Rights
Jeff Ray	Manulife Investments
Mary Taylor	Mackenzie Investment
Mark Yamada	PUR Investing Inc.

IFPAC members will serve a two year term. IFPAC will meet quarterly and be chaired initially by Rhonda Goldberg, Director of the Investment Funds Branch.

In addition to IFPAC, OSC staff continue to meet frequently with stakeholders, including investment fund managers and their advisors, investor advocates and subject matter experts on various topics to inform our policy and operational work. For example, in July, 2011 we brought together a range of product specialists, which included ETF manufacturers, asset managers on both the buy and sell side as well as academics to discuss with OSC staff the use of derivatives and synthetic ETFs.

3.2 The OSC Investment Funds Practitioner

The Practitioner is an overview of recent issues arising from applications for discretionary relief, prospectuses and continuous disclosure documents that investment funds file with the OSC and that are reviewed by the IF Branch. It is intended to assist investment fund managers and their advisors who regularly prepare public disclosure documents and applications for exemptive relief on behalf of investment funds.

The Practitioner is also intended to make fund managers more broadly aware of some of the issues we have raised in connection with our reviews and how we have resolved them. The Practitioner can be found on our website www.osc.gov.on.ca at Information for Investment Funds.

In May, we published the fifth edition of the Investment Funds Practitioner. Topics included:

- Requirements to Calculate Daily NAV
- Split Shares – Relief from s. 119 of the Act
- Split Shares – Secondary Offerings
- Forward Agreement Fee Disclosure
- PIFs for CCO
- Short Form Prospectus Eligibility
- Relief from 90-Day Prospectus Filing Requirement
- Definition of Index Participation Unit
- Point of Sale FAQs

We intend to publish the sixth edition of the Investment Funds Practitioner this fiscal year. We welcome suggestions for future topics.

4. Feedback and Contact Information

4. Feedback and Contact Information

If you have any questions regarding, or feedback on, our second Annual Report, please send them to investmentfunds@osc.gov.on.ca.

You can find additional information regarding investment funds and the IF Branch on our website.

We have also attached a list of IF Branch staff at the end of this report.

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ONTARIO SECURITIES COMMISSION

OSC Staff Notice 81-716

Ontario

As the regulatory body responsible for overseeing the capital markets in Ontario, the Ontario Securities Commission administers and enforces the provincial Securities Act, the provincial Commodity Futures Act and administers certain provisions of the provincial Business Corporations Act. The OSC is a self-funded Crown corporation accountable to the Ontario Legislature through the Minister of Finance.

1.1.3 Maitland Capital Ltd. et al.

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

AND

IN THE MATTER OF
MAITLAND CAPITAL LTD., ALLEN GROSSMAN,
HANOCH ULFAN, LEONARD WADDINGHAM,
RON GARNER, GORD VALDE,
MARIANNE HYACINTHE, DIANA CASSIDY,
RON CATONE, STEVEN LANYS,
ROGER MCKENZIE, TOM MEZINSKI,
WILLIAM ROUSE AND JASON SNOW

NOTICE OF WITHDRAWAL

WHEREAS on January 24, 2006, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing to consider whether it was in the public interest to make certain order against Maitland Capital Ltd., Allen Grossman, Hanoch Ulfan, Leonard Waddingham, Ron Garner, Gord Valde, Marianne Hyacinthe, Diana Cassidy, Ron Catone, Steven Lanys, Roger Mckenzie, Tom Mezinski, William Rouse and Jason Snow ("the Respondents") and Staff filed a Statement of Allegations in respect of the Respondents, and pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended;

AND WHEREAS on May 27, 2011, Staff amended the Statement of Allegations;

TAKE NOTICE that Staff withdraws the allegations as against the respondents, Ron Catone, Marianne Hyacinthe, Roger McKenzie, and Jason Snow as of September 2, 2011.

September 2, 2011

Staff of the Ontario Securities Commission
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1.3 News Releases

1.3.1 Investor Advisory Panel Releases Annual Report

FOR IMMEDIATE RELEASE
October 28, 2011

INVESTOR ADVISORY PANEL
RELEASES ANNUAL REPORT

TORONTO – The Ontario Securities Commission's (OSC) Investor Advisory Panel has submitted its first annual report to the OSC, which summarizes the ongoing work by the Panel in analyzing key issues of importance to investors in today's capital markets.

In its first year, the Panel has demonstrated a strong commitment to representing the interests of investors and has provided valuable input to the OSC on its statement of priorities as well as a variety of other issues, including OTC derivative regulation, point of sale, cost disclosure and performance reporting, credit rating agencies and shareholder democracy.

Additionally, the Panel has been active in building awareness of its activities within the broader community through contact with industry experts and retail investors and through a number of consultations and speaking engagements. As a result, the Panel has generated substantial feedback with respect to the regulation of the capital markets from investors' viewpoints which has, in turn, been fed into the OSC's policy making process.

"We are pleased with our success this year in tackling issues of great importance to investors and in relaying these concerns to the OSC," said Professor Anita Anand, Chair of the Investor Advisory Panel. "We look forward to extending our consultations with investors across Ontario and further understanding their views. It is only by hearing from investors directly that we can accurately represent them."

In addition to further outreach, the IAP has identified a number of priorities for the upcoming year, including support for: the implementation of a fiduciary duty on financial service professionals, a restitutionary remedy for wronged investors, transparency in information at point of sale and whistleblowing rights. The Panel supports these policy initiatives within the context of a national securities regime.

The seven member Investor Advisory Panel was created in 2010 as an independent body to contribute an investor perspective to the OSC's rule and policy making process. The Panel's annual report to the Commission and additional information are available on the OSC website at www.osc.gov.on.ca.

For media inquiries:

Anita Anand
Chair, Investor Advisory Panel
c/o Allan Krystie
Senior Administrator, Investor Advisory Panel

For investor inquiries:

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1.3.2 OSC Schedules Policy Hearing on the Maple Group Application for December 1 & 2, 2011

FOR IMMEDIATE RELEASE
October 28, 2011

OSC SCHEDULES POLICY HEARING
ON THE MAPLE GROUP APPLICATION
FOR DECEMBER 1 & 2, 2011

TORONTO – The Ontario Securities Commission announced today that it has scheduled two days of public consultation on the Application by Maple Group Acquisition Corporation to acquire TMX Group Inc., Alpha Trading Systems Limited Partnership, Alpha Trading Systems Inc., The Canadian Depository for Securities Limited and, indirectly, CDS Clearing and Depository Services Inc.

The Application raises significant public policy issues that impact the existing regulatory model and are important to investors, market participants and the capital markets.

The policy hearing will take place from 10:00 a.m. to 4:00 p.m. on December 1 & 2, 2011 on the 17th floor of the Commission's offices, located at 20 Queen Street West, Toronto, Ontario.

At the policy hearing, the Commission will consider submissions related to the Notice issued by Staff on October 7, 2011, the Application, including various undertakings that Maple will be making as outlined in the Application, and all other issues relevant to the Application that fall within the Commission's mandate. These submissions will assist the Commission in determining whether to approve the acquisition by Maple of all the common shares of TMX Group, and in determining if the issuance of amended recognition orders to the TMX Group, TSX and CDS are in the public interest.

Interested parties wishing to participate in the policy hearing must first submit written comments by November 7, 2011. The Commission will issue a notice by November 21, 2011, with additional details, including the list of parties who have been asked by the Commission to participate in the policy hearing.

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1.4 Notices from the Office of the Secretary

1.4.1 Goldbridge Financial Inc. et al.

FOR IMMEDIATE RELEASE
October 27, 2011

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

AND

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

TORONTO – The Commission issued its Reasons and Decision on Sanctions and Costs and an Order in the above noted matter.

A copy of the Reasons and Decision on Sanctions and Costs and the Order dated October 26, 2011 are available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
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1.4.2 Innovative Gifting Inc. et al.

FOR IMMEDIATE RELEASE
October 27, 2011

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

AND

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

TORONTO – The Commission issued an Order in the above named matter.

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

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1.4.3 Carlton Ivanhoe Lewis et al.

FOR IMMEDIATE RELEASE
October 28, 2011

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

AND

IN THE MATTER OF
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

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

A copy of the Reasons and Decision dated October 27, 2011 is available at **www.osc.gov.on.ca**.

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

FOR IMMEDIATE RELEASE
October 28, 2011

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

AND

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

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN STAFF OF
THE ONTARIO SECURITIES COMMISSION AND
ODED PASTERNAK

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN STAFF OF
THE ONTARIO SECURITIES COMMISSION AND
ALLAN WALKER

TORONTO – Following a hearing held on October 25, 2011, the Commission issued Orders in the above named matter approving the Settlement Agreements reached between Staff of the Commission and Oded Pasternak and Allan Walker.

A copy of the Order dated October 25, 2011 approving the Settlement Agreement with Oded Pasternak and the Order dated October 25, 2011 approving the Settlement Agreement with Allan Walker are available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
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1.4.5 Richvale Resource Corporation et al.

FOR IMMEDIATE RELEASE
October 28, 2011

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

AND

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

TORONTO – Following the hearing held on October 26, 2011, the Commission issued an Order in the above named matter.

A copy of the Order dated October 26, 2011 is available at **www.osc.gov.on.ca**.

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1.4.6 Maitland Capital Ltd. et al.

FOR IMMEDIATE RELEASE
November 1, 2011

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

AND

IN THE MATTER OF
MAITLAND CAPITAL LTD., ALLEN GROSSMAN,
HANOCH ULFAN, LEONARD WADDINGHAM,
RON GARNER, GORD VALDE,
MARIANNE HYACINTHE, DIANA CASSIDY,
RON CATONE, STEVEN LANYS,
ROGER MCKENZIE, TOM MEZINSKI,
WILLIAM ROUSE AND JASON SNOW

TORONTO – Staff of the Ontario Securities Commission filed a Notice of Withdrawal against the respondents Ron Catone, Marianne Hyacinthe, Roger McKenzie, and Jason Snow as of September 2, 2011.

A copy of the Notice of Withdrawal dated September 2, 2011 is available at **www.osc.gov.on.ca**.

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 DundeeWealth Inc. – s. 1(10)

Headnote

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

Applicable Legislative Provisions

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

October 28, 2011

DundeeWealth Inc.
c/o Torys LLP
Suite 3000
79 Wellington St. W.
Box 270, TD Centre
Toronto, Ontario
M5K 1N2

Dear Sirs/Mesdames:

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

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

As the Applicant has represented to the Decision Makers that:

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

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

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

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

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

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

2.1.2 Manulife Asset Management Limited et al.

Headnote

NP 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Approval of mutual fund mergers – approval required because mergers do not meet the criteria for pre-approval – continuing funds have different investment objectives than terminating funds – securityholders of terminating funds provided with timely and adequate disclosure regarding the mergers.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 5.5(1)(b), 5.6, 5.7(1)(b), 19.1.

October 17, 2011

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

AND

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

AND

IN THE MATTER OF
MANULIFE ASSET MANAGEMENT LIMITED
(the "Filer")

AND

IN THE MATTER OF
MANULIFE GLOBAL MONTHLY INCOME FUND
MANULIFE U.S. MID-CAP FUND
MANULIFE GLOBAL LEADERS CLASS
(each a "Terminating Fund" and, collectively,
the "Terminating Funds")

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer and the Terminating Funds for a decision under the securities legislation of the Jurisdiction of the principal regulator (the "**Legislation**") for approval of the mergers (the "**Mergers**") of the Terminating Funds into the applicable Continuing Funds (as defined below) under subsection 5.5(1)(b) of National Instrument 81-102 *Mutual Funds* ("**NI 81-102**").

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

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

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

Interpretation

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

Representations

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

1. The Filer is a corporation governed under the *Business Corporations Act* (Ontario) with its head office located in Toronto, Ontario.

2. The Filer is registered in the categories of commodity trading manager, exempt market dealer, mutual fund dealer, portfolio manager and investment fund manager.

3. The Filer is the manager of the Funds and also trustee of the Trust Funds (as both hereinafter defined).

4. Manulife Global Monthly Income Fund, Manulife Diversified Income Portfolio, Manulife U.S. Mid-Cap Fund and Manulife U.S. All Cap Equity Fund (the "**Trust Funds**") are open-ended mutual fund trusts established under the laws of Ontario by a Master Declaration of Trust and separate Regulation and are governed by the provisions of NI 81-102.

5. Manulife Global Leaders Class and Manulife Global Opportunities Class (the "**Corporate Funds**") are classes of mutual fund shares of Manulife Investment Exchange Funds Corp. (the "**Corporation**"). The Corporation is a mutual fund corporation formed under the laws of Ontario by articles of amalgamation dated October 23, 2010. Each Corporate Fund is an open-ended mutual fund.

6. The Filer is proposing to merge each Terminating Fund listed in the chart below into the fund (each a "**Continuing Fund**" and, collectively, the "**Continuing Funds**" and, together with the Terminating Funds, the "**Funds**") shown opposite its name:

TERMINATING FUND	CONTINUING FUND
Manulife Global Monthly Income Fund	Manulife Diversified Income Portfolio (formerly Manulife Simplicity Income Portfolio)
Manulife U.S. Mid-Cap Fund	Manulife U.S. All Cap Equity Fund
Manulife Global Leaders Class	Manulife Global Opportunities Class

7. Securities of the Funds are currently qualified for sale in each of the provinces and territories of Canada pursuant to a simplified prospectus and annual information form dated August 19, 2011, which have been receipted in all of the provinces and territories of Canada on August 23, 2011.

8. The Terminating Funds and the Continuing Funds are reporting issuers as defined under the applicable securities legislation of each province and territory of Canada and are not in default of any of the requirements of the securities legislation of any of the provinces and territories of Canada.

9. Other than circumstances in which the securities regulatory authority of a province or territory of Canada has expressly exempted a Fund therefrom, each of the Funds follows the standard investment restrictions and practices established by NI 81-102.

10. The net asset value for each of the Funds is calculated on a daily basis at the end of each day the Toronto Stock Exchange is open for trading.

11. The Merger of Manulife Global Monthly Income Fund into Manulife Diversified Income Portfolio and Manulife U.S. Mid-Cap Fund into Manulife U.S. All Cap Equity Fund will be structured as follows:

    (i) Securityholders of Manulife Global Monthly Income Fund and Manulife U.S. Mid-Cap Fund will be asked to approve the Mergers.

    (ii) The Regulations governing Manulife Global Monthly Income Fund and Manulife U.S. Mid-Cap Fund will be amended to permit such actions as are necessary to complete the Mergers.

    (iii) The Terminating Fund will transfer all of its assets and liabilities to its corresponding Continuing Fund for an amount equal to the net value of the assets transferred, which amount will be satisfied as described in (iv) below.

(iv) The Continuing Fund will issue securities of the Continuing Fund (as described in (vi) below) to its corresponding Terminating Fund having a net asset value equal to the net value of the assets transferred by the Terminating Fund.

(v) The Terminating Fund will redeem its outstanding securities and pay the redemption price for these securities by distributing securities of its corresponding Continuing Fund to the Terminating Fund's securityholders.

(vi) Securityholders of the Terminating Fund will receive securities of the Continuing Fund as follows:

Terminating Fund	**Continuing Fund**
Manulife Global Monthly Income Fund	*Manulife Diversified Income Portfolio*
Advisor Series securities	Series H securities[1]
Series F securities	Series J securities[2]
Series G securities	Series G securities
Series I securities	Series I securities
Series IT securities	Series IT securities
Series O securities	Series O securities
Series T securities	Series K securities[3]
Manulife U.S. Mid-Cap Fund	*Manulife U.S. All Cap Equity Fund*
Advisor Series securities	Advisor Series securities
Series F securities	Series F securities
Series G securities	Series G securities
Series I securities	Series I securities
Series O securities	Series O securities
Series X securities	Series X securities

1 A new series of securities of Manulife Diversified Income Portfolio, to be called Series H securities, will be created to grandfather the trailer fee of the Advisor Series securities of the Terminating Fund. Upon completion of the Merger, Series H securities will be closed to all new purchases, including pre-authorized contributions. Series H securityholders will maintain the same management fee and DSC schedule within the Continuing Fund.

2 A new series of securities of Manulife Diversified Income Portfolio, to be called Series J securities, will be created to grandfather the management fee of the Series F securities of the Terminating Fund. Upon completion of the merger, Series J securities will be closed to all new purchases, including pre-authorized contributions. Series J securityholders will maintain the same management fee within the Continuing Fund.

3 A new series of securities of Manulife Diversified Income Portfolio, to be called Series K securities, will be created to grandfather the trailer fee of the Series T securities of the Terminating Fund. Upon completion of the merger, Series K securities will be closed to all new purchases, including pre-authorized contributions. Series K securityholders will maintain the same management fee and DSC schedule within the Continuing Fund.

(vii) Securities of the Continuing Fund received by the securityholders of its corresponding Terminating Fund will have an aggregate net asset value equal to the aggregate net asset value of the securities of the Terminating Fund which are being redeemed.

(viii) As soon as reasonably practicable after the distribution of securities of the Continuing Fund by the Terminating Fund, the Terminating Fund will be wound-up.

12. The Merger of Manulife Global Leaders Class into Manulife Global Opportunities Class will be structured as follows:

(i) A resolution will be signed by the board of directors of the Corporation approving the completion of the Merger as described in (iv) below.

(ii) Securityholders of Manulife Global Leaders Class and Manulife Global Opportunities Class will each be asked to approve the Merger.

(iii) The articles of amalgamation of the Corporation will be amended to allow for the completion of the Merger as described in (iv) below.

(iv) The securities of Manulife Global Leaders Class will be exchanged for securities of Manulife Global Opportunities Class based on their relevant net asset values as follows:

Manulife Global Leaders Class	*Manulife Global Opportunities Class*
Advisor Series securities	Advisor Series securities
Series F securities	Series F securities
Series G securities	Series G securities
Series I securities	Series I securities
Series O securities	Series O securities
Series X securities	Series X securities

(v) Securities of Manulife Global Opportunities Class received by securityholders of Manulife Global Leaders Class will have an aggregate net asset value equal to the aggregate net asset value of the securities of Manulife Global Leaders Class which are being exchanged.

(vi) The assets and liabilities attributed to Manulife Global Leaders Class will be reallocated to Manulife Global Opportunities Class.

(vii) As soon as reasonably practicable following the merger, the articles of amalgamation of the Corporation will be amended to delete Manulife Global Leaders Class.

13. No sales charges will be payable in connection with the acquisition by each Continuing Fund of the investment portfolio of its corresponding Terminating Fund.

14. The portfolios and other assets of each Terminating Fund to be acquired by the applicable Continuing Fund as a result of the Mergers are currently, or will be, acceptable to the portfolio advisers of the applicable Continuing Fund prior to the effective date of the Mergers, and are or will also be consistent with the investment objectives of the applicable Continuing Fund.

15. Securityholders of each Terminating Fund will continue to have the right to redeem securities of the Terminating Fund for cash at any time up to the close of business on the effective date of the Mergers, which is expected to be on or about November 4, 2011. The management information circular (the "**Circular**") discloses that securities of a Continuing Fund acquired by securityholders upon the proposed Mergers are subject to the same redemption charges to which their securities of the Terminating Fund were subject prior to the Merger.

16. A press release was issued and filed on SEDAR on August 16, 2011 and a material change report was filed on SEDAR on August 16, 2011 with respect to the proposed Mergers. The simplified prospectus and annual information form for the Manulife Mutual Funds included disclosure relating to the proposed Mergers and was receipted on August 23, 2011.

17. Pursuant to subsection 5.1(f) of NI 81-102, securityholders of the Terminating Funds will be asked to approve the Mergers at special meetings to be held on or about October 19, 2011.

18. As required by the *Business Corporations Act* (Ontario), the current shareholders of Manulife Global Opportunities Class, will be asked to approve its Merger at special meetings to be held on or about October 19, 2011.

19. A notice of meeting, the Circular and a form of proxy in connection with the special meetings of securityholders were mailed to securityholders of the Terminating Funds and of Manulife Global Opportunities Class and filed on SEDAR on September 26, 2011.

20. The Mergers will each be a "qualifying exchange" within the meaning of Section 132.2 of the *Income Tax Act* (Canada) ("ITA") or a tax deferred transaction under subsection 86(1) of the ITA.

21. Pursuant to National Instrument 81-107 *Independent Review Committee for Investment Funds*, the independent review committee of the Funds has reviewed the proposed Merger of each Terminating Fund with its corresponding Continuing Fund and the process to be followed in connection with each Merger, and has advised the Filer that, in the opinion of the independent review committee, having reviewed each Merger as a potential "conflict of interest matter", each Merger achieves a fair and reasonable result for the Terminating Funds and the Continuing Funds. This information will be disclosed in the Circular.

22. The Filer will pay for the costs of the Mergers. These costs consist mainly of legal, proxy solicitation, printing, mailing, brokerage costs and regulatory fees.

23. Approval for the Mergers is required because the Mergers do not meet all of the criteria for pre-approved reorganizations and transfers set out in section 5.6 of the NI 81-102 because a reasonable person may not consider the fundamental investment objectives of the Terminating Funds and the corresponding Continuing Funds to be "substantially similar", as required by section 5.6(1)(a)(ii).

24. The Mergers will comply with all of the other criteria for pre-approved reorganizations and transfers set out in section 5.6 of NI 81-102.

25. The Filer believes that the Mergers will benefit securityholders of the Funds because:

    (i) Securityholders of the combined Continuing Funds may benefit from economies of scale in administrative and regulatory operating costs and expenses associated with operating the Funds, significant costs that can contribute to higher management expense ratios.

    (ii) Each Merger has the potential to lower costs for securityholders as the operating costs and expenses of the Continuing Funds will be spread over a greater pool of assets when the Terminating Funds merge into the corresponding Continuing Funds, potentially reducing each Continuing Fund's management expense ratio. No securityholder of the Terminating Funds will be subject to an increase in management fees as a result of the Terminating Funds merging into the corresponding Continuing Funds and, in some cases, securityholders will potentially benefit from a decrease in management fees.

    (iii) The tax-deferred nature of the Mergers means the Mergers will have no material adverse tax consequences for securityholders.

    (iv) Each Continuing Fund will have an asset base of greater size, potentially allowing for increased portfolio diversification opportunities and a smaller proportion of assets set aside to fund redemptions. Each Continuing Fund is also expected to benefit from an increased profile in the marketplace. The ability to improve diversification may lead to increased returns and a reduction of risk, while at the same time creating a higher profile that will attract more investors.

    (v) Each of the Continuing Funds is expected to attract more assets as marketing efforts will be concentrated on fewer funds, rather than multiple funds with similar investment mandates. The ability to attract assets in the Continuing Funds will benefit investors by ensuring that the Continuing Funds remain viable, long-term, attractive investment vehicles for existing and potential investors.

26. The foregoing reasons for the Mergers are set out in the Circular. In addition, the Circular includes prospectus-like disclosure concerning the Continuing Funds, including information regarding fees, expenses, investment objective, valuation procedures, the manager, the portfolio advisor (or sub-advisor, as applicable), income tax considerations and net asset value. The Circular also discloses that securityholders can obtain the simplified prospectus, annual information form, the fund facts, the most recent financial statements of the Continuing Funds, and the most recent management report of fund performance that have been made public, from the Filer upon request, on the Filer's website or on SEDAR at www.sedar.com. Also accompanying the Circular delivered to securityholders is a copy of the fund facts document for the relevant Continuing Fund.

27. In respect of the Circular and the other disclosure documents set out in sub-paragraph 5.6(f)(iii) of NI 81-102, the Filer has ensured that:

    (i) the Circular sent to securityholders in connection with a Merger provides sufficient information about the Merger to permit securityholders to make an informed decision about the Merger;

    (ii) the Circular sent to securityholders in connection with a Merger prominently discloses that securityholders can obtain the most recent interim and annual financial statements of the applicable Continuing Fund by contacting their dealer, by calling Manulife's 1-800 number, by accessing it on Manulife's website at www.manulifemutualfunds.ca or by accessing the SEDAR website at www.sedar.com;

    (iii) upon request by a securityholder for financial statements or the simplified prospectus of the funds, Manulife makes best efforts to provide the securityholder with financial statements of the applicable continuing fund in a timely manner so that the securityholder can make an informed decision regarding a Merger; and

    (iv) each applicable Terminating Fund and the applicable Continuing Fund with respect to a Merger has an unqualified audit report in respect of its last completed financial period.

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 Mergers are approved.

"Chantal Mainville"
Acting Manager, Investment Funds Branch
Ontario Securities Commission

2.1.3 AlphaPro Management Inc. and Horizons AlphaPro Gold Yield ETF

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief granted from subsection 2.1(1) and paragraphs 2.5(2)(a), (b) and (c) of NI 81-102, the fund on funds restrictions, to permit commodity pools to enter into a forward agreement providing exposure to commodity pools investing in, or gaining exposure to exchange traded mutual funds tracking the performance of, physical commodities.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 2.1(1), 2.5(2)(a), (b) and (c), 19.1.
National Instrument 81-104 Commodity Pools.

October 27, 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
ALPHAPRO MANAGEMENT INC.
(the Filer)

AND

IN THE MATTER OF
THE HORIZONS ALPHAPRO GOLD YIELD ETF
(the Fund ETF)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of the Horizons Gold Yield Fund (the **Fund**), which is expected to convert into the Fund ETF between February 14, 2012 and July 31, 2012, for a decision under the securities legislation of the Jurisdiction (the **Legislation**) for exemptive relief:

1. revoking the Previous Decision (as defined below); and

2. relieving the Fund ETF and such other exchange-traded funds that the Filer or an affiliate of the Filer has or may establish in the future (each a **Future Commodity Pool** and, together with the Fund ETF, individually a **Commodity Pool** and, collectively, the **Commodity Pools**) from:

   (a) the prohibition contained in Section 2.1(1) of National Instrument 81-102 *Mutual Funds* (**NI 81-102**) that would prevent the Commodity Pools from purchasing or gaining exposure to Commodity Participation Units (as defined below) of a mutual fund if, immediately after the transaction, more than 10 percent of the net asset value of the Commodity Pool, taken at market value at the time of the transaction, would be invested in, or exposed to, securities of that mutual fund;

   (b) the prohibition contained in Section 2.5(2)(a) of NI 81-102 that would prevent the Commodity Pools from investing in, or gaining exposure to, Commodity Participation Units that are not subject to National Instrument 81-101 *Mutual Fund Prospectus Disclosure* (**NI 81-101**) and/or NI 81-102; and

   (c) the prohibition contained in Section 2.5(2)(c) of NI 81-102 that would prevent the Commodity Pools from investing in, or gaining exposure to, Commodity Participation Units, some of which are mutual funds that are not qualified for distribution in the local jurisdiction;

   to permit each Commodity Pool to purchase and hold, or gain exposure to, Commodity Participation Units (the **Exemption Sought**).

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 each other province and territory of Canada (including Ontario, the **Jurisdictions**).

Interpretation

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

Representations

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

1. The Filer, a corporation incorporated under the laws of Canada, or an affiliate, acts or will act as

the trustee and manager of each Commodity Pool. The head office of the Filer is located in Toronto, Ontario.

2. The Filer is not in default of securities legislation in any of the Jurisdictions.

3. JovInvestment Management Inc. (**JovInvestment**), a corporation incorporated under the laws of Ontario and an affiliate of the Filer, acts or will act as the portfolio manager of each Commodity Pool. JovInvestment is registered as a portfolio manager, a commodity trading counsel, a commodity trading manager and as an investment fund manager in Ontario.

4. Each Commodity Pool is or will be a mutual fund established under the laws of Ontario, and is or will be a reporting issuer under the laws of some or all of the Jurisdictions.

5. Each Commodity Pool is or will be a "commodity pool" for purposes of National Instrument 81-104 *Commodity Pools* (**NI 81-104**) and its securities are or will be offered pursuant to a long form prospectus prepared in accordance with Form 41-101F2 *Information Required in an Investment Fund Prospectus*. Each Commodity Pool is or will adopt a fundamental investment objective that permits the Commodity Pool to use or invest in financial instruments in a manner that is not permitted under NI 81-102. As each Commodity Pool is or will be a commodity pool, subject to NI 81-104, unlike a conventional retail mutual fund, each Commodity Pool is or will also be permitted to invest in physical commodities.

6. Each Commodity Pool is or will be an actively managed exchange-traded fund and its securities are or may be listed on a public stock exchange.

7. The investment objective and strategy of a Commodity Pool will typically include the ability to invest in, or gain exposure to, physical commodities, commodity futures, and exchange traded funds that invest in or are exposed to physical commodities and commodity futures.

8. In this Decision, a **Commodity Participation Unit** is defined as a security that is issued by an issuer, the only purpose of which is to:

   (a) hold a physical commodity as defined in NI 81-102 (a **Physical Commodity**) or more than one Physical Commodity;

   (b) hold commodity futures that are widely quoted or used as the benchmark for pricing the future price of a Physical Commodity or more than one Physical Commodity; or

   (c) invest in a manner that causes the mutual fund to replicate the performance of a Physical Commodity or more than one Physical Commodity, or commodity futures, referred to in subparagraphs 8(a) and 8(b).

9. In accordance with its investment strategies, as stated in its prospectus, in order to meet its investment objective a Commodity Pool may invest in, or gain exposure to, mutual funds that trade on a stock exchange in Canada or the United States that either:

   (a) issue index participation units as defined in NI 81-102 (the **IPUs**); or

   (b) subject to obtaining the Exemption Sought, issue Commodity Participation Units.

10. Issuers of Commodity Participation Units that refer to more than one category of Physical Commodity or commodity future will state in the issuer's current public offering document that it seeks to replicate the performance of an index of widely quoted or used benchmarks for physical commodities or categories of physical commodities that employs an empirical, rules based allocation methodology.

11. The Commodity Pool will invest in, or gain exposure to, Commodity Participation Units that provide indirect exposure to the same physical commodities that, in accordance with NI 81-104, the Commodity Pool could acquire directly and in concentrations that it could accumulate directly.

12. Commodity Participation Units that are reporting issuers in one or more Jurisdictions are subject to NI 81-102 but are not subject to NI 81-101.

13. Commodity Participation Units issued by mutual funds that are reporting issuers in one or more of the Jurisdictions may be qualified for distribution in one of the Jurisdictions in which the Commodity Pools are, or will be, qualified for distribution, but may not be qualified in all of the same Jurisdictions.

14. Commodity Participation Units issued by mutual funds that are not reporting issuers in a Jurisdiction but are traded on certain stock exchanges in Canada and/or the United States will not be subject to NI 81-102 and will not be subject to NI 81-101.

15. As the issuer of each Commodity Participation Unit will be a mutual fund, without the Exemption Sought, a Commodity Pool's investment in, or exposure to, a Commodity Participation Unit may only be made in accordance with Sections 2.1 and 2.5 of NI 81-102.

16. The Commodity Participation Units are attractive investments for the Commodity Pools, as they provide an efficient and cost effective means of achieving diversification and exposure.

17. An investment in, or exposure to, securities of a Commodity Participation Unit by a Commodity Pool will represent the business judgment of responsible persons uninfluenced by considerations other than the best interests of the Commodity Pool.

18. Pursuant to a decision of the Commission dated July 7, 2010 (the **Previous Decision**), the Commission granted the Commodity Pools certain exemptive relief from the prohibitions in Section 2.1(1), and Sections 2.5(2)(a) and (c) of NI 81-102.

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:

1. the Previous Decision is revoked; and

2. the Exemption Sought is granted to a Commodity Pool provided that:

   (a) an investment in, or exposure to, securities of a Commodity Participation Unit by the Commodity Pool is in accordance with the fundamental investment objective of the Commodity Pool;

   (b) the Commodity Pool's investment strategies specify investments in, or exposure to, physical commodities, commodity futures and exchange traded funds that invest in or are exposed to physical commodities and commodity futures;

   (c) each Commodity Participation Unit is listed on an exchange in Canada or the United States;

   (d) the Commodity Pool will only invest in, or gain exposure to, a Commodity Participation Unit pursuant to internal policies and procedures, that will be established by the Filer or an affiliate of the Filer for the Commodity Pool, which will set out (i) the maximum concentration of Commodity Participation Units the Commodity Pool can purchase, or gain exposure to, in Canada and the United States based on the fundamental investment objective, investment strategies and investment restrictions of the Commodity Pool, and (ii) the minimum market capitalization and/or minimum average daily trading volume each Commodity Participation Unit must have to ensure the Commodity Pool does not have any liquidity issues when buying or selling or gaining exposure to the securities of the Commodity Participation Unit; and

   (e) the prospectus of the Commodity Pool discloses in the investment strategy section of the prospectus of the Commodity Pool, the fact that the Commodity Pool has obtained the Exemption Sought with the applicable investment strategy disclosure and, to the extent applicable, the risks associated with relying on such relief.

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

2.1.4 Dexit Inc. (formerly Posera – HDX Inc.) – s. 1(10)

Headnote

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

Applicable Legislative Provisions

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

October 28, 2011

F. John Durdan
Gowling Lafleur Henderson LLP
50 Queen Street North
Suite 1020, P.O. Box 2248
Kitchener, ON N2H 6M2

Dear Mr. Durdan:

Re: Dexit Inc. (formerly Posera – HDX Inc.) (the Applicant) – application for a decision under the securities legislation of Ontario, Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador (the Jurisdictions) that the Applicant is not a reporting Issuer

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

As the Applicant has represented to the Decision Makers that:

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

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

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

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

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

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

2.1.5 Horizons ETFs Management (Canada) Inc. et al.

Headnote

NP 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Approval granted for change of control of mutual fund manager under section 5.5(2) of NI 81-102 – There are no current plans to change the managers of the Funds, or to amalgamate or merge the current managers with any other entity or entities, for the foreseeable future.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 5.5(2), 19.1.

October 27, 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
HORIZONS ETFS MANAGEMENT (CANADA) INC.
(formerly "BETAPRO MANAGEMENT INC.")
ALPHAPRO MANAGEMENT INC.
(THE MANAGERS)

AND

THE FUNDS LISTED IN SCHEDULE A
(THE FUNDS)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Managers for a decision under the securities legislation of the Jurisdiction (the **Legislation**) for approval of a change of control of the Managers (the **Manager Change of Control**) of the Funds in accordance with Section 5.5(2) of National Instrument 81-102 *Mutual Funds* (**NI 81-102**) (the **Approval 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 Managers have provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in each province and territory of Canada other than Ontario (collectively with Ontario, the **Jurisdictions**).

Interpretation

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

Representations

The decision is based on the following facts represented by the Managers and Mirae Asset Financial Group (**Mirae Asset Financial**):

*Horizons ETFs Management (Canada) Inc. (**Horizons**)*

1. Horizons is a corporation incorporated under the laws of Canada and has its head office in Toronto, Ontario.

2. BetaPro Management Inc. (**BetaPro**) recently changed its name to "Horizons ETFs Management (Canada) Inc." Other than the termination of the officers or directors of BetaPro who are also officers or directors of Jovian, there is no current intention to significantly change the officers or registered individuals of BetaPro.

3. Horizons is the manager and trustee of the Horizons Funds listed in Schedule A.

4. Horizons is registered as an investment fund manager (an **IFM**) in Ontario.

5. The Horizons Funds are reporting issuers in all of the Jurisdictions, are all listed on the Toronto Stock Exchange (the **TSX**) and are offered by means of a long form prospectus in accordance with the requirements of Form 41-101F2.

6. Neither Horizons nor any of the Horizons Funds is in default of applicable securities legislation in any of the Jurisdictions.

*AlphaPro Management Inc. (**AlphaPro**)*

7. AlphaPro is a corporation incorporated under the laws of Canada and has its head office in Toronto, Ontario.

8. AlphaPro is the manager and trustee of the AlphaPro Funds listed in Schedule A.

9. AlphaPro is registered as an IFM in Ontario.

10. The AlphaPro Funds are reporting issuers in all of the Jurisdictions, are all listed on the TSX and are offered by means of a long form prospectus in accordance with the requirements of Form 41-101F2.

11. Neither AlphaPro nor any of the AlphaPro Funds is in default of applicable securities legislation in any of the Jurisdictions.

The Transaction

12. The Managers are currently indirect subsidiaries of Jovian Capital Corporation (**Jovian**). Jovian is a financial services company listed on the TSX with its common shares trading under the symbol "JOV".

13. Presently, Jovian's wholly-owned subsidiary, Jovian Asset Management Inc. (**JAMI**) owns 58% of Horizons. The remaining 42% interest in Horizons is held by 6386474 Canada Inc. (26%), 2026860 Ontario Inc. (9%) and 1717681 Ontario Inc. (7%). Horizons in turn owns 50% of AlphaPro. JAMI's wholly-owned subsidiary, JovFunds Management Inc., owns another 30% of AlphaPro and NBF International Holdings Inc. owns the remaining 20%..

14. In a press release dated July 15, 2011, Jovian announced that it intends to sell its controlling interest in the Managers to Mirae Asset Global Investments Co., Ltd. (the **Transaction**).

15. The Transaction is expected to close on or about October 31, 2011 or on such later date when all of conditions precedent have been satisfied or waived, and all approvals have been obtained, and ideally no later than November 15, 2011 (the **Closing**).

16. Prior to closing, Mirae Asset Global Investments Co., Ltd. (**Mirae**) will assign its rights and obligations under the share purchase agreement dated July 14, 2011 between Mirae and Jovian (the **SPA**) to its wholly-owned subsidiary, Mirae Asset Canada Acquisition Inc. (**Mirae Canada**), pursuant to section 13.5 of the SPA.

17. Following the Transaction, while Mirae will become the new owner of the Managers (through Mirae Canada), no changes are expected in terms of how the Managers operate or act in relation to the Funds.

18. Following the Transaction, Horizons will be an indirect subsidiary of Mirae through Mirae Canada (as Mirae Canada will own 85% of Horizons). The remaining interest in Horizons will be held by 6386474 Canada Inc. (10%), 2026860 Ontario Inc. (1.5%) and 1717681 Ontario Inc. (3.5%). AlphaPro will be an indirect subsidiary of Mirae through Mirae Canada's direct subsidiary, Horizons (as Horizons will own 80% of AlphaPro). The remaining 20% interest in AlphaPro will be held by NBF International Holdings Inc.

Mirae

19. Mirae is a member of Mirae Asset Financial, which is the leading independent financial services group in Asia. While Mirae Asset Financial's core business is asset management, it also provides comprehensive financial services in the areas of wealth management and life insurance.

20. Headquartered in Seoul, South Korea, Mirae Asset Financial has a presence in Hong Kong, China, India, Vietnam, Taiwan, Brazil, the U.K. and the U.S. Mirae is one of the world's largest investment managers in emerging market equities. As of June 30, 2011, Mirae managed over U.S. $53 billion in assets globally.

21. Mirae Canada is the only Canadian subsidiary of Mirae Asset Financial.

Manager Change of Control

22. In respect of the impact of the Manager Change of Control on the Managers and the management and administration of the Funds:

    (a) Mirae has confirmed that there is no current intention:

        (i) to make any substantive changes as to how the Managers operate or manage the Funds;

        (ii) to merge the Managers with any other IFM;

        (iii) immediately following the Transaction, to change any of the Managers to either Mirae or an affiliate of Mirae; and

        (iv) within a foreseeable period of time, to change any of the Managers to either Mirae or an affiliate of Mirae;

    (b) Mirae has confirmed that it currently intends to maintain the Horizons Funds and AlphaPro Funds listed in Schedule A as separately managed fund families managed by the Managers.

    (c) the Transaction after Closing is not expected to have any material impact on the business, operations or affairs of the Funds or the securityholders of the Funds;

    (d) other than the termination of officers or directors of the Managers who are also officers or directors of Jovian, there is no current intention to significantly change the officers or registered individuals of the Managers;

    (e) it is not expected that there will be any change in how the Funds are managed or the expenses that are charged to the Funds as a result of the Transaction; and

    (f) the Transaction is only expected to benefit the Managers and will not adversely affect their financial position or their ability to fulfill their regulatory obligations.

Notice Requirement

23. The notice to the securityholders of the Funds with respect to the Transaction in accordance with Section 5.8(1)(a) of NI 81-102 (the **Notice**) was mailed to such securityholders on August 19, 2011, which was more than 60 days before the Closing.

24. The Notice was filed on SEDAR as soon after August 19, 2011, as was reasonably practicable.

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 Approval Sought is granted.

"Chantal Mainville"
Acting Manager, Investment Funds Branch
Ontario Securities Commission

SCHEDULE A

FUNDS

Horizons Funds

Horizons BetaPro S&P/TSX 60™ Bull Plus ETF
Horizons BetaPro S&P/TSX 60™ Bear Plus ETF
Horizons BetaPro S&P/TSX Global Base Metals™ Bull Plus ETF
Horizons BetaPro S&P/TSX Global Base Metals™ Bear Plus ETF
Horizons BetaPro S&P/TSX Capped Financials™ Bull Plus ETF
Horizons BetaPro S&P/TSX Capped Financials™ Bear Plus ETF
Horizons BetaPro S&P/TSX Capped Energy™ Bull Plus ETF
Horizons BetaPro S&P/TSX Capped Energy™ Bear Plus ETF
Horizons BetaPro S&P/TSX Global Gold™ Bull Plus ETF
Horizons BetaPro S&P/TSX Global Gold™ Bear Plus ETF
Horizons BetaPro S&P 500® Bull Plus ETF
Horizons BetaPro S&P 500® Bear Plus ETF
Horizons BetaPro NASDAQ-100® Bull Plus ETF
Horizons BetaPro NASDAQ-100® Bear Plus ETF
Horizons BetaPro MSCI Emerging Markets Bull Plus ETF
Horizons BetaPro MSCI Emerging Markets Bear Plus ETF
Horizons BetaPro S&P/TSX 60™ Inverse ETF
Horizons BetaPro S&P/TSX Capped Financials™ Inverse ETF
Horizons BetaPro S&P/TSX Capped Energy™ Inverse ETF
Horizons BetaPro S&P/TSX Global Gold™ Inverse ETF
Horizons BetaPro S&P 500® Inverse ETF
Horizons BetaPro COMEX® Gold Bullion Bull Plus ETF
Horizons BetaPro COMEX® Gold Bullion Bear Plus ETF
Horizons BetaPro NYMEX® Crude Oil Bull Plus ETF
Horizons BetaPro NYMEX® Crude Oil Bear Plus ETF
Horizons BetaPro NYMEX® Natural Gas Bull Plus ETF
Horizons BetaPro NYMEX® Natural Gas Bear Plus ETF
Horizons BetaPro US Dollar Bull Plus ETF
Horizons BetaPro US Dollar Bear Plus ETF
Horizons BetaPro US 30-year Bond Bull Plus ETF
Horizons BetaPro US 30-year Bond Bear Plus ETF
Horizons BetaPro COMEX® Silver Bull Plus ETF
Horizons BetaPro COMEX® Silver Bear Plus ETF
Horizons BetaPro COMEX® Copper Bull Plus ETF
Horizons BetaPro COMEX® Copper Bear Plus ETF
Horizons BetaPro COMEX® Gold Inverse ETF
Horizons BetaPro COMEX® Silver Inverse ETF
Horizons BetaPro NYMEX® Natural Gas Inverse ETF
Horizons BetaPro NYMEX® Crude Oil Inverse ETF
Horizons BetaPro COMEX® Long Gold/Short Silver Spread ETF
Horizons BetaPro COMEX® Long Silver/Short Gold Spread ETF
Horizons BetaPro NYMEX® Long Natural Gas/Short Crude Oil Spread ETF
Horizons BetaPro NYMEX® Long Crude Oil/Short Natural Gas Spread ETF
Horizons COMEX® Copper ETF
Horizons COMEX® Gold ETF
Horizons COMEX® Silver ETF
Horizons Winter-Term NYMEX® Crude Oil ETF
Horizons Winter-Term NYMEX® Natural Gas ETF
Horizons U.S. Dollar Currency ETF
Horizons Australian Dollar Currency ETF
Horizons S&P/TSX 60™ Index ETF
Horizons S&P 500® Index (C$ Hedged) ETF
Horizons GMP® Junior Oil and Gas Index™ ETF
Horizons BetaPro S&P 500 VIX Short-Term Futures™ ETF
Horizons BetaPro S&P 500 VIX Short-Term Futures™ Bull Plus ETF

AlphaPro Funds

Horizons Enhanced Income Energy ETF
Horizons Enhanced Income Financials ETF
Horizons Enhanced Income Gold Producers ETF
Horizons Enhanced Income Equity ETF
Horizons Tactical Bond ETF
Horizons Income Plus ETF
Horizons S&P/TSX 60 130/30™ Index ETF
Horizons Dividend ETF
Horizons Global Dividend ETF
Horizons North American Value ETF
Horizons North American Growth ETF
Horizons S&P/TSX 60 Equal Weight Index ETF
Horizons Balanced ETF
Horizons Corporate Bond ETF
Horizons Preferred Share ETF
Horizons Floating Rate Bond ETF
Horizons AlphaPro Gartman ETF
Horizons AlphaPro Seasonal Rotation ETF
Horizons Enhanced U.S. Equity Income Fund
Horizons Gold Yield Fund
Horizons Enhanced Income US Equity (USD) ETF
Horizons Enhanced Income International Equity ETF

2.1.6 National Bank Securities Inc. and National Bank Mortgage Fund

Headnote

National Policy 11-203 Process for Exemptive Relief in Multiple Jurisdictions – Relief granted from conflict of interest reporting requirement in subsections 117(1)(a) of the Securities Act (Ontario) for purchases and sales of securities between a fund and a related person or company – monthly reporting not required provided that similar disclosure is made in the management reports on fund performance for the subject mutual fund and that certain records of related party portfolio transactions are kept by the mutual fund.

Applicable Legislative Provisions

Securities Act (Ontario), ss. 117(1)(a), 117(2).

October 21, 2011

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

AND

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

AND

IN THE MATTER OF
NATIONAL BANK SECURITIES INC.
(the Filer)

AND

NATIONAL BANK MORTGAGE FUND (the Fund)

DECISION

Background

The principal regulator in the Jurisdiction (**Decision Maker**) has received an application from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) pursuant to section 117(2) of the *Securities Act* (Ontario) (**OSA**) for relief from section 117(1)(a) of the OSA to exempt the Filer, or any affiliate of the Filer that is a management company, from the obligation to file reports in connection with transactions in mortgages between the Fund and National Bank of Canada (**NBC**), National Bank Financial Inc., National Bank Financial Ltd. and other affiliates of the Filer acting as principal (together, the **Affiliates**; NBC and the Affiliates together, the **NBC Affiliates** and individually, an **NBC Affiliate**) (the **Requested Relief**).

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

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

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

Interpretation

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

Representations

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

1. The Filer is the investment fund manager of the Fund.

2. The Filer is a corporation organized under the laws of Canada, with its head office located in Montréal, Québec. NBC indirectly wholly owns the Filer.

3. The Filer is registered under applicable securities legislation (i) in each province and territory of Canada, as a dealer in the category of mutual fund dealer; and (ii) in the province of Québec, as an investment fund manager and a financial planner. The Filer is a member of the Mutual Fund Dealers Association of Canada.

4. Natcan Investment Management Inc. (the **Portfolio Manager**) is the portfolio manager of the Fund.

5. The Portfolio Manager is a corporation organized under the laws of the province of Québec, with its head office located in Montréal, Québec. NBC has a direct and indirect majority interest in the Portfolio Manager.

6. The Portfolio Manager is registered under applicable securities legislation (i) in each province and territory of Canada except Prince Edward Island, Yukon and Nunavut, as an adviser in the category of portfolio manager and as a dealer in the category of exempt market dealer; (ii) in the province of Quebec, as an investment fund manager and a derivatives portfolio manager; and (iii) in the province of Ontario, as a commodity trading manager.

7. The Fund is an open-ended mutual fund, organized as a trust pursuant to the laws of Ontario. The Fund is a reporting issuer in each province and territory of Canada. Units of the Fund are qualified for sale under a simplified prospectus and annual information form filed in accordance with applicable securities legislation in each province and territory of Canada.

8. Neither of the Filer nor the Fund is in default of securities legislation in any province or territory of Canada, except for the inadvertent failure of the Filer to obtain the Requested Relief, and of the Fund to obtain relief from the provisions of section 4.2 of National Instrument 81-102 *Mutual Funds* (for which separate relief under a separate decision has been requested), with respect to purchases of mortgages from NBC prior to November 27, 2009.

9. Disclosure of purchases from NBC was provided in the simplified prospectus and other disclosure documents filed with the securities regulatory authorities in the provinces and territories of Canada and delivered to unitholders upon request as required pursuant to the Legislation. The Fund has not purchased any mortgages from any NBC Affiliate since November 27, 2009.

10. The Filer has appointed an independent review committee (**IRC**) under National Instrument 81-107 *Independent Review Committee for investment Funds* (**NI 81-107**) for the Fund.

11. The IRC has been informed that the Filer did not obtain the Requested Relief for purchases of mortgages from NBC prior to November 27, 2009 and of the filing of the application to obtain the Requested Relief.

12. The IRC of the Fund will consider the policies and procedures of the Filer and will provide its approval on whether the proposed transactions in mortgages achieve a fair and reasonable result for the Fund in accordance with subsection 5.2(2) of NI-81-107.

13. The Fund's investment objectives are to provide a high level of income while providing sustained capital growth and preserving capital. The purchase and sale of mortgages by the Fund from or to NBC Affiliates is consistent with the investment objectives of the Fund.

14. Mortgages purchased by the Fund from NBC are purchased pursuant to National Policy Statement No. 29 *Mutual Funds Investing in Mortgages* (**NP 29**) at the "modified lender's rate" (namely at the principal amount which will produce a yield to the Fund not more than a quarter of one percent less than the interest rate at which NBC is making commitments, at the time of purchase, to loan on the security of comparable mortgages), in accordance with an MRRS decision dated March 18, 2004 (the "**2004 Decision**").

15. The Fund purchases mortgages from NBC and may purchase mortgages from the other NBC Affiliates.

16. NBC has been retained to administer the mortgages held in the Fund that have been acquired from NBC pursuant to a sale and mortgage administration agreement. Mortgages purchased from an NBC Affiliate other than NBC will also be administered in accordance with an administration agreement to be entered into by or on behalf of the Fund.

17. The Fund only purchases a mortgage from an NBC Affiliate if:

    (a) the transaction is made in accordance with the calculation set forth in the "Not at Arm's Length Transactions" provision of NP 29;

    (b) where the transaction is made pursuant to the modified lender's rate (namely, at the principal amount which will produce a yield to the Fund of not more than a quarter of one percent less than the interest rate at which NBC is making commitments, at the time of purchase, to loan on the security of comparable mortgages):

        (i) the NBC Affiliate that sells the mortgage to the Fund enters into an agreement (the "**Repurchase Agreement**") with the Fund whereby the NBC Affiliate is obligated to repurchase it if the mortgage goes into default for more than 90 days and in circumstances benefiting the Fund; and

        (ii) the Portfolio Manager considers that the Repurchase Agreement is sufficient to justify the difference in yield referred to in sub-paragraph (b) above;

    (c) NBC guarantees the performance of the Affiliate under the Repurchase Agreement referred to in paragraph 17(b)(i) above;

    (d) the Filer causes the Fund to comply with the disclosure provisions of NP 29, subject to the representations made in connection with the Requested Relief; and

    (e) the simplified prospectus of the Fund discloses that the Fund will engage in principal transactions in mortgages with the NBC Affiliates.

18. The provisions of NP 29 set out guidelines relating to the acquisition of mortgages by a mutual fund from lending institutions with whom such fund does not deal at arm's length and provide certain protections to the investing public.

19. The Portfolio Manager only causes the Fund to purchase a mortgage from or sell a mortgage to an NBC Affiliate if the transaction is made in accordance with the calculation set forth in the "Not at Arm's Length Transactions" provision of NP 29.

20. None of the NBC Affiliates from which mortgages are purchased or to which mortgages are sold for the Fund, or any of their directors, officers or employees, participate in the formulation of investment decisions made on behalf of, or advice given to, the Fund by the Portfolio Manager.

21. All decisions to purchase mortgages for the Fund's portfolio from an NBC Affiliate are made based on the judgment of responsible persons uninfluenced by considerations other than the best interests of the Fund.

22. The Filer is of the view that the purchase and sale of mortgages between the Fund and NBC Affiliates are in the best interests of the Fund.

23. To the extent that the Fund purchases mortgages from, or sells mortgages to, NBC Affiliates, this fact is set out, and will continue to be set out, in each of the simplified prospectus, annual information form and management report of fund performance of the Fund in accordance with applicable securities legislation.

24. Pursuant to the provisions of section 117(1)(a) of the OSA, the Filer is required to file a report with respect to each purchase and sale of mortgages between the Fund and NBC Affiliates. This report is to be filed within 30 days after the end of the month in which the transaction occurs, disclosing the issuer of the securities purchased or sold, the class or designation of the securities, the amount and number of securities and the consideration paid.

25. When discussing portfolio transactions with related parties of the Fund, National Instrument 81-106 Investment Fund Continuous Disclosure requires the Fund to include the dollar amount of commission, spread, or any other fee paid to a related party in connection with a portfolio transaction. To the extent that the Fund purchases mortgages from, or sells mortgages to, NBC Affiliates, these facts will be set out in the management report of fund performance of the Fund filed with the securities regulatory authorities in the applicable Jurisdictions and delivered to unitholders (if requested) on a semi-annual basis, so that the information will be provided to the securities regulatory authorities in the applicable Jurisdictions and to unitholders of the Fund in fulfillment of its continuous disclosure obligations.

26. The Filer keeps written records of the mortgage purchase and sale transactions with NBC Affiliates, which records comply with the requirements of section 6.1(2)(g) of NI 81-107.

Decision

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

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

(a) the annual and interim management reports of fund performance for the Fund disclose:

(i) the name of the NBC Affiliate;

(ii) the amount of fees paid to each NBC Affiliate, and

(iii) the person or company who paid the fees if they were not paid by the Fund; and

(b) the records of the portfolio transactions maintained by the Fund include, separately for every mortgage transaction effected by the Fund through an NBC Affiliate:

(i) the name of the NBC Affiliate;

(ii) the amount of fees paid to the NBC Affiliate; and

(iii) the person or company who paid the fees.

“Edward P. Kerwin”
Commissioner
Ontario Securities Commission

“Judith Robertson”
Commissioner
Ontario Securities Commission

2.1.7 Hewlett-Packard Company

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Application for relief from dealer registration requirements in respect of first trade in shares made in connection with an employee stock purchase plan by a U.S. issuer – Relief from dealer registration requirements requested upon the first trade of shares through affiliate of plan administrator – The Filer cannot rely on the plan administrator exemption in subsection 8.16(3) of National Instrument 31-103 Registration Requirements and Exemptions as the Filer is a reporting issuer in a Canadian jurisdiction – Canadian employees will receive disclosure documents from plan administrator – The affiliate of the plan administrator that executes first trade of shares is subject to the supervision of the U.S. Securities and Exchange Commission – Relief granted.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 25, 53, 74(1).
Multilateral Instrument 11-102 Passport System, s. 4.7(1).
National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions, s. 3.6(6).
National Instrument 31-103 Registration Requirements and Exemptions, s. 8.16.
National Instrument 45-102 Resale of Securities, ss. 2.6, 2.14.

October 28, 2011

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

AND

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

AND

IN THE MATTER OF
HEWLETT-PACKARD COMPANY
(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**) that the dealer registration requirement not apply to the first trade in common shares of the Filer (**Common Shares**) issued upon the exercise of Options (defined below) by Eligible Employees (defined below), former such employees or the legal representative of permitted transferees of any of the foregoing pursuant to the Hewlett-Packard Company 2011 Employee Stock Purchase Plan (the **HP 2011 Plan**) (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 on in British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland & Labrador, Yukon Territory, Northwest Territories and Nunavut Territory (with Ontario, the Jurisdictions).

Interpretation

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

Representations

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

1. The Filer is a corporation incorporated under the laws of Delaware and is not a reporting issuer in any jurisdiction in Canada except Québec. The Filer is subject to the reporting requirements of the Securities Exchange Act of 1934.

2. The authorized share capital of the Filer consists of 9,600,000,000 Common Shares with a par value of US$0.01 each and 300,000,000 shares of preferred stock with a par value of US$0.01 each. As at August 31, 2011 there were 1,986,967,186 Common Shares and no shares of preferred stock of the Filer issued and outstanding.

3. The Common Shares are listed on the New York Stock Exchange.

4. As at August 31, 2011, residents of Canada did not own, directly or indirectly, more than 10 percent of the outstanding Common Shares and did not represent in number more than 10 percent of the total number of owners, directly or indirectly, of Common Shares.

5. Hewlett Packard (Canada) Co. (**HP Canada**), a wholly-owned subsidiary of the Filer is a corporation incorporated under the federal laws of Canada. HP Canada is not a reporting issuer in any jurisdiction in Canada and does not have any present intention of becoming a reporting issuer or its equivalent in any jurisdiction in Canada.

6. The principal office of HP Canada is situated in Ontario.

7. The Filer operates the HP 2011 Plan. Common Shares may be purchased under the HP 2011 Plan by various employees of HP and its affiliated entities eligible to participate (**Eligible Employees**). The HP 2011 Plan is implemented by offering periods generally lasting for six months (each, an **Offering Period**). Each Eligible Employee who participates in the HP 2011 Plan is automatically granted an option to purchase Common Shares (an **Option**). Options are exercised and Common Shares are purchased under the HP 2011 Plan at the end of each Offering Period, unless the participant withdraws or terminates employment earlier.

8. In Canada, the Filer also operates the HP 2004 Stock Incentive Plan for the benefit of the employees of the Filer and its subsidiaries, including HP Canada. The Filer previously operated the HP 2000 Employee Stock Purchase Plan and the HP 2000 Stock Plan, among other equity compensation plans, for the benefit of the Filer and its subsidiaries, including HP Canada.

9. The Filer uses the services of a plan administrator in connection with the HP 2011 Plan. The current plan administrator under the HP 2011 Plan is Mellon Investor Services LLC, doing business as Mellon Shareowner Services (the **Administrator**). Trades in Common Shares acquired under the HP 2011 Plan will be effected through BNY Mellon Capital Markets, LLC, an affiliate of the Administrator that is registered under applicable U.S. securities legislation to trade in securities in the category of broker-dealer (together with the Administrator, **BNYM**).

10. Eligible Employees in Canada who are granted Common Shares or Options under the HP 2011 Plan will be provided with all the disclosure documentation that HP employees resident in the United States who receive Common Shares or Options under the HP 2011 Plan are entitled to receive.

11. Participation in the HP 2011 Plan is and will be voluntary and the Eligible Employees will not be induced to participate in the HP 2011 Plan or exercise Options by expectation of employment or continued employment with HP, HP Canada or any other affiliated entity of HP.

12. Generally, each Eligible Employee may elect to make contributions under the HP 2011 Plan by payroll deduction of any amount up to, but not exceeding, 10% of his or her base earnings.

13. Because there is no market for the Common Shares in Canada and none is expected to develop, any trades of the Common Shares by Eligible Employees, their legal representatives or permitted transferees or BNYM will be effected through the facilities of and in accordance with the rules of an exchange or market outside of Canada on which the Common Shares are traded.

14. An exemption from the dealer registration requirement of the Legislation is not available in the Jurisdictions for resale of the Common Shares acquired pursuant to the HP 2011 Plan, including trades effected through BNYM. Such an exemption would be available in respect of trades made by a plan administrator pursuant to section 8.16(3) of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Obligations* but for the fact that HP is a reporting issuer in Quebec.

Decision

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

The decision of the principal regulator under the Legislation is that the Exemption Sought is granted provided that the first trade in the Common Shares issued upon the exercise of Options under the HP 2011 Plan is deemed to be a distribution unless the following conditions are satisfied:

(a) at the time of the issuance of the Common Shares upon the exercise of the Options (the **Exercise Time**), the Filer is not a reporting issuer in any jurisdiction of Canada except Québec;

(b) at the Exercise Time, after giving effect to the issuance of the Common Shares and any other Common Shares that were issued at the same time as or as part of the same distribution, residents of Canada:

(i) did not own directly or indirectly more than 10 percent of the outstanding Common Shares, and

(ii) did not represent in number more than 10 percent of the total number of owners directly or indirectly of Common Shares; and

(c) the trade is made:

(i) through an exchange, or a market, outside of Canada, or

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

“Edward P Kerwin”
Commissioner
Ontario Securities Commission

“Judith Robertson”
Commissioner
Ontario Securities Commission

2.1.8 AIM Health Group Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – issuer not a reporting issuer under applicable securities legislation.

Applicable Legislative Provisions

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

October 28, 2011

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, ONTARIO
AND QUEBEC
(THE JURISDICTIONS)

AND

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

AND

IN THE MATTER OF
AIM HEALTH GROUP INC.
(THE FILER)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (**Decision Maker**) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) the Applicant is not a reporting issuer (the Requested Relief).

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

1. the Ontario Securities Commission is the principal regulator for this application, and

2. the decision is the decision of the principal regulator and evidences the decision of each other Decision Maker.

Interpretation

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

Representations

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

1. The Filer was originally incorporated under the name Orior Technologies Inc. on July 13, 2005 pursuant to the *Business Corporations Act* (Ontario). By articles of amendment dated August 18, 2008, the Filer changed its name from Orior Technologies Inc. to AIM Health Group Inc. By articles of arrangement dated August 30, 2011, AIM Health Group Inc. (the pre-amalgamation entity) (*Pre-Amalgamation AIM*), AIM Health Group Limited and 2291094 Ontario Inc. amalgamated to form the Filer.

2. The Filer is a reporting issuer in each of the Jurisdictions.

3. The Filer's head office is located at 19 Allstate Parkway, Markham, Ontario, L3R 5A4.

4. Pursuant to a plan of arrangement under the *Business Corporations Act* (Ontario) (the **Plan of Arrangement**) completed on August 31, 2011 (the **Arrangement**) involving Pre-Amalgamation AIM, Imperial Capital Group Ltd. (**Imperial**) and 2291094 Ontario Inc. (**AcquisitionCo**), a corporation controlled by Imperial, AcquisitionCo acquired beneficial ownership of all of the issued and outstanding shares of the Pre-Amalgamation AIM (other than an aggregate of 20,955,500 shares of Pre-Amalgamation AIM held by insiders and other shareholders of Pre-Amalgamation AIM that were acquired in return for shares of AcquisitionCo) for $0.25 in cash per share. All options and warrants of Pre-Amalgamation AIM outstanding immediately prior to the effective time of the Arrangement were deemed to be terminated. The Arrangement was approved by the shareholders of Pre-Amalgamation AIM at a shareholders' meeting held on August 23, 2011 (the **Meeting**).

5. As part of the Arrangement and pursuant to the terms of the Plan of Arrangement, Pre-Amalgamation AIM, AIM Health Group Limited and AcquisitionCo amalgamated to form the Filer and each shareholder of AcquisitionCo was deemed to be a shareholder of the Filer as each share of AcquisitionCo outstanding immediately prior to the amalgamation was deemed to be exchanged for one share of the Filer (**Shares**).

6. In addition, under the terms of the Plan of Arrangement, the conversion provisions entitling three holders to the right to convert their shares of Accident Injury Management Clinic Inc. into shares of Pre-Amalgamation AIM (the **Hamilton Interest**) were deemed amended to provide, in lieu of conversion in certain circumstances into common shares of Pre-Amalgamation AIM, for conversion into Shares.

7. Similarly, the conversion provisions relating to a convertible promissory note issued by the Filer in a principal amount of $280,000 (the **Phoenix**

Promissory Note) were deemed amended to provide, in lieu of conversion in certain circumstances into Pre-Amalgamation AIM, for conversion into Shares. The Phoenix Promissory Note was thereafter amended to eliminate the right of conversion and consequently the holder of the Phoenix Promissory Note now only retains the right to be repaid under the Phoenix Promissory Note.

8. As part of the Arrangement, Imperial agreed to arrange for the sufficient funding of and cause the Filer to redeem or repay in full all of the outstanding 3-year 10% convertible secured subordinated debentures (the **Debentures**) in the principal amount of $3,500,000 in accordance with their terms immediately following the completion of the Arrangement (the **Redemption**). Pre-Amalgamation AIM issued an irrevocable notice of redemption dated July 22, 2011 to all holders of the Debentures and such notice was mailed out on the same day along with other meeting materials relating to the Meeting. As of October 18, 2011, the Filer has redeemed all but one of the Debentures. The Filer has deposited the required amount to redeem the outstanding Debenture with Equity Financial Trust Company (the "**Indenture Trustee**") and such monies are being held by the Indenture Trustee in escrow for the holder and will be paid to the holder upon surrender of the Debenture. The holder's only right is to receive payment of the monies held in escrow by the Indenture Trustee.

9. Not taking into account the outstanding Debenture, securities of the Filer, including debt securities, are currently beneficially owned, directly or indirectly by: (i) 15 shareholders holding 116,693,600 Shares (one being Imperial, seven being previous shareholders of Pre-Amalgamation AIM that received shares of AcquisitionCo under the Arrangement, and seven shareholders who acquired their Shares in the Filer after the Arrangement); (ii) one holder holding the Phoenix Promissory Note; and (iii) three holders holding the Hamilton Interest. Consequently, the number of security holders in Ontario is 19 and there are no other security holders.

10. Pre-Amalgamation AIM disclosed in the management information circular with respect to the meeting to approve the Arrangement that the Filer will seek to be deemed to cease to be a reporting issuer under securities legislation of the Jurisdictions following the effective date of the Arrangement.

11. All of the remaining security holders of the Filer have consented to the making of this Application by the Filer.

12. None of the Filer's securities including the Debentures, the Phoenix Promissory Note and the Hamilton Interest are listed on any marketplace in Canada as defined in National Instrument 21-101 *Marketplace Operation*.

13. No securities of the Filer will be traded on a marketplace as defined in National Instrument 21-102 – *Marketplace Operation*.

14. The Filer will not be a reporting issuer or the equivalent in any jurisdiction in Canada immediately following the Director granting the Exemptive Relief Sought.

15. The Filer is currently in default of its obligations under the Legislation as a reporting issuer only with respect to its obligation to file the interim unaudited financial statements, its MD&A in respect of its interim unaudited financial statements and related certifications for the quarter ended June 30, 2011, required to be filed by on August 29, 2011 pursuant to Section 4.4(b)(i) of NI 51-102. The filing deadline for these documents was after the date on which the Arrangement was approved by the shareholders of AIM Health Inc. and the Ontario Superior Court of Justice.

16. The Filer has no plans to seek public financing by an offering of its securities in Canada.

Decision

Each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met.

The decision of the Decision Makers under the Legislation is that the Requested Relief is granted.

"Edward P. Kerwin"
Commissioner
Ontario Securities Commission

"Judith Robertson"
Commissioner
Ontario Securities Commission

2.1.9 CIBC Asset Management Inc. et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – mutual fund granted relief from preparing and filing annual management report of fund performance which would only cover a short operating period.

Applicable Legislative Provisions

National Instrument 81-106 Investment Fund Continuous Disclosure, s. 4.2.

October 28, 2011

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

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

AND

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

AND

RENAISSANCE CANADIAN ALL-CAP EQUITY FUND
AND RENAISSANCE OPTIMAL INFLATION
OPPORTUNIES PORTOLIO
(the Funds)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer, on behalf of each of the Funds, for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for an exemption, pursuant to section 17.1 of National Instrument 81-106 – *Investment Fund Continuous Disclosure* (**NI 81-106**) from the requirement contained in section 4.2 of NI 81-106 to file annual management reports of fund performance (**MRFPs**) for the fiscal year ended August 31, 2011 (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 to be relied upon in British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Yukon, Northwest Territories and Nunavut (the **Jurisdictions**)

Interpretation

Terms defined in National Instrument 14-101 *Definitions* and MI 11-102 have the same meaning if used in this decision, unless otherwise defined 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 Canada and has its head office in Toronto, Ontario.

2. The Filer is the manager and trustee of the Funds.

3. The Funds are open-ended mutual fund trusts established and organized under the laws of the Province of Ontario on August 22, 2011 pursuant to an amended and restated master declaration of trust dated as of August 30, 2010, as amended.

4. Each Fund became a reporting issuer under the applicable securities legislation of the Jurisdictions on August 25, 2011, following the issuance of a receipt by the principal regulator for the final simplified prospectus and annual information form of the Funds dated August 23, 2011.

5. None of the Funds or the Filer is in default of securities legislation in any of the Jurisdictions.

6. The Filer prepares and files MRFPs for all of its funds in a timely manner as required by NI 81-106.

7. The fiscal year end of each Fund is August 31, 2011.

8. As of August 31, 2011, no securities were issued to the public. The Filer was the sole unitholder of each Fund.

9. As of August 31, 2011, each Fund held only cash in its portfolio.

10. The Filer will prepare, file and deliver audited financial statements for the Funds for the financial year ended August 31, 2011 as required by NI 81-106.

11. In the absence of the Exemption Sought, each of the Funds would be required to prepare and file in the Jurisdictions an annual MRFP for the period ended August 31, 2011.

12. The benefit of preparing and filing an MRFP for the Funds would be minimal given that no units of the Funds, other than for seed capital purposes, were issued as of August 31, 2011 and the Filer was the sole unitholder of each Fund.

Decision

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

The decision of the principal regulator under the Legislation is that the Exemption Sought is granted provided that the Filer will prepare an interim MRFP for the period ended February 29, 2012 in accordance with Form 81-106F1, except that it will include financial highlights as required by Part B, Item 3 of Form 81-106F1.

"Chantal Mainville"
Acting Manager, Investment Funds Branch
Ontario Securities Commission

2.1.10 Friedberg Advisors LP et al.

Headnote

Under paragraph 4.1(1)(b) of National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations a registered firm must not permit an individual to act as a dealing, advising or associate advising representative of the registered firm if the individual is registered as a dealing, advising or associate advising representative of another registered firm. An individual dealing representative is applying for registration as advising representative of an affiliated firm. The individual's additional sponsoring firm will carry on portions of the current business of his present sponsoring firm. The current and additional sponsoring firms have policies in place to handle potential conflicts of interest. The disclosure of relationships will be made to clients. The Filers are exempted from the prohibition.

Applicable Legislative Provisions

National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, ss. 4.1, 15.1.

October 31, 2011

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

AND

IN THE MATTER OF
FRIEDBERG ADVISORS LP
(FALP)

AND

FRIEDBERG MERCANTILE GROUP LTD.
(FMGL)

AND

ALBERT FRIEDBERG
(the Filers)

DECISION

Background

The regulator in the Jurisdiction (the **Decision Maker**) has received an application from the Filers for a decision under the securities legislation of the regulator (the **Legislation**) for relief from the requirement under paragraph 4.1(1)(b) of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**) to permit Albert Friedberg to be registered as both a dealing representative of FMGL and as an advising representative of FALP (the **Dual Registration**) upon the

registration of FALP under the Legislation in the category of portfolio manager (the **Requested Relief**).

Interpretation

Terms defined in National Instrument 14-101 *Definitions* and Multilateral Instrument 11-102 *Passport System* have the same meaning in this decision unless otherwise defined.

Representations

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

1. FMGL is registered under NI 31-103 in each of the jurisdictions of Canada in the category of investment dealer. FMGL is also registered in Ontario in the category of futures commission merchant, and in Manitoba as a dealer (futures commission merchant). FMGL is a member of the Investment Industry Regulatory Organization of Canada (**IIROC**) and has its head office in Ontario. FMGL has provided portfolio management services for many years for Canadian and non-Canadian investment funds.

2. FALP has applied for registration in the category of portfolio manager in Ontario.

3. FALP is indirectly wholly owned by FMGL.

4. FMGL is not in default of any requirements of securities legislation in any jurisdiction of Canada.

5. Albert Friedberg is currently registered as a dealing representative and ultimate designated person under the category of investment dealer and as a salesperson under the category of futures commission merchant with FMGL. He also carries out the activities of an advising representative under FMGL but is exempt from registration in such capacity under section 8.24 of NI 31-103. Mr. Friedberg is also an officer and director of FMGL, and a trust established for beneficiaries including members of Mr. Friedberg's immediate family is the beneficial shareholder of FMGL. Mr. Friedberg's duties with FALP will be as ultimate designated person and advising representative, on the same basis that he is ultimate designated person and dealing representative with FMGL.

6. FALP was established for the purpose of providing portfolio management services, to Canadian investment funds in respect of which the sole investors are existing Canadian investment funds for which FMGL has served as portfolio manager (the **Friedberg Advised Funds**), in order to benefit from significant potential tax efficiencies resulting in part from having the brokerage activities and portfolio management activities separated. FALP may in the future provide portfolio management services to additional Canadian investment funds. Because FALP will be carrying on certain parts of the current business of FMGL, and because FALP is wholly-owned by FMGL, their interests will, in all respects, be aligned, and any actions by, or decisions made in respect of FALP will be identical to those which would have been made by FMGL were it to have itself continued to provide such services. Therefore the potential for conflicts of interest and client confusion is remote.

7. FALP is an indirect wholly-owned subsidiary of FMGL and, accordingly, the Dual Registration will not give rise to the conflicts of interest present in a similar arrangement involving unrelated, arm's length firms.

8. The Filers have in place policies and procedures to address conflicts of interest that may arise as a result of the Dual Registration, and believe that they will be able to appropriately deal with these conflicts.

9. The Filers are subject to the restrictions and requirements of Part 13 of NI 31-103 regarding conflict of interest matters.

10. The Friedberg Advised Funds and their manager are subject to the requirements of National Instrument 81-107 *Independent Review Committee for Investment Funds* and therefore must comply with the requirements relating to conflict of interest issues.

11. The unitholders of the Friedberg Advised Funds have been advised that FALP will be the Friedberg Advised Funds' new portfolio manager and of the Dual Registration.

12. In the absence of the Requested Relief, Albert Friedberg would be prohibited under paragraph 4.1(1)(b) of NI 31-103 from acting as an advising representative of FALP while also registered as a dealing and advising representative of FMGL, even though FMGL is an affiliate of FALP.

Decision

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

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

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

2.2 Orders

2.2.1 Goldbridge Financial Inc. et al. – ss. 127, 127.1

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

AND

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

ORDER
(Sections 127 and 127.1 of the Securities Act)

WHEREAS on August 31, 2009, a Statement of Allegations was issued and on September 18, 2009, a Notice of Hearing was issued pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), to consider whether Goldbridge Financial Inc. ("Goldbridge"), Wesley Wayne Weber ("Mr. Weber") and Shawn C. Lesperance ("Mr. Lesperance") breached subsection 25(1)(a) and 25(1)(c) of the Act, whether Mr. Weber breached subsection 122(1)(a) of the Act, and whether all the respondents engaged in conduct contrary to the public interest;

AND WHEREAS prior to the hearing on the merits, Mr. Lesperance settled with the Commission (*Re Goldbridge Financial Inc.* (2009), 32 O.S.C.B. 7387 (oral reasons));

AND WHEREAS the Commission conducted the hearing on the merits in this matter with respect to Goldbridge and Mr. Weber on February 8, 9, and 12, 2010;

AND WHEREAS the Commission issued its Reasons and Decision on the merits in this matter on January 21, 2011 (*Re Goldbridge Financial Inc.* (2011), 34 O.S.C.B. 1064 (the "Merits Decision"));

AND WHEREAS the Commission is satisfied that Mr. Weber and Goldbridge have not complied with Ontario securities law and have not acted in the public interest, as outlined in the Merits Decision;

AND WHEREAS the Commission conducted a hearing with respect to sanctions and costs on May 13, 2011 (the "Sanctions and Costs Hearing");

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

IT IS HEREBY ORDERED:

(a) pursuant to clause 2 of subsection 127(1) of the Act, Mr. Weber and Goldbridge cease trading, directly or indirectly, in securities for a period of 15 years except that Mr. Weber may trade securities in any of his personal accounts in which he has sole legal and beneficial ownership, provided that:

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

(ii) Mr. Weber does not own legally or beneficially more than one percent of the outstanding securities of the class or series of the class in question;

(iii) Mr. Weber carry out any permitted trading through a registered dealer and through trading accounts opened in his name only (and he must close any trading accounts that are not in his name only); and

(iv) Mr. Weber must give a copy of the Merits Decision, the Sanctions and Costs Decision and the Sanctions and Costs Order to any registered dealer through which he trades, in advance of any trading;

(b) pursuant to clause 2.1 of subsection 127(1) of the Act, Mr. Weber and Goldbridge are prohibited for a period of 15 years from acquiring any securities, except that Mr. Weber is permitted to acquire securities to allow the trading in securities permitted by and in accordance with paragraph (a) of this Order;

(c) pursuant to clause 3 of subsection 127(1) of the Act, any exemptions in Ontario securities law do not apply to Mr. Weber and Goldbridge for a period of 15 years;

(d) pursuant to clause 6 of subsection 127(1) of the Act, Mr. Weber is reprimanded by the Commission;

(e) pursuant to clause 7 of subsection 127(1) of the Act, Mr. Weber resign any position he holds as an officer or director of any issuer;

(f) pursuant to clause 8 of subsection 127(1) of the Act, Mr. Weber is prohibited from becoming or acting as an officer or

director of any issuer for a period of 15 years;

(g) pursuant to section 127.1 of the Act, Mr. Weber and Goldbridge shall pay, jointly and severally, the costs of, or related to, this proceeding, in the amount of $45,278.75.

DATED at Toronto, Ontario this 26th day of October, 2011.

"Mary G. Condon"

"Margot C. Howard"

2.2.2 Innovative Gifting Inc. et al. – s. 127

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

AND

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

ORDER
(Section 127)

WHEREAS on March 2, 2010, the Commission issued a Notice of Hearing to consider, *inter alia*, whether to make orders, pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), against Innovative Gifting Inc. ("IGI"), Terence Lushington ("Lushington"), Z2A Corp. ("Z2A") and Christine Hewitt ("Hewitt") (collectively the "Respondents");

AND WHEREAS on March 2, 2010, Staff of the Commission issued a Statement of Allegations against the Respondents;

AND WHEREAS Staff served the Respondents with the Notice of Hearing dated March 2, 2010 and Staff's Statement of Allegations dated March 2, 2010. Service by Staff was evidenced by the Affidavit of Service of Joanne Wadden, sworn on March 4, 2010, which was filed with the Commission;

AND WHEREAS on March 5, 2010, the Commission ordered that the hearing with respect to the matter be adjourned to April 12, 2010;

AND WHEREAS on April 12, 2010, counsel for Staff, counsel for IGI and Lushington, and counsel for Z2A and Hewitt appeared before the Commission and made submissions;

AND WHEREAS on April 13, 2010, the Commission issued an order that, *inter alia*, the hearing with respect to the Notice of Hearing dated March 2, 2010 be adjourned to July 21, 2010 at 10:00 a.m., at which time a pre-hearing conference will be held;

AND WHEREAS on July 21, 2010, a pre-hearing conference was commenced and counsel for Staff, counsel for IGI and Lushington, and counsel for Z2A and Hewitt appeared before the Commission and made submissions;

AND WHEREAS on July 21, 2010, the Commission issued an order that, *inter alia*, the hearing with respect to the Notice of Hearing dated March 2, 2010 be adjourned to September 9, 2010 at 10:00 a.m., at which time the pre-hearing conference will be continued;

AND WHEREAS on September 9, 2010, the pre-hearing conference was continued and counsel for Staff

and counsel for IGI and Lushington appeared before the Commission and made submissions. Counsel for Z2A and Hewitt did not attend but counsel for Staff advised the Commission of counsel's submissions;

AND WHEREAS on September 9, 2010, all counsel submitted that the hearing be adjourned;

AND WHEREAS on September 9, 2010, the Commission ordered, *inter alia*, that the hearing with respect to the Notice of Hearing dated March 2, 2010 be adjourned to November 4, 2010 at 3:00 p.m., at which time the confidential pre-hearing conference will be continued and dates will be fixed for the hearing on the merits in this matter;

AND WHEREAS on November 3, 2010, all parties requested, in writing, that the pre-hearing conference scheduled for November 4, 2010 be adjourned to 10:00 a.m. on December 6th, 2010 and at that time dates will be fixed for the hearing on the merits in this matter;

AND WHEREAS on November 4, 2010, the Commission ordered that, *inter alia*, the hearing with respect to the Notice of Hearing dated March 2, 2010 be adjourned to December 6th, 2010 at 10:00 a.m., at which time the confidential pre-hearing conference will be continued and dates will be fixed for the hearing on the merits in this matter;

AND WHEREAS on December 6, 2010, all parties attended the pre-hearing conference and all parties made submissions to the Commission;

AND WHEREAS on December 6, 2010 the Commission ordered the hearing on the merits in this matter to commence on May 2, 2011 and continue until May 16, 2011, with the exception that the hearing on the merits would not be heard on May 3, 2011;

AND WHEREAS on December 6, 2010, the Commission also scheduled Z2A and Hewitt to make a motion to the Commission on March 30, 2011 at 2:00 p.m. for severance of the hearing as to the allegations relating to them;

AND WHEREAS on March 29, 2011, the Commission approved a Settlement Agreement dated March 24, 2011 between Staff and Lushington and IGI;

AND WHEREAS on April 26, 2011 counsel for Z2A and Hewitt (the "Remaining Respondents") and Staff attended a pre-hearing conference at which time a motion was scheduled for April 28, 2011 at 11:00 a.m. before the panel scheduled to hear this matter on the merits, to hear the Remaining Respondents' request to adjourn the hearing of this matter;

AND WHEREAS on April 28, 2011, the Commission ordered that the hearing on the merits be adjourned to June 6, 2011 and continue until June 10, 2011 and, if necessary, continue on June 15 and 16, 2011, commencing each day at 10:00 a.m., with the exception of June 7, 2011, which hearing day would commence at 2:00 p.m. and continue until 5:00 p.m.;

AND WHEREAS on June 6, 2011, the Commission ordered that the hearing on the merits of this matter be adjourned to and commence on July 18, 2011 peremptory on the Remaining Respondents and continue on July 20, 21, 22 and 25, 2011, commencing each day at 10:00 a.m.;

AND WHEREAS the Remaining Respondents sought, through their counsel, at the commencement of the hearing on July 18, 2011, an adjournment of the hearing on the merits on the basis that Hewitt was ill and not able to attend;

AND WHEREAS on July 18, 2011, the panel adjourned the hearing to July 20, 2011 to assess any evidence to be provided by the Remaining Respondents as to Hewitt's medical condition;

AND WHEREAS on July 20, 2011, the Commission vacated the hearing dates and ordered that a conference call be scheduled for July 27, 2011 to review the status of Hewitt's health in relation to her ability to attend the hearing on the proposed hearing dates of August 3, 4, 5 and 15, 2011;

AND WHEREAS on July 27, 2011, the Commission ordered that the hearing be adjourned and commence on October 3, 2011 and continue on October 4, 5, 6 and 12, 2011;

AND WHEREAS the hearing commenced on October 3, 2011 and continued on October 4 and 5 , 2011;

AND WHEREAS the Remaining Respondents advised, through their counsel, on the morning of October 6, 2011 that Hewitt was unable to attend the continuation of her cross-examination scheduled to take place that day, due to illness;

AND WHEREAS the Remaining Respondents sought, through their counsel, on October 12, 2011, an adjournment of the hearing on the basis that Hewitt was ill and not able to attend;

AND WHEREAS on October 12, 2011, the Remaining Respondents consented, through their counsel, to adjourning the hearing to October 24, 2011 and advised that in the event that Hewitt was unable to attend the hearing on October 24, 2011 due to illness, the Remaining Respondents would call their final witness on October 24, 2011, with the continued cross-examination of Hewitt to take place on another date;

AND WHEREAS on October 12, 2011, the Commission ordered that the Remaining Respondents provide, by the close of business on October 14, 2011, medical records confirming Hewitt's inability to attend the hearing on October 6 and 12, 2011;

AND WHEREAS on October 12, 2011, the Commission further ordered that the hearing be adjourned to October 24, 2011, commencing at 10:00 a.m. and that it continue on November 8, 2011 at 2:30 p.m. and that the Remaining Respondents provide, by the close of business on October 20, 2011, an update as to Hewitt's ability to attend the hearing on October 24, 2011 and, if the Remaining Respondents took the position that Hewitt was unable to attend the hearing on October, 24, 2011, that they provide medical records as to Hewitt's medical condition;

AND WHEREAS on October 24, 2011, the Remaining Respondents sought, through their counsel, an adjournment of the hearing on the basis that Hewitt was ill and not able to attend and that their remaining witness was not able to attend that day;

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

IT IS ORDERED that the hearing is adjourned to November 8, 2011 commencing at 2:00 p.m.;

IT IS FURTHER ORDERED that the Remaining Respondents provide, by the close of business on October 26, 2011, additional medical documentation regarding the nature of Hewitt's medical condition and her anticipated ability to attend the hearing on November 8, 2011 and that they confirm that their remaining witness is able to attend the hearing on November 8, 2011;

IT IS FURTHER ORDERED that the Remaining Respondents provide, by 3:00 p.m. on November 7, 2011, an update as to Hewitt's ability to attend the hearing on November 8, 2011 and, if the Remaining Respondents take the position that Hewitt is unable to attend the hearing on November 8, 2011, that they provide medical records as to Hewitt's medical condition by that time and that date.

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

"Paulette L. Kennedy"

2.2.3 The Royal Canadian Mint

Headnote

NP 11-203 – Relief from Continuous disclosure and insider reporting requirements – Filer is a Canadian crown corporation – Filer issuing exchange traded receipts which constitute direct unconditional obligations of the Filer and Her Majesty in right of Canada – The receipts are listed for trading on the Toronto Stock Exchange – Filer will provide an Information Statement at time of distribution and maintain additional information on a website – The Securities Act, R.S.O. 1990, c. S.5 – National Instrument 51-102 Continuous Disclosure Obligations – Multilateral Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings – National Instrument 52-108 – Auditor Oversight – Multilateral Instrument 52-110 – Audit Committees – National Instrument 58-101 – Disclosure of Corporate Governance Practices – National Instrument 13-101 – System for Electronic Document Analysis and Retrieval – National Instrument 55-102 System for Electronic Disclosure by Insiders – OSC Rule 13-502 – Fees.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, s. 74.
National Instrument 51-102 Continuous Disclosure Obligations, s. 13.1.
National Instrument 52-108 Auditor Oversight, Part 2.
Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings, s. 4.5.
Multilateral Instrument 52-110 Audit Committees, s. 8.1.
National Instrument 58-101 Disclosure of Corporate Governance Practices, Part 2.
National Instrument 13-101 System for Electronic Document Analysis and Retrieval, s. 7.1.
National Instrument 55-102 System for Electronic Disclosure by Insiders, s. 6.1.
OSC Rule 13-502 Fees, s. 2.2.

IN THE MATTER OF
ONTARIO SECURITIES COMMISSION
RULE 13-502 FEES

AND

IN THE MATTER OF
THE ROYAL CANADIAN MINT
(THE "FILER")

ORDER

WHEREAS the Ontario Securities Commission (the "**Commission**") has received an application from the Filer for an order, pursuant to section 6.1 of Ontario Securities Commission Rule 13-502 *Fees* (the "**Fees Rule**"), that the requirement to pay a participation fee under section 2.2 of the Fees Rule shall not apply to the Filer, subject to certain terms and conditions;

AND WHEREAS the Filer has represented to the Commission that:

1. The Filer is a Canadian Crown corporation pursuant to the *Royal Canadian Mint Act* (Canada) (the "**Mint Act**").

2. The head office of the Filer is in Ottawa, Ontario.

3. The Filer produces circulation, numismatic (or collectable) and bullion coins for the domestic and international markets. In addition to being responsible for the minting and distribution of Canada's circulation coins, the Filer operates other businesses on a commercial basis, including secure-storage, full-service gold and silver refineries, and services such as assaying.

4. The Filer is not currently a reporting issuer in any of the provinces or territories of Canada.

5. Under the Mint Act, all of the equity and voting shares of the Filer are held by the Minister of Transport, Infrastructure and Communities (the "**Minister**"), in trust for Her Majesty in right of Canada. The Mint Act does not permit the Filer to issue shares in its own capital to the public or to issue debt obligations that would result in the Filer having total outstanding borrowed money exceeding $75 million.

6. The Filer's external auditor, the Auditor General of Canada, audits the consolidated financial statements of the Filer and reports thereon to the Minister.

7. The securities for which the Requested Relief is sought are receipts ("**Receipts**") to be issued by the Filer and distributed to purchasers ("**Purchasers**"), each Receipt representing an undivided beneficial interest in gold bullion to be held in custody by the Filer (the "**Program**").

8. Each Receipt will also entitle the holder thereof, on the date that is 12 months after the closing of the offering (the "**Purchase Date**"), to purchase one additional Receipt at a price based on the market price of the underlying gold bullion on the Purchase Date. If unexercised on the Purchase Date, the right to purchase an additional Receipt will expire immediately thereafter.

9. Pursuant to section 3(2) of the Mint Act, the objects of the Filer are "to mint coins in anticipation of profit and to carry out other related activities." In carrying out its objects, the Filer has the rights, powers and privileges of a natural person.

10. The distribution of Receipts by the Filer is consistent with the powers and objects of the Filer. In compliance with its objects, the Filer will not engage in any activity, including any capital markets activity, unless it is related to its core business of minting coins.

11. The Filer will offer the Receipts to Purchasers in each of the provinces and territories of Canada through registered dealers and, possibly, in certain jurisdictions outside of Canada.

12. The Filer may, from time to time, issue additional Receipts under the Program.

13. Subject to obtaining the requisite listing approval, the Receipts will be listed and traded on the Toronto Stock Exchange.

14. The Receipts will be priced on the basis of the market price of gold bullion, therefore the value of a Receipt will be unrelated to the business, operations or financial condition of the Filer or the Government of Canada.

15. The proceeds of the offering of Receipts will be deposited in the account of an escrow agent on behalf of the Purchasers and applied to the purchase of gold bullion from third party suppliers for delivery to the Filer's storage facilities on the closing date of the offering.

16. The Filer will act as custodian of the gold bullion on behalf of the Purchasers and will hold the gold bullion in its facilities. Beneficial ownership of the gold bullion will at all times remain with the Purchasers.

17. The Receipts will be redeemable for gold bullion or cash at the election of the holder.

18. The Filer's obligations under the Receipts are to securely store the underlying gold bullion and, on redemption or termination, to make physical delivery of the applicable amount of gold bullion upon the request of a holder of a Receipt or to deliver the cash redemption amount.

19. The Filer is for all purposes an agent of Her Majesty in right of Canada. The Receipts will constitute direct unconditional obligations of the Filer and as such will constitute direct unconditional obligations of Her Majesty in right of Canada. Accordingly, the Filer's obligations under the Receipts will be backed by the full faith and credit of the Government of Canada. If the Filer fails to deliver gold bullion or cash in connection with a redemption, or gold bullion at the termination of the Program, the holders of the Receipts would be able to enforce their rights against the Government of Canada.

20. The distribution of the Receipts by the Filer will be made pursuant to an information statement (the "**Information Statement**") that contains disclosure of the terms of the Receipts, risk factors, the nature of the gold market, tax consequences to holders, and commissions and fees.

21. The Filer will maintain, by way of continuous disclosure, a website on which it will post a daily calculation of the adjusted net asset value of the Receipts, the current trading value of the Receipts, the historical trading data of the Receipts and the daily gold bullion price.

22. Pursuant to a decision document dated August 30, 2011 (the "**Passport Decision**") granted to the Filer by the Commission, as principal regulator, on behalf of itself and the securities regulatory authorities of the jurisdictions under the passport system contemplated by Multilateral Instrument 11-102 Passport System ("**MI 11-102**"), the Commission made a decision:

    (i) under section 74(1) of the *Securities Act* (Ontario) (the "**Act**"), and the equivalent provisions of the securities legislation of each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, the Yukon, Northwest Territories and Nunavut (collectively, the "Non-Principal Jurisdictions"), that the prospectus requirements in section 53(1) of the Act, and the equivalent provisions of the securities legislation of each of the Non-Principal Jurisdictions, shall not apply to the Filer in respect of the distribution by the Filer of Receipts, including Receipts issuable on the exercise of the right to purchase additional Receipts, to Purchasers;

    (ii) under section 13.1 of National Instrument 51-102 – *Continuous Disclosure Obligations* ("**NI 51-102**"), that the requirements of NI 51-102 shall not apply to the Filer;

    (iii) under section 4.1 of National Instrument 52-108 – *Auditor Oversight* ("**NI 52-108**"), that the requirements of NI 52-108 shall not apply to the Filer;

    (iv) under section 8.6 of National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* ("**NI 52-109**"), that the requirements of NI 52-109 shall not apply to the Filer;

    (v) under section 8.1 of National Instrument 52-110 – *Audit Committees* ("**NI 52-110**"), that the requirements of NI 52-110 shall not apply to the Filer;

    (vi) under section 3.1 of National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("**NI 58-101**"), that the requirements of Part 2 of NI 58-101 shall not apply to the Filer;

    (vii) under section 7.1 of National Instrument 13-101 – *System for Electronic Document Analysis and Retrieval (SEDAR)* ("**NI 13-101**"), that the requirements of NI 13-101 shall not apply to the Filer; and

    (viii) under section 6.1 of National Instrument 55-102 – *System for Electronic Disclosure by Insiders (SEDI)* ("**NI 55-102**"), that sections 2.3 and 2.4 of NI 55-102 shall not apply to the Filer;

    subject to the conditions contained in that decision as follows:

    (a) the Filer continues to be a Crown corporation pursuant to the Mint Act;

    (b) the Filer provides each Purchaser with a copy of an Information Statement, prior to or at the time of an agreement of purchase and sale being entered into in respect of the Receipts, that describes, among other things, the terms of the Receipts, risk factors, the nature of the gold market, tax consequences to holders, and commissions and fees; and

    (c) the Filer maintains a website on which it posts a daily calculation of the adjusted net asset value of the Receipts, the current trading value of the Receipts, the historical trading data of the Receipts and the daily gold bullion price.

THE ORDER of the Commission under the Fees Rule is that the requirement to pay a participation fee under section 2.2 of the Fees Rule shall not apply to the Filer, for so long as the Filer continues to satisfy all of the conditions contained in the Passport Decision.

DATED this 3rd day of October, 2011.

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

2.2.4 Ameron Oil and Gas Ltd. et al. – ss. 37, 127(1)

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

AND

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

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN STAFF OF
THE ONTARIO SECURITIES COMMISSION AND
ODED PASTERNAK

ORDER
(Section 37 and Subsection 127(1))

WHEREAS by Notice of Hearing dated December 13, 2010, the Ontario Securities Commission (the "Commission") announced that it proposed to hold a hearing, commencing on December 20, 2010, pursuant to sections 37, 127, and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), to consider whether it is in the public interest to make orders, as specified therein, against Ameron Oil and Gas Ltd., MX-IV LTD. ("MX-IV"), Gaye Knowles, Giorgio Knowles, Anthony Howorth, Vadim Tsatskin, Mark Grinshpun, Oded Pasternak ("Pasternak") and Allan Walker. The Notice of Hearing was issued in connection with the allegations as set out in the Statement of Allegations of Staff of the Commission ("Staff") dated December 13, 2010;

AND WHEREAS Staff filed an Amended Statement of Allegations dated October 5, 2011;

AND WHEREAS Pasternak entered into a settlement agreement with Staff dated October 19 and 20, 2011 (the "Settlement Agreement") in which Pasternak agreed to a proposed settlement of the proceeding commenced by the Notice of Hearing dated December 13, 2010, subject to the approval of the Commission;

WHEREAS on October 21, 2011, the Commission issued a Notice of Hearing pursuant to sections 37 and 127 of the Act to announce that it proposed to hold a hearing to consider whether it is in the public interest to approve the Settlement Agreement;

AND UPON reviewing the Settlement Agreement, the Notices of Hearing, and the Statements of Allegations of Staff, and upon hearing submissions from counsel for Pasternak 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 Pasternak cease permanently;

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

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

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

(f) pursuant to clauses 8, 8.2, and 8.4 of subsection 127(1) of the Act, Pasternak is prohibited permanently from becoming or acting as a director or officer of any issuer, registrant, or investment fund manager;

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

(h) pursuant to clause 9 of subsection 127(1) of the Act, Pasternak shall pay an administrative penalty in the amount of $87,435 for his failure to comply with Ontario securities law. The administrative penalty in the amount of $87,435 shall be for allocation to or for the benefit of third parties, including investors who lost money as a result of purchasing securities of MX-IV, in accordance with subsection 3.4(2)(b) of the Act;

(i) pursuant to clause 10 of subsection 127(1) of the Act, Pasternak shall disgorge to the Commission the amount of $87,435 obtained as a result of his non-compliance with Ontario securities law. The amount of $87,435 disgorged shall be for allocation to or for the benefit of third parties, including investors who lost money as a result of purchasing securities of MX-IV, in accordance with subsection 3.4(2)(b) of the Act; and

(j) pursuant to subsection 37(1) of the Act, Pasternak is prohibited permanently from telephoning from within Ontario to any residence within or outside Ontario for the purpose of trading in any security or in any class of securities.

DATED at Toronto this 25th day of October, 2011.

"Edward P. Kerwin"

2.2.5 Ameron Oil and Gas Ltd. et al. – ss. 37, 127(1)

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

AND

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

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN STAFF OF
THE ONTARIO SECURITIES COMMISSION AND
ALLAN WALKER

ORDER
(Section 37 and Subsection 127(1))

WHEREAS by Notice of Hearing dated December 13, 2010, the Ontario Securities Commission (the "Commission") announced that it proposed to hold a hearing, commencing on December 20, 2010, pursuant to sections 37, 127, and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), to consider whether it is in the public interest to make orders, as specified therein, against Ameron Oil and Gas Ltd., MX-IV LTD. ("MX-IV"), Gaye Knowles, Giorgio Knowles, Anthony Howorth, Vadim Tsatskin, Mark Grinshpun, Oded Pasternak and Allan Walker ("Walker"). The Notice of Hearing was issued in connection with the allegations as set out in the Statement of Allegations of Staff of the Commission ("Staff") dated December 13, 2010;

AND WHEREAS Staff filed an Amended Statement of Allegations dated October 5, 2011;

AND WHEREAS Walker entered into a settlement agreement with Staff dated October 20, 2011 (the "Settlement Agreement") in which Walker agreed to a proposed settlement of the proceeding commenced by the Notice of Hearing dated December 13, 2010, subject to the approval of the Commission;

WHEREAS on October 21, 2011, the Commission issued a Notice of Hearing pursuant to sections 37 and 127 of the Act to announce that it proposed to hold a hearing to consider whether it is in the public interest to approve the Settlement Agreement;

AND UPON reviewing the Settlement Agreement, the Notices of Hearing, and the Statements of Allegations of Staff, and upon hearing submissions from counsel for Walker 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 Walker cease permanently;

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

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

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

(f) pursuant to clauses 8, 8.2, and 8.4 of subsection 127(1) of the Act, Walker is prohibited permanently from becoming or acting as a director or officer of any issuer, registrant, or investment fund manager;

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

(h) pursuant to clause 9 of subsection 127(1) of the Act, Walker shall pay an administrative penalty in the amount of $42,500 for his failure to comply with Ontario securities law. The administrative penalty in the amount of $42,500 shall be for allocation to or for the benefit of third parties, including investors who lost money as a result of purchasing securities of MX-IV, in accordance with subsection 3.4(2)(b) of the Act;

(i) pursuant to clause 10 of subsection 127(1) of the Act, Walker shall disgorge to the Commission the amount of $2,000 obtained as a result of his non-compliance with Ontario securities law. The amount of $2,000 disgorged shall be for allocation to or for the benefit of third parties, including investors who lost money as a result of purchasing securities of MX-IV, in accordance with subsection 3.4(2)(b) of the Act; and

(j) pursuant to subsection 37(1) of the Act, Walker is prohibited permanently from telephoning from within Ontario to any residence within or outside Ontario for the purpose of trading in any security or in any class of securities.

DATED at Toronto this 25th day of October, 2011.

"Edward P. Kerwin"

2.2.6 Richvale Resource Corporation et al. – ss. 127(1), 127(8)

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

AND

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

**ORDER
(Subsections 127(1) and 127(8))**

WHEREAS on March 19, 2010, the Ontario Securities Commission (the "Commission") issued a temporary cease trade order pursuant to subsections 127(1) and 127(5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") ordering that (i) all trading in the securities of Richvale Resource Corporation ("Richvale") shall cease and (ii) Richvale and its representatives, including Marvin Winick ("Winick"), Howard Blumenfeld ("Blumenfeld"), Pasquale Schiavone ("Schiavone") and Shafi Khan ("Khan") cease trading in all securities (the "Temporary Order");

AND WHEREAS on March 19, 2010, the Commission issued directions under subsection 126(1) of the Act freezing assets in bank accounts in the name of Richvale and Khan;

AND WHEREAS on April 1, 2010, the Commission ordered that the Temporary Order be amended as follows to create the "Amended Temporary Order":

i. the name "PAQUALE SCHIAVONE" in the style of cause was amended to "PASQUALE SCHIAVONE";

ii. paragraph 5 of the Temporary Order was amended to read as follows: Shafi Khan ("Khan") is acting as a representative of Richvale;

iii. paragraph 9(i) was amended to read as follows: trading in securities of Richvale without proper registration or an appropriate exemption from the registration requirements under the Act contrary to section 25 of the Act; and

iv. it was further ordered pursuant to clause 2 of subsection 127 (1) of the Act that any exemptions contained in Ontario securities laws in respect of Richvale, Winick, Blumenfeld, Schiavone and Khan are removed;

AND WHEREAS the Amended Temporary Order was extended on April 1, 2010 and June 3, 2010;

AND WHEREAS on November 10, 2010, the Commission issued a Notice of Hearing pursuant to sections 37, 127 and 127.1 of the Act accompanied by a Statement of Allegations, dated November 10, 2010, filed by Staff with respect to Richvale, Winick, Blumenfeld, John Colonna ("Colonna"), Schiavone and Khan;

AND WHEREAS on December 2, 2010, the Amended Temporary Order was extended until the conclusion of the hearing on the merits;

AND WHEREAS on February 28, 2011, the Commission ordered that the hearing on the merits in this matter is scheduled to commence on October 17, 2011, at 10:00 a.m. and continue each day through to October 24, 2011, and from October 26, 2011, each day through to October 31, 2011, or as soon thereafter as may be fixed by the Secretary to the Commission;

AND WHEREAS on September 13, 2011, Staff filed an Amended Statement of Allegations with respect to Richvale, Winick, Blumenfeld, Colonna, Schiavone and Khan;

AND WHEREAS on October 14, 2011, the Commission approved Settlement Agreements entered into by Staff and Colonna, Khan, Winick and Blumenfeld, respectively;

AND WHEREAS on October 14, 2011, the hearing on the merits was adjourned to October 20, 2011, to give Staff an opportunity to prepare materials for a Written Hearing pursuant to Rule 11 of the Ontario Securities Commission *Rules of Procedure* (the "Rules of Procedure") against Schiavone and Richvale (the "Remaining Respondents");

AND WHEREAS on October 19, 2011, the hearing on the merits, which was to commence October 20, 2011, was adjourned to October 26, 2011;

AND WHEREAS on October 26, 2011, a hearing was held;

AND WHEREAS at the hearing on October 26, 2011, Staff of the Commission appeared and made submissions requesting that the matter continue as a Written Hearing under Rule 11 of the Rules of Procedure;

AND WHEREAS the Remaining Respondents did not appear at the hearing on October 26, 2011, but counsel for Schiavone provided his written consent to the continuation of the matter in writing, subject to Schiavone's right to attend and be heard by the Commission;

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

IT IS ORDERED that pursuant to Rule 11.5 of the Rules of Procedure, the oral hearing in this matter shall continue as a written hearing;

IT IS FURTHER ORDERED that on or before November 25, 2011, the Respondents shall serve upon Staff and file with the Commission any affidavits or other documents they wish the panel to consider as evidence;

IT IS FURTHER ORDERED that on or before November 25, 2011, the Respondents shall serve upon Staff and file with the Commission a witness list and witness summaries, as defined in Rule 4.5, for each witness they intend to call when the oral hearing in this matter continues.

IT IS FURTHER ORDERED that this matter shall return before the Commission commencing at 10:00 a.m. on January 12 and 13, 2012, and shall at that time continue as an oral hearing to allow any necessary viva voce evidence and to provide an opportunity for the panel and the parties to ask questions.

DATED at Toronto this 26th day of October, 2011.

"Edward P. Kerwin"

2.2.7 Manulife Asset Management (North America) Limited

Headnote

Registration exemption where Ontario firm provides advice exclusively to clients that are (i) resident in the United States or (ii) affiliates of the firm and resident in Hong Kong or Japan. Individuals advising on behalf of the firm are currently registered in Ontario as advising representatives or associate advising representatives of an affiliated firm that is registered in Ontario as a portfolio manager (among other registration categories), and must remain so. Exempted firm and its advising individuals must maintain appropriate registration or licensing in the United States, Hong Kong and Japan or otherwise be permitted under applicable United States, Hong Kong or Japanese legislation to act as an adviser to the clients.

Applicable Ontario Statutory Provision

Securities Act, R.S.O. 1990, c. S.5., as am., ss. 25(3), 74(1).

IN THE MATTER OF
THE SECURITIES ACT, ONTARIO
(the Act)

AND

IN THE MATTER OF
MANULIFE ASSET MANAGEMENT
(NORTH AMERICA) LIMITED
(the Filer)

ORDER

Background

The Ontario Securities Commission (the **Commission**) has received an application from the Filer for a ruling under subsection 74(1) of the Act for an exemption from the adviser registration requirement in section 25(3) of the Act for:

(a) the Filer, and

(b) any individuals engaging in, or holding themselves out as engaging in, the business of advising others when acting on behalf of the Filer, who are also registered under the Act to act as advising representatives or associate advising representatives of Manulife Asset Management Limited (**MAML**) (the **Advising Representatives**),

in respect of advice to persons or companies that are (i) resident in the United States of America (**United States**) or (ii) affiliates of the Filer and resident in Hong Kong (Special Administrative Region of the People's Republic of China) (**Hong Kong**) or Japan (**Non-Canadian Clients**) (the **Requested Exemption**).

Representations of the Filer

1. The Filer is incorporated under the laws of Canada and is a direct wholly-owned subsidiary of The Manufacturers Life Insurance Company (**MLI**). Its head office is in Toronto, Ontario.

2. The Filer is registered as an investment adviser under section 203 of the *United States Investment Advisers Act* of 1940 to carry on the business of an adviser in the United States.

3. The Filer is able to rely on an exemption from registration as an adviser under applicable securities law in Japan for the advisory activities it proposes to provide to the Non-Canadian Clients resident in Japan.

4. In Hong Kong, there is no applicable registration requirement in respect of the advisory activities the Filer proposes to provide to the Non-Canadian Clients resident in Hong Kong.

5. The Filer is not a registrant under the Act.

6. MAML is incorporated under the laws of Ontario. MAML is an indirect, wholly-owned subsidiary of MLI and as such is an affiliate of the Filer. MAML and the Filer share the same head office in Toronto, Ontario.

7. MAML is registered in each province of Canada as an adviser in the category of portfolio manager and as a dealer in the category of exempt market dealer. MAML is also registered in Ontario and Newfoundland and Labrador as a dealer in the category of mutual fund dealer (under certain terms and conditions). Additionally, MAML is registered in Ontario as an adviser in the category of commodity trading manager and as an investment fund manager.

8. The Filer and the Advising Representatives will only advise or act as sub-adviser to Non-Canadian Clients that are:

   (a) appropriately registered, licensed or otherwise permitted under applicable securities laws in the United States, Hong Kong or Japan, as applicable, to act as an adviser; or

   (b) sophisticated persons or companies that are institutional clients (including an insurance company and a trust) or high net worth clients.

9. The Filer does not advise or act as a sub-adviser for any individuals that do not meet the definition of "accredited investor" in National Instrument 45-106 *Prospectus and Registration Exemptions*.

10. The Filer does not act as an adviser to any person or company that is resident in a jurisdiction of Canada and is not, and will not be, held out in a jurisdiction of Canada as being engaged in any advising activities.

11. Clients of the Filer will not be clients of MAML.

12. The Filer and the Advising Representatives will act as advisers or sub-advisers to the Non-Canadian Clients out of the Filer's head office in Toronto.

13. The Filer and the Advising Representatives will comply with all registration and other requirements of applicable securities laws of the United States, Hong Kong and Japan in respect of advising Non-Canadian Clients.

14. None of the Advising Representatives will act as an adviser to a Non-Canadian Client unless the Advising Representative is an advising representative or associate advising representative of MAML.

15. All Non-Canadian Clients of the Filer will enter into an investment management agreement or similar documentation with the Filer, at which time the Non-Canadian Clients will also receive disclosure that explains the relationship between the Filer and MAML.

16. To avoid client confusion with respect to MAML or any other affiliate, the investment management agreement or similar documentation, account statements, performance reporting, contracts and disclosure documents of the Filer will clearly identify the Filer as the adviser to the Non-Canadian Clients. In addition, a dedicated relationship manager is assigned to the Non-Canadian Clients and is the primary contact person for the Non-Canadian Clients on behalf of the Filer.

17. Non-Canadian Clients will be advised at the time they enter into an investment management agreement or similar documentation with the Filer, and periodically thereafter, that if they relocate to a jurisdiction of Canada their accounts will have to be transferred to MAML or another adviser that is appropriately registered, or relying on an exemption from registration, in that jurisdiction of Canada.

18. Neither the Filer, nor any individual acting on its behalf, will act as an adviser to persons or companies resident in Ontario unless they are appropriately registered, or relying on an exemption from registration, under Ontario securities law.

19. The Filer is, to the best of its knowledge, not in default under any requirements under Ontario securities law.

Order

The Commission, being satisfied that it would not be prejudicial to the public interest for it to grant the Requested Exemption, rules that the Requested Exemption is granted provided that:

(a) in acting as an adviser to the Non-Canadian Clients, the Filer acts only through the Advising Representatives;

(b) the Filer and each of the Advising Representatives is appropriately registered, licensed or otherwise permitted to act as an adviser to the Non-Canadian Clients under applicable laws of the United States, Hong Kong and Japan;

(c) the Filer and MAML remain affiliates and MAML remains a registrant; and

(d) each of the Advising Representatives maintains registration under the Act as an advising representative or associate advising representative of MAML.

October 28, 2011

"Edward P. Kerwin"
Commissioner
Ontario Securities Commission

"Judith Robertson"
Commissioner
Ontario Securities Commission

2.2.8 CME Clearing Europe Limited – s. 144

Headnote

Application under section 144 of the Securities Act (Ontario) (OSA) to vary and restate the interim order of CME Clearing Europe (CMECE) to extend its interim exemption, which exempts CMECE 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
CME CLEARING EUROPE LIMITED (CMECE)

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

WHEREAS the Ontario Securities Commission (**Commission**) issued an interim order dated May 3, 2011 pursuant to section 147 of the Act exempting CMECE from the requirement to be recognized as a clearing agency under subsection 21.2(0.1) of the Act (**Interim Order**);

AND WHEREAS the Interim Order will terminate on November 3, 2011 unless extended by order of the Commission;

AND WHEREAS CMECE has filed an application received on October 3, 2011 (**Application**) with the Commission pursuant to section 144 of the Act requesting that the Commission vary and restate the Interim Order to extend CMECE's interim exemption from the requirement to be recognized as a clearing agency pursuant to subsection 21.2(0.1) of the Act;

AND WHEREAS the Commission has received certain representations from CMECE in connection with their Application to vary and restate 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 extend CMECE's interim exemption from the requirement to be recognized as a clearing agency pursuant to subsection 21.2(0.1) of the Act and to include information sharing requirements;

IT IS ORDERED, pursuant to section 144 of the Act, that the Interim Order be varied 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
CME CLEARING EUROPE LIMITED

ORDER
(Section 147 of the Act)

WHEREAS CMECE filed an application dated April 15, 2011 (**April Application**) with the Ontario Securities Commission (**Commission**) pursuant to section 147 of the Act requesting an interim order exempting CMECE from the requirement to be recognized as a clearing agency under subsection 21.2(0.1) of the Act;

AND WHEREAS the Commission had granted such order dated May 3, 2011 (**Interim Order**);

AND WHEREAS CMECE has filed an application received on October 3, 2011 (**October Application**) with the Commission pursuant to section 144 of the Act requesting that the Commission vary the Interim Order to extend it for one year;

AND WHEREAS CMECE has represented to the Commission that:

a. CME Clearing Europe (**CMECE**) is a private limited company incorporated under the laws of England and Wales.

b. CMECE is a Recognised Clearing House (**RCH**) in the United Kingdom (**UK**) under the Financial Services and Markets Act 2000 (**FSMA**). CMECE's initial authorisation is for the clearing of OTC commodity derivatives.

c. CMECE's ultimate parent is CME Group Inc. CMECE's immediate parent (100% ownership) is Chicago Mercantile Exchange Luxembourg S.à r.l; it is in turn a wholly-owned subsidiary of Chicago Mercantile Exchange Luxembourg Holdings S.à r.l, which is wholly-owned subsidiary of CME Group Inc.

d. CME Group Inc. is the holding company for four futures exchanges: the Chicago Mercantile Exchange Inc ("CME"), the Board of Trade of the City of Chicago Inc ("CBOT"), the New York Mercantile Exchange Inc ("NYMEX") and the Commodity Exchange Inc ("COMEX"). CME Group Inc. is a listed corporation whose shares are traded on the NASDAQ stock exchange. CME Clearing is a division of CME and offers central counterparty clearing and settlement services for all CME Group exchanges and over-the-counter derivatives transactions.

e. CMECE has been established as part of a globalization strategy by CME Group. The associated business goal is to offer clearing services from the UK for a broad range of OTC derivatives. CMECE currently clears over 150 OTC commodity derivative contract types. CMECE received its first trades on May 13, 2011.

f. CMECE currently has 16 Clearing Members that are comprised of banks and brokers.

g. An applicant must enter into a Clearing Membership Agreement with CMECE before it can become a member of CMECE. The membership requirements of CMECE for OTC commodity derivative clearing are objective, publicly disclosed and permit fair and open access.

h. CMECE does not have any office or maintain other physical installations in Ontario or any other Canadian province or territory. Nor does it have any plans to open such an office or to establish any such physical installations in Ontario or elsewhere in Canada. However, under the Interim Order, CMECE has accepted a Clearing Member that is the London branch of an Ontario-headquartered bank.

i. Section 21.2 of the Act prohibits clearing agencies from carrying on business in Ontario unless they are recognized by the Commission as a clearing agency.

j. On August 3, 2011, CMECE submitted an application to the Commission for permanent relief subject to section 147 of the Act exempting CMECE from the requirement to be recognized as a clearing agency pursuant to subsection 21.2(0.1) of the Act and such application explains how CMECE meets the relevant criteria for recognition and exemption for clearing agencies (**Subsequent Order**).

k. Commission staff is currently reviewing CMECE's application for the Subsequent Order. CMECE understands that the standard process for review of the Subsequent Order cannot be completed by November 3, 2011.

AND WHEREAS based on the April Application and the October Application and the representations CMECE has made to the Commission, the Commission has determined that the granting of the Order would not be prejudicial to the public interest;

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

PROVIDED THAT:

1. This Order shall terminate on the earlier of (i) November 3, 2012 and (ii) the effective date of the Subsequent Order;

2. CMECE 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 system that could materially affect the financial viability of CMECE;

iii. any new service or product cleared by CMECE that would be offered to Ontario based Clearing Members; and

iv. the admission of any new Ontario based entity as a clearing member of CMECE.

3. CMECE shall provide such information as may be requested from time to time by, and otherwise cooperate with, the Commission or its staff.

4. CMECE shall share information and otherwise cooperate with other recognized and exempt clearing agencies, as appropriate.

DATED May 3, 2011 as varied on October 28, 2011.

“Edward P. Kerwin”

“Judith Robertson”

2.2.9 The Canadian Depository for Securities Limited and CDS Clearing and Depository Services Inc. – s. 144

Headnote

Application under section 144 of the Act to vary and restate an order recognizing CDS as a clearing agency.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 21.2(1), 144.

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

AND

IN THE MATTER OF
THE CANADIAN DEPOSITORY FOR SECURITIES LIMITED

AND

CDS CLEARING AND DEPOSITORY SERVICES INC.

ORDER
(Section 144 of the Act)

WHEREAS the Ontario Securities Commission ("Commission") issued an order dated October 17, 2006 (“2006 Order”), recognizing each of The Canadian Depository for Securities Limited ("CDS Ltd.") and CDS Clearing and Depository Services Inc. (“CDS Clearing”) (collectively, “CDS”) as a clearing agency pursuant to subsection 21.2(1) of the Act;

AND WHEREAS the Commission issued an order dated August 9, 2007 varying the 2006 Order (collectively, the “Current Recognition Order”)

AND WHEREAS CDS has filed an application dated October 14, 2011 with the Commission pursuant to section 144 of the Act requesting a variation to the Current Recognition Order to reflect CDS’s conversion to International Financial Reporting Standards;

AND WHEREAS the Commission has determined that it is not prejudicial to the public interest to issue this order which varies and restates the Current Recognition Order;

IT IS ORDERED, pursuant to section 144 of the Act, that the Current Recognition Order be varied and restated as follows:

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

AND

IN THE MATTER OF
THE BUSINESS CORPORATIONS ACT
R.S.O. 1990, CHAPTER B.16, AS AMENDED ("OBCA")

AND

IN THE MATTER OF
THE CANADIAN DEPOSITORY FOR SECURITIES LIMITED

AND

CDS CLEARING AND DEPOSITORY SERVICES INC.

AMENDMENT TO RECOGNITION AND DESIGNATION ORDER
(Subsection 21.2(1) and Section 144 of the Act and Part VI of the OBCA)

WHEREAS the Ontario Securities Commission ("Commission") issued an order dated February 25, 1997 ("1997 Order"), which became effective on March 1, 1997, recognizing The Canadian Depository for Securities Limited ("CDS Ltd.") as a clearing agency pursuant to subsection 21.2(1) of the Act and designating CDS Ltd. as a recognized clearing agency pursuant to Part VI of the OBCA;

AND WHEREAS the Commission issued an order dated July 12, 2005 ("2005 Order") varying and restating the 1997 Order;

AND WHEREAS the Commission issued an order dated January 9, 2006 ("2006 Order") varying the 2005 Order (the 2005 Order, as amended by the 2006 Order, referred to as the "Current Recognition Order");

AND WHEREAS CDS Ltd. has applied for an order pursuant to section 144 of the Act to vary the Current Recognition Order;

AND WHEREAS CDS Ltd. plans to restructure its businesses on or after November 1, 2006 ("Restructuring Date") into separate operating subsidiaries, one of which will be CDS Clearing and Depository Services Inc. ("CDS Clearing");

AND WHEREAS CDS Clearing shall assume responsibility for all of the existing securities clearing, settlement, and depository services ("Settlement Services") and necessary assets and liabilities from CDS Ltd.;

AND WHEREAS CDS Ltd., pursuant to unanimous shareholder agreement ("USA"), will be given the power to manage or supervise the management of CDS Clearing and will acquire all the rights, powers, duties and liabilities of the directors of CDS Clearing, and the directors of CDS Clearing are relieved of their rights, powers, duties and liabilities to the same extent;

AND WHEREAS CDS Ltd. shall provide certain support functions to CDS Clearing, including information technology development, maintenance and operations, legal services, risk management, financial management and support, human resources, internal audit, facilities management, and executive governance and communications, and such provision of support functions shall be governed by a services agreement between CDS Ltd. and CDS Clearing;

AND WHEREAS the Commission has received certain other representations and undertakings from CDS Ltd. and CDS Clearing in connection with the application of CDS Ltd. to vary the Current Recognition Order;

AND WHEREAS the Commission considers it appropriate to set out in the order terms and conditions for the recognition of each of CDS Ltd. and CDS Clearing as a clearing agency under the Act, which terms and conditions are set out in Schedule "A" attached;

AND WHEREAS the Commission considers that, for the purposes of the terms and conditions set out in Schedule "A", and for the duration of the USA, the board of directors of CDS Ltd. shall be considered to be the board of directors of CDS Clearing;

AND WHEREAS CDS Ltd. and CDS Clearing have each agreed to the respective terms and conditions as set out in Schedule "A";

AND WHEREAS the terms and conditions set out in Schedule "A" may be varied or waived by the Commission;

AND UPON the Commission being of the opinion that it is not prejudicial to the public interest to vary the Current Recognition Order;

AND UPON the Commission being satisfied that it is in the public interest to continue to recognize CDS Ltd. as a clearing agency pursuant to subsection 21.2(1) of the Act;

AND UPON the Commission wishing to continue to designate CDS Ltd. as a recognized clearing agency for the purposes of Part VI of the OBCA;

AND UPON the Commission being satisfied that it is in the public interest to recognize CDS Clearing as a clearing agency pursuant to subsection 21.2(1) of the Act;

AND UPON the Commission wishing to designate CDS Clearing as a recognized clearing agency for the purposes of Part VI of the OBCA;

IT IS ORDERED pursuant to section 144 of the Act that the Current Recognition Order be varied and restated in the form of this order;

THE COMMISSION HEREBY RECOGNIZES each of CDS Ltd. and CDS Clearing as a clearing agency pursuant to subsection 21.2(1) of the Act, subject to the terms and conditions set out in Schedule "A";

AND THE COMMISSION HEREBY DESIGNATES each of CDS Ltd. and CDS Clearing as a recognized clearing agency for the purposes of Part VI of the OBCA.

DATED October 17, 2006, as varied on August 9, 2007 and October 24, 2011.

“C.Wesley M. Scott”

“Paulette L. Kennedy”

SCHEDULE "A" – TERMS AND CONDITIONS

PART I – CDS Ltd.

1.0 COMPLIANCE OF CDS CLEARING

1.1 CDS Ltd. shall, at all times, ensure that CDS Clearing meets, and is able to meet, all the terms and conditions of this order, as enumerated in Part II of this Schedule “A”.

2.0 GOVERNANCE

2.1 CDS Ltd.'s governance arrangements shall be designed to fulfill public interest requirements and to promote the objectives of its shareholders.

2.2 Without limiting the generality of the foregoing, CDS Ltd.'s governance structure shall provide for:

(a) fair and meaningful representation on its board of directors and any committee of the board of directors;

(b) appropriate representation of persons independent of the shareholders on the board of directors and any committees of the board of directors, and, for such purpose, a person is "independent" if the person is not:

(i) an associate, partner, director, officer or employee of a shareholder of CDS Ltd.,

(ii) an associate, partner, director, officer or employee of a participant of CDS Ltd. or its affiliates or an associate of such director, partner, officer or employee, or

(iii) an officer or employee of CDS Ltd. or its affiliates or an associate of such officer or employee; and

(c) appropriate qualifications, remuneration, conflict of interest guidelines and limitation of liability and indemnification protections for directors, officers and employees of CDS Ltd.

2.2.1 CDS Ltd’s governance structure shall provide for;

(a) at least 5 (33%) independent directors on the board of directors, and

(b) a quorum of directors shall be 60% of the number of directors.

2.3 CDS Ltd. shall not, without the Commission's prior written approval, make significant changes to its governance structure or constating documents.

2.4 CDS Ltd. shall not, without the Commission's prior written approval, enter into any contract, agreement or arrangement that may limit its ability to comply with the terms and conditions contained in this Schedule "A".

3.0 FITNESS

3.1 CDS Ltd. shall take reasonable steps to ensure that each officer or director of CDS Ltd. is a fit and proper person and the past conduct of each officer or director affords reasonable grounds for belief that such person will perform his or her duties with integrity.

4.0 RISK CONTROLS

4.1 CDS Ltd. shall have clearly defined procedures for the management of risk.

4.2 Without limiting the generality of the foregoing:

(a) CDS Ltd. shall perform risk management activities in a manner that prevents the spillover of risk arising from activities in its subsidiaries where such risks might negatively impact the financial viability of CDS Ltd. or CDS Clearing; and

(b) Where CDS Ltd. materially outsources any of its services or systems affecting the Settlement Services to a third party service provider, which shall include affiliates or associates of CDS Ltd., CDS Ltd. shall proceed in accordance with best practices. Without limiting the generality of the foregoing, CDS Ltd. shall:

(i) establish and maintain policies and procedures that are approved by its board of directors for the evaluation and approval of such outsourcing arrangements:

(ii) in entering any such outsourcing arrangement

A. assess the risk of such arrangement, the quality of the service to be provided and the degree of control to be maintained by CDS Ltd., and

B. execute a contract with the third party service provider addressing all significant elements of such arrangement, including service levels and performance standards,

(iii) ensure that any contract implementing such outsourcing arrangement that is likely to impact the business of CDS Clearing permits the Commission to have access to and inspect all data, information and systems maintained by the third party service provider on behalf of CDS Ltd. for the purposes of determining CDS Ltd.'s compliance with the terms and conditions of this Schedule "A" or securities legislation, and

(iv) monitor the performance of the third party service provider under any such outsourcing arrangement.

5.0 ALLOCATION OF COSTS

5.1 CDS Ltd. shall ensure that the costs for providing services to its subsidiaries are fairly and equitably allocated.

6.0 ALLOCATION OF RESOURCES

6.1 CDS Ltd. shall, subject to paragraph 6.2 and for so long as CDS Clearing carries on business as a clearing agency, allocate sufficient financial and other resources to CDS Clearing to ensure that CDS Clearing can carry out its functions in a manner that is consistent with the public interest and the terms and conditions of Part II of this Schedule “A”.

6.2 CDS Ltd. shall notify the Commission immediately upon becoming aware that it is or will be unable to allocate sufficient financial or other resources to CDS Clearing to ensure that it can carry out its functions in a manner that is consistent with the public interest and the terms and conditions of Part II of this Schedule “A”.

7.0 FINANCIAL VIABILITY

7.1 CDS Ltd. shall maintain sufficient financial and staffing resources to ensure the proper performance of its services.

7.2 For the purpose of monitoring its financial viability, CDS Ltd. shall calculate, on a separate basis, the following financial ratios:

(a) a debt to cash flow ratio, being the ratio of total debt to EBITDA (earnings before interest, taxes, depreciation and amortization) for the most recent 12 months; and

(b) a financial leverage ratio, being the ratio of total assets to shareholders’ equity.

7.3 If CDS Ltd. fails to maintain, or anticipates it will fail to maintain:

(a) a debt to cash flow ratio less than or equal to 4/1; or

(b) a financial leverage ratio less than or equal to 4/1;

it shall immediately notify Commission staff. If CDS Ltd. fails to maintain either of the debt to cash flow ratio or the financial leverage ratio for a period of more than three months, its Chief Executive Officer will deliver a letter advising the Commission staff of the continued ratio deficiencies and the steps being taken to address the situation.

7.4 On a quarterly basis (together with the financial statements required to be filed pursuant to item 7.5), CDS Ltd. shall report to Commission staff that quarter's monthly calculation of the debt to cash flow ratio and financial leverage ratio.

7.5 CDS Ltd. shall file with Commission staff unaudited quarterly financial statements within 60 days of the end of quarters one through three and audited annual financial statements within 90 days of each year end, all prepared in accordance with International Financial Reporting Standards. The quarterly and annual financial statements of CDS Ltd. shall be provided on a separate and consolidated basis. Any annual report provided to shareholders shall be concurrently filed by CDS Ltd. with Commission staff.

8.0 CAPACITY AND INTEGRITY OF SYSTEMS

8.1 CDS Ltd. will operate the systems ("Systems") for CDS Clearing's Settlement Services and related business operations. CDS Ltd. shall work in concert with CDS Clearing to ensure that the former will:

(a) on a reasonably frequent basis, and in any event, at least annually:

(i) make reasonable current and future capacity estimates,

(ii) conduct capacity stress tests of the Systems to determine the ability of those Systems to process transactions in an accurate, timely and efficient manner,

(iii) develop and implement reasonable procedures to review and keep current the development and testing methodology of the Systems,

(iv) review the vulnerability of the Systems and data centre computer operations to internal and external threats including breaches of security, physical hazards and natural disasters, and

(v) maintain adequate contingency and business continuity plans;

(b) annually, cause to be performed an independent audit of the operations of the Settlement Services in accordance with generally accepted auditing standards; and

(c) promptly notify Commission staff of material Systems failures and changes.

9.0 INFORMATION SHARING

9.1 CDS Ltd. shall share information and otherwise cooperate with the Commission and its staff, other recognized clearing agencies, recognized exchanges, recognized quotation and trade reporting systems, registered alternative trading systems, recognized self-regulatory organizations, the Canadian Investor Protection Fund and any regulatory authority having jurisdiction over CDS Ltd., subject to any applicable privacy or other laws governing the sharing of information and the protection of personal information, and subject to any confidentiality provisions contained in agreements entered into with the Bank of Canada pertaining to information received from the Bank of Canada in its roles as registrar, issuing agent, transfer agent or paying agent for the Government of Canada.

9.2 CDS Ltd. shall permit the Commission to have access to and inspect all data and information in its possession that is required to assess compliance with the terms and conditions of this Schedule "A" or securities legislation, subject to applicable privacy or other laws governing the sharing of information and the protection of personal information, and subject to any confidentiality provisions contained in agreements entered into with the Bank of Canada pertaining to information received from the Bank of Canada in its roles as registrar, issuing agent, transfer agent or paying agent for the Government of Canada.

9.3 CDS Ltd. shall cause its subsidiary, CDS Clearing, to permit the Commission to have access to and inspect all data and information in its possession that is required to assess compliance with the terms and conditions of this Schedule "A" or securities legislation, subject to applicable privacy or other laws governing the sharing of information and the protection of personal information, and subject to any confidentiality provisions contained in agreements entered into with the Bank of Canada pertaining to information received from the Bank of Canada in its roles as registrar, issuing agent, transfer agent or paying agent for the Government of Canada.

9.4 CDS Ltd. shall comply with Appendix "B" setting out the reporting obligations, as amended from time to time, regarding the reporting of information to the Commission.

PART II – CDS CLEARING

10.0 GOVERNANCE

10.1 CDS Clearing's governance arrangements shall be designed to fulfill public interest requirements and to promote the objectives of its shareholder and the users ("participants") of the Settlement Services.

10.2 Without limiting the generality of the foregoing, CDS Clearing's governance structure shall provide for:

(a) fair and meaningful representation on its board of directors and any committee of the board of directors;

(b) appropriate representation of persons independent of CDS Ltd. and participants on the board of directors and any committees of the board of directors, and, for such purpose, a person is "independent" if the person is not:

(i) an associate, partner, officer or employee of CDS Ltd. or a shareholder of CDS Ltd.,

(ii) an associate, director, partner, officer or employee of a participant of CDS Clearing or its affiliates or an associate of such director, partner, officer or employee, or

(iii) an officer or employee of CDS Clearing or its affiliates or an associate of such officer or employee; and

(c) appropriate qualifications, remuneration, conflict of interest guidelines and limitation of liability and indemnification protections for directors, officers and employees of CDS Clearing.

10.2.1 CDS Clearing's governance structure shall provide for;

(a) at least 5 (33%) independent directors on the board of directors, and

(b) a quorum of directors shall be 60% of the number of directors.

10.3 CDS Clearing shall not, without the Commission's prior written approval, make significant changes to its governance structure or constating documents.

10.4 CDS Clearing shall not, without the Commission's prior written approval, enter into any contract, agreement or arrangement that may limit its ability to comply with the terms and conditions contained in this Schedule "A".

11.0 FITNESS

11.1 CDS Clearing shall take reasonable steps to ensure that each officer or director of CDS Clearing is a fit and proper person and the past conduct of each officer or director affords reasonable grounds for belief that such person will perform his or her duties with integrity.

12.0 ACCESS

12.1 CDS Clearing shall provide any person or company reasonable access to its Settlement Services where that person or company satisfies the eligibility requirements established by CDS Clearing to access the Settlement Services.

12.2 Without limiting the generality of the foregoing, CDS Clearing shall:

(a) establish written standards for granting access to the Settlement Services; and

(b) keep records of:

(i) each grant of access including, for each participant, the reasons for granting such access, and

(ii) each denial or limitation of access, including the reasons for denying or limiting access to any applicant.

13.0 FEES AND COSTS

13.1 CDS Clearing shall equitably allocate its fees and costs for Settlement Services. The fees shall not have the effect of unreasonably creating barriers to access such Settlement Services and shall be balanced with the criterion that CDS Clearing has sufficient revenues to satisfy its responsibilities.

13.2 CDS Clearing's process for setting fees and costs for Settlement Services shall be fair, appropriate and transparent. The fees, costs or expenses borne by participants in the Settlement Services shall not reflect any cost or expense incurred by CDS Clearing in connection with an activity carried on by CDS Clearing that is not related to the Settlement Services.

14.0 DUE PROCESS

14.1 CDS Clearing shall ensure that:

(a) participants affected by its decisions are given an opportunity to be heard or make representations; and

(b) it keeps a record, gives reasons and provides for appeals of its decisions to regulatory authorities.

15.0 RISK CONTROLS

15.1 CDS Clearing shall have clearly defined procedures for the management of risk which specify the respective responsibilities of CDS Clearing and its participants.

15.2 Without limiting the generality of the foregoing:

(a) Where a central counterparty service is offered by CDS Clearing, CDS Clearing shall rigorously control the risks it assumes;

(b) CDS Clearing shall reduce principal risk to the greatest extent possible by linking securities transfers to funds transfers in a way that achieves delivery-versus-payment;

(c) Final settlement shall occur no later than the end of the settlement day and intraday or real-time finality should be provided where necessary to reduce risks;

(d) Where CDS Clearing extends intraday credit to participants, including where it operates a net settlement system, it shall institute risk controls that, at a minimum, ensure timely settlement in the event that the participant with the largest payment obligation is unable to settle;

(e) Assets accepted by CDS Clearing used to settle the ultimate payment obligations arising from securities transactions shall carry little or no credit or liquidity risk. If same-day, irrevocable final funds are not used, CDS Clearing shall take steps to protect participants in Settlement Services from potential losses and liquidity pressures arising from the failure of the payor or its paying agent;

(f) Where CDS Clearing establishes links to settle cross-border trades, it shall design and operate such links to reduce effectively the risks associated with cross-border settlements;

(g) CDS Clearing shall only provide services that are governed by the participant rules; and

(h) Where CDS Clearing materially outsources any of its Settlement Services to a third party service provider, which shall include affiliates or associates of CDS Clearing, CDS Clearing shall proceed in accordance with best practices. Without limiting the generality of the foregoing, CDS Clearing shall:

(i) establish and maintain policies and procedures that are approved by its board of directors for the evaluation and approval of such outsourcing arrangements,

(ii) in entering any such outsourcing arrangement:

A. assess the risk of such arrangement, the quality of the service to be provided and the degree of control to be maintained by CDS Clearing, and

B. execute a contract with the third party service provider addressing all significant elements of such arrangement, including service levels and performance standards,

(iii) ensure that any contract implementing such outsourcing arrangement permits the Commission to have access to and inspect all data, information and systems maintained by the third party service provider on behalf of CDS Clearing for the purposes of determining CDS Clearing's compliance with the terms and conditions of this Schedule "A" or securities legislation, and

(iv) monitor the performance of the third party service provider under any such outsourcing arrangement.

16.0 FINANCIAL VIABILITY

16.1 CDS Clearing shall maintain sufficient financial resources to ensure the proper performance of the Settlement Services.

16.2 CDS Clearing shall notify Commission staff as soon as practicable of any decision made to retain all or part of its transaction volatility premiums collected or to be collected.

16.3 For the purpose of monitoring its financial viability, CDS Clearing shall calculate the following financial ratios:

(a) a debt to cash flow ratio, being the ratio of total debt to EBITDA (earnings before interest, taxes, depreciation and amortization) for the most recent 12 months; and

(b) a financial leverage ratio, being the ratio of adjusted total assets to shareholders' equity, where adjusted total assets is calculated as total assets less customer deposits and participant cash collateral, all of which are recognized on CDS Clearing's statement of financial position.

16.4 If CDS Clearing fails to maintain, or anticipates it will fail to maintain:

(a) a debt to cash flow ratio less than or equal to 4/1; or

(b) a financial leverage ratio less than or equal to 4/1;

it shall immediately notify Commission staff. If CDS Clearing fails to maintain either of the debt to cash flow ratio or the financial leverage ratio for a period of more than three months, its Chief Executive Officer will deliver a letter advising the Commission staff of the continued ratio deficiencies and the steps being taken to address the situation.

16.5 On a quarterly basis (together with the financial statements required to be filed pursuant to item 16.6), CDS Clearing shall report to Commission staff that quarter's monthly calculation of the debt to cash flow ratio and financial leverage ratio.

16.6 CDS Clearing shall file with Commission staff unaudited quarterly financial statements within 60 days of the end of quarters one through three and audited annual financial statements within 90 days of each year end, all prepared in accordance with International Financial Reporting Standards.

17.0 OPERATIONAL RELIABILITY

17.1 CDS Clearing shall adopt procedures and processes that, on an ongoing basis, ensure the provision of accurate and reliable Settlement Services to participants.

17.2 CDS Clearing shall assist CDS Ltd. in the annual filing, by CDS Ltd., and in accordance with CDS Ltd.'s obligation under section 8.1 of Part I of this Schedule "A", in the audit to Commission staff.

18.0 CAPACITY AND INTEGRITY OF SYSTEMS

18.1 For its Systems CDS Clearing shall, or in the case of a third party service provider providing or maintaining such Systems, CDS Clearing shall require that the service provider shall:

(a) on a reasonably frequent basis, and in any event, at least annually:

(i) make reasonable current and future capacity estimates,

(ii) conduct capacity stress tests of the Systems to determine the ability of those Systems to process transactions in an accurate, timely and efficient manner,

(iii) develop and implement reasonable procedures to review and keep current the development and testing methodology of the Systems,

(iv) review the vulnerability of the Systems and data centre computer operations to internal and external threats including breaches of security, physical hazards and natural disasters, and

(v) maintain adequate contingency and business continuity plans;

(b) annually, cause to be performed an independent audit of the operations of the Settlement Services in accordance with generally accepted auditing standards; and

(c) promptly notify Commission staff of material Systems failures and changes.

19.0 PROTECTION OF CUSTOMERS' SECURITIES

19.1 CDS Clearing shall employ securities depository, account maintenance and accounting practices and safekeeping procedures that protect participants' securities.

20.0 RULES

20.1 CDS Clearing shall establish rules, operating procedures, user guides, manuals or similar instruments or documents (collectively, "rules") that are necessary or appropriate to govern, regulate, and set out all aspects of the Settlement Services offered by CDS Clearing.

20.2 The rules shall be consistent with the general goals of:

(a) ensuring compliance with securities legislation;

(b) fostering co-operation and co-ordination with self-regulatory organizations and persons or companies operating marketplaces, clearing and settlement systems and other systems that facilitate the processing of securities transactions and safeguarding of securities; and

(c) controlling systemic risk.

20.3 The rules will not:

(a) permit unreasonable discrimination among participants; or

(b) impose any burden on competition that is not necessary or appropriate in furtherance of compliance with securities legislation or the objects and mandate of the clearing agency.

20.4 CDS Clearing's rules and the process for adopting new rules or amending existing rules shall be transparent to participants and the general public.

20.5 CDS Clearing shall file with the Commission all rules and amendments to the rules and comply with the rule protocol attached as Appendix "A" to this Schedule, as amended from time to time.

21.0 ENFORCEMENT OF RULES AND DISCIPLINE

21.1 The rules of CDS Clearing shall set out appropriate sanctions in the event of non-compliance by participants.

21.2 CDS Clearing shall reasonably monitor participant activities and impose sanctions to ensure compliance by participants with its rules.

22.0 INFORMATION SHARING

22.1 CDS Clearing shall share information and otherwise cooperate with the Commission and its staff, other recognized clearing agencies, recognized exchanges, recognized quotation and trade reporting systems, registered alternative trading systems, recognized self-regulatory organizations, the Canadian Investor Protection Fund and any regulatory authority having jurisdiction over CDS Clearing, subject to any applicable privacy or other laws governing the sharing of information and the protection of personal information, and subject to any confidentiality provisions contained in agreements entered into with the Bank of Canada pertaining to information received from the Bank of Canada in its roles as registrar, issuing agent, transfer agent or paying agent for the Government of Canada.

22.2 CDS Clearing shall permit the Commission to have access to and inspect all data and information in its possession that is required to assess compliance with the terms and conditions of this Schedule "A" or securities legislation, subject to applicable privacy or other laws governing the sharing of information and the protection of personal information, and subject to any confidentiality provisions contained in agreements entered into with the Bank of Canada pertaining to information received from the Bank of Canada in its roles as registrar, issuing agent, transfer agent or paying agent for the Government of Canada.

22.3 CDS Clearing shall comply with Appendix "B" to this Schedule setting out the reporting obligations, as amended from time to time, regarding the reporting of information to the Commission.

APPENDIX "A"

RULE PROTOCOL REGARDING THE REVIEW AND APPROVAL OF CDS CLEARING AND DEPOSITORY SERVICES INC. RULES BY THE ONTARIO SECURITIES COMMISSION

1. Purpose of the Protocol

On October 17, 2006, the Ontario Securities Commission ("Commission") issued a varied and restated recognition and designation order ("Recognition Order") with terms and conditions governing the recognition of each of The Canadian Depository for Securities Limited and CDS Clearing and Depository Services Inc. ("CDS Clearing") as a clearing agency pursuant to subsection 21.2(1) of the *Securities Act* (Ontario). To comply with the Recognition Order, CDS Clearing must file, among other things, its rules with the Commission for approval. This protocol sets out the procedures for the submission of a rule by CDS Clearing and the review and approval of the rule by the Commission.

2. Definitions

In this protocol:

"rule" means a proposed new or amendment to or deletion of a participant rule, operating procedure, user guide, manual or similar instrument or document of CDS Clearing which contains any contractual term setting out the respective rights and obligations between CDS Clearing and participants or among participants.

All other terms have the respective meanings ascribed to them in the Recognition Order and in securities legislation as that term is defined in NI 14-101.

3. Classification of Rules

CDS Clearing will classify a rule as either "material" or "technical/housekeeping" for the purposes of the approval process set out in this protocol.

(a) Technical/Housekeeping Rules

For the purpose of this protocol, a rule will be classified as "technical/housekeeping" if the rule involves only:

(i) matters of a technical nature in routine operating procedures and administrative practices relating to the settlement services;

(ii) consequential amendments intended to implement a material rule that has been published for comment pursuant to this protocol which only contain material aspects already contained in the material rule or disclosed in the notice accompanying the material rule;

(iii) amendments required to ensure consistency or compliance with an existing rule, securities legislation or other regulatory requirement;

(iv) the correction of spelling, punctuation, typographical or grammatical mistakes or inaccurate cross-referencing; or

(v) stylistic formatting, including changes to headings or paragraph numbers.

(b) Material Rules

A rule that is not a technical/housekeeping rule, as defined above, would be classified as a "material" rule.

4. Procedures for Review and Approval of Material Rules

(a) Prior Notice of a Significant Material Rule

If CDS Clearing is developing a material rule that it anticipates will result in a significant change in its policy, will require amendments to a significant number of rules or may be the subject of significant public comment as a result of publication, then CDS Clearing will notify Commission staff in writing at least 30 calendar days prior to submitting such a significant material rule. The purpose of such prior notification is to enable the Commission to react in a timely manner to the material rule upon filing. Prior notification shall not be interpreted as an opportunity for Commission staff to participate in CDS Clearing policy development. Commission staff will not begin a formal review of the material rule until all relevant documents have been filed.

(b) Documents to be Filed

For a material rule, CDS Clearing will file with the Commission the following documents electronically, or by other means as agreed to by Commission staff and CDS Clearing from time to time:

(i) a cover letter that indicates the classification of the rule and the rationale for that classification and includes a statement that the rule is not contrary to the public interest;

(ii) the rule and, where applicable, a blacklined version of the rule indicating the proposed changes to an existing rule;

(iii) a notice of publication to be published by the Commission in the OSC Bulletin that contains the following information:

A. a description of the rule,

B. a concise statement, together with supporting analysis, of the nature and purpose of the rule,

C. a description and analysis of the possible effects of such rule on CDS Clearing, participants and other market participants and the securities and financial markets in general, including but not limited to any impact on competition, risks and the costs of compliance borne by any of the foregoing parties or within any market, and where applicable, a comparison of the rule to international standards promulgated by Committee on Payment and Settlement Systems of the Bank for International Settlements, the Technical Committee of the International Organization of Securities Commissions and the Group of Thirty,

D. a description of the rule drafting process, including a description of the context in which the rule was developed, the process followed, the issues considered, consultation done, the alternative approaches considered, the reasons for rejecting the alternatives and a review of the implementation plan,

E. where the rule requires technological systems changes to be made by participants, other market participants or CDS Clearing, CDS Clearing shall provide a description of the implications of the rule on such systems and, where possible, an implementation plan, including a description of how the rule will be implemented and the timing of the implementation,

F. where CDS Clearing is aware that another clearing agency has a counterpart to the rule, CDS Clearing shall include a reference to the rules of the other clearing agency, including an indication as to whether that clearing agency has a comparable rule or has made or is contemplating making a comparable rule, and a comparison of the rule to same,

G. a statement that CDS Clearing has determined that the rule is not contrary to the public interest, and

H. an explanation that all comments should be sent to CDS Clearing with a copy to the Commission, and that CDS Clearing will make available to the public on request all comments received during the comment period.

(c) Confirmation of Receipt

Commission staff will within 5 business days send to CDS Clearing confirmation of receipt of documents filed by CDS Clearing under subsection (b).

(d) Publication of a Material Rule by the Commission

As soon as practicable, Commission staff will publish in the OSC Bulletin the notice and rule filed by CDS Clearing under subsection (b) for a comment period of 30 calendar days ("comment period"), commencing on the date on which the notice first appears in the OSC Bulletin or website.

(e) Review by Commission Staff

Commission staff will use their best efforts to conduct their initial review of the material rule and provide comments to CDS Clearing during the comment period. However, there will be no restriction on the amount of time necessary to complete the review of the material rule.

(f) CDS Clearing Responses to Commission Staff's Comments

(i) CDS Clearing will respond to any comments received to Commission staff in writing.

(ii) CDS Clearing will provide to Commission staff a summary of all public comments received and CDS Clearing's responses to the public comments, or confirmation of having received no public comments.

(iii) If CDS Clearing fails to respond to comments from Commission staff within 120 calendar days after receipt of their comment letter, CDS Clearing will be deemed to have withdrawn the material rule unless Commission staff otherwise agree.

(g) Approval by the Commission

Commission staff will use their best efforts to prepare the material rule for approval within 30 calendar days of the later of (a) receipt of written responses from CDS Clearing to staff's comments or requests for additional information, and (b) receipt of the summary of public comments and CDS Clearing's response to the public comments, or confirmation from CDS Clearing that there were no comments received. If at any time during the review period, Commission staff determine that they have further comments or require further information from CDS Clearing in order to prepare the materials for Commission approval, the review period will be extended by an additional period of 30 calendar days commencing on the day that Commission staff receive responses to the comments or the information requested. Commission staff will notify CDS Clearing of the Commission's approval of the material rule within 5 business days.

(h) Publication of Notice of Approval

Commission staff will prepare and publish in the OSC Bulletin and on its website a short notice of approval of the material rule within 15 business days of delivery of the notification to CDS Clearing of the decision. CDS Clearing will provide the following information to accompany the publication of the notice of approval:

(i) a short summary of the material rule;

(ii) CDS Clearing's summary of public comments and responses received, if applicable; and

(iii) if changes were made to the version published for public comment, a blacklined copy of the revised material rule.

(i) Effective Date of a Material Rule

A material rule will be effective as of the date of the notification of approval by Commission staff in accordance with subsection (g) or on a date determined by CDS Clearing, if such date is later.

(j) Significant Revisions to a Material Rule

When a material rule is revised subsequent to its publication for comment in a way that Commission and CDS Clearing staff determine has a material effect on the substance of the rule or its effect, the revision will be published in the OSC Bulletin with a notice for a second 30 calendar day comment period. The request for comment shall include CDS Clearing's summary of comments and responses submitted in response to the previous request for comments, together with an explanation of the revision to the material rule and the supporting rationale for the amendment.

(k) Withdrawal of a Material Rule

If CDS Clearing withdraws or is deemed to have withdrawn a rule that was previously submitted, then it will provide a notice of withdrawal to be published by the Commission in the OSC Bulletin as soon as practicable.

5. Procedures for Review and Approval of a Technical/Housekeeping Rule

(a) Documents to be Filed

For a technical/housekeeping rule, CDS Clearing will file with the Commission the following documents electronically, or by other means as agreed to by the Commission staff and CDS Clearing from time to time:

(i) a cover letter that indicates the classification of the rule and the rationale for that classification;

(ii) the rule and, where applicable, a blacklined version of the rule indicating the proposed changes to an existing rule; and

(iii) a short notice of publication to be published by the Commission in the OSC Bulletin that contains the following information:

A. a brief description of the technical/housekeeping rule,

B. the reasons for the technical/housekeeping classification, and

C. the effective date of the technical/housekeeping rule, or a statement that the technical/housekeeping rule will be effective on a date subsequently determined by CDS Clearing.

(b) Effective Date of Technical/Housekeeping Rules

The technical/housekeeping rule will be effective upon CDS Clearing filing the documents in accordance with subsection (a) or on a date determined by CDS Clearing. Where CDS Clearing does not receive any communication of disagreement with the classification from Commission staff in accordance with subsection (d) within 15 business days after filing the rule, CDS Clearing may assume that the Commission staff agree with the classification.

(c) Confirmation of Receipt

Commission staff will within 5 business days send to CDS Clearing confirmation of receipt of documents filed by CDS Clearing under subsection (a).

(d) Disagreement with Classification

Where CDS Clearing has classified a rule as "technical/housekeeping" and Commission staff disagree with the classification:

(i) Commission staff will communicate to CDS Clearing, in writing, the reasons for disagreeing with the classification of the rule within 15 business days after receipt of CDS Clearing's filing.

(ii) After receipt of Commission staff's written communication, CDS Clearing will re-classify the rule as material and the Commission will review and approve the rule under the procedures set out in section 4.

(iii) Commission staff may require that CDS Clearing immediately repeal the technical/housekeeping rule and inform its participants of the reason for the repeal of the rule.

(e) Publication of Technical/Housekeeping Rules

Commission staff will publish the notice filed by CDS Clearing under clause (a)(iii) as soon as practicable.

(f) Comments received on Technical/Housekeeping Rules

If comments are raised in response to the publication of the notice or the implementation of the technical/housekeeping rule, Commission staff may review the rule in light of the comments received. Commission staff may determine that the rule was incorrectly classified and require that the rule be classified as a material rule and reviewed and approved by the Commission in accordance with the procedures set out in section 4 with necessary modifications. If the Commission subsequently disapproves the material rule, CDS Clearing will immediately repeal the material rule and inform its participants of the disapproval.

6. Immediate Implementation of a Material Rule

(a) Criteria for Immediate Implementation

CDS Clearing may make a material rule effective immediately where CDS Clearing determines that there is an urgent need to implement the material rule because of a substantial and imminent risk of material harm to CDS Clearing, participants, other market participants, or the Canadian capital markets or due to a change in operation imposed by a third party supplying services to CDS Clearing and to its participants.

(b) Prior Notification

Where CDS Clearing determines that immediate implementation is necessary, CDS Clearing will advise Commission staff in writing as soon as possible but in any event at least 5 business days prior to the implementation of the rule. Such written notice will include an analysis to support the need for immediate implementation.

(c) Disagreement on Need for Immediate Implementation

If Commission staff do not agree that immediate implementation is necessary, the process for resolving the disagreement will be as follows:

(i) Commission staff will notify CDS Clearing, in writing, of the disagreement, or request more time to consider the immediate implementation, within 3 business days of being advised by CDS Clearing under subsection (b).

(ii) Commission staff and CDS Clearing will discuss and resolve any concerns raised by Commission staff.

(iii) If no notice is received by CDS Clearing by the 3rd business day after Commission staff received CDS Clearing's notification, CDS Clearing may assume that Commission staff does not disagree with their assessment.

(d) Review of Material Rules Implemented Immediately

A material rule that has been implemented immediately will be published, reviewed and approved by the Commission in accordance with the procedures set out in section 4 with necessary modifications. If the Commission subsequently disapproves the material rule, CDS Clearing will immediately repeal the material rule and inform its participants of the disapproval.

7. Miscellaneous Provisions

(a) Waiving Provisions of the protocol

Commission staff may waive any part of this protocol upon request from CDS Clearing. Such a waiver must be granted in writing by Commission staff.

(b) Amendments

This protocol and any provision hereof may be amended at any time or times with the agreement of the Commission and CDS Clearing.

APPENDIX "B"

REPORTING OBLIGATIONS

In addition to the notification, reporting and filing obligations set out in Schedule "A" to the Recognition and Designation Order, CDS Ltd. and CDS Clearing shall also comply with the reporting obligations set out below.

1. Prior Notification

1.1 CDS Ltd. and CDS Clearing shall provide to Commission staff prior notification of:

(a) any proposed change to CDS Ltd. and CDS Clearing's corporate governance structure other than significant changes to the governance structure or constating documents for which prior approval is required under items 2.3 or 10.3 of Schedule "A" to the Recognition and Designation Order;

(b) a decision to enter into an agreement, memorandum of understanding or other similar arrangement with any governmental or regulatory body, self-regulatory organization, clearing agency, stock exchange, other marketplace or market; or

(c) a decision to, either directly or through an affiliate, engage in a new type of business activity or cease to engage in a business activity in which CDS Ltd. and CDS Clearing are then engaged.

1.2 Notwithstanding the requirements of section 1.1(c), CDS Ltd. shall not be required to provide Commission staff with prior notification in the above instances in the event that such instances relate to the business operations of another CDS Ltd. subsidiary.

2. Immediate Notification

2.1 CDS Ltd. and CDS Clearing shall provide to Commission staff immediate notice of:

(a) the appointment of any new director or officer, including a description of the individual's employment history; and

(b) the resignation or intended resignation of a director or officer or the auditors of CDS Ltd. and CDS Clearing, including a statement of the reasons for the resignation or intended resignation.

2.2 CDS Ltd. and CDS Clearing shall immediately notify Commission staff if either organization:

(a) becomes the subject of any order, directive or other similar action of a governmental or regulatory authority;

(b) becomes aware that either organization is the subject of a criminal or regulatory investigation; or

(c) becomes, or is aware that either organization will become, the subject of a material lawsuit.

2.3 CDS Clearing shall immediately file with Commission staff copies of all notices, bulletins and similar forms of communication that CDS Clearing sends its participants.

2.4 CDS Ltd. and CDS Clearing shall immediately file with the Commission staff any unanimous shareholder agreements to which it is a party.

3. Quarterly Reporting

3.1 CDS Ltd. and CDS Clearing shall file quarterly with Commission staff a list of the internal audit reports and risk management reports issued in the previous quarter.

4. Annual Reporting

4.1 CDS Ltd. and CDS Clearing shall provide to Commission staff annually:

(a) a list of the directors and officers of CDS Ltd. and CDS Clearing;

(b) a list of the committees of the CDS Ltd. and CDS Clearing boards of directors, setting out the members, mandate and responsibilities of each of the committees; and

(c) a list of all participants in each settlement service operated by CDS Clearing.

5. General

5.1 CDS Ltd. and CDS Clearing shall continue to comply with the reporting obligations set out in their tailored Automation Review Program document.

Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions, Orders and Rulings

3.1.1 Goldbridge Financial Inc. et al.

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

AND

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

REASONS AND DECISION ON SANCTIONS AND COSTS

Hearing:	May 13, 2011		
Decision:	October 26, 2011		
Panel:	Mary G. Condon	–	Commissioner and Chair of the Panel
	Margot C. Howard, CFA	–	Commissioner
Appearances:	Christie Johnson	–	For the Ontario Securities Commission
	Wesley Wayne Weber	–	For himself
			No one appeared for Goldbridge Financial Inc.

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REASONS AND DECISION ON SANCTIONS AND COSTS

I. History of the Proceeding

[1] This was a bifurcated hearing before the Ontario Securities Commission (the "Commission") pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), to consider whether it is in the public interest to make an order with respect to sanctions and costs against Mr. Wesley Wayne Weber (Mr. Weber) and Goldbridge Financial Inc. ("Goldbridge") (collectively, the "Respondents").

[2] Prior to the hearing on the merits, Mr. Shawn C. Lesperance ("Mr. Lesperance"), who was also named as a respondent in this matter, settled with the Commission (*Re Goldbridge Financial Inc.* (2009), 32 O.S.C.B. 7387 (oral reasons for settlement with respect to Lesperance)).

[3] The hearing on the merits in this matter took place on February 8, 9 and 12, 2010. During the hearing on the merits, Mr. Weber represented himself and no one appeared for Goldbridge. Evidence at the hearing established that Goldbridge was voluntarily dissolved on September 23, 2009.

[4] The decision on the merits was issued on January 21, 2011 (*Re Goldbridge Financial Inc. et al* (2011), 34 O.S.C.B. 1064 (the "Merits Decision")).

[5] Following the release of the Merits Decision, we held a separate hearing on May 13, 2011, to consider sanctions and costs (the "Sanctions and Costs Hearing"). Staff of the Commission ("Staff") appeared at the Sanctions and Costs Hearing and Mr. Weber represented himself. No one appeared on behalf of Goldbridge.

[6] Staff provided written submissions dated May 2, 2011, along with a Book of Authorities, a Sanctions Hearing Brief, a Bill of Costs, and an Affidavit of Service. Mr. Weber did not provide any written materials at the Sanctions and Costs Hearing.

[7] Staff called one witness at the Sanctions and Costs Hearing. This was Mr. Allister Field, an investigator in the Commission's Enforcement Branch, who provided testimony relating to Mr. Weber's prior criminal record. Mr. Weber did not call any witnesses or provide any evidence at the Sanctions and Costs Hearing.

[8] These are our Reasons and Decision as to the appropriate sanctions and costs to order against the Respondents.

II. The Merits Decision

[9] The Merits Decision addressed the following issues:

1. Did Goldbridge and Mr. Weber engage in unregistered trading in breach of subsection 25(1)(a) of the Act, without any available exemptions?

2. Did Goldbridge and Mr. Weber engage in unregistered investment advisory activity in breach of subsection 25(1)(c) of the Act, without any available exemptions?

3. Did Mr. Weber make false and/or misleading statements to the Commission in breach of subsection 122(1)(a) of the Act?

4. Did Goldbridge and Mr. Weber act contrary to the public interest by:

    a. engaging in the conduct referred to in issues 1 to 3 listed above?

    b. intentionally communicating false information to financial institutions in names other than those of the Respondents in order to gain access to numerous trading charts?

    c. breaching a temporary cease trade order of the Commission?

(Merits Decision, *supra* at para. 17)

[10] Upon reviewing all the evidence, the applicable law and the submissions made, the Panel concluded in the Merits Decision that:

(a) the Respondents breached subsection 25(1)(a) of the Act;

(b) the Respondents breached subsection 25(1)(c) of the Act;

(c) there were no exemptions available to the Respondents;

(d) Mr. Weber breached subsection 122(1)(a) of the Act; and

(e) The Respondents engaged in conduct contrary to the public interest by:

(i) engaging in unregistered trading and advising without the availability of exemptions in breach of sections 25(1)(a) and 25(1)(c) of the Act; and

(ii) breaching the Commission order dated October 28, 2008.

(Merits Decision, *supra* at para. 115)

[11] It is this conduct that we must consider when determining the appropriate sanctions to impose in this matter.

III. Sanctions and Costs Requested

1. Staff's Position

[12] Staff has requested that the following order be made against the Respondents:

Mr. Weber

(a) pursuant to clause 2 of subsection 127(1) of the Act, Weber cease trading, directly or indirectly, in securities for a period of 25 years except that Weber may trade securities for the account of his registered retirement savings plans, registered retirement income plans, registered education savings plans or tax-free savings accounts (as defined in the Income Tax Act (Canada)) in which he or his spouse have sole legal and beneficial ownership, provided that:

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

(ii) Weber does not own legally or beneficially (in the aggregate, together with his spouse) more than one percent of the outstanding securities of the class or series of the class in question; and

(iii) Weber carry out any permitted trading through a registered dealer and through trading accounts opened in his name only (and he must close any trading accounts that are not in his name only); and

(iv) Weber must give a copy of the Decision, the Sanctions and Costs Decision and the Sanctions and Costs Order to any registered dealer through which he trades in advance of any trading;

(b) pursuant to clause 2.1 of subsection 127(1) of the Act, Weber is prohibited for a period of 25 years from acquiring any securities, except that he is permitted to acquire securities to allow the trading in securities permitted by and in accordance with paragraph (a) of this Order;

(c) pursuant to clause 3 of subsection 127(1) of the Act, that any exemptions in Ontario securities law do not apply to Weber for a period of 25 years;

(d) pursuant to clause 6 of subsection 127(1) of the Act, that Weber be reprimanded by the Commission;

(e) pursuant to clause 7 of subsection 127(1) of the Act, Weber resign any position he holds or may hold as an officer or director of any issuer;

(f) pursuant to clause 8 of subsection 127(1) of the Act, that Weber be prohibited permanently from becoming or acting as an officer or director of any issuer;

(g) pursuant to clause 9 of subsection 127(1) of the Act, that Weber be required to pay an administrative penalty of $25,000 for failure to comply with Ontario securities law;

(h) to make an order pursuant to section 127.1 of the Act that Weber, jointly and severally with Goldbridge, pay the costs of Staff's investigation and the costs of, or related to, this proceeding, in the amount of $45,278.75; and

(i) to make such other order or orders as the Commission considers appropriate.

Goldbridge

(a) pursuant to clause 2 of section 127(1) of the Act, Goldbridge cease trading, directly or indirectly, in securities permanently;

(b) pursuant to section 127(1) of clause 2.1 of the Act, the acquisition of any securities by Goldbridge be prohibited permanently;

(c) pursuant to clause 3 of section 127(1) of the Act, all exemptions contained in Ontario securities law do not apply permanently to Goldbridge;

(d) to make an order pursuant to section 127.1 of the Act that Goldbridge, jointly and severally with Weber, pay the costs of Staff's investigation and the costs of, or related to, this proceeding, in the amount of $45,278.75; and

(e) to make such other orders as the Commission deems appropriate.

[13] In Staff's submission, the sanctions requested are appropriate in light of the conduct of the Respondents and take into account the multiple breaches of the Act that occurred. In addition, Staff submits that their proposed sanctions will both deter the Respondents as well as like-minded individuals from involvement in similar conduct in the future.

2. The Respondents' Position

[14] Mr. Weber takes the position that the sanctions and costs requested by Staff are too severe and he submits that the Commission should not restrict his ability to trade in securities to earn a living. To summarize, Mr. Weber submits lesser sanctions should be imposed on him because:

- he has shown remorse and respect for the Commission throughout this proceeding;
- he admitted to the wrongdoing that occurred and acknowledges the seriousness of the allegations proven against him;
- he cooperated with Staff and ceased trading when it was brought to his attention that he was in breach of a cease trade order of the Commission;
- the sanctions requested by Staff would severely impact his livelihood, and currently his ability to earn income and find work has been affected;
- he does not have the ability to pay sanctions and costs in the magnitude requested by Staff;
- Goldbridge did not have a large market capitalization and therefore the conduct in this matter did not have a large impact on Ontario's capital markets; and
- Staff did not succeed in proving the public interest allegation that Mr. Weber intentionally communicated false information to financial institutions by providing names other than those of the Respondents in order to gain access to numerous trading charts by opening accounts.

[15] Mr. Weber also submits that his previous criminal record history should be disregarded as that conduct took place in 2001 and he has already served his sentence with respect to that conduct.

[16] Mr. Weber submits that he and Mr. Lesperance were equally involved in the conduct in this matter and as a result sanctions similar to those imposed on Mr. Lesperance should be imposed on him.

3. The Lesperance Settlement

[17] As mentioned above, Mr. Lesperance entered into a settlement agreement with the Commission. In our view, any sanctions imposed on the Respondents should be proportionate and take into consideration the sanctions imposed on the settling respondent in this matter. The following sanctions and costs were ordered against Mr. Lesperance:

- pursuant to s. 127(1)2 of the Act, Lesperance is prohibited for 3 years from trading in securities, subject to the exception that he may continue to trade on his own behalf exclusively in a registered retirement savings plan account;

- pursuant to s. 127(1)8 of the Act, Lesperance is prohibited for 3 years from becoming or acting as a director or officer of any issuer; and,

- pursuant to s. 127.1(1) of the Act, Lesperance is to pay costs of the investigation of this matter to the Commission in the amount of $1000.00 within one week of the date of the order.

IV. The Law on Sanctions

[18] Pursuant to section 1.1 of the Act, the Commission has the mandate to: (i) provide protection to investors from unfair, improper or fraudulent practices; and (ii) foster fair and efficient capital markets and confidence in capital markets. As stated by the Supreme Court of Canada in *Committee for Equal Treatment of Asbestos Minority Shareholders v. Ontario Securities Commission*, [2001] 2 S.C.R. 132 ("*Asbestos*"), the Commission's public interest mandate is neither remedial nor punitive; instead, it is protective and preventive, and it is intended to prevent future harm to Ontario's capital markets (at para. 42). Specifically:

> … the above interpretation is consistent with the scheme of enforcement in the Act. The enforcement techniques in the Act span a broad spectrum from purely regulatory or administrative sanctions to serious criminal penalties. The administrative sanctions are the most frequently used sanctions and are grouped together in s. 127 as "Orders in the public interest". Such orders are not punitive: *Re Albino* (1991), 14 O.S.C.B. 365. Rather, the purpose of an order under s. 127 is to restrain future conduct that is likely to be prejudicial to the public interest in fair and efficient capital markets. The role of the OSC under s. 127 is to protect the public interest by removing from the capital markets those whose past conduct is so abusive as to warrant apprehension of future conduct detrimental to the integrity of the capital markets: *Re Mithras Management Ltd.* (1990), 13 O.S.C.B. 1600. In contradistinction, it is for the courts to punish or remedy past conduct under ss. 122 and 128 of the Act respectively: see D. Johnston and K. Doyle Rockwell, *Canadian Securities Regulation* (2nd ed. 1998), at pp. 209-11.
>
> …
>
> … pursuant to s. 127(1), the OSC has the jurisdiction and a broad discretion to intervene in Ontario capital markets if it is in the public interest to do so. … In exercising its discretion, the OSC should consider the protection of investors and the efficiency of, and public confidence in, capital markets generally. In addition, s. 127(1) is a regulatory provision. The sanctions under the section are preventive in nature and prospective in orientation.
>
> (*Asbestos*, *supra* at paras. 43 and 45 [emphasis added])

[19] In determining the appropriate sanctions to order in this matter, we must keep in mind the Commission's preventive and protective mandate set out in section 1.1 of the Act, and we must also consider the specific circumstances in this case and ensure that the sanctions are proportionate (*Re M.C.J.C. Holdings*, (2002), 25 O.S.C.B. 1133 at 1134).

[20] The case law sets out the following list of non-exhaustive factors that are important to consider when imposing sanctions:

(a) the seriousness of the allegations;

(b) the respondent's experience in the marketplace;

(c) the level of a respondent's activity in the marketplace;

(d) whether or not there has been a recognition of the seriousness of the improprieties;

(e) the need to deter a respondent, and other like-minded individuals, from engaging in similar abuses of the capital markets in the future;

(f) whether the violations are isolated or recurrent;

(g) the size of any profit gained or loss avoided from the illegal conduct;

(h) any mitigating factors, including the remorse of the respondent;

(i) the effect any sanction might have on the livelihood of the respondent;

(j) the effect any sanction might have on the ability of a respondent to participate without check in the capital markets;

(k) in light of the reputation and prestige of the respondent, whether a particular sanction will have an impact on the respondent and be effective;

(l) the size of any financial sanctions or voluntary payment when considering other factors.

(*Re M.C.J.C. Holdings*, (2002), 25 O.S.C.B. 1133 at 1136 and *Re Belteco Holdings Inc.* (1998), 21 O.S.C.B. 7743 at 7746)

[21] The applicability and importance of each factor will vary according to the facts and circumstances of each case.

[22] Deterrence is another important factor that the Commission could consider when determining appropriate sanctions. In *Re Cartaway Resources Corp.*, [2004] 1 S.C.R. 672 ("Cartaway"), the Supreme Court of Canada explained that deterrence is "… an appropriate, and perhaps necessary, consideration in making orders that are both protective and preventive" (at para. 60). Further, the Supreme Court emphasized that deterrence may be specific to the respondent or general to deter the public at large:

> Deterrent penalties work on two levels. They may target society generally, including potential wrongdoers, in an effort to demonstrate the negative consequences of wrongdoing. They may also target the individual wrongdoer in an attempt to show the unprofitability of repeated wrongdoing. The first is general deterrence; the second is specific or individual deterrence: see C. C. Ruby, *Sentencing* (5th ed. 1999). In both cases deterrence is prospective in orientation and aims at preventing future conduct.
>
> (*Cartaway*, *supra* at para. 52)

[23] As stated above, the sanctions imposed must be protective and preventive. The role of the Commission is to impose sanctions that will protect investors and the capital markets from exposure to similar conduct in the future. As articulated by the Commission in *Re Mithras Management Inc.* (1990), 13 O.S.C.B. 1600:

> … the role of this Commission is to protect the public interest by removing from the capital markets – wholly or partially, permanently or temporarily, as the circumstances may warrant – those whose conduct in the past leads us to conclude that their conduct in the future may well be detrimental to the integrity of those capital markets. We are not here to punish past conduct; that is the role of the courts, particularly under section 118 [now 122] of the Act. We are here to restrain, as best we can, future conduct that is likely to be prejudicial to the public interest in having capital markets that are both fair and efficient. In so doing we must, of necessity, look to past conduct as a guide to what we believe a person's future conduct might reasonably be expected to be; we are not prescient, after all.
>
> (*Mithras*, *supra* at 1610 and 1611)

V. Appropriate Sanctions in this Case

1. Specific Sanctioning Factors Applicable in this Matter

[24] Overall, the sanctions we impose must protect investors and Ontario capital markets by barring or restricting the Respondents from participating in those markets in the future.

[25] In considering the sanctioning factors set out above in the case law, we find the following specific factors and circumstances to be relevant in this matter:

(a) The seriousness of the allegations: The Respondents breached a number of key provisions of the Act. When Respondents breach multiple sections of the Act, the Commission may consider the seriousness of the breaches both individually and collectively.

In particular, the Respondents engaged in unregistered trading and advising. As explained in paragraph 95 of the Merits Decision:

> This is serious conduct that is contrary to the public interest. The registration requirements in the Act serve an important role to protect investors and ensure that the public deals with individuals who have met the necessary proficiency requirements, good character and ethical standards. The Respondents should have taken the necessary steps to ensure that they had the proper registration in place and that their activities were in compliance with securities law. … Mr. Weber was aware that he had to be registered and that there was a problem with posting trading lesson advertisements on the internet. The Respondents should have ceased their illegal activities and sought registration. That they did not, compounds their misconduct, which was clearly contrary to the public interest.

In addition, Mr. Weber misled Commission Staff during the case assessment stage of the investigation (Merits Decision, *supra* at para. 85) and misled the Commission during a compelled examination and cease trade order hearing (Merits Decision, *supra* at para. 89). Misleading the Commission is a serious violation of the Act. In particular, the Commission has held that the act of misleading Staff is a particularly egregious violation of the public interest (*Re Koonar* (2002), 25 O.S.C.B. 2691 at 2692).

Furthermore, the Respondents breached the Commission's October 28, 2008 temporary cease trade order (Merits Decision, *supra* at paras. 109 to 113). Breaches of Commission orders show disregard for the rule of law and the Commission, and consequently undermine public confidence in the fair functioning of the capital markets. Such a breach is considered an aggravating factor when determining appropriate sanctions. As established in *Re Duic* (2008), 31 O.S.C.B. 9541 at para. 50:

> In our view, the breach of any Commission order is a matter of the utmost seriousness. The Commission's orders must be adhered to by the persons to whom they apply. Public confidence in the fair functioning of the capital markets is related directly to the public's perception of the effectiveness of the Commission's enforcement efforts. Accordingly, we agree with Staff that significant consequences must follow any breach of the Commission's orders.

(b) Whether the Respondents' violations are isolated or recurrent: At the Sanctions and Costs Hearing Staff provided evidence with respect to Mr. Weber's past criminal history. Staff's investigator did a Canadian Police Information Centre check and provided an up-to-date criminal record for Mr. Weber. Staff also referred us to a transcript of a court proceeding on October 23, 2001 before Justice DeMarco of the Ontario Court of Justice in the matter of *R. v. Wesley Wayne Weber*, [2001] O.J. No. 6103 which states at page 34 line 16 to page 35 line 6:

> Mr. Weber, you, in regard to the counterfeiting currency offence, you were engaged in a highly sophisticated activity which was abundantly remunerative. You were committing those acts at a time when you were serving a sentence for a related offence in the community and while you were on bail for a related offence. … but because of your guilty plea and your willingness to plead guilty and because also of the fact that you have spent approximately two months in custody, I am of the view that a sentence in the range of five years, while somewhat lenient, is within an acceptable range and accordingly, on count one on information number 01-9489, I sentence you to a term of five years in the penitentiary.

Staff submits that Mr. Weber's past criminal history is relevant because it demonstrates recidivist behaviour. Staff explained that the:

> … respondent's past conduct, when relevant, can be looked at in considering whether they are a future risk to the integrity of the capital markets. Staff submits that Mr. Weber's past criminal conduct is relevant to these proceedings.
>
> Staff's evidence is that Mr. Weber has an extensive criminal record dating from 1993. While some of these offences are not financial in nature, his record is also rife with instances where he failed to comply with judicial orders or with undertakings.
>
> In addition, his past convictions with respect to currency counterfeiting indicate that Mr. Weber is able to carry out highly complex, intricate schemes of a financial nature involving deception and fraudulent conduct which Staff submit is an aggravating factor in

> considering whether his removal from the capital markets is warranted for a lengthy period of time. Staff submit that it is appropriate in these circumstances.
>
> (Hearing Transcript, May 13, 2011 at page 28 line 14 to page 29 line 8)

Mr. Weber takes issue with his past criminal history being raised in this matter. He takes the position that he has served his punishment for those past crimes and that at the time he committed those crimes he was less mature. According to Mr. Weber:

> I paid a severe price for those indiscretions. …
>
> We're in 2011. Ten years have gone by.
>
> (Hearing Transcript, May 13, 2011 at page 14 line 25 to page 15 line 3)

We recognize that Mr. Weber has served time for his past criminal conduct, but there is a pattern of recidivist behaviour. In particular, Mr. Weber's past conduct (currency counterfeiting) and conduct in this matter (unregistered trading and advising) both involve conduct of a financial nature. As such, we find that it is very important in this matter to impose sanctions that will achieve specific deterrence.

(c) The Respondents' experience and activity in the marketplace: None of the Respondents were ever registered with the Commission. Mr. Weber emphasized that Goldbridge was a small company and its activities were limited and that it did not have a large market capitalization. The Merits Decision concluded that the Respondents were in the business of advising and that they advertised their advising services broadly over the internet. However, there was no evidence that investors contacted Goldbridge or Mr. Weber to provide funds for trading, receive advice or to take trading lessons. As stated in paragraphs 66 and 67 of the Merits Decision:

> Through all of these advertisements, the Respondents were actively seeking to find clients who they could teach and advise about trading securities. Mr. Weber was of the view that he could provide appropriate advice through trading lessons to get individuals to be comfortable and in control of their finances.
>
> Although the evidence shows that no one contacted the Respondents with respect to taking trading lessons, we find that through these advertisements, the Respondents held themselves out as being in the business of advising … even in situations where there is no evidence that investors acted on the advice given, the Respondents can still be found to have been engaging in the business of advising in securities.

In addition, the Respondents actively tried to solicit investors by offering trading services over the internet. As stated in paragraph 42 of the Merits Decision:

> Mr. Weber also advertised via the internet the trading services offered by himself and Goldbridge. Specifically, the Respondents offered services whereby they required individuals to set up brokerage accounts, deposit a certain amount of funds and then the Respondents would use the funds to trade in equities and generate a guaranteed profit.

By offering both trading and advising services over the internet, Mr. Weber was trying to solicit investors, and he was trying to increase his activity in the capital markets to make a profit for himself.

(d) Whether there has been a recognition of the seriousness of the improprieties: Staff takes the position that Mr. Weber has not recognized the seriousness of his improprieties. Staff submits that:

> Mr. Weber throughout all proceedings in this case has failed to demonstrate any remorse for his actions; rather, he repeatedly took the position that he was unaware that anything he did was wrong and took the position that there were no victims, no crimes, and no investor funds lost.
>
> (Hearing Transcript, May 13, 2011 at page 29 lines 11 to 17)

Throughout the Sanctions and Costs Hearing, Mr. Weber objected to Staff's accusations that he has not shown any remorse and that he did not recognize the seriousness of his misconduct. Specifically, Mr. Weber submitted:

> First of all, I want to begin by saying there has been an opinion that I seem to have had no remorse with these proceedings. Yet even sick as a dog I'm here when it's time to be here because I want to verbally say that I completely respect the Commission and what it stands for in protecting capital markets and the like.
>
> (Hearing Transcript, May 13, 2011 at page 40 lines 8 to 14)

In addition, Mr. Weber explained in his submissions that he understood the seriousness of his conduct and that he would not engage in this conduct again in the future:

> Believe me, I will never be before this Commission again. I'm fully crystal clear on the requirements.
>
> (Hearing Transcript, May 13, 2011 at page 45 lines 12 to 13)
>
> They made implications that I had no remorse, because I said there were no victims, no monies lost, no fraud, no criminal things occurred that this implies that I have no remorse and I didn't do anything wrong. I know I did stuff wrong.
>
> (Hearing Transcript, May 13, 2011 at page 47 at lines 18 to 22)

We find that Mr. Weber was being sincere, that he understood the severity of his misconduct in this matter, and that he understands the importance of complying with Ontario securities law.

We also find that during the course of this proceeding Mr. Weber was respectful of the Commission's hearing process. He did not cause undue delay and he also admitted to some of the conduct that was at issue in this matter. For example, Mr. Weber specifically stated:

> I admitted to all the wrongdoing that occurred. I had no idea of the level of complexity of what we were getting into. There were breaches.
>
> (Hearing Transcript, May 13, 2011 at page 43 lines 17 to 19)

Through his admissions of unregistered trading and advising, and misleading Commission Staff (see for example paragraphs 4, 38, 39, 44, 48, 83 and 85 of the Merits Decision), Mr. Weber recognized the wrongfulness of his conduct and cooperated with Staff during the merits hearing which streamlined the hearing process.

(e) Mitigating factors: Mr. Weber takes the position that the Panel should take into consideration as a mitigating factor the fact that he approached Staff to inform them about his trading which breached the Commission's temporary cease trade order and that he stopped trading when he learnt that this conduct was in breach of the Commission's order. He explained that:

> I had opened a trading account with the small amount of $10,000 just to try to survive, to get through the hearings, to figure out what was going to happen. And I said, hey, I think I made a mistake, I opened an account. And I reread that, and it says I'm not allowed to open an account. I brought it to [my lawyer's] attention, he brought it to Staff's attention. I'm the one who came forth and said I made a mistake. …
>
> … It's my fault, there's no excuse, but when I did discover it I brought it to my lawyer, and he brought it to Staff's attention, and that was ended.
>
> (Hearing Transcript, May 13, 2011 at page 44 lines 2 to 24)

(f) The size of any financial sanctions or voluntary payment when considering other factors: Staff did not provide evidence with respect to Mr. Weber's current assets and his ability to pay the sanctions and costs requested, nor did Mr. Weber provide evidence as to his inability to pay an administrative penalty and costs. However, Mr. Weber did submit that he does not have the financial means to pay the administrative penalty and costs requested by Staff and that his ability to earn a living has been affected by the Commission's proceeding against him. He explained to the Commission that since the hearings in this matter began, he has been unable to find employment and that he currently has no assets to satisfy an order of the Commission.

(g) The effect any sanction might have on the livelihood of the Respondent: Mr. Weber submitted that trading was his livelihood and it was his source of income. He also submitted that the administrative penalty and costs requested by Staff would have a devastating effect on his livelihood. Specifically, Mr. Weber stated:

> In my submission, my livelihood would not exist at that level of penalty. It's an unheard of amount of money. I've never had it in my bank account at one time. It would be crippling.
>
> (Hearing Transcript, May 13, 2011 at page 52 lines 20 to 23)

2. Trading and Other Prohibitions

Trading

[26] Staff takes the position that in the circumstances of this case, it would be appropriate to order that the Respondents cease trading in securities and be prohibited from acquiring securities and that exemptions contained in Ontario securities law not apply to any of the Respondents for a period of 25 years. According to Staff, the Respondents cannot be trusted to participate in Ontario's capital markets unless their participation is restricted and in a limited capacity. In addition, Staff submits that a 25 year trading ban is an appropriate length of time when taking into consideration the multiple breaches of the Act and looking at the totality of the Respondents' conduct.

[27] However, Staff submits that in this case it would be appropriate to allow Mr. Weber to have a carve-out in order to trade securities to save for his retirement since the trading ban requested is for a long period of time. Staff explained that:

> [the] carve-out proposed is only appropriate with the restrictive conditions attached to it. Staff feel that the checks and balances imposed by these conditions would properly limit and restrict Mr. Weber's activities in the market such that the risk factor would be much reduced.
>
> (Hearing Transcript, May 13, 2011 at page 39 lines 2 to 8)

[28] Mr. Weber opposes Staff's request for a 25 year trading ban. According to Mr. Weber, such a lengthy trading ban would hinder his ability to trade for himself and earn a living. Specifically, he submits that he wishes:

> … to participate in capital markets with my own capital. It's very crystal clear to me to not receive any money from anybody for any reason for any way to trade equities. However, if I ever do have my own or my spouse or myself have our own money, then I would hope I would be given the privilege in Ontario to trade these monies if we so chose to do so.
>
> (Hearing Transcript, May 13, 2011 at page 53 lines 5 to 12)

[29] Participation in the capital market is a privilege, not a right (*Erikson v. Ontario (Securities Commission*), [2003] O.J. No. 593 (Sup. Ct.) at para. 56). As stated in *Manning v. Ontario (Securities Commission)*, [1996] O.J. No. 3414 at para. 47:

> There is no right of any individual to participate in the capital markets in Ontario. … the Act provides certain exemptions which allows individuals to make certain trades without being registered, however, the OSC has explicit jurisdiction to remove the exemptions if an individual engages in conduct contrary to the letter or spirit of the Act, whether such conduct causes damage to investors or is detrimental to the integrity of the capital markets.

[30] With respect to the appropriate length of a trading ban, we are mindful that there was no evidence of harm to investors, and it was not the objective of the conduct at issue to set up a boiler room scheme to take advantage of investors. As stated in the Merits Decision at paragraph 102:

> We accept that Mr. Weber and Goldbridge never actually invested any money in the accounts that were opened using false information. There is no evidence that there was ever any harm to investors as a result of this conduct.

[31] On the other hand, the respondents did breach multiple provisions of the Act, including subsections 25(1)(a) and 25(1)(c). Mr. Weber also breached subsection 122(1)(a) and he breached a Commission order dated October 28, 2008. Considering the multiple breaches, the seriousness of the conduct in this matter, and the trading ban imposed in Mr. Lesperance's Settlement Agreement, we find it appropriate to order that the Respondents shall cease trading and acquiring securities for a period of 15 years and any exemptions in Ontario securities law do not apply to the Respondents for a period of 15 years. This cease trade order is appropriate because it prohibits Mr. Weber from trading on behalf of third parties during the period of the order.

[32] We questioned Staff during the hearing about the rationale for providing a carve-out restricted to registered accounts as opposed to providing a carve-out for all personal accounts (registered and unregistered). Staff submitted that it is open to the Commission to order whatever is appropriate in the circumstances. We note that there was no evidence that Mr. Weber engaged in fraud, harmed investors or engaged in improper trading practices. In these circumstances we find it unnecessary to prohibit Mr. Weber from trading in his own personal accounts.

[33] We therefore agree that Mr. Weber may trade securities in any of his personal accounts in which he has sole legal and beneficial ownership. The following restrictions and conditions will apply to Mr. Weber's trading: (i) the securities he trades must be listed and posted for trading on the Toronto Stock Exchange, the New York Stock Exchange or NASDAQ (or their successor exchanges) or be issued by a mutual fund that is a reporting issuer; (ii) Mr. Weber cannot own legally or beneficially more than one percent of the outstanding securities of the class or series of the class in question; (iii) Mr. Weber must carry out any permitted trading through a registered dealer and through trading accounts opened in his name only (and he must close any trading accounts that are not in his name only); and (iv) Mr. Weber must give a copy of the Merits Decision, the Sanctions and Costs Decision and the Sanctions and Costs Order to any registered dealer through which he trades, in advance of any trading. These restrictions and conditions will provide adequate checks and balances on Mr. Weber's trading activity.

Director and Officer Bans

[34] Staff also requested that Mr. Weber resign from any position that he may hold as a director or officer of any issuer, and that he be prohibited from becoming or acting as a director or officer of any issuer permanently. Staff did not provide any explanation as to why a permanent ban is necessary in this instance, when the trading ban requested was for a 25 year period.

[35] Mr. Weber did not provide any submissions with respect to the director or officer prohibition.

[36] In *Mithras*, the Commission explained that the removal of individuals from the capital markets is an effective mechanism for protecting the public. One such method is to ban individuals from becoming officers or directors. This prevents such persons from participating in the capital markets through positions of control or direction within a company.

[37] In our view, the use of director or officer bans will ensure that Mr. Weber will not be put in a position of direction or trust with any issuer. This is important because the misconduct in this matter took place when Mr. Weber created Goldbridge and used the corporate entity to provide trading and advising services to the public.

[38] Taking all of this into consideration, we find that it is appropriate that Mr. Weber resign from any position he may hold as a director or officer of any issuer and that he be prohibited from acting as a director or officer of any issuer for a period of 15 years. Staff requested a permanent ban from acting as an officer or director, but in our view a permanent ban is too severe considering the conduct at issue in this case. For example, in past cases the Commission has issued permanent director or officer bans in "boiler room" schemes where many investors were harmed and large sums of money were raised by respondents (see for example Re *Limelight et al* (2008), 31 O.S.C.B. 12030 ("*Re Limelight*"); *Re Sabourin et al* (2010), 33 O.S.C.B. 5299 ("*Re Sabourin*"); and *Re Allen et al* (2006), 29 O.S.C.B. 3944, which were referred to us by Staff in their book of authorities). As mentioned above, there was no harm to investors in this case, and the Respondents did not receive any funds from investors. As a result, a 15 year ban from becoming or acting as an officer or director of any issuer is appropriate.

[39] The combined sanctions of trading bans and prohibitions on acting as a director or officer of any issuer is intended to provide general and specific deterrence to help ensure that similar conduct does not take place in the future.

Reprimand

[40] As stated above, Mr. Weber breached subsections 25(1)(a), 25(1)(c), 122(1)(a) of the Act and breached a Commission temporary cease trade order (dated August 28, 2008). This conduct was contrary to the public interest.

[41] We find it appropriate that Mr. Weber be reprimanded. The reprimand is intended to provide strong censure of his misconduct and to impress on the public the importance of complying with the registration requirements for trading and advising. The Commission has created different registration categories to ensure that market participants fulfill certain criteria. This in turn protects the public and ensures minimum standards. Registration requirements are mandatory for all market participants. Mr. Weber used the internet to solicit investors and to advertise trading and advising services. He was required to be registered to engage in such conduct.

[42] In addition, Mr. Weber misled Commission Staff, the Commission and breached the October 28, 2008 temporary cease trade order. This conduct demonstrates flagrant disregard for the authority of the Commission as well as for obligations under Ontario securities law.

[43] Mr. Weber is hereby reprimanded for the conduct set out in the Merits Decision.

3. Administrative Penalty

[44] Staff requested that an administrative penalty of $25,000 be imposed on Mr. Weber. Staff submits at parargraph 27 of their written submissions that any administrative penalty imposed on Mr. Weber should take into account:

> … the scope and seriousness of a respondent's misconduct; whether there were multiple and/or repeated breaches of the Act; whether the respondent realized any profit as a result of his or her misconduct; the amount of money raised from investors; the harm caused to investors; and the level of administrative penalties imposed in other cases.

[45] Mr. Weber opposed the administrative penalty requested by Staff. As stated above at paragraphs 25(f) and 25(g) of our Reasons, Mr. Weber takes the position that he cannot afford to pay an administrative penalty of the magnitude requested by Staff and that his livelihood has been significantly affected by these proceedings. He also points out that Mr. Lesperance, who entered into a settlement agreement with the Commission in this matter, did not have to pay an administrative penalty but only paid $1,000 in costs to the Commission.

[46] In our view, the imposition of an administrative penalty is not required in this case. We find that the imposition of other sanctions such as trading bans and director or officer bans are better suited to deter Mr. Weber from engaging in similar conduct in the future.

[47] In considering the factors mentioned by Staff, while there were multiple breaches of the Act, we note that Mr. Weber did not realize any profit as a result of the misconduct, there were no funds raised from investors, and investors were not harmed.

[48] In support of their administrative penalty request, Staff referred us to *Re Limelight*, *supra*, *Re Sabourin*, *supra* and *Re White* (2010), 33 O.S.C.B. 8893 ("*Re White*"). However, Staff conceded that the conduct in this matter was not as severe as the conduct in those cases and that this matter was not a boiler room case where a large number of investors were harmed. Staff explained that:

> … it's difficult in terms of the administrative penalty to compare past precedents for appropriate ranges since it is rare that respondents do not actually take in investor funds. Most of the cases that Staff looked at in formulating this administrative penalty, often it was the case that the respondents took in a very substantial amount of money, which, of course, is not a factor present in this case.
>
> However, Staff do submit that the respondent's attempts to raise funds absolutely do damage the integrity of the capital markets and investor confidence in those markets and so should be subject to an administrative penalty, taking into account the other factors mentioned.
>
> (Hearing Transcript, May 13, 2011 at page 32 lines 6 to 19)

[49] We find that the cases referred to us by Staff to support the imposition of an administrative penalty are not on point with the conduct that occurred in this matter. For example, *Re Limelight* and *Re Sabourin i*nvolved boiler room investment schemes where the company did not have any legitimate business purpose and was set up for the sole purpose of raising investor funds for the benefit of those behind the investment scheme. There was no evidence that Mr. Weber was interested in raising investor funds for a boiler room type investment scheme. In addition, *Re Limelight*, *Re Sabourin* and *Re White* involved many investors who were affected by the investment schemes. In contrast, not one individual invested funds with Mr. Weber in the present case. Taking all of this into consideration, we do not find it necessary in the public interest to impose an administrative penalty.

VI. Costs

[50] Pursuant to section 127.1 of the Act, the Commission has the discretion to order a person or company to pay the costs of the investigation and hearing if the Commission is satisfied that the person or company has not complied with the Act or has not acted in the public interest. Rule 18.2 of the Commission's *Rules of Procedure* (2010), 33 O.S.C.B. 8017 sets out a number of factors a Panel may consider in exercising its discretion to order costs.

[51] Staff requested, pursuant to subsection 127.1(2) of the Act, that the Respondents be ordered to pay, jointly and severally, $45,278.75 to cover the costs related to the hearing in this matter. Staff explained that the amount requested takes into account that Mr. Lesperance paid $1,000 in costs as part of his settlement with Staff (otherwise the total costs would have been $46,278.75). Staff calculates their costs as follows:

Staff	Total Hours	Hours Claimed	Total Costs
Christie Johnson (Litigation Counsel)	265.75	170.25	$34,901.25
Allister Field (Staff Investigator)	235.50	61.50	$11,377.50
TOTAL	**719.00**	**231.75**	**$46,278.75**

[52] In support of this request, Staff provided written submissions, an affidavit of Kathleen McMillan dated May 2, 2011 and detailed dockets (as required by Rule 18.1(2)(b) of the Commission's *Rules of Procedure*). These timesheets provided dates, numbers of hours worked and details of the tasks performed by each of the individuals listed in the bill of costs.

[53] Staff explained that its costs were calculated in accordance with Staff's schedule of hourly rates for various members of Staff of the Enforcement Branch ($205 an hour for Litigation Staff and $185 for Investigation Staff). Staff submits that they have taken a conservative approach to calculating costs, as costs have only been sought for the preparation and attendance at the hearing on the merits. Staff did not request costs related to time spent on the investigation, cease trade order hearings or the sanctions and costs hearing. Staff only requested costs for litigation counsel and one investigator, and not for work done by other support staff. According to Staff, there are no facts that would mitigate the costs in this matter.

[54] Mr. Weber takes issue with the costs requested by Staff and the fixed hourly rates used to calculate Staff's costs. He submits that:

> With respect to the fines and impositions, it's just my opinion that I'm pretty sure that Ms. Johnson does not receive $205 an hour for her paycheque; I'm sure it's more closer to 60 or 80. That would go as well with Mr. Allister Field at $185 an hour. I think those wages are personally in line with some excessive Wall Street pay, and I think maybe counsel's gotten too used to – this is my opinion – too used to litigating against billionaires and millionaires.
>
> (Hearing Transcript, May 13, 2011 at page 48 lines 3 to 12)

[55] In the circumstances, we find that it is appropriate to order that the Respondents pay costs, jointly and severally, in the amount of $45,278.75. We have reviewed Staff's documents in support of their costs request and we find that the costs requested are reasonable. There are no factors present that would mitigate costs in this matter for the Respondents. We note that Mr. Lesperance settled and paid much lower costs in the amount of $1,000. However, we find that $45,278.75 is an appropriate amount of costs for Mr. Weber to pay considering the time and costs involved in mounting a contested merits hearing.

VII. Decision on Sanctions and Costs

[56] We consider that it is important in this case to: (1) impose sanctions that reflect the seriousness of the securities law violations that occurred in this matter; and (2) impose sanctions that not only deter the Respondents but also like-minded people from engaging in future conduct that violates securities law.

[57] We will issue a separate order giving effect to our decision on sanctions and costs and we order that:

(a) pursuant to clause 2 of subsection 127(1) of the Act, Mr. Weber and Goldbridge cease trading, directly or indirectly, in securities for a period of 15 years except that Mr. Weber may trade securities in any of his personal accounts in which he has sole legal and beneficial ownership, provided that:

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

  (ii) Mr. Weber does not own legally or beneficially more than one percent of the outstanding securities of the class or series of the class in question;

  (iii) Mr. Weber carry out any permitted trading through a registered dealer and through trading accounts opened in his name only (and he must close any trading accounts that are not in his name only); and

  (iv) Mr. Weber must give a copy of the Merits Decision, the Sanctions and Costs Decision and the Sanctions and Costs Order to any registered dealer through which he trades, in advance of any trading;

(b) pursuant to clause 2.1 of subsection 127(1) of the Act, Mr. Weber and Goldbridge are prohibited for a period of 15 years from acquiring any securities, except that Mr. Weber is permitted to acquire securities to allow the trading in securities permitted by and in accordance with paragraph (a) of this Order;

(c) pursuant to clause 3 of subsection 127(1) of the Act, any exemptions in Ontario securities law do not apply to Mr. Weber and Goldbridge for a period of 15 years;

(d) pursuant to clause 6 of subsection 127(1) of the Act, Mr. Weber is reprimanded by the Commission;

(e) pursuant to clause 7 of subsection 127(1) of the Act, Mr. Weber resign any position he holds as an officer or director of any issuer;

(f) pursuant to clause 8 of subsection 127(1) of the Act, Mr. Weber is prohibited from becoming or acting as an officer or director of any issuer for a period of 15 years; and

(g) pursuant to section 127.1 of the Act, Mr. Weber and Goldbridge shall pay, jointly and severally, the costs of, or related to, this proceeding, in the amount of $45,278.75.

Dated at Toronto this 26th day of October, 2011.

“Mary G. Condon”

“Margot C. Howard”

3.1.2 Carlton Ivanhoe Lewis et al.

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

AND

IN THE MATTER OF
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

REASONS AND DECISION

Hearing:	January 10, 12-14, 17-19, 24, April 18, June 14 and September 12, 2011	
Decision:	October 27, 2011	
Panel:	James D. Carnwath Margot C. Howard	Commissioner and Chair of the Panel Commissioner
Appearances:	Helen Daley	For Staff of the Commission
	Carlton Ivanhoe Lewis	Self-Represented
	Mark Anthony Scott	Self-Represented
	Sedwick Hill	Self-Represented (Dorothy Hagel, Solicitor appeared on his behalf June 14 and September 12, 2011)

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I. INTRODUCTION

[1] This was a hearing before the Ontario Securities Commission (the "**Commission**") pursuant to ss. 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "***Act***"), to consider whether all the respondents (the "Respondents") breached provisions of the *Act* and/or acted contrary to the public interest.

[2] A Statement of Allegations was filed by Staff of the Commission on March 12, 2010, in connection with a Notice of Hearing issued by the Commission on the same day. Staff allege that the relevant events took place from the spring of 2007 to December 2008 (the "**Relevant Period**").

[3] During the Relevant Period, Ontario investors were invited to become "members" of NetWorth Financial Group Inc. ("**NetWorth**"). Membership entitled investors to place money with Prosporex Investment Club Inc. ("**Prosporex**"), on the understanding that the funds would be pooled and invested by professional traders in foreign exchange ("**Forex**") with trading profits to go back to investors. This activity was often referred to by witnesses as the "Prosporex program."

[4] Approximately $29 million was obtained from over 1,700 Ontario investors. It is undisputed that no prospectus was filed and no receipts were issued by the Director to qualify the transaction as compliant with the *Act*. It is undisputed that, during the period, none of the named Respondents was registered with the Commission to trade securities or to act as an advisor, nor were they exempt from registration.

[5] Of the $29 million approximately, $5.3 million was returned to investors, leaving $23.5 million to be accounted for.

[6] The Statement of Allegations raises the following issues:

(1) Did all the Respondents engage in fraudulent conduct contrary to s. 126.1(b) of the *Act*?

(2) Did all the Respondents make statements that they knew or reasonably ought to have known would reasonably be expected to have a significant effect on the market price or value of a security, contrary to s. 126.2 (1) of the *Act*?

(3) Did all the Respondents engage in unregistered trading of securities and unregistered advising in securities, contrary to s. 25(1)(a) and (c) of the *Act*?

(4) Did all the Respondents engage in an illegal distribution of securities contrary to s. 53(1) of the *Act*?

(5) Did all the Respondents act contrary to the public interest?

[7] The standard of proof that must be met in administrative proceedings is the civil standard of the "balance of probabilities" (*F.H. McDougall* [2008] 3 S.C.R. 41 ("***McDougall***") at para. 40). The OSC has adopted and endorsed the statement of the law in *McDougall* (*Re Sunwide Finance Inc.* (2009), 32 O.S.C.B. 4671 at paras. 26-28). Evidence must always be sufficiently clear, convincing and cogent to satisfy the balance of probabilities test (*McDougall*, above at para. 46).

[8] References to exhibits filed shall be in the form: (Ex. -, Tab -, p. -).

[9] References to the transcripts shall be in the form: (Tr. -, Vol. -, pp. -).

II. THE MAJOR PLAYERS

[10] Carlton Ivanhoe Lewis ("**Mr. Lewis**") resides in Ontario. He was licensed by the Financial Services Commission of Ontario ("**FSCO**") as a life insurance and accident and sickness insurance agent until his license expired May 27, 2009. At all material times, Mr. Lewis was not registered with the Commission.

[11] Mark Anthony Scott ("**Mr. Scott**") resides in Ontario. He has never been registered with the Commission in any capacity.

[12] Sedwick Hill ("**Mr. Hill**") resides in Ontario. He was registered with the Commission as a mutual fund salesperson for Keybase Financial Group Inc. ("**Keybase**"), until October 29, 2009. He was also licensed with FSCO as a life insurance and accident and sickness insurance agent until his licensed expired on November 18, 2008.

[13] LeveragePro Inc. ("**LeveragePro**") was incorporated pursuant to the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44 by Messrs. Lewis and Hill together with a third party on May 15, 2006. Messrs. Lewis and Hill were the owners and directors of LeveragePro and its directing mind. They operated LeveragePro's bank accounts. LeveragePro was not registered with the Commission in any capacity.

[14] Prosporex Investment Club Inc. ("**Prosporex**") was incorporated by Messrs. Lewis and Scott on May 18, 2007. Prosporex has never been registered by the Commission in any capacity.

[15] Prosporex Investments Inc., Prosporex Ltd. and Prosporex Inc. as they appear in the Title of Proceedings were related entities to Prosporex, were used interchangeably by the principals when communicating with investors and were all wholly-

controlled by Messrs. Lewis, Scott and Hill. In these Reasons, all of the Prosporex entities are referred to collectively as "Prosporex".

[16] Networth Financial Group Inc. ("**Networth**") was incorporated pursuant to the Ontario *Business Corporations Act*, R.S.O. 1990, Chapter B.16 on January 12, 2004 by Mr. Scott and his spouse, Sharon Scott. Mr. Scott was the directing mind of Networth and used it to advance the Prosporex Forex investment scheme. Reference in the evidence was made to Networth Marketing Solutions, an unincorporated entity created and controlled by Mr. Scott which was used in the marketing of the Prosporex program. A Prosporex bank account was named "Prosporex operating as NetWorth Marketing Solutions".

[17] AGF Trust ("**AGF**") was a party to a distribution agreement with LeveragePro. Pursuant to the agreement, LeveragePro could apply to AGF for investment loans on behalf of its clients.

[18] While the distribution agreement itself did not specify whether the loans were to be directed to a Registered Savings Plan (the "**Plan**" or the "**RSP**"), the terms of the RSP loan applications required all such loan proceeds to be directed to an RSP created to hold qualified investments as defined by the Canada Revenue Agency ("**CRA**") regulations. Throughout these reasons, respondents and witnesses referred to the transfer of funds from LeveragePro to Prosporex as an "ineligible investment". All applications for AGF loans required the funds to be advanced to LeveragePro.

III. WITNESSES CALLED BY STAFF

Allister Field

[19] Staff called Allister Field, a financial investigator employed by the Commission. Mr. Field served for 21 years with the Toronto Police Service acting as a financial crime investigator for about 10 years. At the outset of his testimony, Staff filed Ex. 3, Mr. Field's witness statement and brief. His evidence can be found in Tr. Vol. 1, pp. 46-188, Tr. Vol. 2, pp. 4-161 and Tr. Vol. 3, pp. 7-29.

[20] Mr. Field described in considerable detail the course of Staff's investigation of the Respondents. Over 40 summonses were issued producing approximately 25,000 documents. The s. 13 summonses are found in Ex. 3, Tab 10.

[21] The information provided by AGF is a significant part of Staff's case. Seventeen hundred client files regarding loans that were forwarded to the Respondents for the purpose of either Prosporex or to purchase legitimate Mackenzie Financial financial instruments were produced to Staff. Twenty-eight million dollars was forwarded to LeveragePro, of which $25 million was transferred to Prosporex Investment Club Inc. At Ex. 3, Tab 15 is a diagram showing the movement of funds among the Respondents. Mr. Field reported that those persons on the right-hand side of the diagram, including Dominion Investments Club Inc., Albert James, Ezra Douse, 360 Financial Services Inc. and Wilton Neale had all settled with the Commission in a separate matter.

[22] Potential investors either attended a seminar at 1315 Lawrence Avenue East or were referred into the program by other participants. Investors, having heard a presentation, would have an opportunity to do one of two things:

(1) Join Networth Financial Group Inc. as a member, which gave them the opportunity to invest in the Prosporex Investment Club Inc. which was offering the opportunity to invest in Forex; or

(2) If people didn't have the money to make the actual investment, an opportunity was given to investors to fill out an AGF RSP loan application so that they could participate in the program using borrowed funds. During the investigation Mr. Field found that, once approval was given for a loan, the investor's account was activated some two months later, and at that point would start receiving cheques for that investor's share of the alleged profits from Forex trading of the pooled funds for the month. These payments were often described as "interest" by employees of Prosporex who testified. The source of those cheques came from a Prosporex bank account in the name of Networth Marketing Solutions.

[23] Some investors participated with their own funds but the majority participated with borrowed funds. The applications for loans from AGF were done through LeveragePro Inc., a general managing agency under the FSCO. Messrs. Hill and Lewis were registered with FSCO; in addition, there were a number of people employed by LeveragePro that were independent agents licensed by FSCO who could broker these loan applications. AGF would advance the loan proceeds to a LeveragePro Inc. bank account. The money for the Prosporex investment, the Forex, would then be transferred from LeveragePro bank accounts into Prosporex bank accounts. Attached as Schedule 'A" to these Reasons is a copy of the diagram referred to by Mr. Field in his evidence, Ex. 3, Tab 15.

[24] At this point in Mr. Field's evidence, Staff introduced Volumes 5-1 to 5-12, Staff's Hearing Briefs. Mr. Field's attention was drawn to Ex. 5-1, Tab 11 which contained investor materials relating to an investor, S.L. At Ex. 5-1, Tab 11 is a membership

agreement between S.L. and Networth Financial Group which permitted S.L. to take advantage of the Prosporex investment opportunity in Forex.

[25] At Ex. 5-1, Tab 13 is the corresponding Prosporex participation agreement that is twinned with the Networth form in the name of an investor, "S.L.". On the document there is an opportunity to identify who referred S.L. to Networth. In this case the referring person was T.G-T who is later identified as an investor.

[26] The agreement provided two options available to investors. They could go into a monthly pay-out scheme where they would invest money and receive their shares of profit on a monthly basis; as well, there was an annual component where the share of profits compounded weekly for a year at which point the member would have the option to take the money out or to continue. Often investors chose a hybrid, designating part of their investment as monthly and part annually. Mr. Field said that the monthly option in the agreements he analyzed seemed to be quite popular because it allowed the investor to service the loan that was used to buy the investment.

[27] At Ex. 5-1, Tab 15 is an AGF loan application in the name of S.L. On the first page it shows the licensed agent who submitted the loan to be Mr. Lewis. Mr. Field said he examined all the applications to AGF and the one at Tab 15 was typical.

[28] At Ex. 5-1, Tab 16 is a letter to S.L. confirming her loan of $50,000 at 8.5%, payable monthly at $670.76. According to Mr. Field, this was representative of the letters that he observed in the files from AGF for all the loan applications. Mr. Field confirmed that all the funds subject to the agreement between LeveragePro's and AGF were sent to LeveragePro's bank account. Funds were then transferred into the Prosporex accounts.

[29] Mr. Field then identified the registration particulars for Messrs. Lewis, Scott and Hill as disclosed by searches pursuant to s. 139 of the *Act*. The particulars for Mr. Lewis are found at Ex. 5-1, Tab 2; for Mr. Scott at Ex. 5-3, Tab 2; and for Mr. Hill at Ex. 3, Tab 1.

[30] Mr. Field then identified the corporate profile reports obtained from the Ministry of Government Services. At Ex. 5-3, Tab 6 is the report obtained on Networth Financial Group Inc., incorporated January 12, 2004, the officers and directors being Mark Scott and Sharon Scott. At Ex. 5-1, Tab 4 is a certificate of incorporation issued by Industry Canada pertaining to LeveragePro Inc. Shown are three directors, Carlton Lewis, Sedwick Hill and Andrew Tronchin. The latter director was not connected to the Prosporex activity, according to Mr. Field.

[31] At Ex. 5-1, Tab 7 is a Corporations Canada certificate for Prosporex Investment Club Inc., showing mailing address of 1315 Lawrence Avenue East and the two directors as Carlton Lewis and Mark Scott.

[32] Mr. Field was asked about Networth Marketing Solutions. He confirmed that this was the name of the Prosporex Investments Inc. bank account.

[33] Mr. Field was then referred to Ex. 5-3, Tab 8 which he identified as a client profile received from TD Bank Group regarding Prosporex Investment Club Inc. The document related to a bank number 5218997 and a transit number of 241 and the account is operated as Networth Marketing Solutions. Three directors are identified, Messrs. Lewis, Scott and Hill.

[34] Mr. Hill searched the registration section of the Commission which revealed no record for Prosporex Investment Club Inc., LeveragePro Inc., nor Networth Financial Group Inc. as having been registered under the *Securities Act*.

[35] Mr. Field's attention was then drawn to bank accounts operated by some of the corporate Respondents. At Ex. 5-1, Tab 5 are TD Bank documents for LeveragePro Inc. at an address of 1315 Lawrence Avenue East, unit 404. It is a client profile for two accounts, both with a transit number of 241 with account numbers 5215807 and 5211372. Two signatures were required to sign cheques. Messrs. Lewis and Hill are shown as directors and signatories. Mr. Tronchin appeared as one of three signing authorities for account number 5211372 along with Messrs. Lewis and Hill, but Mr. Field never saw his signature on any cheques. Account number 5211372 received the monies from AGF which funded the clients' investments in Prosporex. In most cases, the funds that left the LeveragePro accounts went to the two main Prosporex accounts.

[36] Mr. Field then referred to Ex. 5-1, Tab 9 for bank accounts in the name of Prosporex Investment Club Inc. at 1315 Lawrence Avenue East, Suite 404. The inquiry screen covers two accounts both with the same transit number 241, two accounts numbered 7301708 and 5217796, both Canadian dollar accounts. Three directors are named with signing authority, Messrs. Lewis, Scott and Hill. These were the accounts that received the monies from LeveragePro and from which various disbursements were made.

[37] Mr. Field's investigation turned up an account called Global Fin Net, a New Zealand bank account. Mr. Scott was the sole signing authority. Mr. Field recalled that slightly under $3 million from the Prosporex account was directed to Global Fin Net. He also recalled from his examination of the records that there were some transfers from Global Fin Net to Deutsche Bank of $1 or $2 million.

[38] During the course of his testimony, Mr. Field read into the record excerpts of the compelled testimony of Messrs. Lewis, Scott and Hill, pursuant to s. 13 of the *Act*.

[39] Mr. Field asked Mr. Hill if he had any ownership in Prosporex:

> Q: I take it you were an owner but there just wasn't a formal agreement about the percentage that you owned. Is that fair?
>
> A: Right. That's fair.
>
> (Tr. Vol. 1, p. 89, ll. 2-16)

[40] Mr. Field asked Mr. Lewis about the ownership of Networth Marketing Solutions:

> Q: You were an owner of Networth Marketing, it says, Solutings, but I think we can correct that, right? This is a company that you were a partner –
>
> A: I am a director, one of the directors.
>
> Q: Were you not also a part owner?
>
> A: Well, you could say so, yes.
>
> Q: You were, in fact, a part owner with Sedwick Hill and with Mr. Scott, right?
>
> A: Right.
>
> (Tr. Vol. 1, p. 95, ll. 8-11)

[41] Mr. Field asked Mr. Scott who had signing authority on the New Zealand Bank account:

> Q: And who had signing authority on the New Zealand account, sir?
>
> A: I did.
>
> Q: Were you the sole person with authority?
>
> A: Yes.
>
> (Tr. Vol. 1, p. 120, ll. 12-17)

[42] Mr. Field read in several excerpts from his examination of Mr. Lewis, in which Mr. Lewis acknowledged:

- he was a representative for AGF.
- he signed many AGF RRSP loan applications on behalf of AGF.
- that loan funds went from AGF to LeveragePro.
- that money went from LeveragePro to Prosporex.
- that the Forex product promoted by Prosporex was not an eligible investment for an RSP.

(Tr. Vol. 1, pp. 1137-146)

[43] Mr. Field read in excerpts from his examination of Mr. Hill in which Mr. Hill acknowledged:

- he knew some of the proceeds of AGF loans were invested in Forex.

- he knew Prosporex was not an RSP eligible investment.

(Tr. Vol. 1, p. 143-144)

[44] Excerpts from Mr. Field's examination of Mr. Lewis were read, in which Mr. Lewis acknowledged:

- he went to Jamaica to start a client care service for Prosporex.
- he received $120,000 to cover expenses for the Jamaican office

(Tr. Vol. 2, pp. 32, 34, 35)

[45] We find that funds advanced from AGF were intended for eligible investments in an RSP. Instead, the funds were generally advanced by LeveragePro to Prosporex. Prosporex was not an RSP and, as admitted by Messrs. Lewis, Scott and Hill, it was not an eligible investment for an RSP. In some instances, funds advanced to LeveragePro were then invested in a theatrical production or, in one instance, to purchase IT technology for Prosporex. Neither of these recipients were RSPs or eligible investments for an RSP.

Christine George

[46] Staff called Christine George, a Chartered Accountant, a specialist in investigative forensic accounting and a Certified General Accountant. She joined the Commission in April, 2008 and was assigned to the Prosporex investigation in August, 2009. Her evidence is found in Tr. Vol. 5, pp. 82-177 and Tr. Vol. 6, pp. 26-136.

[47] Ms. George's role was to review any accounting information that was obtained during the investigation, as well as the banking records and to do an analysis of the flow of funds. She was asked to comment on the business records that were available from the Respondents. She replied: "Very little financial records or business records at all were provided by the Respondents for my analysis of the flow of funds." Ms. George testified that she would have expected to find bank statements, brokerage records, analysis of profit, cheques, deposits and supporting information relating to transactions. She received none of these from the Respondents.

[48] Ms. George stated that she did obtain bank statements as well as supporting cheques and receipts for transactions over $2,000 on the LeveragePro accounts and the Prosporex accounts. Her task was to analyze the transactions as disclosed on the bank statements and records. She explained that a decision was made to focus on transactions over $2,000 because of the large number of transactions in the various accounts. She was thus unable to reconcile every single dollar that was received or disbursed by Prosporex or LeveragePro

[49] Ms. George's attention was directed to her will-say statement filed as Ex. 2. At Tab 2 of Ex. 2 may be found a document described as "Use of Funds Summary", titled Schedule 2, where reference is made to an unknown payment of $1 million. Ms. George explained that during the cross-examination of Mr. Field, she realised that the unknown payment related to a transaction of $1 million for "iTrade". She concluded that Schedule 2 in Tab C of Ex. 2 should have reflected that transaction by removal of the item described as "unknown payment of $1 million".

[50] This amendment to Schedule 2 at Tab C of Ex. 2 required an amendment to two other documents in Ex. 2. At Tab C a new entry dated March 25, 2008 showed an investment in a Forex enterprise identified as iTrade FX of $1,018,000 approximately. Total invested in Forex businesses on Tab C therefore amounted to $4,759,996.88 including currency exchange.

[51] Finally, Schedule 1 found at Tab 1 of Ex. 2 entitled "Financial Summary" was amended to reflect the amounts invested in Forex businesses to be $4,759,997 reflecting the identified $1 million transfer to iTrade. The amended Schedules 1 and 2 and the amended Tab C were filed together as Ex. 11.

[52] Tab 1 of Schedule 1 of Ex. 2, as amended by Ex. 11, shows AGF loans received by LeveragePro from AGF totalling $28,928,498. Ms. George then referred to Tab A of Ex. 2 which contains a list of the 1,757 clients who borrowed money from AGF and directed the funds to LeveragePro, for the purpose of investing in Forex funds. The entries at Tab A are backed up and verified by the list of clients provided by AGF to the Commission, found at Ex. 5-11, Tab A. In further confirmation, banking records of LeveragePro showing the receipt of funds from AGF may be found in Ex. 5-9, Tab B-1.

[53] In subsequent questioning from Staff counsel, Ms. George was able to relate any name found in the AGF list of clients to both the bank statement details for the AGF transfers found in Tab A of Ex. 2 and the banking statements found in Ex. 5-9, Tab B-1. She explained that it was the combination of the bank statements, the funding memo's and the list from AGF that permitted her to do this.

[54] Ms. George's attention was then directed to amended Schedule 1 found at Ex. 2, Tab 1 and the reference to AGF loans received for Mackenzie Investments, totalling $3,893,100. Ms. George said she summed up all the payments to Mackenzie listed at Tab B of Ex. 2 which information was derived from the LeveragePro bank account 241-5211372. Further, in Ex. 5-11, Tab B, are all the cheques to Mackenzie Investments that support the Schedule at Tab B of Ex. 2.

[55] The foregoing calculations permitted Ms. George to conclude that LeveragePro received in excess of $25 million, as shown on amended Schedule 1 in Ex. 11. Ms. George then identified those Forex brokers using internet searches to see who the various companies were that were receiving payments from Prosporex. They are found at the amendment to Tab C, Ex. 11.

[56] At Ex. 5-11, Tab C are the Toronto Dominion Bank records of wire payments made to the various Forex brokers.

[57] Having determined what Ms. George found to be the amounts invested in Forex she then wanted to establish where the remaining funds, approximately $20 million went. As shown on Ex. 11, amended Schedule 1, total funds from AGF not invested in Forex were calculated by Ms. George to be $20,275,401.

[58] Ms. George was questioned about the amended Use of Funds Summary, Schedule 2, Ex. 11. She first dealt with the payments to Sedwick Hill personally, as confirmed by the material found in Tab D, Ex. 5-11. Numerous payments were made by Prosporex Investment Club Inc. to Mr. Hill and others by NetWorth Marketing Solutions. The latter is actually Prosporex Investment Club Inc., operating as NetWorth Marketing Solutions. Prosporex and/or NetWorth Marketing Solutions had three signing authorities, Messrs. Lewis, Scott and Hill. The LeveragePro signing officers were Messrs. Lewis and Hill. From Ms. George's examination of the cheques, it appeared to be the case that indeed those named persons were the signers of those cheques.

[59] Ms. George noted payments to Fortress Financial Insurance Agency Inc. in the net amount of $119,620. The cheques and banking documents supporting this conclusion may be found at Tab E of Ex. 5-11. The first document is a corporation profile report showing Sedwick Anthony Hill to have been the only officer and director. There follow cheques payable to Fortress Financial from LeveragePro and Prosporex Investment Club Inc. in the net amount of $119,620.

[60] Next, Ms. George identified payments to 2169945 Ontario Inc. in the net amount of $14,800. The source of her information may be found in Tab F of Ex. 5-11, including a corporation profile report for 2169945 Ontario Inc. with Mr. Hill as a director and president and his wife as director and secretary. There follow cheques payable to 2169945 Ontario Inc. and returns to the company leaving a net payment of $14,800.

[61] Ms. George described the entry for a theatre transaction on Schedule 2 of Ex. 5-11. Through information received, she learned that Mr. Hill may have purchased a theatre at 186 Spadina Avenue in Toronto. Following a corporate search, Ms. George learned that it was purchase by Mr. Hill through his company 2169945 Ontario Inc. The documents detailing the purchase and subsequent mortgage of this property by the company may found at Tab G of Ex. 5-11. After following the details of the transactions, as revealed by the material in Tab G, Ms. George concluded that the net payment to 2169945 Ontario Inc. to acquire the theatre property was $92,685.

[62] In concluding her analysis of the funds paid to Sedwick Hill and his companies, Ms. George described payments to Ysis Entertainment ("**Ysis**") and Umoja, which she calculated to be $1,712,768 as more particularly detailed in Tab H of Ex. 5-11., where listings of payments in relation to Ysis and Umoja may be found. Cheques to Ysis were issued by both Prosporex Investment Club Inc. and LeveragePro. Comparing the signatures on the cheques with the signature cards found at Tab S covering both accounts, we find the cheques to have been signed by Carl Lewis and Sedwick Hill, two of the three authorized signing officers.

[63] Turning to Mark Scott, Ms. George explained the entries on Schedule 2, Ex. 11 showing monies flowing to him or for his benefit. She noted that he personally received $57,723 as confirmed by the records contained in Tab I, Ex. 5-11. All but two of the cheques were issued by Prosporex, these two being issued by NetWorth Marketing Solutions on its TD Canada Trust account at 1315 Lawrence Avenue East.

[64] NetWorth Financial Group Inc. received $37,000 all from cheques issued from Prosporex Investment Club Inc. NetWorth was incorporated by Sharon Scott and shows Mark Scott as a director and general manager. The documents detailing the payments to NetWorth may be found at Tab J at Ex. 5-11.

[65] Finally, Ms. George explained the entry of the offshore account in New Zealand which she calculated received a net amount of $1,421,200. Details of the transactions may be found at Tab K of Ex. 5-11. During Ms. George's review of the bank statements, she noted three payments by wire that went to a New Zealand account in the name of Global Fin Net, totalling $2,896,200. Specific wires are listed in Tab K of Ex. 5-11. The bank statements relating to the New Zealand account and the complete transaction documentation are in Ex. 5-9., Tab C. There were four transactions where funds were returned to the Prosporex accounts from Global Fin Net, also disclosed in Tab K of Ex. 5-11. The result was that $1,421,200 was transferred to New Zealand and not returned. Ms. George further testified that the majority of those funds were sent to Deutsche Bank but she

was unable to determine what if anything occurred to them after that transfer. Ms. George attributed the transfers to New Zealand to Mr. Scott because as far as she was able to ascertain, he had sole signing authority. She found no evidence that the monies transferred to New Zealand were subsequently invested in Forex type funds.

[66] Turning to Mr. Lewis, Ms. George first explained her calculation of funds going to Mr. Lewis personally in the amount of $533,258. Payments were made from August 2007 to September 2008 and the back up material for those payments may be found in Tab L in Ex. 5-11.

[67] Mr. George explained the entry of personal expenses attributed to Carlton Lewis by noting that the re lines on the cheques appeared to relate to matters such as dental fees. The personal expenses totalled $20,717.

[68] There were a number of cheques payable to Carl Lewis referencing the set up of an office in Jamaica and the attendant expenses. These sums totalled $370,000 and the back up documentations may be found in Tab N of Ex. 5-11. Ms. George testified that she had seen no evidence to support the actual expenses alleged to have been paid. Indeed, in the entire investigation she never saw any documents that showed business expenses of the Prosporex operation. All she had were the cheques obtained from the bank. There were no bills, no invoices, no accounts paid, nothing of that kind.

[69] Ms. George was asked about the entry on Schedule 2 of "Other Payments to Jamaica", totalling $400,000. She said she found two wires from the U.S. Prosporex account, one to a law firm in Jamaica for $300,000 and the other to a Jamaican company also called Prosporex Limited Inc. Back up information for other payments to Jamaica may be found at Tab N in Ex. 5-11.

[70] Ms. George then dealt with items found in Tab O of Ex. 5-11 relating to payments to promoters of off-shore "non-Forex" investment schemes. As an example, she identified a cheque to Global Wealth Development Inc. in trust for $1 million dated April 11, 2008. (Tab O, p. 428) At pp. 429, Ms. George identified a cheque from Prosporex to K.K. Handa for U.S. $1,500,000. At pp. 430-431 $650,000 was transferred to Trillion Stars.

[71] Insofar as cash payments of $548,588 are concerned, they are shown on Schedule 2. Ms. George identified these as cheques made out to cash with no ability to determine the ultimate use of those funds. She was unable to identify who actually received the cash.

[72] The entry for office expenses including commissions other than to Respondents total $2,309,917 all Ms. George had to go on was the name on the cheque in order to classify the payment as office expenses.

[73] Finally with respect to Schedule 2 payments to or for investors of $5,338,866, this represented funds returned to investors or paid by way of "interest" to investors during the course of their investments. Thus, of the total funds from AGF not invested in Forex, Ms. George was able to identify $19,504,677.

[74] Ms. George was cross-examined by each of Messrs. Lewis, Scott and Hill. There were two areas of questioning that were common to all three cross-examinations. The first area included questions as to why Staff did not try to follow funds that were sent by the three Respondents to identify non-Forex payees. For example, Mr. Scott asked why the funds he sent to Deutsche Bank were not pursued. Her response was, "I think at this point it was up to the Respondents". (Tr. Vol. 6, p. 116, ll. 20-21) Her response was both unsurprising and sensible – if the funds were ultimately invested in Forex, surely the Respondents would know the details.

[75] The second area of enquiry involved invitations to Ms. George to speculate on how the payees may have employed the funds they received. For example, Mr. Lewis invited Ms. George to speculate on what a hypothetical office in Jamaica would cost to set up and operate. She sensibly refused the invitation.

[76] What the cross-examinations did demonstrate was Ms. George's mastery of her material. When asked to connect a named individual with a specific cheque, she was able, without hesitation, to identify the exhibit number, tab and page number. We were impressed with her preparation and professionalism throughout her testimony.

[77] We accept her evidence as to the source and destination of funds that passed through the control of Messrs. Lewis, Scott and Hill.

Trudy Thai Huynh

[78] Ms. Huynh completed high school and some college courses. She had no experience or training in the field of securities. Her evidence may be found in Tr. Vol. 3, pp. 31-157.

[79] Ms. Huynh worked for NetWorth Financial Group, that is to say, Mark Scott. She helped Mr. Scott set up the Prosporex program. She described NetWorth Marketing Solutions as a company used to market the Forex program, although she was not employed by that company.

[80] She described the business activity of Prosporex as designed to introduce clients to Forex investments. She said Mark Scott, Sedwick Hill and Carl Lewis were involved in running the Prosporex and were often at 1315 Lawrence Avenue East where she worked.

[81] Ms. Huynh applied to AGF and was approved for a loan that was disbursed to LeveragePro. In the ordinary course it would be then invested in Forex through Prosporex. The funds she borrowed were used to purchase IT technology for Prosporex. Her husband also invested by borrowing money through AGF.

[82] Ms. Huynh's responsibilities included taking in the membership applications. She put them into a system, assigned a membership number and handled administrative duties and also marketing responsibilities. She referred people she knew to the Prosporex program. Although she started in early 2007, things didn't pick up until June or July 2007.

[83] People had an opportunity to invest in Prosporex in two ways. If they opted to invest on an annual basis, the returns would be compounded on the principal and added to the principal once a year. If people chose to invest on a monthly basis, their return would be calculated and disbursed at the end of each month. This latter option was chosen by many people who borrowed money from AGF, on the understanding that the monthly payments would be more than sufficient to cover their payments on the AGF loan.

[84] Meetings were held every Thursday at the Lawrence Avenue premises where presentations were made to prospective investors. At first, these were mostly friends and family of the people working there. Later on, the circle of investors widened considerably. Ms. Huynh agreed that she would be the point of contact for clients of Prosporex, for the most part. Also working in the office were Lindy Lavoie and Patricia Chasteau.

[85] Also working in the office were Gladstone White and Ezra Douse. Ms. Huynh described their activity as referring people to Prosporex. There was a method of payment for referrals composed of three levels. If someone referred an investor into the program he or she would receive a $100 referral fee. If that new investor referred someone into the program he or she would receive $100 and the original referee would receive $50. If a further person was referred into the program by the second referee that person would receive $100, the first referee would receive $50 and the original referring person would receive $25. Ms. Huynh said the referral fee system was designed to bring in more clients and that the system worked. She was in charge of keeping track of the referrals and paying the appropriate referral fees as they became due.

[86] During the time Ms. Huynh worked at Prosporex, Prosporex paid out monthly returns to monthly investors. The amount was to be determined by how well the trading accounts performed. She would be given the rate of return for the month at the month-end and would enter that rate into the system which would generate interest on all of the monthly accounts or annual accounts. The rate of return was given to her verbally by one of Messrs. Lewis, Scott and Hill. Once the system calculated the amounts to be paid cheques were issued which required at least two signatures of the three directors, Messrs. Lewis, Scott and Hill. An example of an annual account kept by Ms. Huynh may be found at Ex. 5-1, Tab 22, p. 238. The document shows an initial investment of $4,320 on July 10, 2007, a further deposit on October 12, 2007 of $18,300 and compounding interest monthly to September 1, 2008 showing a balance of $54,000 approximately. The account is for the investor S.L. who was called later in the hearing.

[87] Ms. Huynh was asked if the interest rates assigned monthly trended in any particular direction as the program continued into 2008. She said that when the program first started the rates were relatively high, as high as 14% when it started. Closer to the end of the program, the lowest rate was 5%. The 5% rate resulted in phone calls from clients who were required to make monthly payments to AGF and whose resulting lower monthly returns were insufficient to cover that monthly payment.

[88] Ms. Huynh acknowledged that she helped investors fill out the generic loan applications. An example is found at Ex. 5-5, Tab 6, p. 113, with the name of S.L. at the top. Ms. Huynh said that once this document was filled in, one of the accredited FSCO agents working for LeveragePro would transpose the information into an application to AGF.

[89] Ms. Huynh was referred to another document in Ex. 5-5, Tab 10, pp. 120-127. The document was provided to the Commission by investor S.L. The document is a sales promotion including an introduction, a detailed overview of the Forex, an example of a Forex trade and answers to frequently asked questions. Also included at pp. 125-126 is a "first year target" yielding factor showing that an initial investment of $1,000 compounded weekly at 5% would be worth $12,642 at the end of one year and $167,832.63 at the end of two years.

[90] Ms. Huynh concluded her testimony by saying that she left Prosporex in September of 2008 because of the pressure of the calls coming in from clients. Returns were low and insufficient to cover the loans taken from AGF. This led to many complaints.

[91] In cross-examination by Mr. Lewis, Ms. Huynh acknowledged that she went to Jamaica to set up the software and train the staff that were answering phone calls. She saw no indication of sales being conducted there, but rather client maintenance and general inquiries. It was made clear to her that Prosporex wouldn't accept any investors outside Canada.

[92] Ms. Huynh confirmed that the loan she took out from AGF was to purchase software for Prosporex. She said it was fair to say that the ground work for NetWorth Financial Group, the documentation and the forms that were put together were prepared with her assistance and that she and Mark had all those things put in place before Prosporex. She acknowledged she came up with the name Prosporex.

[93] Ms. Huynh acknowledged that she had expertise in both the WebEx and Megasol software and that her job included providing training, troubleshooting, answering a lot of client inquiries and filling in applications that needed to be submitted. She agreed with Mr. Lewis that since the beginning she was very instrumental in making the whole organization work. Cross-examination concluded with this exchange:

> Q: So one final question, Ms. Huynh. In your honest opinion, do you think Prosporex was set up with the intent to deceive or defraud anyone?
>
> A. Absolutely not. If it was, I wouldn't have introduced my family and my friends, and I think that the concept, if it was done in the right way, would have been great. Unfortunately, you know, sometimes you get in over your head and then you get too far where you can't turn back, and I think that's exactly what happened to you three guys.

[94] In cross-examination by Mr. Scott, Ms. Huynh described his role for Prosporex as doing pretty much everything in the initial stages. Closer to the end, she said Mr. Scott did a lot of research. She said his main role was working with the WebEx software and building the process into the system. Ms. Huynh could not remember a month when Mr. Scott told her what the interest rate was to be for a particular month.

[95] In cross-examination by Mr. Hill, Ms. Huynh could not remember any occasion when Mr. Hill asked about the records or information of the New Zealand account. She confirmed that the Prosporex agreement made it clear that there were risks involved. The participation agreement contained a clause that said an investor could lose part or all funds contributed. The investor was warned not to contribute more than could affordably be lost. She said that she had never seen Mr. Hill do any presentations to investors.

[96] Mr. Hill took Ms. Huynh to her compelled testimony and Ms. Huynh confirmed her answers in that testimony to the effect that Mr. Hill never referred people into the program, never signed any cheque in her presence and that if the credit card was necessary for some type of purchase that it was Mr. Hill's credit card that was used. She confirmed that she didn't think that Mr. Hill was paid referral fees.

[97] When questioned about the theatre production Umoja, Ms. Huynh replied that she heard that Mr. Hill was running a production for Umoja. She also recalled Mr. Hill assisting and trying to put a list of clients together so as to try and recover some of the funds to settle the client accounts.

[98] We accept Ms. Huynh's evidence as it relates to the operation of the office, the referral system and the method of payment to the investors. We reject her opinion that there was no intention to deceive or defraud investors.

Patricia Chasteau

[99] Ms. Chasteau's background is in real estate in which she worked for twenty years. She has no education or training with respect to securities and has never worked in the securities field as a seller or advisor. Her compelled testimony is found in Ex. 5-6, Tab A and a transcript of her evidence is found in Tr. Vol. 3, pp. 159-210 and Tr. Vol. 4, pp. 5-45.

[100] Ms. Chasteau and her son Victor both borrowed money to invest Prosporex. They were assisted in their loan applications to AGF by Mr. Lewis. It was Mr. Lewis that suggested that Ms. Chasteau work for Prosporex and she began in October 2007.

[101] At first, Ms. Chasteau was supposed to see where she fit in. As it turned out, her help was needed in the calculation of the monthly payouts. That was the area where she spent most of her time. She described it as a difficult job because of the volume of calculations that were required. Usually she got the rate from Mr. Lewis, but only after he had spoken to Mr. Hill. She testified there was never any month where there was no return until September 2008. She never saw any actual trading records that showed the results of what the traders were doing although she had asked to see them. The job was described to her as part-time but it quickly developed into a full-time position. Sometimes she was required to stay late in order to do the work necessary to get the interest payment cheques prepared and signed. In addition, there were many phone calls from people wanting to know what the rates were for the month, when the cheques would be ready and when they could pick up a cheque.

[102] She was asked about the Umoja program. Her understanding was that there were 17 to 20 people out of the Prosporex program who invested some of their money in the Umoja program. She recalled about $330,000 was returned to the people in the Umoja program. She also recalled that it was Mr. Hill who asked her to pay interest to the Umoja investors from Prosporex. Most of those people got the money from AGF but instead of putting it into Forex, they gave it to Mr. Hill to put into the Umoja program. Ms. Chasteau said that towards March or April of 2008 she was told by Mr. Hill to pay interest to the Umoja investors from Prosporex. Her understanding was that the investors had been told that they would get their money back together with interest. They were paid as though they were monthly Prosporex investors.

[103] Ms. Chasteau remained with Prosporex until March 2009. However, in September 2008, Prosporex stopped making monthly payments to investors. Cheques were made up for those persons entitled to receive interest on September 15 but Ms. Chasteau understood, they were never mailed. For the preceding six months there were many phone calls from investors expecting cheques. Mr. Hill told Ms. Chasteau that he had spoken to the brokers who were supposed to be sending money either next week or next month. Whatever Mr. Hill told her, Ms. Chasteau passed on to dissatisfied investors. During that six-month period the calls became vicious. People were making threatening remarks. Ms. Chasteau said she tried to help them and that was one of the reasons she stayed as long as she did at Prosporex.

[104] In cross-examination by Mr. Lewis, several propositions were put to Ms. Chasteau. She agreed that Mr. Scott was in charge of the back office operations, including the debit cards, the security features for the investors' accounts, and the software. Mr. Hill was responsible for how traders were doing, what trade accounts were set up, how he was doing with the account he was trading, etc. There was a basic understanding that Mr. Hill was dealing with the traders and he was the one to report on those activities. Mr. Lewis' responsibilities were to ensure that the operation was running smoothly, when to hire people and putting them in the right place to do the day-to-day activities.

[105] In the course of answering questions about Umoja Ms. Chasteau confirmed that Mr. Lewis was telling Mr. Hill to stop putting money into Umoja. Several times she heard Mr. Lewis telling Mr. Hill that Umoja was a mistake and that the Prosporex money should not be invested in Umoja. She agreed with Mr. Lewis' statement that he had no involvement in authorizing Mr. Hill or co-operating with Mr. Hill in putting Prosporex money in Umoja. Ms. Chasteau said "I know Umoja was basically Sedwick and you had always been against it…" (Tr. Vol. 3, p. 200, ll. 8-9). Ms. Chasteau said no money came back from Umoja while she was at Prosporex.

[106] Mr. Lewis asked Ms. Chasteau if it appeared that he did not have total control of Prosporex because of the partners. Ms. Chasteau confirmed that that was how she saw it. Mr. Scott had no questions for Ms. Chasteau.

[107] Mr. Hill cross-examined Ms. Chasteau. His first questions were directed to the production of Umoja in which he attempted to have Ms. Chasteau confirm that Mr. Lewis may have initially been in favour of putting Prosporex funds in Umoja. Ms. Chasteau insisted that she would not have been at Prosporex during the period of which Mr. Hill was speaking. She continued to confirm that Mr. Lewis was upset about the investments in Umoja.

[108] Mr. Hill then turned to the RSP loan from AGF taken out by Ms. Chasteau.

[109] Ms. Chasteau was asked about the requirement to re-pay the AGF loans. She confirmed that loans in the larger amounts began with a period of perhaps nine months when no payments were required. Loans such as she took out for $2,500 required monthly payments starting at the end of the following month. She confirmed that most of the phone calls she had received inquiring after interest owing to investors concerned loans in the smaller amounts.

[110] Ms. Chasteau confirmed to Mr. Hill that he had never asked her to calculate any referral fees owing to him. However, she did remember paying him referral fees at the same time that she paid Mr. Lewis.

[111] Mr. Hill directed Ms. Chasteau to her compelled testimony in Ex. 5-6, Tab 1, p. 32, where Ms. Chasteau was asked about the calculations for the payment of monthly interest to investors. Ms. Chasteau testified that she got the number for the monthly interest payments from Mr. Lewis or Mr. Hill but it was apparent that they both discussed the payment and sometimes disagreed. Her view was that Mr. Lewis was suggesting a higher interest rate than Mr. Hill was prepared to accept. Mr. Hill, who knew how the Forex funds were doing, was not prepared to agree to an interest rate for which no funds were available.

[112] We accept Ms. Chasteau's evidence as it relates to the Umoja program. We find there were investors who borrowed money from AGF and gave it to Mr. Hill to invest in Umoja. We find further that Mr. Hill instructed Ms. Chasteau to pay the Umoja investors interest from Prosporex funds.

Carmen Williams

[113] Staff called Carmen Williams, a former employee of Prosporex as well as an investor. Ex. 5-4 contains a transcript of her voluntary interview and attached exhibits. Her evidence may be found in Tr. Vol. 6, pp. 8-88.

[114] Ms. Williams has completed a nursing program and is currently employed as a nurse. As a result of her experience at Prosporex she wrote the Ontario Securities Commission. The letter is found at Ex. 5-4, Tab 1. It sets out in considerable detail what she learned about the Prosporex program while working there. She wrote the letter because at the end of 2008, investors were not getting any returns and were told different stories explaining why this was so. She was besieged with phone calls from investors asking what was wrong and she couldn't get in touch with Messrs. Lewis or Scott to help her. She felt she had to write the letter because she didn't know what other steps to take.

[115] She confirmed that the information in her letter is accurate in accordance with what she remembers during her employment there. She became an investor by going with a friend to 1315 Lawrence Avenue East where she learned about Prosporex in a presentation given by Mark Scott on the subject of Forex trading. She received documentation showing that "if you invested $1,000 it would return $167,000 within two years." She thought it was a great opportunity and learned there was a lender that would advance the funds necessary for Forex trading.

[116] Ms. Williams identified a document at Ex. 5-4, Tab 2 as her membership agreement in NetWorth Financial Group. At Tab 3, she identified her Prosporex participation agreement which explained the two account types, a monthly payout of up to 20% of her contribution payable monthly from net profits and an annual renewable account in which earnings are described as being compounded weekly from net profits. The document points out that an investor can lose part or all of the funds contributed and that potential investors should not contribute more than they can afford to lose. Prosporex is described as simply managing the pooling of members' funds to participate in Forex trading. The document identifies Angela Curry as the person who referred Ms. Williams to Prosporex. Ms. Curry, a friend of Ms. Williams submitted her loan application to AGF as her agent. She put $5,000 into an annual account and $10,000 into what she described as the "Umoja" program".

[117] Ms. Williams had seen the production the year before and really liked it. When she got to Prosporex she learned that Sedwick Hill was planning to bring Umoja back but needed investors in order to do this. She said that Carl Lewis was against him bringing the program back, stating that it was already a million dollars or more in debt and that there was no point in throwing good money away. This explained why investors like Ms. Williams put money into Umoja because if Carl Lewis was not going to support funds being contributed to Umoja, others would have to help. She said she had a verbal understanding that at the end of one year her $10,000 would be paid off and she would receive $15,000 in cash. This was told to her by Sedwick Hill. She added that she was a witness to a conversation between Carl Lewis and Sedwick Hill and their disagreement over funding Umoja.

[118] At the end of 2007 Mr. Hill told Ms. Williams that Umoja didn't make any money and her loan could not be paid back. She was instructed to take the $10,000 entry and re-deposit the money into Prosporex. She was given no money to do this, she just "put it in the system". She chose to describe herself as $10,000 monthly investor. She remembers receiving three or four interest cheques following her entry as a Prosporex investor.

[119] Ms. Williams then described her work experience at Prosporex between June and September of 2007. Her primary function was to input clients' information into the Prosporex system. It was a clerical role and included preparing cheques and mailing them to the monthly investors.

[120] Ms. Williams described how, at the end of each month, Patricia Chasteau would call Mr. Hill or Mr. Lewis and ask the amount of the percentage to be paid out that month. Mr. Lewis would say "I'll call Sedwick" as the percentage was coming from Mr. Hill. Ms. Chasteau and Ms. Williams would then write up the cheques and put them in the mail. When there were cheques to be signed she brought them to either Carl Lewis or Sedwick Hill.

[121] Starting in July and August, 2007, there were a lot of people joining; presentations were taking place two or three times a day. There were a lot of loan applications to be signed, requiring additional agents to come on board and sign off on the loan applications. The fees paid to the agent's was 5% of the loan amount divided 2% for the agent and 3% for Messrs. Lewis, Hill and Scott. On occasion, she prepared the cheques for the commission payments.

[122] Although Ms. Williams' full time employment ended in September of 2008, she continued to come into the office until the office closed in December. Patricia Chasteau was always there and she would keep her updated as to what was going on. People were asking questions about when they would get paid and their response was always to the effect that something would happen next week or something was coming, but in the meantime no one was getting paid.

[123] When the office closed, she remembers calling Mr. Lewis and telling him that Prosporex was under investigation. Mr. Lewis told her to get Angela Curry and to come to the office immediately. They went to the office where they found Ezra Douse, Gladstone White and Carl Lewis in the course of photocopying documents and storing them in boxes. She and Angela Curry joined in. The original Prosporex documents were then taken to Ms. Williams' house in Angela Curry's van and stored in her basement, seven or eight boxes in total. This was done at the request of Carl Lewis. At some point Ms. Williams told the OSC that she had the boxes and assisted in transferring them to enforcement staff.

[124] Ms. Williams' evidence concluded with a description of the losses of her members of family who invested in Prosporex. Her daughter lost $10,000, her mother $50,000 and her uncle $50,000. She added that these losses caused severe credit problems for these members.

[125] In cross-examination Mr. Lewis first established that Ms. Williams had worked at Nesbitt Burns for almost 20 years. She acknowledged she was fired because she was accused of stealing and subsequently charged. Ms. Williams further acknowledged that she was not coerced to invest in Umoja and that Mr. Lewis had nothing to do with her decision. She acknowledged that when she was trying to get in touch with the principals of Prosporex Mr. Lewis was in Jamaica. She tried to call him but didn't get through.

[126] Mr. Lewis suggested that Ms. Williams took files from LeveragePro's office after the program was closed and she agreed. She took additional files from the office after the transfer of the seven boxes to her basement. Her understanding was that she was allowed to do this because it was an "ongoing process". Any additional documents she took she put in a box. Whatever documents she had were turned over to the Commission. Nobody at the Commission instructed her to come into the office and take documents. We understood from her evidence that these were not original documents but documents which she copied and then transferred. She added that her understanding was that the documents from Prosporex were moved to an office in Markham called Dominion Royal. She asked Mr. Lewis if he got permission or did anybody get permission or a warrant to move those documents.

[127] Mr. Lewis asked Ms. Williams if boxes that were transferred to her basement were stored there because the principals of Prosporex wanted to hide those documents. In her opinion, that was the case; she believed that they were being hidden from Revenue Canada.

[128] Mr. Scott asked Ms. Williams if her statement to the Commission, as disclosed in her will-say Statement were based on facts or based on personal opinions. She replied "Both, I think".

[129] Mr. Scott asked which company was charging the 5% fee for arranging the loan. Ms. Williams replied although Prosporex didn't issue the loan, once the loan came in, a 5% fee for each account was charged by Prosporex.

[130] Ms. Williams acknowledged that she heard talk around the office of taking Umoja to perform in Jamaica. However, she denied that she ever heard that Mr. Lewis was exploring this idea. She never heard Mr. Lewis agreeing to Umoja anywhere.

[131] Mr. Hill took Ms. Williams to her application to AGF for her loan and her voluntary interview on that subject. She agreed with Mr. Hill that some of the information filled in on her application was untrue. She said this happened with a large number of loan applications that in order to get approval from AGF the agents would increase or make up information on the clients form. She said she was aware that she was lying on the application in order to get the loan. When Mr. Hill suggested to her that she wasn't sure when she was lying and when she wasn't, she replied, "Yeah, me neither with you".

[132] While Ms. Williams may not have been a completely trustworthy witness (she falsified the details of her AGF loan application), we nevertheless accept her evidence relating to the transfer of documents from Lawrence Avenue East to her basement and subsequently to the Commission. Her evidence on this point was confirmed by Allister Field.

Ezra Douse

[133] Staff called Ezra Douse who worked for Prosporex from August/September 2007 to March 2008. Mr. Douse gave a compelled interview that may be found at Tab A of Ex. 5-10. His evidence may be found at Tr. Vol. 4, pp. 49-95.

[134] Mr. Douse confirmed he was associated with two investment clubs in the last several years, Prosporex Investment Club and Dominion Investments. Previously he had worked as a self-employed fire systems specialist. He had no education or training in the field of securities.

[135] As a result of his involvement with Dominion Investments Mr. Douse and Mr. Albert James settled with the Ontario Securities Commission. They accepted responsibility for inappropriate actions that harmed certain investors in Dominion. Dominion Investments made investments in foreign exchange. Both Mr. Douse and Mr. James were able to repatriate to Canada some funds from a foreign exchange account and made those funds available to investors who had suffered losses.

[136] In June 2007, Mr. Douse met with Carl Lewis at 1315 Lawrence Avenue East and subsequently attended a sales presentation at that address. The presentation was made by Mark Scott and trading in Forex was described with a return of somewhere between 10% to 20%. Mr. Douse was shown some promotional material at Tab 3 of Ex. 5-5 containing information about Prosporex and Forex trading. Mr. Douse described the material as typical of the documents that would be available at presentations and taken away by investors.

[137] Mr. Douse decided to invest and signed an application found at Ex. 5-10, Tab 4. He invested $2,500 initially and later added to that amount. He chose to invest both as a monthly investor and as an annual investor. His application for an AGF loan may be found at Ex. 5-10, Tab 6. He had been told that if investors weren't able to come up with the funds, there might be a way to apply for a loan that could be applied to the investment. This was part of the presentation that he heard made by Mr. Scott. Mr. Lewis helped him to fill out the loan application.

[138] Mr. Douse's wife, Patricia Douse, also invested. He took advantage of what has been referred to as a "cash-back aspect of the AGF loan program". Mr. Douse explained this as a situation where they needed some money and they would take it and invest it later on in the company but in the interim they would use the money for other purposes. Mr. Lewis explained the process to him.

[139] Mr. Douse began to refer investors to the program perhaps as many as 30 or more. He received $100 per referral, which involved mainly friends and friends of friends. He was convinced that the program had merits and was working.

[140] Subsequently he asked Mr. Lewis if he could work for Prosporex and conduct some of the presentations. He was hired at a weekly salary of $500, subsequently raised to $700. He described the job as pretty much full time about September of 2007 and conducted many presentations on behalf of Prosporex. It was his observation that new members availed themselves of the AGF program for the most part. He never presented Umoja as an investment opportunity.

[141] Mr. Douse was terminated sometime in late March of 2008. He was told presentations were no longer necessary at the office. New members were not being taken on. Mr. Douse left Prosporex and subsequently joined Albert James at the Dominion Investments Club.

[142] In cross-examination, Mr. Lewis reminded Mr. Douse that they first met in 1978 at the police academy in Jamaica. Mr. Douse told Mr. Lewis that he had never seen him do a presentation to prospective investors in the formal sense, but may have seen him talking to people about the program.

[143] Mr. Douse confirmed to Mr. Lewis that on occasion he travelled outside the office to make presentations but never did so without first seeking office permission. He confirmed that the referral system that paid $100 for a first referral and subsequently $50 and $25 arising from subsequent referrals as described earlier in these Reasons.

[144] Mr. Douse was asked if he remembered assisting and photocopying documents for the purpose of sending them to the Jamaican office. Mr. Douse confirmed that he did so. He also said that second copies of the documents were to be taken to the house of Carmen Williams. He remembered Mr. Lewis talking to him about the creation of a "virtual" office and he also remembered that there were thoughts of relocating the office to protect the files from disappointed investors. He believe in Prosporex and what he was presenting to the potential investors 100%. He thought that the program was legitimate and said he would not present something that he didn't believe in.

[145] Mr. Scott had no questions for Mr. Douse.

[146] Mr. Hill put several questions to Mr. Douse, the answers to which do not assist the panel.

J.J.

[147] Staff called J.J. who has been employed as dental assistant for the last 31 years. J.J. is married to A.J. who has health issues following a stroke in March of 2008. A transcript of her voluntary statement to Commission may be found in Ex. 5-5 and her testimony is in Tr. Vol. 4, pp. 96-148.

[148] J.J. learned of Prosporex through Patrick Hyman. She called a number he gave her and spoke with someone by the name of Patricia. She and her husband, A.J. received an appointment to go to 1315 Lawrence Avenue East where they heard a presentation given by someone named Ezra. The presentation called for investment offshore that would return 10% a month on an investment of $50,000. It was a convincing demonstration that persuaded J.J. and her husband. There was no way they could lose. Subsequently they printed documents from the Prosporex website which may be found at Tab B-7, Ex. 5-5. J.J. said her husband reviewed the website documents and told her the investment was "okay".

[149] J.J. emptied her savings account and invested almost $10,000 in Prosporex. Her husband borrowed $70,000 secured by a mortgage on their house with CIBC, and invested $50,000 in Prosporex. At Tab B-5 may be found a transmittal document of $50,000 from A.J. to the Bank of New Zealand showing a beneficiary bank account number and the name of the account in Global Fin Net Limited. J.J. testified that Patricia Chasteau gave them both a number to take to the bank, to open an account and to deposit the money in that account. Her understanding of why it was going to New Zealand was because the presenter had told them the money was going offshore. At Tab B-3, a similar transfer was made for the funds that J.J. invested in Prosporex from her savings.

[150] J.J. said they were told that every month they would receive a cheque or she could phone and pick it up at the Prosporex offices. The cheque would represent the interest from the money they invested. When they checked the website, they saw a statement of their account with Prosporex showing what J.J. should have been receiving for the month but the only payment she ever received was $24.42 on August 27, 2008. When the other cheques said to have been sent did not arrive, J.J. called the office and tried to get an explanation from Ms. Chasteau. She was told the cheques were there but not signed because "big boss didn't get a chance to deal with the money". J.J. and her husband, A.J. visited the Prosporex offices many times through November and December of 2008 and early 2009. They got Mr. Hill's number from Ezra Douse and spoke with him "many, many, many" times. They were told there were financial problems, there had been a financial crash. In short, J.J. and her husband never received any satisfaction from Prosporex despite their many attempts to recover their investments. They sold their RRSPs to pay the bank on the mortgage placed on their home. Ultimately they lost their home which had to be sold. They had lost their RRSP savings. Their adult daughter had to withdraw from university because she could no longer afford the tuition. The daughter could no longer live with her parents because the apartment they were forced to rent was too small to accommodate her. She moved in with her older sister. J.J. described her husband as in a total state of depression. In short, they lost everything.

[151] In cross-examination, Mr. Lewis established that it was Mr. Ezra Douse who did the presentation to the couple. J.J. said that he [Ezra Douse] probably represented returns on the investment in the percentages but she concentrated on the numbers because they were more interesting to her. Mr. Douse said for example that people he recommended that invest $50,000 got back $10,000 per month. J.J. confirmed they did not consult a financial advisor before investing in Prosporex. In February 2008 A.J. was employed until his stroke in March of the same year. The stroke happened before he invested his money in Prosporex. J.J. said she never met Carl Lewis or Mark Scott but did meet with Sedwick Hill.

[152] Mr. Lewis drew J.J.'s attention to a document at Tab B-1 of Ex. 5-5, headed "NetWorth Marketing Solution's, Membership Agreement" with the typed signature of J.J. at the bottom. J.J. did not remember ever seeing the document and pointed out that her signature wasn't there but just her name in type. She denied that anyone, including Mr. Douse, discussed with her the risks in investing in Forex.

[153] In cross-examination, Mr. Scott produced a document in Ex. 5-5, Tab A-10, p. 120 and following, an exhibit in the examination of another witness, S.L. The Chair directed Mr. Scott to ask the witness if she had ever seen it before and she replied that she had not. She was then asked if she had ever seen the document on Prosporex letterhead obtaining information about Prosporex and instructions on how to log on to the Prosporex website. The document appears to be one of the documents which A.J. viewed online and J.J. confirmed this to be so. She further acknowledged that their decision to invest may have been influenced by the document but that it was Mr. Douse's presentation that was the most persuasive.

[154] In cross-examination by Mr. Hill, J.J. was asked if it was a prudent thing to have done, to take a loan and put it all in something like Prosporex. J.J. replied "it was a stupid thing to do but you guys convinced us to do it". That ended Mr. Hill's cross-examination.

S.L.

[155] Staff called S.L., a legal assistant with a large downtown Toronto law firm for over 15 years. She said that she had very little education or training in the realm of securities but she does have some investments including an RSP. She became involved as an investor in the Prosporex Investment Club. Her voluntary interview with the OSC may be found in Ex. 5-5, Tab A and her testimony may be found in Tr. Vol. 4, pp. 149-185.

[156] She learned of Prosporex through a girlfriend and went to three presentations at 1315 Lawrence Avenue East before deciding to join. She learned about Forex trading and that she could invest her money into something called an annual and a monthly, and that she would make money in doing so. Mark Scott was the presenter at the first seminar she attended. Tab 8-10 of Ex. 5-5 was produced to S.L. and she recognized the document as something handed out at the seminar. She confirmed that the only investment product that was discussed at the seminar was Forex. She also acknowledged that she knew that Prosporex didn't self-trade but that it put the funds with experienced traders and brokerage firms. She said she met Carl Lewis, never met Sedwick Hill and did meet Mark Scott at her first seminar. She had no understanding that any of those persons would be doing the Forex investing themselves.

[157] In July of 2007, S.L. invested $5,000 in the annual program. Based on the documentation she saw she believed the value of $1,000 could possibly turn into $167,000 in two years. Therefore, she said that $5,000 would turn into $800,000. She was asked if her investment increased in value, she replied that according to the Prosporex account it did increase every month.

[158] S.L. was asked to look at Tab A-17 at Ex. 5-5, specifically at p. 136. S.L. noted the entry at August 10, 2007 showing an opening balance of $4,320. She acknowledged she knew that there would be a fee plus currency exchange on her original $5,000 investment which, in her mind, accounted for the sum of $4,320. The document showed her that her initial investment grew at the approximate rate of $450 per month in the first three months.

[159] At that point, S.L. decided to increase her investment and, relying on the information given to her by Carl Lewis, she decided to borrow $50,000 from AGF through an RSP loan. Mr. Lewis recommended putting $30,000 in the monthly and $20,000 in the annual program. For the $30,000 if it earned 10% in month, she said she would receive a $3,000 cheque which would be more than enough to make the loan payments on the AGF loan. Mr. Lewis recommended that she do this. Looking again at p. 136 of Tab A-17 the account statement reflects the deposit of $19,300 and a balance as of September 1, 2008 of $54,000.19. S.L. understood that the money was available at Prosporex for her to withdraw if she needed to. Later in her evidence, in her response to a question from the Chair, S.L. acknowledged that the annual program required to leave the funds in for two years.

[160] S.L. was referred to Tab A-24 of Ex. 5-5 showing copies of five cheques from NetWorth Marketing Solutions payable to her for the months of April, May, June, July and August, 2008. The sums paid represent interest on her $30,000 ranging from 5% to 10%. As far as S.L. was concerned her investment was doing very well because she was making more than enough to pay the loan to pay AGF and have money left over for herself. However, in August of 2008, she saw an email on the Prosporex website that mentioned that the company was winding down.

[161] By letter dated February 9, 2009 S.L. received a letter from the "Prosporex Team" apologizing for the delay in settling her account and saying that difficulties were close to a resolution. Ultimately, S.L. lost the ability to service the loan to AGF with drastic results for her credit rating. She continues to have an obligation to AGF. In cross-examination by Mr. Lewis, S.L. agreed that if all the projections that were produced to her had materialized she would be sitting very well financially speaking. She agreed that based on the initial returns the investment scheme looked very promising. She acknowledged that the projected amounts were not guarantees but, based on what she saw in the documents, she believed it to be so.

[162] Mr. Scott had no questions for S.L.

[163] Mr. Hill asked her if there was a penalty for getting out of the two-year program. She believed that there was such a penalty and that it was 50% of her investment.

Judy Goldring

[164] Staff called Judy Goldring, chief operating officer and general counsel of AGF Management. Counsel referred her to documents contained in Ex. 5-6; her testimony may be found in Tr. Vol. 5, pp. 6-81.

[165] Ms. Goldring described AGF as a wholly-owned subsidiary of AGF Management. AGF had a loan program for borrowers to invest the funds into an RSP. AGF operates through advisors or registered representatives who are qualified to apply for clients for funds to be invested in an RSP eligible product.

[166] Ms. Goldring was referred to Ex. 5-1, Tab 6, an AGF Distribution Agreement with LeveragePro Inc. Her understanding was that LeveragePro was registered with Financial Services Commission of Ontario (FSCO). Part of the document was an authorization form for a Multi-fund Option which allowed a dealer to invest the proceeds of a loan on the borrower's instruction into vehicles other than AGF investments. This option required the funds to be invested in eligible investments to support an RSP program.

[167] LeveragePro provided AGF with a bank account into which the borrowed funds would be transferred and the funds would be invested in accordance with the distribution agreement in the Multi-fund Option. The representations made under the Distribution Agreement were that LeveragePro would invest in appropriate eligible investments in accordance with the borrower's instructions.

[168] Ms. Goldring explained that both LeveragePro and its employees were required to be registered with FSCO either as an insurance agent or as a representative mutual fund dealer.

[169] Ms. Goldring was referred to a document found at Ex. 5-1, Tab 15, an AGF RSP Loan Application. This document requires the signature of the registered advisor and the client borrower. Ms. Goldring was referred to a document found at Ex. 5-1, Tab 26. The document was described as an internal accounting record maintained by the Respondents tracking AGF advances. The document indicates that several borrowers received a "cash back" sum of money from funds advanced for the purposes of eligible investments for RSPs. From October 1, 2007 to September 4, 2008 the document shows over $900,000 transferred to various loan applicants for their own purposes by way of "cash back". Ms. Goldring said she had no knowledge of these transfers and that they would not constitute an appropriate use of the funds for the loan program.

[170] In November 2008, AGF noted a growing amount of arrears in the book of business related to LeveragePro. It discontinued its funding relationship and arranged a meeting with Sedwick Hill. Mr. Hill told Ms. Goldring that there were "aggressive investment strategies" used for the funds that were not necessarily RSP eligible. Mr. Hill estimated these inappropriate investments amounted to 50% or 60% of the book of business with AGF, which amounted to approximately $26 million.

[171] Subsequent to the meeting, AGF became aware of a letter on Prosporex letterhead dated December 11, 2008 addressed to a Prosporex client, found at Ex. 5-4, Tab 7. The letter says that someone from a director of Prosporex met with the president of AGF and further, that funds owing to AGF could be directly wired by the borrower to the AGF bank account payoff loans. In response, the President of AGF wrote Mr. Hill saying he was shocked about the content of the letter of December 11, 2008. He described the letter as containing serious misrepresentations about the meeting between them. He directed the removal of the AGF logo from the LeveragePro website.

[172] Ms. Goldring was briefly cross-examined by Mr. Lewis. The cross-examination did not assist the Panel.

[173] Mr. Scott had no questions for Ms. Goldring.

[174] Mr. Hill had several questions for Ms. Goldring in cross-examination. Mr. Hill produced examples of loans to two different people, one for $2,500 and one for $50,000.

[175] Mr. Hill then attempted to get Ms. Goldring to agree that AGF loaned money to people other than people who were supposed to invest the funds in an RSP program. This exchange of questions and answers continued for a considerable time but the Panel were left with the conclusion that Ms. Goldring's understanding was that the loans submitted to AGF for RSP purposes had to be dispersed in accordance with the applicable legislation for qualified investments in RSPs.

[176] At the conclusion of the cross-examinations Counsel for Staff read into the record certain questions and answers from Mr. Hill's compelled interview found in Ex. 5-2, p. 59 question 286 and following. Mr. Hill acknowledged that as of September 2007 he knew that some of the proceeds of the AGF loans were invested in Prosporex, an ineligible investment.

IV. WITNESSES CALLED BY THE RESPONDENTS

Winston James

[177] Staff closed its case on Tuesday, January 18, 2011. Mr. Lewis proposed to call witnesses, the first being Winston James. His evidence may be found in Tr. Vol. 7, pp. 7-27.

[178] Mr. James said he became a member of Prosporex Investment Club in July of 2007 as a result of a presentation he witnessed at the Prosporex offices given by Patrick Hylton. He chose to invest in the two year program and understood that it involved Forex trading. He thinks he introduced three people to the program and was paid a referral fee of $100 for the initial referral.

[179] At the end of one year, Mr. James got a return on his investment of $3,000 and left $1,000 in for another year. He concluded his examination-in-chief by saying he was satisfied with his investment return after the one year. Neither Mr. Scott nor Mr. Hill had any questions for Mr. James.

[180] In cross-examination by Ms. Daley, Mr. James could not recall if Mr. Lewis completed his application for a loan from AGF. He knew that the sum of money would be deducted from his loan of $2,500 leaving a net amount for investment of $2,000. Under questioning from Ms. Daley, Mr. James remembered that it was his brother Albert who referred him into the Prosporex program. He acknowledged he knew that his brother set up a foreign exchange investment club of his own called "Minion", although he did not invest any money in that program.

[181] Mr. Lewis' re-examination did not assist the Panel.

Eric Boateng

[182] Sedwick Hill called Eric Boateng. His evidence may be found in Tr. Vol. 7, pp. 29-47.

[183] With the consent of all parties, Mr. Hill called his witnesses to accommodate Mr. Lewis' difficulty with his own witnesses' availability. Eric Boateng has a mutual fund license, a license to sell life insurance and property and casual insurance, and is an accountant. He contracted with LeveragePro to do some business including investing with Mackenzie as well as some RRSP loans. He attended a number of meetings at the Prosporex office and estimated that 90% of the ones he attended were conducted by Mr. Hill. Mr. Lewis would also be there. His understanding was that Messrs. Hill and Lewis were the directors of LeveragePro. He said he was aware that he was able to do both RSP loans and investment loans in applications to AGF. As it turned out, all of the loans he did were invested with Mackenzie. He never took any interest in the Forex program. He confirmed that the meetings he attended with other agents, never discussed the Prosporex or Forex program and Mr. Hill never spoke or encouraged anyone to participate in the Prosporex or Forex program.

[184] In cross-examination, Mr. Lewis asked Mr. Boateng how he learned about LeveragePro. He was asked about the commission he would receive from Mackenzie which would be split with LeveragePro. The split varied but he was well satisfied with his arrangement with LeveragePro.

[185] In cross-examination by Ms. Daley, Mr. Boateng denied any knowledge of the Prosporex activity and confirmed he put none of his clients in Prosporex. He and knew nothing about cash backs from RSP loans.

[186] Ms. Daley asked Mr. Boateng if he understood his responsibility to make sure that he direct his clients towards proper mutual fund products that fit their needs. He confirmed that he did. He confirmed that he understood that if a loan application was made for an RSP loan he had to ensure the loan proceeds went into an RSP product. That was his responsibility and that's what he did, by placing clients' funds with Mackenzie.

Marijan Dugec

[187] Called by Mr. Hill, Mr. Dugec described himself as a mechanical engineer with Forex trading as his personal hobby. His evidence may be found in Tr. Vol. 7, pp. 48-113. In addition, a series of documents were produced to him during his examination by Mr. Hill found in Ex. 13.

[188] Mr. Dugec related a tale which, in terms of gullibility run wild, far outstripped anything related by Prosporex investors. He approached Messrs. Hill and Scott with an investing proposition promoted by one Rick Boros, involving trading in Forex. After receiving information from friends in Florida, Mr. Dugec went directly to Chicago where Mr. Boros' company, Pilatus, was located. He told us:

> Office was a big house where was all offices, about – between 20 and 30 people, I didn't count, and they did a lot of Forex exchange all over the world and they had these beautiful rooms with all the screens and the programs, people's running. It was very impressive.
>
> (Tr. Vol. 7, p. 54, ll. 11-15)

[189] Mr. Dugec explained that the program for investing with Pilatus called for a minimum of $2 million. Mr. Hill had access to $1.5 million and needed to borrow a further $500,000 to join the program. Acting on instructions from Pilatus transmitted by Mr. Dugec, Mr. Hill wired $1.5 million to Kulbushan Handa in Vancouver. Mr. Dugec described Mr. Handa as the Canadian representative for Pilatus. The transfer is confirmed in the evidence of Ms. George, the Staff forensic accountant. Mr. Handa's coordinates and a copy of his passport are found on p. 3 of Ex. 13.

[190] At the same time NetWorth Marketing Inc., over the signature of Mr. Hill, signed a promissory note for USD $500,000 in favour of Davis Enterprises located in Lombard, Illinois. A copy of the note is found on p. 9 of Ex. 13 and confirmation of payment of the note is found at p. 10, Ex. 13. Strangely enough, instructions for the payment of the note transmitted by Mr. Dugec required payment to James L. Morris, jr., a lawyer in Sherman Oaks, California. Difficult as it is to believe, the evidence of Ms. George confirmed a transfer of $500,000 to Mr. Morris.

[191] The next event was an e-mail with attachments from Mr. Dugec to Mr. Hill dated July 14, 2008. Attached at pp. 12-13 was something identified as "profit analysis". The profit analysis purports to show weekly trades (undated) showing a "value invested" of $2 million and a profit on the investment of $10,166,000. It further shows 20% to be deducted in favour of M. Dugec of $2,033,200 and a net worth investment payout, presumably to Mr. Hill and his company, of $6,132,800, leaving $2 million remaining invested in Pilatus. To this date, nothing has been received. Mr. Dugec said, "Payout didn't happen."

[192] Mr. Dugec went to Chicago and spent three days with Mr. Boros, who made all kinds of promises of payment. Shortly thereafter, Mr. Dugec suffered a heart attack and required surgery. The balance of the pages in Ex. 13 reveal a litany of promises made by one Mike Myers, described in the evidence as a colleague of Mr. Boros, which were never fulfilled. It was Mr. Dugec's understanding that Rick Boros was charged and convicted of fraud and received a sentence of 10 years.

[193] This evidence is led to establish that some of the investors' funds in Prosporex were invested in Forex trading and we see no reason to find otherwise. The sum of $2 million was indeed transferred pursuant to the instructions communicated by Mr. Dugec to Mr. Hill.

[194] In cross-examination, Ms. Daley asked Mr. Dugec if he ever saw with his own eyes evidence that Mr. Boros had in fact traded with the $2 million. Mr. Dugec confirmed that he never saw any such evidence .

Martin Squires

[195] Mr. Hill called Martin Squires, who has been a life insurance agent for over 15 years as well as a mutual fund advisor. He has worked with Mr. Hill over the years in a number of different companies. He is licensed by both the OSC and FSCO. His evidence may be found in Tr. Vol. 7, pp. 115-133.

[196] He said he worked with Mr. Hill at Lawrence Avenue East towards the end of 2007 as an assistant in connection with mutual funds. He answered phones, contacted Mr. Hill's clients, filled out applications and faxed information to the Keybase Financial head office. He also did one application with LeveragePro with the funds going to Mackenzie. He did no loans with AGF in relation to LeveragePro. He introduced no one to the Prosporex Forex opportunity. Mr. Squires concluded his examination-in-chief by confirming a proposition put to him by Mr. Hill that overall Mr. Hill's clients were very happy with their investments, returns and performance.

[197] During Ms. Daley's cross-examination of Mr. Squires, he basically confirmed what he had related to Mr. Hill in his examination-in-chief.

Joan Chalmers

[198] At the conclusion of the evidence Mr. Lewis inquired if it would be possible to recall Ms. Williams as he wished to raise the propriety of allowing Staff to collect the boxes stored at her house, as well as Mr. Lewis' contention that she took other documents from the office and delivered to enforcement staff.

[199] In the course of pursuing this inquiry both Mr. Lewis and Mr. Hill were permitted to question Mr. Field, the investigator and as well, Ms. Joan Chalmers of the Commission staff was called to be examined by Messrs. Lewis and Hill.

[200] Questions directed to Ms. Chalmers attempted to learn from her if she had encouraged or directed Ms. Williams to deliver documents to enforcement staff. Having reviewed Mr. Field's evidence and Ms. Chalmers' evidence we were satisfied that there was no evidence that Staff directed Ms. Williams to furnish them with documents other than those that she volunteered to produce. We therefore rejected Mr. Lewis' motion to recall Ms. Williams and that concluded the hearing on the merits, save for closing submissions.

V. CLOSING SUBMISSIONS

Submissions of Staff Counsel

[201] Staff counsel filed written submissions of 55 pages in length. In oral submissions, Staff counsel did not deviate in any material way from the written submissions.

Submissions of Mr. Lewis

[202] Mr. Lewis filed a written version of his submissions on the merits hearing. He also made oral submissions. Although having been cautioned not to testify, it was necessary for the Chair to remind Mr. Lewis he was making statements that were not supported by the evidence. This is understandable since, as Mr. Lewis himself acknowledged, he is not a lawyer.

[203] The theme of Mr. Lewis' submissions was that he was not responsible for the failure of Prosporex and should not be found to have contravened the *Act*. Most of his submissions centered on blaming Mr. Hill, and to a lesser extent, Mr. Scott, for the Prosporex losses.

[204] Mr. Lewis concluded his submissions:

> So, in conclusion, I think careful examination of the testimony of the entire proceeding that took place would show that Mr. Hill and Mr. Scott, as I said, to a certain extent, is responsible for the entire $25 million, take away the expenses, that came from AGF to Prosporex and I think he should be held responsible and be charged for fraud in this matter to the greatest extent of the law, and that's my submission, Mr. Chair.
>
> (Transcript Volume 11, September 12, 2011, p. 74, ll. 3-10.)

Submissions of Mr. Scott

[205] Mr. Scott made oral submissions. He asked us to consider sections 8 and 24(2) of the Canadian Charter of Rights and Freedoms. He said that Carmen Williams had no right to deliver the documents in her basement to Staff unless Staff first obtained a warrant.

[206] We reject this submission. Staff did not seek the documents – they were transferred voluntarily by Ms. Williams.

[207] Mr. Scott made no further submissions.

Submissions of Mr. Hill

[208] Ms. Hagel, counsel for Mr. Hill, made oral submissions on his behalf. In addition, she had filed written arguments. The thrust of her submissions were that the Prosporex program was entirely under the control and management of Messrs. Lewis and Scott, and that Mr. Hill had nothing to do with Prosporex.

[209] Ms. Hagel submitted that the terms of the distribution agreement between LeveragePro and AGF contemplated a variety of lending programs in addition to RSPs. This is so. However, the AGF application forms filled out by borrowers all indicate the loan proceeds would be invested in a RSP composed of qualified investments.

[210] She further submitted that by not auditing the course of the loans, AGF was the author of its own misfortune.

[211] Neither of these submissions assisted the Panel.

[212] Ms. Hagel submitted that there was no evidence to connect Mr. Hill to Prosporex as a director or owner. However, Mr. Hill was one of three signing officers and acknowledged in his compelled testimony he was a one-third owner.

[213] Ms. Hagel submitted that the $1.7 million transferred from Prosporex to Ysis Corporation, owned by Mr. Hill, was a legitimate investment. This submission ignores the fact that the AGF funds were to be placed in an RSP holding qualified investments. There was no evidence that Ysis was an RSP. Indeed, nor was there any evidence it was an eligible investment for an RSP.

[214] Ms. Hagel submitted that the $1.1 million from Prosporex held in Mr. Hill's personal account at TD Waterhouse was held in trust for Prosporex. This submission was based on Mr. Hill's cross-examination of Ms. George in which he posed three questions in the form of "if such were so", then it would follow that Mr. Hill didn't receive the money for his personal use. We reject this submission.

[215] It was Mr. Hill, together with Mr. Lewis, that set the rate used to calculate the amount to be paid to investors on the monthly plan. Our review of the evidence compels us to find that Mr. Hill was involved in Prosporex as much as Messrs. Lewis and Scott and received hundreds of thousands of dollars from Prosporex for himself and his enterprises.

VI. AMENDMENT TO THE STATEMENT OF ALLEGATIONS

[216] During Ms. Daley's opening submission, she alerted the Panel that she would be seeking several amendments to para. 29 of the Statement of Allegations. The amendments involved adjusting dollar amounts as a result of Ms. George's investigations. We find the amendments to be relatively minor. We accept Ms. George's evidence and amend the Statement of Allegations as follows:

(i) Para. 29(c) is amended to change the amount of $1.4 million to $1,704,422 to or for the benefit of Sedwick Hill.

(ii) Para. 29(d) is amended to change the amount of $1,419,600 to $1,712,768 to or for the benefit of Ysis.

(iii) Para. 29(e) is amended to change the amount of $595,000 to Lewis personally, to $553,975 to or for the benefit of Carlton Lewis.

(iv) Para. 29(f) is amended to change the amount of $57,000 to $94,723 to or for the benefit of Mark Scott.

(v) Para 29(g) is amended to change the existing text by adding the following the sentence: "The net impact of the above on the Prosporex Investment Club investors was $1,421,200."

(vi) Para. 29(j) is amended in its entirety to read as follows: - "Paid $770,000 to establish a business in Jamaica, of which $370,000 was paid directly to Carlton Lewis."

[217]

VII. ANALYSIS

(1) Did all the Respondents engage in fraudulent conduct contrary to s. 126.1(b) of the *Act*?

[218] Section 126.1(b) of the *Act* provides as follows:

> 126.1 a person or company shall not, directly or indirectly, engage or participate in any act, practice or course of conduct relating to securities or derivatives of securities that the person or company knows or reasonably ought to know,
>
> …
>
> (b) perpetrates a fraud on any person or company. 2002, c. 22, s. 182.

[219] In several recent cases the Commission has accepted the definition of fraud established by the British Columbia Court of Appeal in *Anderson v. British Columbia (Securities Commission)* (2004) BCCA 7 at para. 27 [***Anderson***], leave to appeal denied [2004] S.C.C.A. No. 81:

> … the *actus reus* of the offence of fraud will be established by proof of:
>
> 1. the prohibited act, be it an act of deceit, a falsehood or some other fraudulent means; and
>
> 2. deprivation caused by the prohibited act, which may consent
>
> Correspondingly, the *mens rea* of fraud is established by proof of:
>
> 1. subjective knowledge of the prohibited act; and
>
> 2. subjective knowledge that the prohibited act could have as a consequence the deprivation of another (which deprivation may consist in knowledge that the victim's pecuniary interests are put at risk).

[220] It is important to note that in Ontario, as it is in British Columbia, the legislature has chose to impose liability under the Act where a person "ought reasonably to know … that their conduct perpetrates a fraud on any person or company". Commission cases adopting the definition of fraud in *Anderson* include *Re Al-Tar Energy Corp* (2010), 33 O.S.C.B. 5535; *Re Lehman Cohort Group Inc.* (2010), 33 O.S.C.B. 7041; and *Re Global Partners Capital* (2010), 33 O.S.C.B. 7783.

1. The *Actus Reus* of Fraud

[221] The *actus reus* requires proof of (a) a dishonest act involving "deceit, falsehood or other fraudulent means" which (b) causes detriment or deprivation to the victim. A "deprivation" includes circumstances where a mere "risk of prejudice" is caused to the victim's economic interests. (*R. v. Théroux*, [1993] 2 S.C.R. 5, at paras. 16 and 27)

[222] To find "deceit" or "falsehood" the trier of fact must determine whether there was an actual representation that a situation was of a certain character, when, in reality, it was not. (*Théroux*, above, para. 18)

[223] "Other fraudulent means" include all other dishonest situations which cannot be characterized as "deceit" or "falsehood". The issue is "determined objectively, by reference to what a reasonable person would consider to be a dishonest act." It describes underhanded conduct which has the effect, or which creates a risk of such a loss, the conduct is wrongful if it constitutes conduct which reasonable decent persons would consider dishonest and unscrupulous.

[224] Courts have found "other fraudulent means" to include the concealment of important facts, the unauthorized diversion of funds and the unauthorized taking of funds or property. (*Théroux*, above, at paras. 17-18)

[225] The unauthorized use of an investor's funds constitutes "other fraudulent means." (*R. v. Currie*, [1984] O.J. No. 147 (Ont. C.A.) pp. 3-4)

[226] The element of "deprivation" is satisfied on proof of: (i) actual loss to the victim; (ii) prejudice to a victim's economic interest; or merely (iii) the risk of prejudice to the economic interests of a victim. (*Théroux*, above, at paras. 16-17)

[227] "Prejudice" may be established by proof that a victim faced a risk of economic loss even if no loss took place. If through an act of dishonesty, someone makes an investment or borrows money, even if that action did not cause an actual loss, it constitutes prejudice.

2. The *Mens Rea* of Fraud

[228] The *mens rea* of fraud requires a person to be aware of the risk posed to another's interests. The subjective awareness can be inferred from the evidence. It may be also established by evidence showing that the perpetrator was "wilfully blind" or "reckless" as to the conduct and the truth or falsity of any statements made. (*Théroux*, above, at paras. 26 and 28)

[229] A sincere belief or hope that no risk or deprivation would ultimately materialize does not establish an absence of fraud:

> A person who deprives another person of what the latter has should not escape criminal responsibility merely because, according to his moral or personal code, he or she was doing nothing wrong or because of a sanguine belief that all will come out right in the end. Many frauds are perpetrated by people who think there is nothing wrong in what they are doing or who sincerely believe that their act of placing other people's property at risk will not ultimately result in actual loss to those persons. If any offence of fraud is to catch those who actually practise fraud, its *mens rea* cannot be cast so narrowly as this.
>
> (*Théroux*, above, at paras. 24, 35, 36)

[230] For a corporation, it is sufficient to show that its directing minds know or reasonably ought to have known that the corporation perpetrated a fraud to prove a breach of subsection 126.1(b) of the *Act*. (*Al-Tar*, above, para. 221; *Lehman*, above, para. 99; *Global Partners*, above, para. 245).

[231] We find examples of the actus reus of fraud as follows:

(a) Messrs. Lewis, Scott and Hill, together with the Respondent companies they controlled, had sole control of the bank accounts and diverted approximately $20 million to uses other than Forex investments, of which $5.3 million was returned to investors.

(b) Messrs. Lewis, Scott and Hill, together with the Respondent companies they controlled, transferred significant sums to themselves without ever offering an explanation for those transfers. Ms. George identified these transfers: (i) to Mr. Lewis, $0.92 million; (ii) to Mr. Scott, $1.5 million; and (iii) to Mr. Hill, $3.4 million. (Ex. 11, Schedule 2)

(c) Messrs. Lewis, Scott and Hill deceived investors by telling them they were earning monthly profits of 5% to 11% from the Prosporex Forex program. These falsehoods caused investors to increase their position and attracted new investors.

(d) Messrs. Lewis, Scott and Hill, together with the Respondent companies they controlled, deceived AGF by diverting advanced funds to entities other than an RSP created to hold qualified investments, contrary to the terms of the RSP loan applications.

[232] We find examples of the *mens rea* of fraud as follows:

(a) Messrs. Lewis, Scott and Hill knew that directing approximately $14.7 million ($20 million minus $5.3 million) to non-Forex entities put investors' funds at risk. They were the directing minds of the Respondent companies who acted in that behalf.

(b) Messrs. Lewis, Scott and Hill knew that transfers to themselves of $5.28 million approximately put investors' funds at risk. They were the directing minds of the Respondent companies who acted in that behalf.

(c) Messrs. Lewis, Scott knew that making payments of fictitious profits to investors would attract new investors. Each of Messrs. Lewis, Scott and Hill knew that Prosporex was not an RSP created to hold qualified investments for the AGF advances. They were the directing minds of the Respondent companies who acted in that behalf.

[233] We find each of the Respondents to have contravened s. 126.1(b) of the *Act*.

(2) Did all the Respondents make misleading or untrue statements that they knew or reasonably ought to have known would reasonably be expected to have a significant effect on the market price or value of the investments made in Prosporex?

[234] Section 126.2(1) provides:

> "126.2(1) Misleading or untrue statements – A person or company shall not make a statement that the person or company knows or reasonably ought to know,
>
> (a) in a material respect and at the time and in the light of the circumstances under which it is made, is misleading or untrue or does not state a fact that is required to be stated or that is necessary to make the statement not misleading; and
>
> (b) would reasonably be expected to have a significant effect on the market price or value of a security."

[235] We decline to make a finding with respect to s. 126.2(1). The conduct establishing the Respondent's breach of s. 126.1(b) encompasses the conduct that would establish those breaches. See: *In the Matter of Sulja Bros.* (2010), 33 O.S.C.B. 10173.

[236] Moreover, Staff made no submissions on the question of how, if at all, the Respondents' misleading statements would reasonably be expected to have a significant effect on the market price or value of a security.

(3) Did all Respondents engage in unregistered trading of securities and unregistered advising in securities, contrary to s. 25(1)(a) and (c) of the *Act*?

[237] The definition of "security" contained in the *Act* includes "any investment contract".

(*Securities Act*, s.1(1), item (n) under the definition of "security")

[238] The Supreme Court of Canada has held that an investment contract is a scheme involving the investment of money in a common enterprise, with profits to come solely from the efforts of others. The concept of an investment contract entails a common enterprise in which investors advance money to a promoter which in turn manages those funds to the intended benefit of the investors. Control of the operation or enterprise lies with the promoter. The key to success of the venture is in the efforts of the promoter.

(*Pacific Coast Coin Exchange of Canada Ltd. v. Ontario Securities Commission* [1978] 2 S.C.R. 112, Staff's Brief of Authorities, Volume 1 at Tab 1) ("***Pacific Coast***")

[239] This Commission considered the *ratio* of *Pacific Coast* and concluded:

> The elements of an investment contract that constitute a security are therefore:
>
> a. an investment of money;
>
> b. with an intention or expectation of profit;
>
> c. in a common enterprise, where the investors' fortunes are interwoven and dependent upon the efforts of those seeking the investment; and
>
> d. where the efforts made by those other than the investor are the significant ones with respect to the affect on the failure or success of the enterprise.
>
> (*White (Re)* (2010) 33, OSCB 1569)

[240] We find that the Prosporex Investment Club investments as offered by the respondents meets the definition of an investment contract. The Prosporex Participation Agreement, which all investors were required to sign, expressly stated that it is an agreement "for the purpose of participating collectively in the pooling of funds into Managed Foreign Currency Trading Accounts and sharing in the profits and loss of this initiative". We find the respondents' role was that of a promoter: namely to "manage the pooling members to participate in this income generating service through our relationship with highly experienced traders and brokerage firms".

(Exhibit 5-1, Tab 13)

[241] The NetWorth respondents were equally involved in promoting the Prosporex investment contracts. All would-be investors in Prosporex were required to become members of NetWorth before participating in the investment contracts sold by Prosporex. The literature distributed by the Respondents expressly stated: "NetWorth Financial Group welcomes you to the Prosporex Investment Club Inc.", thereby linking NetWorth to the investment contracts issued by Prosporex.

(Exhibit 5-1, Tab 3 and Tab 10)

[242] Section 25(1)(a) of the *Act* as it existed during the Relevant Period provided:

> No person or company shall,
>
> (a) trade in a security or act as an underwriter unless the person or company is registered as a dealer, or is registered as a salesperson or as a partner or as an officer of a registered dealer and is acting on behalf of the dealer.

[243] Section 25(1)(c) of the *Act* as it existed during the Relevant Period provided:

> No person or company shall,
>
> (c) act as an adviser unless the person or company is registered as an adviser, or is registered as a representative or as a partner or as an officer of a registered adviser and is acting on behalf of the adviser
>
> and the registration has been made in accordance with Ontario securities law and the person or company has received written notice of the registration from the Director and, where the registration is subject to terms and conditions, the person or company complies with such terms and conditions.

[244] The definition of "trade" or "trading" as defined in section 1(1) of the *Act* includes:

> (a) any sale or disposition of a security for valuable consideration whether the terms of payment be on margin, instalment or otherwise, …
>
> (e) any act, advertisement, solicitation, conduct or negotiation directly or indirectly in furtherance of the foregoing.

[245] An act constitutes an act in furtherance of a trade if there is a sufficient proximate connection between the act and the trade in securities:

> There is no bright line separating acts, solicitations and conduct indirectly in furtherance of a trade from acts, solicitations and conduct not in furtherance of a trade. Whether a particular act is in furtherance of an actual trade is a question of fact that must be answered in the circumstances of each case. A useful guide is whether the activity in question had a sufficient proximate connection to an actual trade. (*Re Costello* (2003), 26 O.S.C.B. 1617 at para 47)

[246] Solicitation or direct contact with investors is not required for an act to constitute an act in furtherance of a trade. (*Re Lett* (2004), 27 O.S.C.B. 3215 at paras. 48-51 and 64; *Re Allen* (2005) 28 O.S.C.B. 8451 at para. 85)

[247] This Commission has held that a respondent who accepts investors' funds for the purpose of an investment carries out an act in further of a trade. (*Re Lett*, above, at paras. 48-51 and 64; *Re Allen*, above, at para. 85; *Re Limelight*, above, at para. 133)

[248] The following conduct constitutes acts in furtherance of trade:

(a) depositing investor funds to a bank account;

(b) providing subscription agreements to investors and conducting sales information sessions;

(c) setting up web-based sites pertaining to the investment and/or posting misleading statements thereon which investors rely upon when making their investment. (*Re Al-Tar Energy Corp. et al* (2010), 33 OSCB 5535 at para. 85; *Re Momentas Corp.* (2006), 29 OSCB 7408 at para. 77)

[249] The Commission has found that it must adopt a contextual approach and assess "the totality of [a respondent's] conduct and the setting in which the acts have occurred" to determine whether non-registrants have acted in furtherance of a trade. The primary focus of this assessment is the effects the acts in question had on the persons to whom the acts were directed. (*Re Momentas Corp.*, above, at para. 77)

[250] From the time Messrs. Lewis and Scott incorporated and operated Prosporex Investment Club Inc. with Mr. Hill, they did little else but engage in activities which constituted acts in furtherance of trade. They created handouts lauding the benefits of Forex trading through Prosporex; they established business premises at 1315 Lawrence Avenue East where they conducted sales presentations; they created agreements which investors were required to sign in order to invest in Prosporex; they explained to investors how to borrow RSP loans from AGF and invest the proceeds of those loans in Prosporex; they maintained and operated bank accounts into which they directed investor funds; they hired and instructed office staff to carry out the operation; they paid incentives to recruit new investors.

[251] We are not satisfied on the evidence that the Respondents were "advising" in relation to securities, contrary to s. 25(1)(c) of the *Act* as it existed during the Relevant Period.

[252] None of the Respondents was registered under the *Act* to trade in securities. No evidence was received indicating that any of the Respondents was entitled to an exemption.

[253] We find each of the Respondents to have contravened ss. 25(1)(a) of the *Act*.

(4) Did all Respondents engage in an illegal distribution of securities contrary to s. 53(1) of the *Act*?

[254] Section 53(1) of the *Act* provides:

> 53(1) No person or company shall trade in a security on his, her or its own account or on behalf of any other person or company if the trade would be a distribution of the security, unless a preliminary prospectus and a prospectus has been filed and receipts have been issued for them by the Director.

[255] Subsection 1(1) of the *Act* states that:

> "distribution", where used in relation to trading in securities, means:
>
> (a) a trade in securities of an issuer that has not been previously issued […]"

[256] The prospectus requirement plays an essential role in the protection of investors. It ensures that prospective investors have the information necessary to make informed investment decisions. (*Al-Tar Energy Corp. et al*, above, para. 136)

[257] We find that many hundreds of investment contracts were issued to Prosporex investors, documented only by Prosporex Participation Agreements. This satisfies the "trading" element of the above definition. None of the investment contracts had been previously issued. They were promoted as new investments.

[258] We find no prospectus or preliminary prospectus was ever filed in relation to the Prosporex Investment Club securities nor did the Director issue any receipt to qualify the sale of securities by Prosporex and the other Respondents. No evidence was received indicating that any of the Respondents was entitled to an exemption.

[259] We find the sale of Prosporex investment contracts to be a distribution of securities without a preliminary prospectus being filed and receipts obtained, all contrary to section 53(1) of the *Act*. We find all the Respondents participated in this distribution.

(5) Did all Respondents act contrary to the public interest?

[260] Based on the foregoing findings, we find all Respondents acted contrary to the public interest.

VIII. CONCLUSION

[261] We conclude:

(1) All the Respondents engaged in fraudulent conduct contrary to s. 126.1(b) of the *Act*;

(2) All the Respondents engaged in unregistered trading of securities contrary to s. 25(1)(a) of the *Act*;

(3) All the Respondents engaged in an illegal distribution of securities contrary to s. 53(1) of the *Act*; and

(4) All the Respondents acted contrary to the public interest.

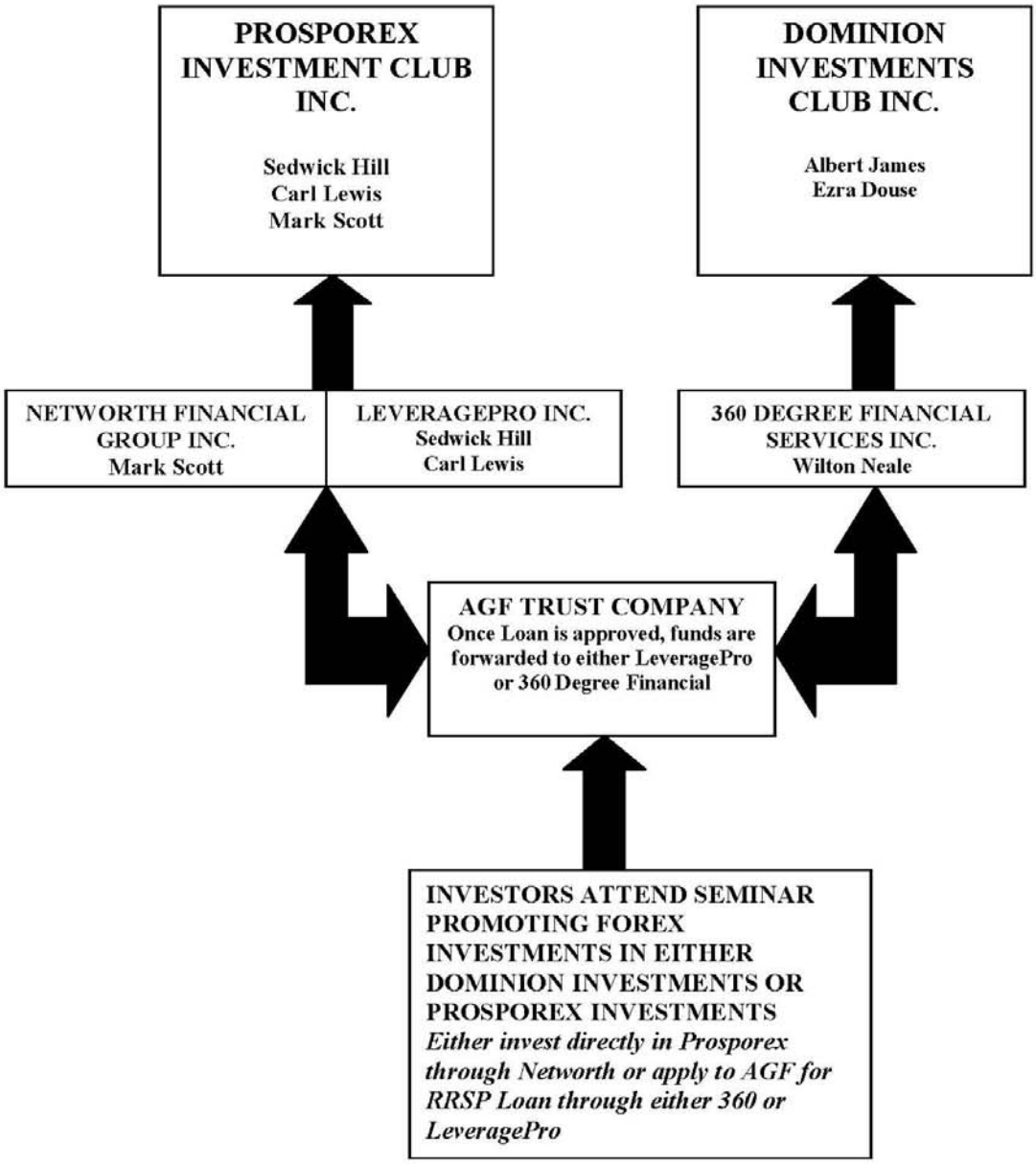
[262] The parties are directed to contact the Office of the Secretary within the next ten days, to set a date for a sanctions hearing, failing which a date will be set by the Office of the Secretary.

Dated this 27th day of October, 2011

"James D. Carnwath"
James D. Carnwath

"Margot C. Howard"
Margot C. Howard

SCHEDULE "A"


PROSPOREX INVESTMENT CLUB INC.
Sedwick Hill
Carl Lewis
Mark Scott
DOMINION INVESTMENTS CLUB INC.
Albert James
Ezra Douse
NETWORTH FINANCIAL GROUP INC.
Mark Scott
LEVERAGEPRO INC.
Sedwick Hill
Carl Lewis
360 DEGREE FINANCIAL SERVICES INC.
Wilton Neale
AGF TRUST COMPANY
Once Loan is approved, funds are forwarded to either LeveragePro or 360 Degree Financial
INVESTORS ATTEND SEMINAR PROMOTING FOREX INVESTMENTS IN EITHER DOMINION INVESTMENTS OR PROSPOREX INVESTMENTS
Either invest directly in Prosporex through Networth or apply to AGF for RRSP Loan through either 360 or LeveragePro

1

3.1.3 Ameron Oil and Gas Ltd. et al.

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

AND

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

**SETTLEMENT AGREEMENT
BETWEEN STAFF AND ODED PASTERNAK**

PART I – INTRODUCTION

1. By Notice of Hearing dated December 13, 2010, the Ontario Securities Commission (the "Commission") announced that it proposed to hold a hearing, commencing on December 20, 2010, pursuant to sections 37, 127, and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), to consider whether it is in the public interest to make orders, as specified therein, against Ameron Oil and Gas Ltd. ("Ameron"), MX-IV LTD. ("MX-IV"), Gaye Knowles, Giorgio Knowles, Anthony Howorth ("Howorth"), Vadim Tsatskin ("Tsatskin"), Mark Grinshpun ("Grinshpun"), Oded Pasternak ("Pasternak") and Allan Walker ("Walker") (collectively the "Respondents"). The Notice of Hearing was issued in connection with the allegations as set out in the Statement of Allegations of Staff of the Commission ("Staff") dated December 13, 2010. Staff filed an Amended Statement of Allegations dated October 5, 2011.

2. The Commission will issue a Notice of Hearing to announce that it will hold a hearing to consider whether, pursuant to sections 37 and 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 Pasternak.

PART II – JOINT SETTLEMENT RECOMMENDATION

3. Staff agree to recommend settlement of the proceeding initiated by the Notice of Hearing dated December 13, 2010 against Pasternak (the "Proceeding") in accordance with the terms and conditions set out below. Pasternak consents to the making of an order in the form attached as Schedule "A", based on the facts set out below.

PART III – AGREED FACTS

Global Energy Group Ltd. and the New Gold Securities

4. From approximately June 2007 to June 2008, Global Energy Group, Ltd. ("Global Energy"), and employees and agents of Global Energy, distributed units in limited partnerships called New Gold Limited Partnerships (the "New Gold securities") to members of the public. The New Gold securities purported to entitle the purchaser to an interest in oil wells in the State of Kentucky in the United States of America.

5. Neither Global Energy nor any of the agents selling the New Gold securities was registered in any capacity with the Commission and the New Gold securities were not qualified by a prospectus.

6. The distribution of the New Gold securities to members of the public by Global Energy, its salespersons and agents, ended in and around June of 2008 following the execution of search warrants by Staff on offices related to Global Energy.

7. On June 8, 2010, the Commission issued a Notice of Hearing accompanied by Staff's Statement of Allegations in the matter of Global Energy, New Gold Limited Partnerships ("New Gold") and various individual respondents including Pasternak. The allegations included that Global Energy, as well as certain salespersons, representatives or agents of Global Energy, engaged in a course of conduct relating to securities that they knew or reasonably ought to have known perpetrated a fraud on persons purchasing the New Gold securities contrary to subsection 126.1(b) of the Act.

8. On April 1, 2011, the Commission laid an information in the Ontario Court of Justice in respect of Tsatskin and on April 4, 2011 Tsatskin pled guilty to one count of fraud contrary to subsections 126.1(b) and 122(c) of the Act. In his plea, Tsatskin

admitted that the New Gold securities were fraudulently represented to constitute ownership interests in Kentucky oil and gas leases.

9. Pasternak was a salesperson at Global Energy, and a named respondent in the Global Energy matter. Pasternak was not a director or directing mind of Global Energy.

Background Regarding Ameron

10. In 2007, Tsatskin established an International Business Company ("IBC") in the Bahamas under the name American Oil & Gas Resources Inc. ("American Oil"). American Oil had no operations and was eventually struck off the register as an IBC for non-payment of fees.

11. In 2009, Tsatskin had American Oil restored and renamed Ameron Oil and Gas Ltd.

12. From approximately June of 2009 up to and including April 8, 2010 (the "Material Time"), Tsatskin and Grinshpun were the directing minds and principal officers of Ameron.

13. During the Material Time, the directors of Ameron were Gaye Knowles, Giorgio Knowles and Howorth (the "Ameron Directors"). The Ameron Directors are residents of the Bahamas.

14. In its promotional materials and on its website, Ameron purported to be a company "formed for the purpose of finding, developing and producing America's crude Oil and Natural Gas reserves."

15. The primary business of Ameron was selling units of a series of limited partnerships (the "MX-IV securities") to members of the public. The MX-IV securities purported to entitle the purchaser to an interest in four oil wells located in the State of Kentucky in the United States of America.

16. The sales of the MX-IV securities to members of the public by Ameron and its salespersons and agents took place from offices in the Toronto area (the "Ontario Offices").

17. Members of the public were solicited to purchase full units of the MX-IV securities for $49,000. Ameron also offered the opportunity to purchase quarter-units and half-units of the MX-IV securities.

18. Neither Ameron nor MX-IV has ever filed a prospectus with the Commission with respect to the MX-IV securities. There were no exemptions under the Act that permitted the trading of these securities.

19. During the Material Time, Tsatskin and Grinshpun supervised and directed the sale of the MX-IV securities by Ameron, its salespersons and agents, from the Ontario Offices.

20. Approximately $615,500 was raised from the sale of the MX-IV securities to approximately 15 investors as a result of the activities of salespersons, representatives or agents of Ameron.

21. Ameron and MX-IV have never been registered with the Commission in any capacity.

Trading in MX-IV Securities by Pasternak

22. Pasternak is a resident of Ontario.

23. During the Material Time, Pasternak sold MX-IV securities to members of the public from the Ontario Offices under the direction and supervision of Tsatskin and Grinshpun.

24. Pasternak was provided with a script by Grinshpun to assist him in his sales of the MX-IV securities to members of the public.

25. When contacting members of the public across Canada for the purpose of selling MX-IV securities, Pasternak used the alias “Ed Stern” and said that he was calling from the Bahamas.

26. During the Material Time, Pasternak provided information to investors and potential investors in the MX-IV securities that was false, inaccurate and misleading, including, but not limited to, information with respect to:

- Ameron’s operational history;
- the nature and extent of the assets owned by Ameron and/or MX-IV;

- the business and operations of Ameron and MX-IV; and
- the use of proceeds from the sale of the MX-IV securities.

27. Brochures containing false, inaccurate and misleading information about Ameron and the MX-IV securities were also forwarded to persons that Pasternak contacted.

28. Pasternak received a sales commission of 19% for each sale of MX-IV securities he made to a new investor and 17% for any subsequent sales to existing investors.

29. Pasternak was paid his commissions by cheques drawn on an account in the name of TN Technet, in cash and by wire transfer. TN Technet is a company controlled by Grinshpun.

30. Pasternak received a total of approximately $87,435 in commissions in relation to his sales of MX-IV securities.

31. Pasternak was not registered with the Commission in any capacity during the Material Time.

PART IV – CONDUCT CONTRARY TO THE PUBLIC INTEREST

32. By engaging in the conduct described above, Pasternak admits and acknowledges that he contravened Ontario securities law during the Material Time in the following ways:

(a) During the Material Time, Pasternak engaged or participated in acts, practices or courses of conduct relating to the MX-IV securities that Pasternak knew or reasonably ought to have known perpetrated a fraud on persons or companies, contrary to subsection 126.1(b) and contrary to the public interest;

(b) During the Material Time, Pasternak traded in securities without being registered to trade in securities, contrary to subsection 25(1) of the Act, as that section existed at the time the conduct commenced and as subsequently amended on September 28, 2009, and contrary to the public interest; and

(c) During the Material Time, Pasternak traded in MX-IV securities when a preliminary prospectus and a prospectus in respect of such securities had not been filed and receipts had not been issued for them by the Director, contrary to subsection 53(1) of the Act and contrary to the public interest.

33. Pasternak admits and acknowledges that he acted contrary to the public interest by contravening Ontario securities law as set out in sub-paragraphs 32 (a) to (c) above.

PART V – TERMS OF SETTLEMENT

34. Pasternak agrees to the terms of settlement listed below.

The Commission will make an order, pursuant to section 37 and subsection 127(1) of the Act, that:

(a) the Settlement Agreement is approved;

(b) trading in any securities by Pasternak cease permanently from the date of the approval of the Settlement Agreement;

(c) the acquisition of any securities by Pasternak is prohibited permanently from the date of the approval of the Settlement Agreement;

(d) any exemptions contained in Ontario securities law do not apply to Pasternak permanently from the date of the approval of the Settlement Agreement;

(e) Pasternak is reprimanded;

(f) Pasternak is prohibited permanently from the date of the approval of the Settlement Agreement from becoming or acting as a director or officer of any issuer, registrant, or investment fund manager;

(g) Pasternak is prohibited permanently from the date of the approval of the Settlement Agreement from becoming or acting as a registrant, as an investment fund manager or as a promoter;

(h) Pasternak shall disgorge to the Commission the amount of $87,435 obtained as a result of his non-compliance with Ontario securities law. The amount of $87,435 disgorged shall be for allocation to or for the benefit of third parties, including investors who lost money as a result of purchasing MX-IV securities, in accordance with subsection 3.4(2)(b) of the Act;

(i) Pasternak shall pay an administrative penalty in the amount of $87,435 for his failure to comply with Ontario securities law. The administrative penalty in the amount of $87,435 shall be for allocation to or for the benefit of third parties, including investors who lost money as a result of purchasing MX-IV securities, in accordance with subsection 3.4(2)(b) of the Act; and

(j) Pasternak is prohibited permanently, from the date of the approval of the Settlement Agreement, from telephoning from within Ontario to any residence within or outside Ontario for the purpose of trading in any security or any class of securities.

35. Pasternak undertakes to consent to a regulatory order made by any provincial or territorial securities regulatory authority in Canada containing any or all of the sanctions set out in sub-paragraphs 34 (b) to (g) and (j) above.

PART VI – STAFF COMMITMENT

36. If this Settlement Agreement is approved by the Commission, Staff will not initiate any other proceeding under the Act against Pasternak in relation to the facts set out in Part III herein, subject to the provisions of paragraph 37 below.

37. If this Settlement Agreement is approved by the Commission, and at any subsequent time Pasternak fails to honour the terms of the Settlement Agreement, Staff reserve the right to bring proceedings under Ontario securities law against Pasternak 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

38. 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 Pasternak for the scheduling of the hearing to consider the Settlement Agreement.

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

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

41. 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.

42. Whether or not this Settlement Agreement is approved by the Commission, Pasternak 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

43. 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 Pasternak leading up to its presentation at the settlement hearing, shall be without prejudice to Staff and Pasternak; and

(b) Staff and Pasternak 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 Amended Statement of Allegations of Staff, unaffected by the Settlement Agreement or the settlement discussions/negotiations.

44. 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 Pasternak and Staff or as may be required by law.

PART IX – EXECUTION OF SETTLEMENT AGREEMENT

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

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

Dated this 19th day of October, 2011.

Signed in the presence of:

"Dvir Levin" ***"Oded Pasternak"***
Witness: **Oded Pasternak**

Dated this 19th day of October, 2011

"Tom Atkinson"
STAFF OF THE ONTARIO SECURITIES COMMISSION
per Tom Atkinson
Director, Enforcement Branch

Dated this 20th day of October, 2011

SCHEDULE "A"

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

AND

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

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN STAFF OF
THE ONTARIO SECURITIES COMMISSION AND
ODED PASTERNAK

ORDER
(Sections 37 and 127(1))

WHEREAS by Notice of Hearing dated December 13, 2010, the Ontario Securities Commission (the "Commission") announced that it proposed to hold a hearing, commencing on December 20, 2010, pursuant to sections 37, 127, and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), to consider whether it is in the public interest to make orders, as specified therein, against Ameron Oil and Gas Ltd., MX-IV LTD. ("MX-IV"), Gaye Knowles, Giorgio Knowles, Anthony Howorth, Vadim Tsatskin, Mark Grinshpun, Oded Pasternak ("Pasternak") and Allan Walker. The Notice of Hearing was issued in connection with the allegations as set out in the Statement of Allegations of Staff of the Commission ("Staff") dated December 13, 2010;

AND WHEREAS Staff filed an Amended Statement of Allegations dated October 5, 2011;

AND WHEREAS Pasternak entered into a settlement agreement with Staff dated October _____, 2011 (the "Settlement Agreement") in which Pasternak agreed to a proposed settlement of the proceeding commenced by the Notice of Hearing dated December 13, 2010, subject to the approval of the Commission;

WHEREAS on October_____, 2011, the Commission issued a Notice of Hearing pursuant to sections 37 and 127 of the Act to announce that it proposed to hold a hearing to consider whether it was in the public interest to approve the Settlement Agreement;

AND UPON reviewing the Settlement Agreement, the Notices of Hearing, and the Statements of Allegations of Staff, and upon hearing submissions from counsel for Pasternak 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 Pasternak cease permanently;

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

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

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

(f) pursuant to clauses 8, 8.2, and 8.4 of subsection 127(1) of the Act, Pasternak is prohibited permanently from becoming or acting as a director or officer of any issuer, registrant, or investment fund manager;

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

(h) pursuant to clause 9 of subsection 127(1) of the Act, Pasternak shall pay an administrative penalty in the amount of $87,435 for his failure to comply with Ontario securities law. The administrative penalty in the amount of $87,435 shall be for allocation to or for the benefit of third parties, including investors who lost money as a result of purchasing securities of MX-IV, in accordance with subsection 3.4(2)(b) of the Act;

(i) pursuant to clause 10 of subsection 127(1) of the Act, Pasternak shall disgorge to the Commission the amount of $87,435 obtained as a result of his non-compliance with Ontario securities law. The amount of $87,435 disgorged shall be for allocation to or for the benefit of third parties, including investors who lost money as a result of purchasing securities of MX-IV, in accordance with subsection 3.4(2)(b) of the Act; and

(j) pursuant to subsection 37(1) of the Act, Pasternak is prohibited permanently from telephoning from within Ontario to any residence within or outside Ontario for the purpose of trading in any security or in any class of securities.

DATED at Toronto this _____ day of _____, 2011.

3.1.4 Ameron Oil and Gas Ltd. et al.

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

AND

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

SETTLEMENT AGREEMENT
BETWEEN STAFF AND
ALLAN WALKER

PART I – INTRODUCTION

1. By Notice of Hearing dated December 13, 2010, the Ontario Securities Commission (the "Commission") announced that it proposed to hold a hearing, commencing on December 20, 2010, 2010, pursuant to sections 37, 127, and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), to consider whether it is in the public interest to make orders, as specified therein, against Ameron Oil and Gas Ltd. ("Ameron"), MX-IV LTD. ("MX-IV"), Gaye Knowles, Giorgio Knowles, Anthony Howorth ("Howorth"), Vadim Tsatskin ("Tsatskin"), Mark Grinshpun ("Grinshpun"), Oded Pasternak ("Pasternak") and Allan Walker ("Walker") (collectively the "Respondents"). The Notice of Hearing was issued in connection with the allegations as set out in the Statement of Allegations of Staff of the Commission ("Staff') dated December 13, 2010. Staff filed an Amended Statement of Allegations dated October 5, 2011.

2. The Commission will issue a Notice of Hearing to announce that it will hold a hearing to consider whether, pursuant to sections 37 and 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 Walker.

PART II – JOINT SETTLEMENT RECOMMENDATION

3. Staff agree to recommend settlement of the proceeding initiated by the Notice of Hearing dated December 13, 2010 against Walker (the "Proceeding") in accordance with the terms and conditions set out below. Walker consents to the making of an order in the form attached as Schedule "A", based on the facts set out below.

PART III – AGREED FACTS

Global Energy Group Ltd. and the New Gold Securities

4. From approximately June 2007 to June 2008, Global Energy Group, Ltd. ("Global Energy"), and employees and agents of Global Energy, distributed units in limited partnerships called New Gold Limited Partnerships (the "New Gold securities") to members of the public. The New Gold securities purported to entitle the purchaser to an interest in oil wells in the State of Kentucky in the United States of America.

5. Neither Global Energy nor any of the agents selling the New Gold securities was registered in any capacity with the Commission and the New Gold securities were not qualified by a prospectus.

6. The distribution of the New Gold securities to members of the public by Global Energy, its salespersons and agents, ended in and around June of 2008 following the execution of search warrants by Staff on offices related to Global Energy.

7. On June 8, 2010, the Commission issued a Notice of Hearing accompanied by Staff's Statement of Allegations in the matter of Global Energy, New Gold Limited Partnerships ("New Gold") and various individual respondents including Walker. The allegations included that Global Energy, as well as certain salespersons, representatives or agents of Global Energy, engaged in a course of conduct relating to securities that they knew or reasonably ought to have known perpetrated a fraud on persons purchasing the New Gold securities contrary to subsection 126.1(b) of the Act.

8. On April 1, 2011, the Commission laid an information in the Ontario Court of Justice in respect of Tsatskin and on April 4, 2011 Tsatskin pled guilty to one count of fraud contrary to subsections 126.1(b) and 122(c) of the Act. In his plea, Tsatskin

admitted that the New Gold securities were fraudulently represented to constitute ownership interests in Kentucky oil and gas leases.

9. Walker was a salesperson at Global Energy, and a named respondent in the Global Energy matter. Walker was not a director or directing mind of Global Energy.

Background Regarding Ameron

10. In 2007, Tsatskin established an International Business Company ("IBC") in the Bahamas under the name American Oil & Gas Resources Inc. ("American Oil"). American Oil had no operations and was eventually struck off the register as an IBC for non-payment of fees.

11. In 2009, Tsatskin had American Oil restored and renamed Ameron Oil and Gas Ltd.

12. From approximately June of 2009 up to and including April 8, 2010 (the "Material Time"), Tsatskin and Grinshpun were the directing minds and principal officers of Ameron.

13. During the Material Time, the directors of Ameron were Gaye Knowles, Giorgio Knowles and Howorth (the "Ameron Directors"). The Ameron Directors are residents of the Bahamas.

14. In its promotional materials and on its website, Ameron purported to be a company "formed for the purpose of finding, developing and producing America's crude Oil and Natural Gas reserves."

15. The primary business of Ameron was selling units of a series of limited partnerships (the "MX-IV securities") to members of the public. The MX-IV securities purported to entitle the purchaser to an interest in four oil wells located in the State of Kentucky in the United States of America.

16. The sales of the MX-IV securities to members of the public by Ameron and its salespersons and agents took place from offices in the Toronto area (the "Ontario Offices").

17. Members of the public were solicited to purchase full units of the MX-IV securities for $49,000. Ameron also offered the opportunity to purchase quarter-units and half-units of the MX-IV securities.

18. Neither Ameron nor MX-IV has ever filed a prospectus with the Commission with respect to the MX-IV securities. There were no exemptions under the Act that permitted the trading of these securities.

19. During the Material Time, Tsatskin and Grinshpun supervised and directed the sale of the MX-IV securities by Ameron, its salespersons and agents, from the Ontario Offices.

20. Approximately $615,500 was raised from the sale of the MX-IV securities to approximately 15 investors as a result of the activities of salespersons, representatives or agents of Ameron.

21. Ameron and MX-IV have never been registered with the Commission in any capacity.

Trading in MX-IV Securities by Walker

22. Walker is a resident of Ontario.

23. From approximately February of 2010 until April 8, 2010, Walker engaged in trading of MX-IV securities to members of the public from the Ontario Offices under the direction and supervision of Grinshpun.

24. Walker was provided with a script by Grinshpun (the “Ameron Script”) to assist him in his sales of the MX-IV securities to members of the public.

25. When contacting members of the public across Canada for the purpose of selling MX-IV securities, Walker said that he was calling from the Bahamas.

26. During the Material Time, Walker provided information contained in the Ameron Script to potential investors in the MX-IV securities that was false, inaccurate and misleading, including, but not limited to, information with respect to:

- Ameron’s operational history;
- the nature and extent of the assets owned by Ameron and/or MX-IV;

- the business and operations of Ameron and MX-IV; and
- the use of proceeds from the sale of the MX-IV securities.

27. Brochures containing false, inaccurate and misleading information about Ameron and the MX-IV securities were also forwarded to persons that Walker contacted.

28. Walker would have received a sales commission of 19% for each sale of MX-IV securities he made to a new investor.

29. Walker did not make any sales of the MX-IV securities. Walker was paid approximately $2,000 in advances on future sales during his time working as a salesperson at Ameron.

30. Walker was not registered with the Commission in any capacity during the Material Time.

PART IV – CONDUCT CONTRARY TO THE PUBLIC INTEREST

31. By engaging in the conduct described above, Walker admits and acknowledges that he contravened Ontario securities law during the Material Time in the following ways:

(a) During the Material Time, Walker engaged or participated in acts, practices or courses of conduct relating to the MX-IV securities that Walker knew or reasonably ought to have known perpetrated a fraud on persons or companies, contrary to subsection 126.1(b) and contrary to the public interest;

(b) During the Material Time, Walker traded in securities without being registered to trade in securities, contrary to subsection 25(1) of the Act, as that section existed at the time the conduct commenced and as subsequently amended on September 28, 2009, and contrary to the public interest; and

(c) During the Material Time, Walker traded in MX-IV securities when a preliminary prospectus and a prospectus in respect of such securities had not been filed and receipts had not been issued for them by the Director, contrary to subsection 53(1) of the Act and contrary to the public interest.

32. Walker admits and acknowledges that he acted contrary to the public interest by contravening Ontario securities law as set out in sub-paragraphs 31 (a) to (c) above.

PART V – TERMS OF SETTLEMENT

33. Walker agrees to the terms of settlement listed below.

34. The Commission will make an order, pursuant to section 37 and subsection 127(1) of the Act, that:

(a) the Settlement Agreement is approved;

(b) trading in any securities by Walker cease permanently from the date of the approval of the Settlement Agreement;

(c) the acquisition of any securities by Walker is prohibited permanently from the date of the approval of the Settlement Agreement;

(d) any exemptions contained in Ontario securities law do not apply to Walker permanently from the date of the approval of the Settlement Agreement;

(e) Walker is reprimanded;

(f) Walker is prohibited permanently from the date of the approval of the Settlement Agreement from becoming or acting as a director or officer of any issuer, registrant, or investment fund manager;

(g) Walker is prohibited permanently from the date of the approval of the Settlement Agreement from becoming or acting as a registrant, as an investment fund manager or as a promoter; and

(h) Walker shall disgorge to the Commission the amount of $2,000 obtained as a result of his non-compliance with Ontario securities law. The amount of $2,000 disgorged shall be for allocation to or for the benefit of third parties, including investors who lost money as a result of purchasing MX-IV securities, in accordance with subsection 3.4(2)(b) of the Act;

(i) Walker shall pay an administrative penalty in the amount of $42,500 for his failure to comply with Ontario securities law. The administrative penalty in the amount of $42,500 shall be for allocation to or for the benefit of third parties, including investors who lost money as a result of purchasing MX-IV securities, in accordance with subsection 3.4(2)(b) of the Act; and

(j) Walker is prohibited permanently, from the date of the approval of the Settlement Agreement, from telephoning from within Ontario to any residence within or outside Ontario for the purpose of trading in any security or any class of securities.

35. Walker undertakes to consent to a regulatory order made by any provincial or territorial securities regulatory authority in Canada containing any or all of the sanctions set out in sub-paragraphs 34 (b) to (g) and (j) above.

PART VI – STAFF COMMITMENT

36. If this Settlement Agreement is approved by the Commission, Staff will not initiate any other proceeding under the Act against Walker in relation to the facts set out in Part III herein, subject to the provisions of paragraph 37 below.

37. If this Settlement Agreement is approved by the Commission, and at any subsequent time Walker fails to honour the terms of the Settlement Agreement, Staff reserve the right to bring proceedings under Ontario securities law against Walker 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

38. 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 Walker for the scheduling of the hearing to consider the Settlement Agreement.

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

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

41. 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.

42. Whether or not this Settlement Agreement is approved by the Commission, Walker 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

43. 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 Walker leading up to its presentation at the settlement hearing, shall be without prejudice to Staff and Walker; and

(b) Staff and Walker 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 Amended Statement of Allegations of Staff, unaffected by the Settlement Agreement or the settlement discussions/negotiations.

44. 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 Walker and Staff or as may be required by law.

PART IX – EXECUTION OF SETTLEMENT AGREEMENT

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

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

Dated this 20th day of October, 2011.

Signed in the presence of:

"Slava Brikman" ***"Allan Walker"***
Witness: **Allan Walker**

Dated this 20th day of October, 2011

"Tom Atkinson"
STAFF OF THE ONTARIO SECURITIES COMMISSION
per Tom Atkinson
Director, Enforcement Branch

Dated this 20th day of October, 2011

SCHEDULE "A"

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

AND

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

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN STAFF OF
THE ONTARIO SECURITIES COMMISSION AND
ALLAN WALKER

ORDER
(Sections 37 and 127(1))

WHEREAS by Notice of Hearing dated December 13, 2010, the Ontario Securities Commission (the "Commission") announced that it proposed to hold a hearing, commencing on December 20, 2010, pursuant to sections 37, 127, and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), to consider whether it is in the public interest to make orders, as specified therein, against Ameron Oil and Gas Ltd., MX-IV LTD. ("MX-IV"), Gaye Knowles, Giorgio Knowles, Anthony Howorth, Vadim Tsatskin, Mark Grinshpun, Oded Pasternak and Allan Walker ("Walker"). The Notice of Hearing was issued in connection with the allegations as set out in the Statement of Allegations of Staff of the Commission ("Staff") dated December 13, 2010;

AND WHEREAS Staff filed an Amended Statement of Allegations dated October 5, 2011;

AND WHEREAS Walker entered into a settlement agreement with Staff dated October _____, 2011 (the "Settlement Agreement") in which Walker agreed to a proposed settlement of the proceeding commenced by the Notice of Hearing dated December 13, 2010, subject to the approval of the Commission;

WHEREAS on October _____, 2011, the Commission issued a Notice of Hearing pursuant to sections 37 and 127 of the Act to announce that it proposed to hold a hearing to consider whether it is in the public interest to approve the Settlement Agreement;

AND UPON reviewing the Settlement Agreement, the Notices of Hearing, and the Statements of Allegations of Staff, and upon hearing submissions from counsel for Walker 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 Walker cease permanently;

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

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

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

(f) pursuant to clauses 8, 8.2, and 8.4 of subsection 127(1) of the Act, Walker is prohibited permanently from becoming or acting as a director or officer of any issuer, registrant, or investment fund manager;

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

(h) pursuant to clause 9 of subsection 127(1) of the Act, Walker shall pay an administrative penalty in the amount of $42,500 for his failure to comply with Ontario securities law. The administrative penalty in the amount of $42,500 shall be for allocation to or for the benefit of third parties, including investors who lost money as a result of purchasing securities of MX-IV, in accordance with subsection 3.4(2)(b) of the Act;

(i) pursuant to clause 10 of subsection 127(1) of the Act, Walker shall disgorge to the Commission the amount of $2,000 obtained as a result of his non-compliance with Ontario securities law. The amount of $2,000 disgorged shall be for allocation to or for the benefit of third parties, including investors who lost money as a result of purchasing securities of MX-IV, in accordance with subsection 3.4(2)(b) of the Act; and

(j) pursuant to subsection 37(1) of the Act, Walker is prohibited permanently from telephoning from within Ontario to any residence within or outside Ontario for the purpose of trading in any security or in any class of securities.

DATED at Toronto this _____ day of _____, 2011.

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Chapter 4

Cease Trading Orders

4.1.1 Temporary, Permanent & Rescinding Issuer Cease Trading Orders

Company Name	Date of Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/Revoke
Prestige Telecom Inc.	18 Oct 11	31 Oct 11	31 Oct 11	
FMI Holdings Ltd.	19 Oct 11	31 Oct 11	31 Oct 11	

4.2.1 Temporary, Permanent & Rescinding Management Cease Trading Orders

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

THERE ARE NO ITEMS FOR THIS WEEK.

4.2.2 Outstanding Management & Insider Cease Trading Orders

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

THERE ARE NO ITEMS FOR THIS WEEK.

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Chapter 7

Insider Reporting

This chapter is available in the print version of the OSC Bulletin, as well as as in Carswell's internet service SecuritiesSource (see www.carswell.com).

This chapter contains a weekly summary of insider transactions of Ontario reporting issuers in the System for Electronic Disclosure by Insiders (SEDI). The weekly summary contains insider transactions reported during the seven days ending Sunday at 11:59 pm.

To obtain Insider Reporting information, please visit the SEDI website (www.sedi.ca).

Chapter 8

Notice of Exempt Financings

REPORTS OF TRADES SUBMITTED ON FORMS 45-106F1 AND 45-501F1

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
10/07/2011	2	17Capital Fund 2 L.P. - Limited Partnership Interest	140,049,760.00	N/A
09/10/2010 to 09/29/2011	34	AGF Flameguard Ltd. - Common Shares	1,566,961.53	22,771,782.00
10/04/2011	20	Alpaca Resources Inc. - Units	326,000.00	2,608,000.00
09/28/2011	9	Annapolis Investment Limited Partnership VI - Units	7,695,000.00	7,695,000.00
10/04/2011	29	Asher Resources Corporation - Common Shares	466,131.28	1,664,755.00
09/29/2011	30	Aston Hill Energy 2011 FT Limited Partnership - Limited Partnership Units	2,260,000.00	90,400.00
09/28/2011	5	Automated Benefits Corp. - Capital Commitment	20,486.00	80,337.00
09/02/2011	3	BAC Canada Finance Company - Notes	6,100,000.00	3.00
10/11/2011	1	BAE Systems plc - Note	14,345,149.49	1.00
09/01/2011	13	Bank of America Corporation - Notes	4,300,000.00	43,000.00
09/28/2011	7	BCGold Corp. - Units	126,080.00	1,134,000.00
08/18/2011	2	Bison Income Trust II - Trust Units	42,500.00	4,250.00
10/06/2011	104	Blue Gold Mining Inc. - Units	24,590,000.00	24,590,000.00
06/23/2011	28	Blue Note Mining Inc. - Common Shares	759,800.00	7,848,000.00
09/30/2011	32	Bowmore Exploration Ltd. - Flow-Through Shares	1,900,000.00	3,800,000.00
09/28/2011	30	Canadian Coyote Energy Trust - Trust Units	117,500.00	117,500.00
09/21/2011	10	Canadian Imperial Bank of Commerce - Notes	1,000,000.00	10,000.00
09/29/2011	12	Canadian Imperial Bank of Commerce - Notes	777,450.00	7,500.00
09/28/2011	1	Care.com, Inc. - Preferred Shares	10,453.94	1,149.00
09/30/2011	5	Carp Retirement Properties Limited Partnership - Limited Partnership Units	400,000.00	8.00
10/04/2011	9	Desert Gold Ventures Inc. - Receipts	3,712,250.00	4,949,665.00
10/03/2011	1	ExamWorks Group, Inc. - Common Shares	1,730,724.00	153,979.00
10/17/2011	3	Faircourt Gold Income Corp. - Rights	0.00	12,300.00
10/12/2011	1	First Leaside Beverages Group LP - Units	50,000.00	50,000.00
10/12/2011	1	First Leaside Primetime Living Limited Partnership - Units	50,000.00	50,000.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
10/06/2011 to 10/12/2011	4	First Leaside Venture Limited Partnership - Units	290,001.00	290,001.00
09/29/2011	23	Firstar Sports Inc. - Debentures	2,014,000.00	2,014.00
10/07/2011	1	Flex Fund - Trust Units	9,781.00	9,781.00
09/28/2011	11	Gemoscan Canada, Inc. - Units	619,999.80	1,771,428.00
10/04/2011	8	Glass Earth Gold Limited - Units	386,100.00	702,000.00
05/09/2011	37	Gold Bullion Development Corp. - Common Shares	4,782,089.53	7,976,103.00
06/28/2011	1	Golden Share Mining Corporation - Common Shares	0.00	21,690,000.00
09/19/2011	3	Greenscape Capital Group Inc. - Common Shares	271,691.00	1,358,455.00
10/07/2011	16	Greybrook Fergus Limited Partnership - Units	4,557,300.00	45,573.00
07/29/2011	12	Hi Ho Silver Resources Inc. - Units	160,000.00	2,000,000.00
10/06/2011 to 10/12/2011	142	Home Quarter Resources Ltd. - Common Shares	25,000,000.00	12,500,000.00
09/30/2011	4	Infrastructure Coalition LP - Limited Partnership Interest	4.00	N/A
05/27/2011	1	Ivernia Inc. - Common Shares	20,000,000.08	93,370,682.00
10/12/2011	3	Joy Global Inc. - Notes	11,085,478.40	3.00
06/24/2011	1	Manitou Gold Inc. - Common Shares	0.00	20,000.00
10/03/2011	10	Member-Partners Solar Energy Limited Partnership - Units	348,900.00	348,900.00
10/05/2011	1	Morgan Stanley Capital I Trust 2011-C3 - Certificates	277,927.74	4,183.33
10/01/2011	3	New Haven Mortgage Income Fund (1) Inc. - Special Shares	245,000.00	N/A
07/31/2011	2	Newstart Canada - Notes	115,000.00	2.00
06/10/2011	3	Otis Gold Corp. - Common Shares	322,500.00	750,000.00
10/03/2011	12	Parkside Resources Corporation - Units	115,000.00	1,150,000.00
09/30/2011	10	Pennant Pure Yield Fund - Trust Units	233,500.00	23,350.00
10/05/2011	1	Rambler Metals and Mining plc - Common Shares	300,000.00	647,227.00
10/13/2011	5	Redbourne Realty Fund II Inc. - Common Shares	990,624.00	990.62
09/30/2011	1	Redev Properties Capital Pool IV Inc. - Bonds	10,000.00	100.00
06/10/2011	21	Redline Communications Group Inc. - Debentures	8,300,000.00	N/A
10/06/2011	1	Regency Metals Corp. - Common Shares	40,000.00	100,000.00
10/06/2011	20	Roxgold Inc. - Receipts	20,000,500.00	23,530,000.00
10/05/2011	20	Solimar Energy Limited - Receipts	2,451,934.00	34,054,639.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
10/06/2011 to 10/12/2011	9	Special Notes Limited Partnership - Units	785,000.00	785,000.00
06/30/2011 to 08/31/2011	21	Stylus US Blended Equity Fund of the Stylus Pooled Funds - Units	4,272,675.74	435,176.17
10/31/2010 to 07/31/2011	14	Stylus Value with Income Fund of the Stylus Pooled Funds - Units	1,309,114.63	88,484.00
06/30/2011 to 08/31/2011	5	Stylus Wealth Protection Fund of the Stylus Pooled Funds - Units	1,675,628.06	169,167.53
10/03/2011 to 10/12/2011	3	The Newport Balanced Fund - Trust Units	94,247.82	976.46
10/03/2011 to 10/12/2011	15	The Newport Canadian Equity Fund - Trust Units	636,159.00	N/A
10/03/2011 to 10/12/2011	4	The Newport Fixed Income Fund - Trust Units	4,707.26	500,000.00
10/03/2011 to 10/12/2011	2	The Newport Global Equity Fund - Trust Units	100,000.00	1,784.74
10/03/2011 to 10/12/2011	20	The Newport Yield Fund - Trust Units	1,186,906.62	1,381.00
09/22/2011	37	TheraVitae Inc. - Units	230,000.00	23,000,000.00
10/04/2011	15	TheraVitae Inc. - Units	164,400.00	16,440,000.00
09/12/2011	4	Time Warner Cable Inc. - Notes	1,973,656.63	4.00
08/19/2011 to 08/23/2011	9	Trez Capital Corporation - Mortgage	2,950,000.00	2,950,000.00
08/09/2011	6	Trez Capital Corporation - Mortgage	2,200,000.00	2,200,000.00
10/14/2011	1	Tribute Resources Inc. - Debenture	500,000.00	1.00
09/23/2011	15	UBS AG, London Branch - Notes	2,510,000.00	25,100.00
10/07/2011	27	Walton Fletcher Mills Investment Corporation - Common Shares	676,400.00	67,640.00
09/26/2011	60	War Eagle Mining Company Inc. - Units	990,000.00	3,960,000.00
10/04/2011	8	Wave Accounting Inc. - Preferred Shares	5,118,467.77	3,484,321.00
09/29/2011	59	White Bear Resources Inc. - Receipts	1,200,000.00	12,000,000.00
10/06/2011	1	Wimberly Apartments Limited Partnership - Units	48,314.24	75,491.00
10/03/2011	1	York Select Unit Trust - Trust Units	260,979.12	N/A
09/30/2011	1	Z-Gold Exploration Inc. - Common Shares	50,000.00	333,333.33

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Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
49 North 2011 Resource Flow-Through Limited Partnership
Principal Regulator - Saskatchewan
Type and Date:
Preliminary Long Form Prospectus dated October 31, 2011
NP 11-202 Receipt dated November 1, 2011
Offering Price and Description:
$10,000,000.00 (MAXIMUM OFFERING) - A MAXIMUM OF 1,000,000 LIMITED PARTNERSHIP UNITS $1,000,000.00 (MINIMUM OFFERING) A MINIMUM OF 100,000 LIMITED PARTNERSHIP UNITS PRICE PER UNIT: $10.00 MINIMUM SUBSCRIPTION: $2,000 (200 Units)
Underwriter(s) or Distributor(s):
MGI Securities Inc.
Promoter(s):
49 North 2011 Resource Fund Inc.
Tom MacNeill
Project #1817556

Issuer Name:
Atico Mining Corporation
Principal Regulator - British Columbia
Type and Date:
Preliminary Long Form Prospectus dated October 28, 2011
NP 11-202 Receipt dated October 31, 2011
Offering Price and Description:
$6,000,000.00 -12,000,000 Common Shares Price: $0.50 per Offered Share
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
Promoter(s):
Jorge A. Ganoza Durant
Luis D. Ganoza Durant
Project #1816900

Issuer Name:
BMO LifeStage 2017 Class
BMO LifeStage 2020 Class
BMO LifeStage 2025 Class
BMO LifeStage 2030 Class
BMO LifeStage 2035 Class
BMO LifeStage 2040 Class
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectuses dated October 24, 2011
NP 11-202 Receipt dated October 26, 2011
Offering Price and Description:
Series A Securities
Underwriter(s) or Distributor(s):
BMO INVESTMENTS INC.
BMO Investments Inc.
Promoter(s):
BMO INVESTMENTS INC.
Project #1815206

Issuer Name:
BOOST CAPITAL CORP.
Principal Regulator - Ontario
Type and Date:
Preliminary CPC Prospectus dated October 25, 2011
NP 11-202 Receipt dated October 26, 2011
Offering Price and Description:
$200,000.00 or 2,000,000 Common Shares Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
Jordan Capital Markets Inc.
Promoter(s):
Martin J. Doane
Project #1814906

Issuer Name:
C8 Venture Capital Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary CPC Prospectus dated October 28, 2011
NP 11-202 Receipt dated October 31, 2011
Offering Price and Description:
Maximum Offering: $600,000.00 or 6,000,000 Common Shares; Minimum Offering: $400,000.00 or 4,000,000 Common Shares Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
LEEDE FINANCIAL MARKETS INC.
Promoter(s):
John P. Culligan
Project #1816876

Issuer Name:
Canadian National Railway Company
Principal Regulator - Quebec
Type and Date:
Preliminary Base Shelf Prospectus dated October 31, 2011
NP 11-202 Receipt dated October 31, 2011
Offering Price and Description:
$2,500,000,000.00 - Debt Securities
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1817385

Issuer Name:
Capstone Infrastructure Corporation
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated October 27, 2011
NP 11-202 Receipt dated October 27, 2011
Offering Price and Description:
$75,000,000.00 - 12,000,000 Common Shares $6.25 per Common Share
Underwriter(s) or Distributor(s):
TD Securities Inc.
RBC Dominion Securities Inc.
Macquarie Capital Markets Canada Ltd.
CIBC World Markets Inc.
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Canaccord Genuity Corp.
Cormark Securities Inc.
M Partners Inc.
Promoter(s):
-
Project #1815699

Issuer Name:
Donnybrook Energy Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated October 28, 2011
NP 11-202 Receipt dated October 28, 2011
Offering Price and Description:
$12,004,000.00 - $4,000,000 - 8,000,000 Offered Shares and $8,004,000.00 -13,800,000 Flow-Through Shares Price: $0.50 per Offered Share and $0.58 per Flow-Through Share
Underwriter(s) or Distributor(s):
DUNDEE SECURITIES LTD.
GMP SECURITIES L.P.
FRASER MACKENZIE LIMITED
Promoter(s):
-
Project #1816559

Issuer Name:
Focused Capital II Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary CPC Prospectus dated October 31, 2011
NP 11-202 Receipt dated November 1, 2011
Offering Price and Description:
$250,000.00 or 1,250,000 Common Shares Price: $0.20 per Common Share
Underwriter(s) or Distributor(s):
Haywood Securities Inc.
Promoter(s):
Mark Goodman
Project #1817405

Issuer Name:
Gold and Silver Enhanced Income Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated October 31, 2011
NP 11-202 Receipt dated October 31, 2011
Offering Price and Description:
$* Maximum - * Units Price: $12 per Unit Minimum purchase: 100 Units
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
Canaccord Genuity Corp.
Desjardins Securities Inc.
GMP Securities L.P.
HSBC Securities (Canada) Inc.
Mackie Research Capital Corporation
Macquarie Private Wealth Inc.
Manulife Securities Incorporated
Raymond James Ltd.
Promoter(s):
STRATHBRIDGE ASSET MANAGEMENT INC.
Project #1817257

Issuer Name:
Khalkos Exploration Inc.
Principal Regulator - Quebec
Type and Date:
Preliminary Long Form Prospectus dated October 27, 2011
NP 11-202 Receipt dated October 28, 2011
Offering Price and Description:
Minium Offering: $1,400,000 - (2,500,000.00 Flow-Thorugh Units ($700,000) and 3,181,819 Hard-Cash units ($700,000) Maximum Offering: $5,800,000.00 (13,571,429 Flow-Through Units ($3,8000,000) and 9,090,910 Hard-Cash Units ($2,000,000)) Price: $0.28 per Flow-Through Unit $0.22 per Hard-Cash Unit
Underwriter(s) or Distributor(s):
Industrielle Alliance Securities Inc.
Promoter(s):
Dominique Doucet
Project #1815558

Issuer Name:
Lysander Balanced Fund
Lysander Canadian Bond Fund
Lysander Income Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated October 27, 2011
NP 11-202 Receipt dated October 31, 2011
Offering Price and Description:
Series A and Series F Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
Lysander Funds Limited
Project #1816003

Issuer Name:
Paramount Resources Ltd.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated October 31, 2011
NP 11-202 Receipt dated October 31, 2011
Offering Price and Description:
$156,375,000.00 - 4,500,000 Class A Common Shares
Price: $34.75 per Share
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
Peters & Co. Limited
Stifel Nicolaus Canada Inc.
Cormark Securities Inc.
FirstEnergy Capital Corp.
RBC Dominion Securities Inc.
Scotia Capital Inc.
Canaccord Genuity Corp.
CIBC World Markets Inc.
GMP Securities L.P.
TD Securities Inc.
Promoter(s):
-
Project #1817246

Issuer Name:
Temple Real Estate Investment Trust
Principal Regulator - Manitoba
Type and Date:
Preliminary Short Form Prospectus dated October 26, 2011
NP 11-202 Receipt dated October 26, 2011
Offering Price and Description:
5 YEAR 8.00% SERIES C CONVERTIBLE REDEEMABLE UNSECURED SUBORDINATED DEBENTURES
$20,000,000.00
Underwriter(s) or Distributor(s):
NATIONAL BANK FINANCIAL INC.
HSBC SECURITIES (CANADA) LTD.
MACKIE RESEARCH CAPITAL CORPORATION.
RAYMOND JAMESLIMITED
DUNDEE SECURITIES LTD.
DESJARDINS SECURITIES INC.
LIGHTYEAR CAPITAL INC.
Promoter(s):
-
Project #1815127

Issuer Name:
Tempus Capital Inc.
Principal Regulator - Ontario
Type and Date:
Amended and Restated Preliminary CPC Prospectus dated October 25, 2011
NP 11-202 Receipt dated October 26, 2011
Offering Price and Description:
Minimum Offering: $400,000.00 or 2,666,667 common shares; Maximum Offering: $600,000.00 or 4,000,000 common shares Price: $0.15 per Common Share
Underwriter(s) or Distributor(s):
Northern Securities Inc.
Promoter(s):
Peter M. Clausi
Brian Crawford
Project #1802163

Issuer Name:
THÉBEX INC.
Principal Regulator - Quebec
Type and Date:
Preliminary Long Form Prospectus dated October 31, 2011
NP 11-202 Receipt dated November 1, 2011
Offering Price and Description:
Minimum Offering: $3,000,000.00; Maximum Offering: $5,500,000.00 - Non Flow-Through Units: Minimum of $1,000,000 (1,000 Non Flow-Through Units) and a Maximum of $1,500,000 (1,500 Non Flow-Through Units) at $1,000 per Non Flow-Through Unit Flow-Through Units: Minimum of $2,000,000 (1,333 Flow-Through Units) and a Maximum of $4,000,000 (2,666 Flow-Through Units) at $1,500 per Flow-Through Unit
Underwriter(s) or Distributor(s):
CTI CAPITAL VALEURS MOBILIÈRES INC.
Promoter(s):
Donald Théberge
Project #1817393

Issuer Name:
Victoria Gold Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated October 26, 2011
NP 11-202 Receipt dated October 26, 2011
Offering Price and Description:
$30,075,000 -Minimum: 43,619,565 Common Shares and Minimum: 9,100,000 Flow-Through Common Shares
Price: $0.46 per Offered Share and
$0.55 per Flow-Through Share
Underwriter(s) or Distributor(s):
BMO NESBITT BURNS INC.
NATIONAL BANK FINANCIAL INC.
CORMARK SECURITIES INC.
PARADIGM CAPITAL INC.
GMP SECURITIES L.P.
RAYMOND JAMES LTD.
SCOTIA CAPITAL INC.
Promoter(s):
-
Project #1815176

Issuer Name:
ACTIVEnergy Income Fund
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated October 26, 2011
NP 11-202 Receipt dated October 27, 2011
Offering Price and Description:
Offering of 15,900,000 Rights to purchase a maximum of 5,300,000 Trust Units Subscription Price: Three Rights and $7.25 per Trust Unit The Subscription Price equals approximately 88% of the closing price per Trust Unit on the Toronto Stock Exchange on October 25, 2011
Underwriter(s) or Distributor(s):
Middlefield Capital Corporation
Promoter(s):
-
Project #1806779

Issuer Name:
RBC Target 2020 Education Fund
RBC Target 2025 Education Fund
(Series A and Series D units)
Principal Regulator - Ontario
Type and Date:
Amendment #2 dated October 21, 2011 to the Simplified Prospectus and Annual Information Form dated June 29, 2011
NP 11-202 Receipt dated October 28, 2011
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Royal Mutual Funds Inc.
RBC Direct Investing Inc.
Royal Mutual Funds Inc./RBC Direct Investing Inc.
Promoter(s):
RBC Global Asset Management Inc.
Project #1724368

Issuer Name:
BMO Harris Canadian Money Market Portfolio
BMO Harris Canadian Bond Income Portfolio
BMO Harris Canadian Total Return Bond Portfolio
BMO Harris Canadian Corporate Bond Portfolio
BMO Harris Diversified Yield Portfolio
BMO Harris Canadian Income Equity Portfolio
BMO Harris Canadian Conservative Equity Portfolio
BMO Harris Canadian Growth Equity Portfolio
BMO Harris Canadian Special Growth Portfolio
BMO Harris U.S. Equity Portfolio
BMO Harris U.S. Growth Portfolio
BMO Harris International Equity Portfolio
BMO Harris International Special Equity Portfolio
BMO Harris Emerging Markets Equity Portfolio
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated October 24, 2011
NP 11-202 Receipt dated October 27, 2011
Offering Price and Description:
Mutual Fund Trust Units
Underwriter(s) or Distributor(s):
BMO Investments Inc..
Promoter(s):
-
Project #1803795

Issuer Name:
Calloway Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Final Base Shelf Prospectus dated October 31, 2011
NP 11-202 Receipt dated October 31, 2011
Offering Price and Description:
$2,000,000,000.00:
Units
Subscription Receipts
Warrants
Debt Securities
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1814064

Issuer Name:
Canadian Natural Resources Limited
Principal Regulator - Alberta
Type and Date:
Final Base Shelf Prospectus dated October 28, 2011
NP 11-202 Receipt dated October 28, 2011
Offering Price and Description:
$3,000,000,000.00 - Medium Term Notes (unsecured)
Underwriter(s) or Distributor(s):
RBC DOMINION SECURITIES INC.
SCOTIA CAPITAL INC.
CIBC WORLD MARKETS INC.
BMO NESBITT BURNS INC.
MERRILL LYNCH CANADA INC.
DESJARDINS SECURITIES INC.
ALTACORP CAPITAL INC.
Promoter(s):
-
Project #1813001

Issuer Name:
Canadian Premium Select Income Fund
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated October 28, 2011
NP 11-202 Receipt dated October 31, 2011
Offering Price and Description:
Maximum: $100,000,000.00 - 8,333,333 Units @ $12.00 per Unit; Minimum: $20,000,000.00 -1,666,667 Units @ $12.00 per Unit
Underwriter(s) or Distributor(s):
CIBC WORLD MARKETS INC.
BMO NESBITT BURNS INC.
RBC DOMINION SECURITIES INC.
CANACCORD GENUITY CORP.
NATIONAL BANK FINANCIAL INC.
SCOTIA CAPITAL INC.
TD SECURITIES INC.
DESJARDINS SECURITIES INC.
RAYMOND JAMES LTD.
HSBC SECURITIES (CANADA) INC.
MACQUARIE PRIVATE WEALTH INC.
DUNDEE SECURITIES LTD.
INDUSTRIAL ALLIANCE SECURITIES INC.
Promoter(s):
Harvest Portfolios Group Inc.
Project #1808110

Issuer Name:
Colossus Minerals Inc.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated October 28, 2011
NP 11-202 Receipt dated October 28, 2011
Offering Price and Description:
$75,000,000.00 - 75,000 Units Price: $1,000 per Unit
Underwriter(s) or Distributor(s):
DUNDEE SECURITIES LTD.
CLARUS SECURITIES INC.
CANACCORD GENUITY CORP.
GMP SECURITIES L.P.
Promoter(s):
-
Project #1812985

Issuer Name:
COMPASS CONSERVATIVE PORTFOLIO
COMPASS CONSERVATIVE BALANCED PORTFOLIO
COMPASS GROWTH PORTFOLIO
COMPASS BALANCED PORTFOLIO
COMPASS BALANCED GROWTH PORTFOLIO
COMPASS MAXIMUM GROWTH PORTFOLIO
(Series A, F1 and O units)
Principal Regulator - Alberta
Type and Date:
Final Simplified Prospectuses dated October 28, 2011
NP 11-202 Receipt dated October 31, 2011
Offering Price and Description:
Series A, F1 and O units
Underwriter(s) or Distributor(s):
ATB Investment Management Inc.
Promoter(s):
ATB Investment Management Inc.
Project #1802942

Issuer Name:
Damon Capital Corp.
Principal Regulator - British Columbia
Type and Date:
Final CPC Prospectus dated October 28, 2011
NP 11-202 Receipt dated October 31, 2011
Offering Price and Description:
Minimum Offering: $300,000.00 3,000,000 Common Shares; Maximum Offering: $500,000.00 or 5,000,000 Common Shares Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
CANACCORD GENUITY CORP.
Promoter(s):
JOSEPH ANDRE CHARLAND
Project #1807112

Issuer Name:
Diversified Alpha Fund II
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated October 27, 2011
NP 11-202 Receipt dated October 28, 2011
Offering Price and Description:
Maximum $100,000,000.00 (10,000,000 Units) Price: $10.00 per Unit Minimum Purchase: 500 Units
Underwriter(s) or Distributor(s):
CIBC WORLD MARKETS INC.
GMP SECURITIES L.P.
RBC DOMINION SECURITIES INC.
BMO NESBITT BURNS INC.
SCOTIA CAPITAL INC.
TD SECURITIES INC.
CANACCORD GENUITY CORP.
HSBC SECURITIES (CANADA) INC.
MACQUARIE PRIVATE WEALTH INC.
RAYMOND JAMES LTD.
DESJARDINS SECURITIES INC.
DUNDEE SECURITIES LTD.
MANULIFE SECURITIES INCORPORATED
Promoter(s):
PROPEL CAPITAL CORPORATION
Project #1808154

Issuer Name:
Diversified Alpha II Corp.
Principal Regulator - Ontario
Type and Date:
Final Long Form Non-Offering Prospectus dated October 27, 2011
NP 11-202 Receipt dated October 31, 2011
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1809535

Issuer Name:
Dynamic Corporate Bond Strategies Fund
Dynamic Strategic Global Bond Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated October 26, 2011
NP 11-202 Receipt dated October 31, 2011
Offering Price and Description:
Series A, F, FH, H, IP, O, OP
Underwriter(s) or Distributor(s):
Goodman & Company, Investment Counsel Ltd.
Promoter(s):
Goodman & Company, Investment Counsel Ltd.
Project #1805402

Issuer Name:
EnerVest Diversified Income Trust
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated October 31, 2011
NP 11-202 Receipt dated October 31, 2011
Offering Price and Description:
Warrants to Subscribe for up to 21,945,616 Units at a Subscription Price of $ 13.99
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1803809

Issuer Name:
Series A, Series B, Series F and Series O Units (unless otherwise indicated) of:
Fidelity Canadian Disciplined Equity Fund (Series T5, T8, S5 and S8 units also available)
Fidelity Canadian Growth Company Fund
Fidelity Canadian Large Cap Fund
Fidelity Canadian Opportunities Fund
Fidelity Dividend Fund (Series T5, T8, S5 and S8 units also available)
Fidelity Greater Canada Fund (Series T5, T8, S5 and S8 units also available)
Fidelity Dividend Plus Fund
Fidelity Special Situations Fund
Fidelity True North Fund (Series T5, T8, S5 and S8 units also available)
Fidelity American Disciplined Equity Fund (Series T5, T8, S5 and S8 units also available)
Fidelity American Disciplined Equity Currency Neutral Fund (Series O units only)
Fidelity American Opportunities Fund
Fidelity American Value Fund
Fidelity Growth America Fund (Series T5, T8, S5 and S8 units also available)
Fidelity Small Cap America Fund
Fidelity AsiaStar Fund
Fidelity China Fund
Fidelity Emerging Markets Fund
Fidelity Europe Fund
Fidelity Far East Fund
Fidelity Global Fund (Series T5, T8, S5 and S8 units also available)
Fidelity Global Disciplined Equity Fund (Series T5, T8, S5 and S8 units also available)
Fidelity Global Disciplined Equity Currency Neutral Fund (Series O units only)
Fidelity Global Dividend Fund (Series T5, T8, S5 and S8 units also available)
Fidelity Global Large Cap Fund (Series T5, T8, S5 and S8 units also available)
Fidelity Global Opportunities Fund
Fidelity Global Small Cap Fund
Fidelity International Disciplined Equity Fund (Series T5, T8, S5 and S8 units also available)
Fidelity International Disciplined Equity Currency Neutral Fund (Series O units only)
Fidelity International Value Fund
Fidelity Japan Fund
Fidelity Latin America Fund
Fidelity NorthStar Fund (Series T5, T8, S5 and S8 units also available)
Fidelity Overseas Fund
Fidelity Global Consumer Industries Fund
Fidelity Global Financial Services Fund
Fidelity Global Health Care Fund
Fidelity Global Natural Resources Fund
Fidelity Global Real Estate Fund (Series T5, T8, S5 and S8 also available)
Fidelity Global Technology Fund
Fidelity Global Telecommunications Fund
Fidelity Canadian Asset Allocation Fund (Series T5, T8, S5 and S8 units also available)

Fidelity Canadian Balanced Fund (Series T5, T8, S5 and S8 units also available)
Fidelity Monthly Income Fund (Series T5, T8, S5 and S8 units also available)
Fidelity Income Allocation Fund (Series T8 and S8 units also available)
Fidelity Global Asset Allocation Fund (Series T5, T8, S5 and S8 units also available)
Fidelity Global Monthly Income Fund (Series T5, T8, S5 and S8 units also available)
Fidelity Tactical Strategies Fund (Series T5, T8, S5, S8, F5 and F8 units also available)
Fidelity Income Portfolio (Series T5, T8, S5, S8, F5 and F8 units also available)
Fidelity Global Income Portfolio (Series T5, T8, S5, S8, F5 and F8 units also available)
Fidelity Balanced Portfolio (Series T5, T8, S5, S8, F5 and F8 units also available)
Fidelity Global Balanced Portfolio (Series T5, T8, S5, S8, F5 and F8 units also available)
Fidelity Growth Portfolio (Series T5, T8, S5, S8, F5 and F8 units also available)
Fidelity Global Growth Portfolio (Series T5, T8, S5, S8, F5 and F8 units also available)
Fidelity ClearPath 2005 Portfolio (Series T5, T8, S5 and S8 units also available)
Fidelity ClearPath 2010 Portfolio (Series T5, T8, S5 and S8 units also available)
Fidelity ClearPath 2015 Portfolio (Series T5, T8, S5 and S8 units also available)
Fidelity ClearPath 2020 Portfolio
Fidelity ClearPath 2025 Portfolio
Fidelity ClearPath 2030 Portfolio
Fidelity ClearPath 2035 Portfolio
Fidelity ClearPath 2040 Portfolio
Fidelity ClearPath 2045 Portfolio
Fidelity ClearPath Income Portfolio (Series T5, T8, S5 and S8 units also available)
Fidelity Income Replacement 2017 Portfolio (Series A, B and F units only)
Fidelity Income Replacement 2019 Portfolio (Series A, B and F units only)
Fidelity Income Replacement 2021 Portfolio (Series A, B and F units only)
Fidelity Income Replacement 2023 Portfolio (Series A, B and F units only)
Fidelity Income Replacement 2025 Portfolio (Series A, B and F units only)
Fidelity Income Replacement 2027 Portfolio (Series A, B and F units only)
Fidelity Income Replacement 2029 Portfolio (Series A, B and F units only)
Fidelity Income Replacement 2031 Portfolio (Series A, B and F units only)
Fidelity Income Replacement 2033 Portfolio (Series A, B and F units only)
Fidelity Income Replacement 2035 Portfolio (Series A, B and F units only)
Fidelity Income Replacement 2037 Portfolio (Series A, B and F units only)
Fidelity Canadian Bond Fund
Fidelity Corporate Bond Fund
Fidelity Canadian Money Market Fund (Series C and D units also available)
Fidelity Canadian Short Term Bond Fund
Fidelity American High Yield Fund
Fidelity American High Yield Currency Neutral Fund
Fidelity U.S. Money Market Fund (Series A and B units only)
Fidelity Global Bond Fund
Fidelity Global Bond Currency Neutral Fund
Fidelity Canadian Bond Capital Yield Fund (Series T5, Series S5 and Series F5 units also available)
Fidelity American High Yield Capital Yield Fund (Series T5, Series S5 and Series F5 units also available)
Principal Regulator - Ontario

Type and Date:
Final Simplified Prospectuses dated October 27, 2011
NP 11-202 Receipt dated November 1, 2011

Offering Price and Description:
Series A, B, C, D, F, F5, F8, O, S5, S8, T5 and T8 Units

Underwriter(s) or Distributor(s):
Fidelity Investments Canada Limited
Fidelity Investments Canada ULC

Promoter(s):
FIDELITY INVESTMENTS CANADA ULC

Project #1804872

Issuer Name:
Gibson Energy Inc.
Principal Regulator - Alberta

Type and Date:
Final Short Form Prospectus dated October 31, 2011
NP 11-202 Receipt dated October 31, 2011

Offering Price and Description:
$252,000,000.00 - 14,000,000 Common Shares Price: $18.00 per Common Share

Underwriter(s) or Distributor(s):
BMO NESBITT BURNS INC.
SCOTIA CAPITAL INC.
TD SECURITIES INC.
RBC DOMINION SECURITIES INC.
J.P. MORGAN SECURITIES CANADA INC.
CIBC WORLD MARKETS INC.
FIRSTENERGY CAPITAL CORP.
NATIONAL BANK FINANCIAL INC.
CITIGROUP GLOBAL MARKETS CANADA INC.
UBS SECURITIES CANADA INC.

Promoter(s):
-

Project #1814441

Issuer Name:
Series I Units (unless otherwise indicated) of:

Guardian Balanced Fund
Guardian Canadian Bond Fund
Guardian Canadian Equity Fund
Guardian Canadian Growth Equity Fund
Guardian Canadian Maple Equity Fund
Guardian Canadian Plus Equity Fund
Guardian Canadian Short-Term Investment Fund
Guardian Canadian Small/Mid Cap Equity Fund
Guardian Canadian Value Equity Fund
Guardian Equity Income Fund
Guardian Global Dividend Growth Fund (Series A Units and Series I Units)
Guardian Global Equity Fund
Guardian High Yield Bond Fund
Guardian International Equity Fund
Guardian U.S. Equity Fund
Principal Regulator - Ontario
Type and Date:
Amended and Restated Simplified Prospectuses and Annual Information Form dated September 30, 2011 (the amended prospectus) amending and restating the Simplified Prospectuses and Annual Information Form dated March 29, 2011
NP 11-202 Receipt dated November 2, 2011
Offering Price and Description:
Series A and Series I Units @ Net Asset Value
Underwriter(s) or Distributor(s):
Guardian Capital LP
Promoter(s):
Guardian Capital LP
Project #1670665

Issuer Name:
Harmony Diversified Income Pool
Harmony Global Fixed Income Pool
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated October 28, 2011
NP 11-202 Receipt dated November 1, 2011
Offering Price and Description:
Embedded Series, Series T, Series V and Wrap Series Securities
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1806580

Issuer Name:
Horizons Advantaged Equity Fund Inc.
Type and Date:
Amendment #2 dated October 26, 2011 to the Long Form Prospectus dated January 27, 2011
Receipted on November 1, 2011
Offering Price and Description:
Class A Shares, Series III
Underwriter(s) or Distributor(s):
-
Promoter(s):
CFPA Sponsor Inc.
Project #1680389

Issuer Name:
Maple Leaf Short Duration 2011-II Flow-Through Limited Partnership
(National Class Units and Québec Class Units)
Principal Regulator - British Columbia
Type and Date:
Final Long Form Prospectus dated October 28, 2011
NP 11-202 Receipt dated October 28, 2011
Offering Price and Description:
(1) National Class Units: $30,000,000.00 (Maximum) (1,200,000 National Class Units); (2) **Québec Class Units:** $15,000,000 (Maximum) (600,000 Québec Class Units)
Price per Unit: $25.00 Minimum Purchase: $5,000 (200 Units)
Underwriter(s) or Distributor(s):
SCOTIA CAPITAL INC.
BMO NESBITT BURNS INC.
NATIONAL BANK FINANCIAL INC.
GMP SECURITIES L.P.
MANULIFE SECURITIES INCORPORATED
MACQUARIE PRIVATEWEALTH INC.
CANACCORD GENUITY CORP.
HSBC SECURITIES (CANADA) INC.
RAYMOND JAMES LTD.
DESJARDINS SECURITIES INC.
INDUSTRIAL ALLIANCE SECURITIES INC.
DUNDEE SECURITIES LTD.
M PARTNERS INC.
MACKIE RESEARCH CAPITAL CORPORATION
PI FINANCIAL CORP.
UNION SECURITIES LTD.
Promoter(s):
MAPLE LEAF SHORT DURATION HOLDINGS LTD.
Project #1804806

Issuer Name:
Maple Leaf Short Duration 2011-II Flow-Through Limited Partnership
(National Class Units and Québec Class Units)
Principal Regulator - British Columbia
Type and Date:
Final Long Form Prospectus dated October 28, 2011
NP 11-202 Receipt dated October 28, 2011
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
SCOTIA CAPITAL INC.
BMO NESBITT BURNS INC.
NATIONAL BANK FINANCIAL INC.
GMP SECURITIES L.P.
MANULIFE SECURITIES INCORPORATED
MACQUARIE PRIVATE WEALTH INC.
CANACCORD GENUITY CORP.
HSBC SECURITIES (CANADA) INC.
RAYMOND JAMES LTD.
DESJARDINS SECURITIES INC.
INDUSTRIAL ALLIANCE SECURITIES INC.
DUNDEE SECURITIES LTD.
M PARTNERS INC.
MACKIE RESEARCH CAPITAL CORPORATION
PI FINANCIAL CORP.
UNION SECURITIES LTD.
Promoter(s):
MAPLE LEAF SHORT DURATION HOLDINGS LTD.
Project #1804805

Issuer Name:
Moneda LatAm Corporate Bond Fund
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated October 26, 2011
NP 11-202 Receipt dated October 28, 2011
Offering Price and Description:
Class A Units and Class U Units
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
Promoter(s):
Scotia Managed Companies Administration Inc.
Project #1785089

Issuer Name:
Painted Pony Petroleum Ltd.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated October 31, 2011
NP 11-202 Receipt dated October 31, 2011
Offering Price and Description:
$94,400,000.00 - 8,000,000 Class A Shares $11.80 per Class A Share
Underwriter(s) or Distributor(s):
Cormark Securities Inc.
FirstEnergy Capital Corp.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
Promoter(s):
-
Project #1814383

Issuer Name:
PERSEUS MINING LIMITED
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated October 26, 2011
NP 11-202 Receipt dated October 27, 2011
Offering Price and Description:
C$81,250,000.00 - 25,000,000 Ordinary Shares Price: C$3.25 per Offered Share
Underwriter(s) or Distributor(s):
CLARUS SECURITIES INC.
DUNDEE SECURITIES LTD.
CIBC WORLD MARKETS INC.
MACQUARIE CAPITAL MARKETS CANADA LTD.
BMO NESBITT BURNS INC.
CORMARK SECURITIES INC.
CANACCORD GENUITY CORP.
Promoter(s):
-
Project #1812735

Issuer Name:
Preferred Share Investment Trust
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated October 27, 2011
NP 11-202 Receipt dated October 28, 2011
Offering Price and Description:
Maximum $55,338,500.00 - 4,850,000 Units @ $11.41 per Unit
Underwriter(s) or Distributor(s):
CIBC WORLD MARKETS INC.
Promoter(s):
First Asset Investment Management Inc.
Project #1813611

Issuer Name:
Qwest Energy 2011-II Flow-Through Limited Partnership
Principal Regulator - British Columbia
Type and Date:
Final Long Form Prospectus dated November 28, 2011
NP 11-202 Receipt dated October 28, 2011
Offering Price and Description:
Maximum Offering: $25,000,000.00 (1,000,000 Units);
Minimum Offering: $5,000,000.00 (200,000 Units)
Price: $25.00 per Unit Minimum Purchase: 100 Units
Underwriter(s) or Distributor(s):
SCOTIA CAPITAL INC.
RBC DOMINION SECURITIES INC.
BMO NESBITT BURNS INC.
DUNDEE SECURITIES LTD.
MANULIFE SECURITIES INCORPORATED
CANACCORD GENUITY CORP.
MACQUARIE PRIVATE WEALTH INC.
RAYMOND JAMES LTD.
GMP SECURITIES L.P.
HSBC SECURITIES (CANADA) INC.
ROTHENBERG CAPITAL MANAGEMENT INC.
UNION SECURITIES LTD.
Promoter(s):
QWEST INVESTMENT MANAGEMENT CORP.
Project #1798558

Issuer Name:
Sarama Resources Ltd.
Principal Regulator - British Columbia
Type and Date:
Final Long Form Prospectus dated October 26, 2011
NP 11-202 Receipt dated October 26, 2011
Offering Price and Description:
Up to $15,000,000.00 - Up to 16,666,666 Units $0.90 per Unit
Underwriter(s) or Distributor(s):
Cormark Securities Inc.
GMP Securities L.P.
BMO Nesbitt Burns Inc.
Raymond James Ltd.
Promoter(s):
-
Project #1809255

Issuer Name:
Stone 2011 Flow-Through Limited Partnership
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated October 26, 2011
NP 11-202 Receipt dated October 28, 2011
Offering Price and Description:
Maximum Offering: $50,000,000.00 - 2,000,000 Units
Minimum Offering: $5,000,000.00 - 200,000 Units
Subscription Price: $25 per Unit
Underwriter(s) or Distributor(s):
CIBC WORLD MARKETS INC.
NATIONAL BANK FINANCIAL INC.
BMO NESBITT BURNS INC.
SCOTIA CAPITAL INC.
GMP SECURITIES L.P.
CANACCORD GENUITY CORP.
MACQUARIE PRIVATE WEALTH INC.
RAYMOND JAMES LTD.
HSBC SECURITIES (CANADA) INC.
BURGEONVEST BICK SECURITIES LIMITED
DUNDEE SECURITIES LTD.
INDUSTRIAL ALLIANCE SECURITIES INC.
MACKIE RESEARCH CAPITAL CORPORATION
UNION SECURITIES LTD.
Promoter(s):
Stone 2011 Flow-Through GP Inc.
Stone Asset Management Limited
Project #1798792

Issuer Name:
TD Managed Income Portfolio (Advisor Series and T-Series Units)
TD Managed Income & Moderate Growth Portfolio (Advisor Series and T-Series Units)
TD Managed Balanced Growth Portfolio (Advisor Series and T-Series Units)
TD Managed Aggressive Growth Portfolio (Advisor Series)
TD Managed Maximum Equity Growth Portfolio (Advisor Series)
TD FundSmart Managed Income Portfolio (Advisor Series and T-Series Units)
TD FundSmart Managed Income & Moderate Growth Portfolio (Advisor Series and T-Series Units)
TD FundSmart Managed Balanced Growth Portfolio (Advisor Series and T-Series Units)
TD FundSmart Managed Aggressive Growth Portfolio (Advisor Series)
TD FundSmart Managed Maximum Equity Growth Portfolio (Advisor Series)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated October 26, 2011
NP 11-202 Receipt dated October 27, 2011
Offering Price and Description:
Advisor Series and T-Series Units
Underwriter(s) or Distributor(s):
TD Investment Services Inc. (for Investor Series and Premium Series units only)
TD Investment Services Inc. (for Investor Series and Premium Series units)
Promoter(s):
TD Asset Management Inc.
Project #1801963

Issuer Name:
Webb Enhanced Growth Fund
(Series A, F and I Units)
Webb Enhanced Income Fund
(Series A, F and I Units)
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated October 11, 2011 to the Simplified Prospectuses and Annual Information Form dated August 16, 2011
NP 11-202 Receipt dated October 26, 2011
Offering Price and Description:
Series A, F and I Units @ Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
Webb Asset Management Canada, Inc.
Project #1754913

Issuer Name:
JINHUA CAPITAL CORPORATION
Principal Jurisdiction - Alberta
Type and Date:
Preliminary Long Form Prospectus dated April 29, 2011
Withdrawn on October 31, 2011
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
PI Financial Corp.
Promoter(s):
Francis N. S. Leong
Dai Jiankang
Project #1737335

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
New Registration	Piper Jaffray & Co.	Restricted Dealer	October 26, 2011
New Registration	Fisgard Asset Management Corporation	Exempt Market Dealer	October 28, 2011
New Registration	R.W. Pressprich & Co., Inc.	Restricted Dealer	October 31, 2011
New Registration	JovPortfolio Management Inc.	Exempt Market Dealer, Portfolio Manager and Investment Fund Manager	October 27, 2011
New Registration	Friedberg Advisors LP	Portfolio Manager	November 1, 2011
Change in Registration Category	Van Arbor Asset Management Ltd.	From: Investment Fund Manager, Portfolio Manager and Exempt Market Dealer To: Portfolio Manager and Exempt Market Dealer	November 1, 2011
New Registration	MPA Morrison Park Advisors Inc.	Exempt Market Dealer	November 1, 2011

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Chapter 13

SROs, Marketplaces and Clearing Agencies

13.1 SROs

13.1.1 MFDA – Proposed Amendments to Sections 1 (Definitions) and 3 (Directors) of MFDA By-law No. 1

MUTUAL FUND DEALERS ASSOCIATION OF CANADA

PROPOSED AMENDMENTS TO SECTIONS 1 (DEFINITIONS) AND 3 (DIRECTORS) OF MFDA BY-LAW NO. 1

I. OVERVIEW

A. Current By-Law

The MFDA proposes two changes to its current By-law No. 1:

- broadening the category of persons who can serve as Public Director; and
- increasing Industry Director participation on the Audit Committee.

Section 1 of the MFDA By-law No. 1 defines "Public Director". The current definition of "Public Director" disqualifies certain individuals from acting as Public Directors on the MFDA Board of Directors. These individuals include:

(i) a director, partner, significant shareholder, officer, employee or agent of (or an associate or affiliate of): (i) a Member protection fund or of the IDA or IFIC, or (ii) a member of such fund, the IDA or IFIC;

(ii) an employee of a federal, provincial or territorial government or Crown agency;

(iii) a member of the House of Commons or of a provincial or territorial legislature;

(iv) an employee of a federal, provincial or territorial Crown agency;

(v) a provider of services to the MFDA, a Member protection fund or a Member; and

(vi) an individual who is a member of the immediate family of an individual who would otherwise be disqualified from being a Public Director pursuant to clauses (i) to (v) above.

In addition, individuals who, within two years prior to their election as a Public Director, would have been disqualified from acting as a Public Director under clauses (i) to (iv) above are not eligible as Public Directors.

Section 3.6.2 of the MFDA By-law No. 1 currently provides that the Board of Directors shall establish an Audit Committee composed of 2 Public Directors and 1 Industry Director.

B. The Issues

The MFDA is of the view that the restrictions on the persons referred to in the current definition of a Public Director above are too broad and inconsistent with current governance benchmarks, required regulatory policy and the standards of other self-regulatory organizations (“SROs”). Moreover, as a practical matter, the Governance Committee of the MFDA Board of Directors, which is mandated with identifying and recommending Public Directors for election to the Board, has experienced difficulty in identifying qualified Public Directors as a result of what has been perceived as unduly restrictive qualifications for Public Directors.

The current composition of the MFDA's Audit Committee includes only one Industry Director. In the view of the Audit Committee, which is endorsed by the Governance Committee and the Board, increased participation by Industry Directors would assist the Committee in assessing the needs of the MFDA and the circumstances of its Members as firms subject to the MFDA's regulatory activities. The addition of one more Industry Director requires the addition of one more Public Director in order to maintain the desired majority of Public Directors.

C. Objectives

The objective of the proposed amendments is to align the MFDA governance standards with current SRO practices and increase the number of qualified individuals who meet the requirements to act as Public Directors. The increase of Industry Directors on the Audit Committee will permit the Committee to be more aware of mutual fund dealer industry issues and regulatory requirements.

D. Effect of Proposed Amendments

The proposed amendments will help to ensure that there is an appropriate pool of individuals who qualify as Public Directors and that individuals who act as Public Directors are best suited to make decisions that properly reflect the public interest. The definition of the term "Public Director" will continue to ensure that individuals appointed as Public Directors do not raise conflicts of interest or other undesirable concerns with respect to that individual's independence. The removal of the particular restrictions on qualification will not prevent the Governance Committee from applying any such restrictions in appropriate cases pursuant to their discretion under the Committee's terms of reference. In addition, the eligibility as a director of any current Public Director will not be affected by the enactment of the amendments to the By-law.

The amendments to section 3.6.2 of By-law No. 1 will ensure broader input and representation from the mutual fund industry on the Audit Committee in order to better serve the interests of Members and the public.

II. DETAILED ANALYSIS

A. Relevant History

The MFDA's current governance structure, including the definition of "Public Director", is the result of the "Report of the Corporate Governance Committee on a Plan for Governance by the MFDA", as adopted by the MFDA Board of Directors in February 2003 (the "2003 Report"). The corporate governance structure adopted was intended to be rigorous and "leading edge", particularly in the area of ensuring that the public interest is best served and undesirable conflicts of interest or influence do not arise. In this regard, the 2003 Report and the structure adopted were tilted to a prescriptive approach in using detailed rules rather than a principle-based approach, which preserved the objectives of the 2003 Report, but permitted some flexibility in applying the principles. This prescriptive approach is particularly apparent in the adoption of the definition of "Public Director" of the MFDA. At the same time, the 2003 Report recognized that the key to sound governance for the MFDA (as is the case with most organizations) is a robust director nomination process where a strong governance committee can identify, assess and recommend the nomination of effective directors including Public Directors with appropriate independence. The MFDA's Governance Committee has developed and operates in that manner, and the MFDA believes that its Board of Directors properly reflects the balance of the diversity of MFDA Members' interests as well as having strong independent Public Directors. The terms of reference for the Governance Committee do and will continue to reflect this mandate.

However, the experience of the MFDA's Governance Committee in identifying and assessing potential Public Directors has demonstrated that certain aspects of the criteria for Public Directors may be too rigid and inappropriate. This conclusion is not surprising in light of the fact that the 2003 Report was developed without the benefit of much MFDA Board selection experience. Moreover, the standards for general corporate governance have been subject to considerable scrutiny and change in the past few years. These kinds of changes were anticipated in the 2003 Report, as it endorsed the need for the MFDA's governance to be under regular review. The proposed amendments are a result of such review and are based on the actual experience of the MFDA's Public Director nomination process.

In February of 2008, the MFDA Board of Directors approved amendments to the MFDA By-law No. 1 relating to the definition of "Public Director" to permit individuals currently ineligible as Public Directors on the basis described above to qualify as Public Directors, where appropriate, in accordance with the MFDA's nominating procedures. These amendments (embodied in proposed By-law No. 15) were substantially the same as the proposed amendments described in this request for comments and were included with other amendments to the MFDA's governance structure as reflected in its By-laws. For a variety of reasons, the proposed amendments did not become effective following the MFDA's Annual and Special Meetings of Members in 2008 and 2009 and a review of certain matters relating to the MFDA's Member meeting practices by a Panel of the British Columbia Securities Commission. During 2009, the MFDA established a special Task Force on Governance Issues, which prepared and distributed a Report, including Member consultation. The Report of Task Force on Governance Issues endorsed the changes to the definition of "Public Director" as reflected in the By-law amendments (By-law No. 15) that had previously been recommended to Members in the Report.

The Board of Directors, on the basis of recommendations from the Governance Committee and the views of Members as expressed over the past two of years, has determined that, of the proposed amendments contained in By-law No. 15, only those relating to the definition of "Public Director" should be implemented, in addition to some minor technical drafting corrections. Accordingly, at its meeting on September 28, 2011, the Board passed the proposed amendments.

B. Proposed Amendments

The definition of "Public Director" in section 1 of the MFDA By-law No. 1 will be amended to remove certain restrictions on individuals that qualify as Public Directors. Specifically:

(i) the restrictions limiting an individual who is an employee of a federal, provincial government or territorial Crown agency and members of the federal House of Commons or provincial or territorial legislative assembly will be removed;

(ii) the two-year cooling-off period applicable to certain candidates will be removed;

(iii) the restriction on immediate family members of individuals otherwise disqualified from being considered to be Public Directors will be narrowed; and

(iv) providers of services for significant compensation will not be expressly excluded.

In addition, certain historical restrictions relating to persons associated with either the Investment Funds Institute of Canada or the Investment Industry Regulatory Organization of Canada ("IIROC", formerly the IDA) have been removed. Similarly, restrictions relating to persons associated with protection funds covering MFDA Members have been removed.

The proposed amendments to section 3.6.2 of By-law No. 1 will increase the number of Industry Directors on the Audit Committee from 1 to 2 to allow for broader industry input. In addition, in order to maintain the proportional representation, the number of Public Directors on the Audit Committee will be increased from 2 to 3.

C. Issues and Alternatives Considered

With respect to the removal of the restriction on individuals who are employees of Crown agencies, consideration was given to whether a restriction on specific Crown agencies should be maintained, such as those involved in financial services regulation. However, it is difficult to anticipate which of the many Crown agencies could have a role in financial services regulation in a matter that would affect the MFDA or its Members. As such, it was determined that, since the Governance Committee has the ability to assess whether a particular agency raises undesirable concerns with respect to the MFDA, Crown agency employees should not necessarily be prohibited from acting as Public Directors. The same basic rationale is applicable to the removal of the restriction relating to members of Parliament or a legislature. The likelihood of that circumstance arising is remote.

With respect to prohibiting immediate family members of persons otherwise disqualified from acting as Public Directors, consideration was given to maintaining the prohibition for spouses while eliminating the prohibition for other immediate family members. It was determined, however, that spouses should not be distinguished from other family members since the Governance Committee has the ability to assess whether a particular family relationship will give rise to undesirable concerns with respect to the MFDA. The MFDA believes that, in most cases, the judgment of a spouse or other immediate family member would be able to be exercised independently of the influence of another family member who might be disqualified as a Public Director. This circumstance can be distinguished from cases such as security trading restrictions, where the mutual economic interests of family members may be more difficult to separate.

With respect to the restriction of the application of the two-year cooling-off period applicable to certain potential nominees, the MFDA believes that the existence or perception of conflicts of interest is most likely to arise in respect of persons directly involved with MFDA Members, their associates and affiliates, and regulators. The fact, for instance, that an individual may have been a Crown employee immediately prior to being elected as an MFDA Public Director would not ordinarily be expected to result in an actual or perceived conflict. However, the MFDA proposes that the terms of reference of the Governance Committee refer to a general one-year cooling-off period with flexibility in some cases to extend the period.

With respect to individuals who provide goods or services to the MFDA or a Member, or who are associated with entities that do so, the definition of a prescriptive restriction applicable in all relevant circumstances is difficult to achieve and is better left to the judgment of the Governance Committee.

In the case of all selections of Public Directors, the Governance Committee, the Board and, ultimately, the Members have the opportunity to assess the circumstances of each individual and exercise discretion to ensure that appropriate selections are made. The role of the Governance Committee is to be better defined in identifying potential Public Directors. The intention of the proposed amendments is to permit better balance of prescribed restrictions and appropriate flexibility, which will allow the Governance Committee to identify and recommend as Public Directors a wider range of persons. The ability of the Governance Committee to exercise its judgment in rejecting candidates even if they meet the stated criteria is intended to be limited in order that the purpose and integrity of the Member selection process be maintained.

D. Comparison with Similar Provisions

Issues that relate to the proposed amendments to the definition of “Public Director” in the MFDA By-law No. 15 (identified in Section I.B above) have been considered previously by the MFDA in the 2003 Report, as well as the Recognizing Regulators and Member groups. In these reviews, the governance structures of other comparator organizations have been considered, the closest of which is IIROC. IIROC and its sponsored investor protection organization, the Canadian Investor Protection Fund ("CIPF"), have each adopted by-laws similar in effect to the proposed amendments. The history of the MFDA's development and the mutual fund dealer industry in Canada which it regulates are unique in many respects and the work of the Task Force, including its recommendations relating to the MFDA By-law, attempts to respond to the special circumstances of the MFDA.

The issues that relate to the proposed amendments on the size of the Audit Committee reflect the need for greater mutual fund dealer experience on the Committee while retaining a Public Director majority. The proposed amendments are consistent with IIROC's audit committee composition, which must include not less than 5 directors with a majority of non-industry directors.

E. System Impact of Amendments

It is not anticipated that there will be any systems impact on Members as a result of the proposed amendments.

F. Best Interests of the Capital Markets

The Board has determined that the proposed amendments are consistent with the best interests of the capital markets.

G. Public Interest Objective

The proposed amendments are in the public interest and will permit a broader range of persons to be considered as Public Directors, thereby providing the MFDA governance process with a wider choice of potential candidates. The MFDA governance and nominating procedures allow for adequate consideration as to whether any particular individual is appropriate to serve as a Public Director. The increase in the number of the Industry Directors on the Audit Committee does not represent a change in principle and the public interest is not affected in any detrimental manner.

III. COMMENTARY

A. Filing in Other Jurisdictions

The proposed amendments will be filed for approval with the Alberta, British Columbia, Manitoba, New Brunswick, Nova Scotia and Ontario Securities Commissions and the Saskatchewan Financial Services Commission.

B. Effectiveness

The proposed amendments are simple and effective.

C. Process

The proposed amendments have been prepared in consultation with relevant departments within the MFDA. The MFDA Board of Directors approved the proposed amendments on September 28, 2011 on recommendation of the Governance Committee.

D. Effective Date

The proposed amendments will be effective on a date to be subsequently determined by the MFDA.

IV. SOURCES

MFDA By-law No. 1
IIROC By-law No. 1
CIPF By-law No. 1
2003 Report of the Corporate Governance Committee and Plan for Governance by the MFDA
June 22, 2009 MFDA Report of the Task Force on Governance Issues

V. REQUIREMENT TO PUBLISH FOR COMMENT

The MFDA is required to publish for comment the proposed amendments so that the issues referred to above may be considered by the public and the Recognizing Regulators.

The MFDA has determined that the entry into force of the proposed amendments would be in the public interest and is not detrimental to the capital markets. Comments are sought on the proposed amendments. Comments should be made in writing. One copy of each comment letter should be delivered within **90** days of the publication of this notice, addressed to the attention of:

Paige Ward
Director, Policy & Regulatory Affairs
Mutual Fund Dealers Association of Canada
121 King St. West, Suite 1000
Toronto, Ontario
M5H 3T9
pward@mfda.ca

and one copy addressed to the attention of:

Anne Hamilton
Senior Legal Counsel, Capital Markets Regulation Division
British Columbia Securities Commission
701 West Georgia Street
P.O. Box 10142, Pacific Centre
Vancouver, British Columbia
V7Y 1L2
ahamilton@bcsc.bc.ca

Those submitting comment letters should be aware that a copy of their comment letter will be made publicly available on the MFDA website at www.mfda.ca.

Questions may be referred to:

Jason Bennett
Corporate Secretary & Director, Regional Councils
Mutual Fund Dealers Association of Canada
(416) 943-7431

SCHEDULE "A"

MUTUAL FUND DEALERS ASSOCIATION OF CANADA

On September 28, 2011, the Board of Directors of the Mutual Fund Dealers Association of Canada made the following amendments to MFDA By-law No. 1:

1. Definitions

"**Aassociate**", where used to indicate a relationship with any person, means:

(a) any corporation of which such person beneficially owns, directly or indirectly, voting securities carrying more than 10 per cent of the voting rights attached to all voting securities of the corporation for the time being outstanding;

(b) a partner of that person ~~acting on behalf of the partnership of which they are partners~~;

(c) any trust or estate in which such person has a substantial beneficial interest or as to which such person serves as trustee or in a similar capacity;

(d) any relative of such person who resides in the same home as that person~~, including his/her spouse, or his/her spouse who has the same home as such person~~;

(e) any person who resides in the same home as the person and to whom that person is married, or with whom that person is living in a conjugal relationship outside of marriage; or

(f) any relative of a person mentioned in clause (e) above who has the same home as such person;

~~but where the Board of Directors orders that two persons shall, or shall not, be deemed to be associates, then such order shall be determinative of their relationships in the application of By-laws, Rules and Forms, with respect to that Member;~~

"**Public Director**" means a D~~d~~irector who is not:

(a) an officer (other than the Chair or a Vice-Chair) or an employee of the Corporation;

(b) a current partner, director, officer, employee or person acting in a similar capacity of, or the holder of a Significant Interest in:

(i) a Member;

(ii) an Associate of a Member; or

(iii) an affiliate of a Member; or

(c) an Associate of a partner, director, officer, employee or person acting in a similar capacity of, the holder of a Significant Interest in, a Member.

~~(a) who is not a current director (other than a Public Director), officer or employee of, or of an associate or affiliate of:~~

~~(i) the MFDA;~~

~~(ii) any protection or contingency fund in which Members (at the time the director holds the relevant office) are required to participate; or~~

~~(iii) the Investment Funds Institute of Canada or the Investment Dealers Association of Canada;~~

~~(b) who is not a current director, partner, significant shareholder, officer, employee or agent of a Member, or of an associate or affiliate of a Member, of:~~

~~(i) the MFDA;~~

~~(ii) any protection or contingency fund in which Members (at the time the director holds the relevant office) are required to participate; or~~

~~(iii) the Investment Funds Institute of Canada or the Investment Dealers Association of Canada;~~

~~(c) who is not a current employee of a federal, provincial or territorial government or a current employee of an agency of the Crown in respect of such government;~~

~~(d) who is not a current member of the federal House of Commons or member of a provincial or territorial legislative assembly;~~

~~(e) who has not, in the two years prior to election as a Public Director, held a position described in (a)-(d) above;~~

~~(f) who is not:~~

~~(i) an individual who provides goods or services to and receives direct significant compensation from, or~~

~~(ii) an individual who is a director, partner, significant shareholder, officer or employee of an entity that receives significant revenue from services the entity provides to, if such individual's compensation from that entity is significantly affected by the services such individual provides to,~~

~~the MFDA or any protection or contingency fund in which Members are required to participate, or a Member of the MFDA; and~~

~~(g) who is not a member of the immediate family of the persons listed in (a)-(f) above.~~

~~For the purposes of this definition:~~

~~(i) "significant compensation" and "significant revenue" means compensation or revenue the loss of which would have, or appear to have, a material impact on the individual or entity;~~

~~(ii) "significant shareholder" means an individual who has an ownership interest in the voting securities of an entity, or who is a director, partner, officer, employee or agent of an entity that has an ownership interest in the voting securities of another entity, which voting securities in either case carry more than 10% of the voting rights attached to all voting securities for the time being outstanding.~~

"**Significant Interest**" means in respect of any person the holding, directly or indirectly, of the securities of such person carrying in aggregate 10% or more of the voting rights attached to all of the person's outstanding voting securities.

3. Directors

3.2 Composition of the Board of Directors

The Board of Directors shall be composed of 6 Public Directors, 6 Industry Directors and the President and Chief Executive Officer. The members of the Board of Directors (other than the President and Chief Executive Officer) shall collectively and over time be nominated and elected on the basis that there will be timely and appropriate regional representation on the Board of Directors of Members of the Corporation across Canada, provided that at any time (subject to the occurrence of vacancies) not less than 4 of the directors shall represent regions other than the Provinces of Ontario and Quebec. In addition, at any time (subject to the occurrence of vacancies) five of the Industry Directors shall be officers or employees of a Member of the Corporation or of an affiliate or ~~associated~~ corporation which is an Associate of a Member. No Member, affiliate or ~~associated~~ corporation which is an Associate of a Member shall have more than 1 director, officer, employee or other representative on the Board of Directors and, if such event should occur, the Board of Directors in its discretion may request the resignation of or remove as a director, any director or directors in order that the requirements of this section are satisfied. Each director shall be at least 18 years of age.

3.6 Committees

3.6.1 *Governance Committee*

The Board of Directors shall establish a Governance Committee composed of 2 Public Directors and 2 Industry Directors. The 2 Industry Director members of the Governance Committee shall be officers or employees of a Member of the Corporation or of an affiliate or ~~associated~~ corporation which is an Associate of a Member. The Chair of the Governance

Committee shall be 1 of the 2 Public Directors as selected by the Board of Directors. The Governance Committee shall be responsible for identifying and recommending to the Board of Directors Public and Industry Directors for election to the Board of Directors in accordance with the By-laws and the terms of reference adopted for the Governance Committee by the Board of Directors. In addition, the Governance Committee shall perform such other duties as the Board of Directors may delegate or direct from time to time. 1 Public Director and 1 Industry Director shall constitute a quorum of the Governance Committee.

3.6.2 *Audit Committee*

The Board of Directors shall establish an Audit Committee composed of ~~2~~ 3 Public Directors and ~~1~~ 2 Industry Director~~s~~. The Chair of the Audit Committee shall be 1 of the ~~2~~ 3 Public Directors as selected by the Board of Directors. The Audit Committee shall review and report to the Board of Directors on the annual financial statements of the Corporation and shall perform such other duties as the Board of Directors may delegate or direct from time to time. ~~1~~ 2 Public Director~~s~~ and 1 Industry Director shall constitute a quorum of the Audit Committee.

13.3 Clearing Agencies

13.3.1 CME Clearing Europe Limited – Notice of Commission Order – Application for Variation and Restatement of CME Clearing Europe Limited's Interim Order

CME CLEARING EUROPE LIMITED (CMECE)

APPLICATION FOR VARIATION AND RESTATEMENT OF CMECE'S INTERIM ORDER

NOTICE OF COMMISSION ORDER

On October 28, 2011, the Commission issued an order under section 144 of the *Securities Act* (Ontario) (Act) varying and restating the interim order exempting CMECE from the requirement in subsection 21.2(0.1) of the Act to be recognized as a clearing agency (Order). The Order extends CMECE's interim exemption until the earlier of (i) November 3, 2012, and (ii) the effective date of the Subsequent Order (as defined in the Order).

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

13.3.2 Notice of Approval – Application to Vary the Recognition and Designation Order of CDS

APPLICATION TO VARY THE RECOGNITION AND DESIGNATION ORDER OF THE CANADIAN DEPOSITORY FOR SECURITIES LIMITED AND CDS CLEARING AND DEPOSITORY SERVICES INC.

NOTICE OF APPROVAL

On October 24, 2011, the Commission issued an order pursuant to section 144 of the *Securities Act* (Ontario) varying the recognition and designation order of The Canadian Depository for Securities Limited and CDS Clearing and Depository Services Inc. relating to the conversion to International Financial Reporting Standards from Canadian Generally Accepted Accounting Principles.

The order is published in Chapter 2 of this Bulletin.

13.3.3 Notice of Commission Approval – Material Amendments to CDS Procedures Relating to Change to Recent Period for FINet Loss Allocation

CDS CLEARING AND DEPOSITORY SERVICES INC. (CDS®)

MATERIAL AMENDMENTS TO CDS PROCEDURES

CHANGE TO RECENT PERIOD FOR FINET LOSS ALLOCATION

NOTICE OF COMMISSION APPROVAL

In accordance with the Rule Protocol between the Ontario Securities Commission ("Commission") and CDS, the Commission approved on 14 October 2011 amendments filed by CDS to its rules relating to Change to Recent Period for FINet Loss Allocation**.** The amendments will be effective on 24 October 2011. Subsequent non-significant revisions to the amendments were approved by the Commission on 25 October 2011 – these revisions will be effective on 26 October 2011.

Summary of Material Procedure

A copy and description of the amendments were published for comment on September 9, 2011 at (2011) 34 OSCB 9510.

The amendments modify the loss allocation formula for FINet to reduce the maximum number of days in the definition of the "recent period" from 365 calendar days to 30 calendar days.

Summary of Public Comments

None received.

Revisions to the Material Procedure

In consultation with its regulators, CDS has decided to make a non-significant revision to the proposed amendments for clarity purposes. The revision:

- Removes an unnecessary word in the residual loss description
- Clarifies the wording in the denominator of the residual loss calculation

The procedure amendments that were approved by the Commission are provided in Appendix A (the non-significant revision has been marked to indicate the change from the previously published version).

APPENDIX A

PROCEDURES AMENDMENT

Text of CDS Participant Procedures marked to reflect non-significant revisions to the proposed Procedures published for comment on September 9, 2011	Text of CDS Participant Procedures reflecting the adoption of non-significant revisions to the proposed Procedures published for comment on September 9, 2011
18.7 Residual loss allocation for the FINet participant fund	**18.7 Residual loss allocation for the FINet participant fund**
If a FINet participant defaults and the realized value of their collateral is not sufficient to cover the resulting losses, the residual loss is allocated to the surviving FINet participants based on each survivor's trading activity with the defaulter.	If a FINet participant defaults and the realized value of their collateral is not sufficient to cover the resulting losses, the residual loss is allocated to the surviving FINet participants based on each survivor's trading activity with the defaulter.
To calculate each survivor's share of the residual loss:	To calculate each survivor's share of the residual loss:
1. CDS reviews original trades between the defaulter and the survivors that were netted in FINet during the recent period. The recent period is a maximum of 30 calendar days, prior to the day of default, that it takes to accumulate original trades with a dollar value of five times the dollar value of the defaulting participant's scheduled net deliveries and receives of securities that ~~which~~ were replaced by CDS as part of the close-out process. In the event that five times the outstanding positions could not be achieved in 30 calendar days, the available dollar value of accumulated original trades is used to calculate the loss percentage.	1. CDS reviews original trades between the defaulter and the survivors that were netted in FINet during the recent period. The recent period is a maximum of 30 calendar days, prior to the day of default, that it takes to accumulate original trades with a dollar value of five times the dollar value of the defaulting participant's scheduled net deliveries and receives of securities that were replaced by CDS as part of the close-out process. In the event that five times the outstanding positions could not be achieved in 30 calendar days, the available dollar value of accumulated original trades is used to calculate the loss percentage.
2. If no original trades are found during the recent period, the residual loss is allocated based on the active surviving participants' proportionate contribution to the participant fund as a whole.	2. If no original trades are found during the recent period, the residual loss is allocated based on the active surviving participants' proportionate contribution to the participant fund as a whole.
Each survivor's proportionate share of residual loss (P) for FINet, is calculated as follows:	Each survivor's proportionate share of residual loss (P) for FINet, is calculated as follows:
p = $ value of the survivor’s original trades with the defaulter during the recent period / Total $ value of all ~~the~~ survivor~~’~~s’ original trades with the defaulter during the recent period	p = $ value of the survivor’s original trades with the defaulter during the recent period / Total $ value of all survivors’ original trades with the defaulter during the recent period

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Chapter 25

Other Information

25.1 Consents

25.1.1 Dexit Inc. (formerly Posera – HDX Inc.) – s. 4(b) of the Regulation

Headnote

Consent given to an offering corporation under the Business Corporations Act (Ontario) to continue under the Business Corporations Act (Alberta).

Statutes Cited

Business Corporations Act, R.S.O. 1990, c. B.16, as am., s. 181.
Securities Act, R.S.O. 1990, c. S.5, as am.

Regulations Cited

Regulation made under the Business Corporations Act, O. Reg. 289/00, as am., s. 4(b).

IN THE MATTER OF
R.R.O. 1990, REGULATION 289/00,
AS AMENDED (THE "REGULATION")
MADE UNDER THE
BUSINESS CORPORATIONS ACT (ONTARIO)
R.S.O. 1990, c. B.16, AS AMENDED
(THE "OBCA")

AND

IN THE MATTER OF
DEXIT INC. (Formerly POSERA – HDX INC.)

CONSENT
(Subsection 4(b) of the Regulation)

UPON the application of Dexit Inc. (formerly Posera – DX Inc.) (the "**Applicant**") to the Ontario Securities Commission (the "**Commission**") requesting the consent of the Commission, pursuant to subsection 4(b) of the Regulation, for the Applicant to continue into the Province of Alberta pursuant to Section 181 of the OBCA;

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

AND UPON the Applicant having represented to the Commission that:

1. The Applicant was formed by articles of amalgamation under the OBCA on January 1, 2010 pursuant to the amalgamation of Host Data Transaction Solutions Inc., Sabrepoint Inc., Sabrepoint Services Inc. and Biz-Pro Ltd. The Applicant's name was changed to Posera – HDX Inc. pursuant to articles of amendment dated September 17, 2010. The Applicant's name was further changed to Dexit Inc. pursuant to articles of arrangement dated October 7, 2011.

2. The registered office of the Applicant is located at 350 Bay Street Suite 700, Toronto, Ontario, M5H 2S6.

3. The Applicant is authorized to issue an unlimited number of class A voting common shares (the "**Common Shares**") and class B non-voting common shares, of which 46,384,934 Common Shares were issued and outstanding at the close of business on August 18, 2011.

4. Until October 11, 2011, the Common Shares of the Applicant were listed and posted for trading on the Toronto Stock Exchange under the symbol "HDX".

5. The Applicant intends to apply (the "**Application for Continuance**") to the Director under the OBCA for authorization to continue under the *Business Corporations Act* (Alberta), B-9 RSA 2000, as amended (the "**ABCA**") pursuant to section 181 of the OBCA (the "**Continuance**").

6. Pursuant to subsection 4(b) of the Regulation, where an applicant corporation is an "offering corporation" (as defined in the OBCA), the Application for Continuance must be accompanied by a consent from the Commission.

7. The Applicant is an offering corporation under the OBCA and is a reporting issuer under the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "**Act**"). The Applicant is also a reporting issuer or its equivalent under the securities legislation of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland (collectively, the "**Legislation**").

8. The Applicant is not in default under any provision of the OBCA and the Act, or any of the regulations or rules made thereunder, and is not in default under the securities legislation of any other jurisdiction in which it is a reporting issuer.

9. The Applicant is not a party to any proceeding or, to the best of its knowledge, information and belief, pending proceeding under the OBCA or under the Act.

10. A special meeting of the shareholders of the Applicant was held on September 20, 2011 (the "**Meeting**") to consider a special resolution in connection with the Continuance (the "**Continuance Resolution**"). The Continuance Resolution required the approval of not less than two-thirds of the aggregate votes cast by the shareholders present in person or by proxy at the Meeting, and was approved by 99.9% of the shareholders present in person or by proxy at the Meeting.

11. The management information circular of the Applicant dated August 19, 2011 (the "Circular"), which was provided to all securityholders of the Applicant in connection with the Meeting, advised the shareholders of their dissent rights in connection with the Continuance Resolution pursuant to section 185 of the OBCA and included a summary comparison of the differences between the OBCA and the ABCA. The Circular was mailed to securityholders of record at the close of business on August 9, 2011 and was filed on SEDAR on August 19, 2011.

12. The Continuance has been proposed in connection with a plan of arrangement (the "**Plan of Arrangement**") of the Applicant providing for a reorganization of the Applicant in anticipation of the sale of the shares of the Applicant, the particulars of which are set out in the Circular. The Plan of Arrangement was effected by articles of arrangement filed on October 7, 2011. Pursuant to the Plan of Arrangement on that date, each of the securityholders of the Applicant exchanged their securities of the Applicant for securities of a new corporation ("**New Posera – HDX**") which became an offering corporation under the OBCA and became a "reporting issuer" under the Legislation in accordance with the Plan of Arrangement, such that the Applicant became a wholly owned subsidiary of New Posera – HDX and the securityholders will not be affected by the continuance to the ABCA.

13. The Plan of Arrangement was also approved by shareholders at the Meeting. No shareholder exercised a right of dissent.

14. In order to complete the sale of the Applicant to the proposed purchaser following the completion of the Plan of Arrangement, the Applicant is expected to be required to have taken all necessary action to apply to be continued into Alberta immediately following the closing of such sale. The Continuance is necessary as following the implementation of the Plan of Arrangement and the subsequent sale of the Applicant, the proposed purchaser intends to immediately amalgamate the Applicant with an ABCA incorporated entity.

15. The material rights, duties and obligations of a corporation governed by the ABCA are substantially similar to those of a corporation governed by OBCA.

16. On October 4, 2011, the Commission previously consented to the continuance of Posera – HDX Inc. as a corporation under the ABCA pursuant to section 181 of the OBCA (the "**Previous Consent**"). Since the Applicant's name was changed from Posera – HDX Inc. to Dexit Inc. subsequent to the issuance of the Previous Consent, the Applicant has determined that it must now seek another consent to continue as a corporation into the Province of Alberta under its new name.

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

THE COMMISSION HEREBY CONSENTS to the continuance of the Applicant as a corporation under the ABCA.

DATED at Toronto, Ontario this 21st day of October, 2011.

"Edward P. Kerwin"
Commissioner
Ontario Securities Commission

"Judith Robertson"
Commissioner
Ontario Securities Commission

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