The Ontario Securities Commission

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November 11, 2011

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

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November 14, 2011

CURRENT PROCEEDINGS

BEFORE

ONTARIO SECURITIES COMMISSION

- -

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

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Ontario Securities Commission
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Charles Wesley Moore (Wes) Scott	—	CWMS

SCHEDULED OSC HEARINGS

November 14, November 16-21, November 23-30, 2011 10:00 a.m. November 15, 2011 1:00 p.m.	**Majestic Supply Co. Inc., Suncastle Developments Corporation, Herbert Adams, Steve Bishop, Mary Kricfalusi, Kevin Loman and CBK Enterprises Inc.** s. 37, 127 and 127.1 D. Ferris in attendance for Staff Panel: EPK/PLK
November 14, 2011 11:00 a.m. November 15-17, and 23-25, 2011 10:00 a.m. November 18, 2011 9:00 a.m. November 21 and 28, 2011 2:00 p.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: JEAT
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 23, 2011 11:00 a.m.	**Zungui Haixi Corporation, Yanda Cai and Fengyi Cai** s. 127 J. Superina 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 24, 2011 2:30 p.m.	**New Found Freedom Financial, Ron Deonarine Singh, Wayne Gerard Martinez, Pauline Levy, David Whidden, Paul Swaby and Zompas Consulting** s. 127 A. Heydon 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: MGC
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
December 21, 2011 10:00 a.m.	**Innovative Gifting Inc., Terence Lushington, Z2A Corp., and Christine Hewitt** s. 127 M. Vaillancourt in attendance for Staff Panel: PLK
December 21, 2011 10:00 a.m.	**Juniper Fund Management Corporation, Juniper Income Fund, Juniper Equity Growth Fund and Roy Brown (a.k.a. Roy Brown-Rodrigues)** s. 127 and 127.1 D. Ferris in attendance for Staff Panel: VK/MCH
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 CSA Staff Consultation Note 45-401 – Review of Minimum Amount and Accredited Investor Exemptions – Public Consultation

CSA STAFF CONSULTATION NOTE 45-401
REVIEW OF MINIMUM AMOUNT AND ACCREDITED INVESTOR EXEMPTIONS
PUBLIC CONSULTATION

Staff of the Canadian Securities Administrators (the CSA or we) are conducting a review of the minimum amount prospectus exemption and the accredited investor prospectus exemption contained in National Instrument 45-106 *Prospectus and Registration Exemptions*.

At the conclusion of the review, CSA staff may recommend either retaining the exemptions in their current form or may propose changes.

As part of the review, we are consulting with stakeholders, including investors, issuers, dealers and legal and other advisors. The attached consultation note (the Note) provides more information on the scope of the review, including some background on the history of these exemptions and specific consultation questions for consideration.

Next steps

At this time we invite you to review the Note and provide us with your written comments. We also anticipate additional consultations with interested stakeholders as part of the review.

The consultation period is open until February 29, 2012. Please send your comments electronically in Word format.

Address your submission to all of the Canadian securities regulatory authorities, as follows:

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

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Please note that all comments received will be posted at www.osc.gov.on.ca and on the websites of certain other securities regulatory authorities to improve the transparency of the policy-making process.

Please refer your questions to any of:

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November 10, 2011

REVIEW OF MINIMUM AMOUNT AND ACCREDITED INVESTOR EXEMPTIONS
Consultation Note

1. Introduction

Purpose of consultation

Staff of the Canadian Securities Administrators (CSA) are reviewing the $150,000 minimum amount prospectus exemption (minimum amount exemption) and the accredited investor prospectus exemption (AI exemption) contained in National Instrument 45-106 *Prospectus and Registration Exemptions* (NI 45-106).

We are consulting with stakeholders, including investors, issuers, dealers, and legal and other advisors. This consultation note provides background information and sets out consultation questions for input from stakeholders.

At the conclusion of the review, CSA staff may recommend either retaining the exemptions in their current form or may propose changes.

Reason for review

The global financial crisis and recent international regulatory developments have raised questions about the use of the minimum amount exemption and the AI exemption.

The CSA is engaging in this consultation to identify any issues that stakeholders may have about the use of the exemptions and to obtain information that will assist in deciding whether changes are necessary or appropriate.

Framework for review

In deciding whether changes to the minimum amount exemption and the AI exemption are necessary or appropriate, and if so, in developing recommendations for changes, we will be governed by our regulatory mandate of:

- protecting investors from unfair, improper or fraudulent practices, and
- fostering fair and efficient capital markets, and confidence in those markets.

We will also be guided by the principles that

- regulatory initiatives must effectively address the risks to investors and markets that are identified, and
- the benefits of any regulatory initiative must be proportionate to its cost to industry and the restrictions it imposes on market participants.

Proposals regarding securitized products

On April 1, 2011, the CSA published for comment a proposed new regulatory regime for certain securitized products in a Notice of Proposed National Instrument 41-103 *Supplementary Prospectus Disclosure Requirements for Securitized Products* (NI 41-103 Notice). Among other things, the CSA has proposed amendments to NI 45-106 to create a new regulatory regime for the distribution of securitized products on a prospectus-exempt basis. The new regulatory regime would narrow the class of investors who can buy securitized products on a prospectus-exempt basis, and require issuers of securitized products to provide disclosure at the time of distribution, as well as on an ongoing basis. The NI 41-103 Notice seeks comment on a number of aspects of the proposal, including whether

there are any existing registration categories or registration exemptions that should be modified or made unavailable for the distribution and resale of securitized products in the exempt market.

While the NI 41-103 Notice is focused on the distribution of securitized products in the exempt market, we will consider the comments we received in response to that notice as part of our general review of the minimum amount exemption and the AI exemption. We believe it is important that our assessment of those exemptions be informed by the CSA's proposals concerning securitized products and the comments of stakeholders with respect to those proposals.

2. Principles underlying the minimum amount exemption and the AI exemption

The minimum amount exemption and the AI exemption have been premised on an investor having one or more of:

- a certain level of sophistication,
- the ability to withstand financial loss,
- the financial resources to obtain expert advice, and
- the incentive to carefully evaluate the investment given its size.

Consultation questions

1. What is the appropriate basis for the minimum amount exemption and the AI exemption? For example, should these exemptions be premised on an investor's:
   - financial resources (ability to withstand financial loss or obtain expert advice),
   - access to financial and other key information about the issuer,
   - educational background,
   - work experience,
   - investment experience, or
   - other criteria?

   Please explain.

2. Does the involvement in the distribution of a registrant who has an obligation to recommend only suitable investments to the purchaser address any concerns?

3. Minimum amount exemption

Background

The terms of the current minimum amount exemption, a background discussion of the exemption, and a summary of comparable exemptions under the exempt market regimes in foreign jurisdictions are included at Appendix A.

Issues involving the minimum amount exemption

- **No assurance of sophistication.** The size of investment alone does not assure investor sophistication or access to information, particularly where the minimum amount exemption is used to sell novel or complex

products without any accompanying disclosure. At most, the size of the investment is an indicator only of the investor's ability to withstand financial loss.

- **Current threshold for the minimum investment.** The current $150,000 threshold for the minimum amount exemption was set in 1987 and has not been changed or adjusted for inflation since. The $150,000 threshold is equivalent to over $265,000 in 2011 dollars.[1] Some stakeholders have suggested that the $150,000 threshold is too low and allows unsophisticated, retail investors to participate in the exempt market. Conversely, if the threshold is increased, the exemption may not be available to investors who do not need the protections provided by a prospectus offering.

- **Impact of a minimum amount concept on investment decisions.** An exemption based on a minimum amount invested may cause an investor to invest more than business or investment considerations may dictate solely to meet the threshold; for example, by investing $150,000 when it may have made more sense to invest only $50,000. Similarly, a higher minimum threshold may cause an investor to make a single investment of $150,000 or more when a staged investment in smaller increments may better protect the investor's interests.

- **Use of the exemption to raise capital.** The minimum amount exemption is widely used by issuers to raise capital in some jurisdictions. If the investment threshold was increased or the minimum investment exemption was repealed, this could affect capital raising, especially by small and medium sized enterprises.

Consultation questions

3. Do you have comments on the issues described above?

4. Are there other issues you may have with the minimum amount exemption?

Potential options regarding the minimum amount exemption

Depending on the results of this consultation process, we may propose:
(1) retaining the minimum amount exemption in its current form,
(2) adjusting the $150,000 threshold,
(3) limiting the use of the exemption to certain investors, such as institutional investors and not individuals,
(4) using alternative qualification criteria,
(5) imposing other investment limitations, or
(6) repealing the exemption.

Consultation questions

(a) Maintain the status quo

5. Do you agree with maintaining the minimum amount exemption in its current form?

(b) Adjust the $150,000 threshold

6. How much should the minimum investment threshold be increased? Would your answer to this question change

[1] Source for inflation adjustments: Bank of Canada Inflation Calculator (http://www.bankofcanada.ca/rates/related/inflation-calculator/)

depending on whether:

- any disclosure is provided to investors, including risk factor disclosure?
- the purchaser is an individual, instead of an institutional investor?
- the security is novel or complex?
- the issuer of the security is a reporting issuer?
- a registrant is involved in the distribution who has an obligation to recommend only suitable investments to the purchaser?

7. Should the $150,000 threshold be periodically indexed to inflation?

8. If we changed the $150,000 threshold what would the impact be on capital raising?

(c) Limit the use of the exemption by individuals

9. Should individuals be able to acquire securities under the minimum amount exemption? Would your answer to this question change depending on whether:
   - any disclosure is provided to investors, including risk factor disclosure?
   - the security is novel or complex?
   - the issuer of the security is a reporting issuer?
   - a registrant is involved in the distribution who has an obligation to recommend only suitable investments to the purchaser?

10. If individuals are able to acquire securities under the minimum amount exemption, should there be any limitations?

11. If we limited the use of the exemption to persons who are not individuals, what would the impact be on capital raising?

(d) Use alternative qualification criteria or impose other limitations

12. Are there alternative qualification criteria for the minimum amount exemption?

13. Are there other limitations that should be imposed on the use of the minimum amount exemption?

(e) Repeal the exemption

14. Should the minimum amount exemption be repealed? Would your answer to this question change depending on whether:
    - any disclosure is provided to investors, including risk factor disclosure?
    - the purchaser is an individual, instead of an institutional investor?
    - the security is novel or complex?
    - the issuer of the security is a reporting issuer?
    - a registrant is involved in the distribution who has an obligation to recommend only suitable investments to the purchaser?

15. If the minimum amount exemption was repealed:
    - would that materially affect issuers' ability to raise capital?
    - is the AI exemption (in its current or modified form) an adequate alternative to the minimum amount exemption?

(f) Other options

16. Are there other options for modifying the minimum amount exemption that we should consider?

4. AI exemption

Background

The terms of the current AI exemption, a background discussion of the exemption, and a summary of comparable exemptions under the exempt market regimes in foreign jurisdictions are included at Appendix B.

Issues involving the AI exemption

- **Current thresholds for income and assets.** The thresholds for individuals to qualify as accredited investors were originally set by the Securities and Exchange Commission (SEC) in 1982, and subsequently adopted by the CSA in the early 2000s. The thresholds have not been changed or adjusted for inflation since. Some stakeholders submit that these thresholds are too low by today's standards. The current threshold for an individual's income is $200,000; in 2011 dollars, the threshold would be over $443,000 based on 1982 dollars (the year of SEC adoption) or $245,000 based on 2001 dollars (the year the Ontario Securities Commission first adopted the exemption).[2] As with the minimum amount exemption, some say these thresholds are too low and allow unsophisticated, retail investors to participate in the exempt market, yet an increase in the thresholds may exclude investors who do not need the protections provided by a prospectus offering.

- **Qualification criteria.** Some stakeholders have suggested that income and asset thresholds are not adequate proxies for sophistication. Individuals may have significant wealth, but may lack investment or other experience that enables them to make an investment decision without the protections afforded by a prospectus offering.

- **Use of the exemption to raise capital.** The AI exemption is widely used by issuers to raise capital. If the exemption was changed or repealed, this could affect capital raising, especially for small and medium sized enterprises.

- **Compliance with qualification criteria.** Regulators have concerns that some individuals purchasing securities under the AI exemption are not, in fact, accredited investors.

Consultation questions

17. Do you have comments on the issues described above?

18. Are there any other issues you may have with the AI exemption?

[2] Ibid.

Potential options regarding the AI exemption

Depending on the results of this consultation process, we may propose:

(1) retaining the AI exemption in its current form,

(2) adjusting the income and asset thresholds in the definition of accredited investor,

(3) using alternative qualification criteria for individuals,

(4) limiting the exemption to certain investors, such as institutional investors and not individuals, and

(5) imposing other investment limitations.

Consultation questions

(a) Maintain the status quo

19. Do you agree with retaining the AI exemption and the definition of "accredited investor" in their current form?

(b) Adjust income and asset thresholds in the definition of accredited investor

20. What should the income and asset thresholds be? Would your answer to this question change depending on whether:
    - any disclosure is provided to investors, including risk factor disclosure?
    - the security is novel or complex?
    - the issuer of the security is a reporting issuer?
    - a registrant is involved in the distribution who has an obligation to recommend only suitable investments to the purchaser?

21. Should the income and asset thresholds be periodically indexed to inflation?

22. If we changed the income and asset thresholds, what would the impact be on capital raising?

(c) Use alternative qualification criteria for individuals

Alternative qualification criteria for individual investors could be required such as:

- *investment experience* (for example, the investor has carried out transactions of a significant size in securities markets at a given frequency),
- *investment portfolio size* (for example, the investor's securities portfolio must exceed a specified amount),
- *work experience* (for example, the investor works or has worked in the financial sector in a professional position which requires knowledge of securities investment), and / or
- *education* (such as the investor has completed the Canadian Securities Course, achieved a CFA designation or has received an advanced degree in business or finance).

23. What qualification criteria should be used in the AI exemption for individual investors? Would your answer to this question change depending on whether:
    - any disclosure is provided to investors, including risk factor disclosure?
    - the security is novel or complex?
    - the issuer of the security is a reporting issuer?
    - a registrant is involved in the distribution who has an obligation to recommend only suitable investments to

the purchaser?

24. If we changed the qualification criteria, what would the impact be on capital raising?

(d) Limit the use of the exemption by individuals

25. Should individuals be able to acquire securities under the AI exemption? Would your answer to this question change depending on whether:
    - any disclosure is provided to investors, including risk factor disclosure?
    - the security is novel or complex?
    - the issuer of the security is a reporting issuer?
    - a registrant is involved in the distribution who has an obligation to recommend only suitable investments to the purchaser?

(e) Impose other investment limitations

26. Should an investment limit be imposed on accredited investors who are individuals? If a limit is appropriate, what should the limit be? Would your answer to these questions change depending on whether:
    - any disclosure is provided to investors, including risk factor disclosure?
    - the security is novel or complex?
    - the issuer of the security is a reporting issuer?
    - a registrant is involved in the distribution who has an obligation to recommend only suitable investments to the purchaser?

27. If investment limitations for individuals were imposed, what would the impact be on capital raising?

(f) Compliance with qualification criteria

An issue with the AI exemption is ensuring compliance with the qualification criteria. One way to improve compliance with the AI exemption would be to require an investor's accredited investor status to be certified by an independent third party, such as a lawyer or qualified accountant.

28. Should this be considered in a review of the AI exemption?

29. Do you agree with imposing such a requirement?

30. Are there alternatives that we should consider?

(g) Other options

31. Are there other options we should consider for revising the AI exemption or for substituting an alternative exemption?

Appendix A

Information on the minimum amount exemption

Current form of the minimum amount exemption

The minimum amount exemption in section 2.10 of NI 45-106 currently reads:

(1) The prospectus requirement does not apply to a distribution of a security to a person if
   (a) that person purchases as principal,
   (b) the security has an acquisition cost to the purchaser of not less than $150,000 paid in cash at the time of the distribution, and
   (c) the distribution is of a security of a single issuer.

(2) Subsection (1) does not apply to a distribution of a security to a person if the person was created, or is used, solely to purchase or hold securities in reliance on this exemption from the prospectus requirement set out in subsection (1).

There are no limitations on the type of securities sold under the exemption, the number of solicitations, the number of purchasers, or on the number of times the exemption may be relied on. No disclosure materials are required to be provided to investors.

Background on the minimum amount exemption

The minimum amount exemption was originally created in 1966 by the Ontario Securities Commission and set at $97,000 (a figure of $100,000 less a commission or discount of three percent) and was not available to individuals. Over time:

- other CSA jurisdictions adopted a similar exemption,
- the exemption was expanded to individuals, and
- the threshold was raised to $150,000 in some jurisdictions.

For a period from 2001 to 2005, the Ontario Securities Commission eliminated the minimum amount exemption and replaced it with the AI exemption, believing that the minimum amount threshold was not as good a proxy for sophistication as the new accredited investor exemption. With the adoption of NI 45-106 in 2005, the CSA jurisdictions all adopted (or re-adopted) the $150,000 minimum amount exemption in section 2.10.

Exempt market regimes in foreign jurisdictions

The following summarizes the approach taken to an exemption based on a minimum investment amount in certain foreign jurisdictions.

Jurisdiction	Approach
Australia	Australia has had a minimum amount exemption of A$500,000 since 1989.[3]
United Kingdom	The United Kingdom has had the following minimum amount exemption limits: 40,000 euros (1995), 50,000 euros (2005), and 100,000 euros (since 2010).[4]
United States of America	The United States Securities and Exchange Commission (SEC) adopted a minimum amount exemption of US$100,000 in 1979. In 1982, this limit was raised to US$150,000, so long as the amount was at most 20% of the investor's net worth. With the introduction of the accredited investor exemption in 1988, the minimum amount exemption was rescinded. According to the SEC, it had concerns: …that size of purchase alone, particularly at the $150,000 level, does not assure sophistication or access to information. While some persons previously accredited would no longer be accredited (i.e., individuals with net worths of $750,000 but less than $1 million). . . , many of the persons who used the $150,000 purchaser item will now become accredited investors by virtue of [the accredited investor exemption].

[3] A$500,000 was equivalent to approximately C$509,000 on September 15, 2011 according to the Bank of Canada daily currency converter (http://www.bankofcanada.ca/rates/exchange/daily-converter).

[4] 100,000 euros was equivalent to approximately C$137,000 on September 15, 2011 according to the Bank of Canada daily currency converter (http://www.bankofcanada.ca/rates/exchange/daily-converter).

Appendix B

Information on the AI exemption

Current form of the AI exemption

The AI exemption set out in section 2.3 of NI 45-106 currently reads:

(1) The prospectus requirement does not apply to a distribution of a security if the purchaser purchases the security as principal and is an accredited investor.

There are no limitations on the type of securities sold under the exemption, the number of solicitations, the number of purchasers, or on the number of times the exemption may be relied on. No disclosure materials are required to be provided to investors.

The definition of "accredited investor" as set out in section 1.1 of NI 45-106 includes, among others:

(j) an individual who, either alone or with a spouse, beneficially owns financial assets having an aggregate realizable value that before taxes, but net of any related liabilities, exceeds $1,000,000,

(k) an individual whose net income before taxes exceeded $200,000 in each of the two most recent calendar years or whose net income before taxes combined with that of a spouse exceeded $300,000 in each of the two most recent calendar years and who, in either case, reasonably expects to exceed that net income level in the current calendar year, and

(l) an individual who, either alone or with a spouse, has net assets of at least $5,000,000.

Background on the AI exemption

The AI exemption was first enacted by the Ontario Securities Commission in 2001 and replaced the minimum amount exemption. It was enacted with the same thresholds as the current exemption in NI 45-106. A similar exemption was subsequently also enacted in 2002 by the British Columbia Securities Commission and Alberta Securities Commission under Multilateral Instrument 45-103 *Capital Raising Exemptions* (MI 45-103), although MI 45-103 retained the minimum amount exemption of $97,000. When NI 45-106 came into force in 2005, all CSA jurisdictions adopted the current version of the exemption.

Exempt market regimes in foreign jurisdictions

The following summarizes the approach taken to an exemption based on the nature of the purchaser in certain foreign jurisdictions.

Jurisdiction	Approach
Australia	In 1997, the Australian Parliament's Corporate Law Economic Reform Program (CLERP) looked at the securities regulatory regime in the United States of America and in Ontario when crafting their "sophisticated investor" definition. In their paper, *Fundraising: Capital raising initiatives to build enterprise and employment, Proposals for Reform: Paper No. 2*, they considered the following: Certain investors are seen to be financially sophisticated and able to protect their investment interests in an optimal fashion without regulatory interference. These investors do not require the disclosure protection offered by the Corporations Law. They can secure their own cost-effective protection in negotiations with the issuer. Issuers making offers to such persons should not need to incur costs beyond those negotiated between the parties. Sophisticated investors should not be burdened by unwanted costs being incorporated in the price of the securities on offer. The current *sophisticated investor* exemption applies only to a person who invests over $500,000 in the securities in question. Such a person is thought not to need the protection of mandatory prospectus disclosures under the Corporations Law, based on their ability to obtain pertinent information from the issuer because of their bargaining power and proximity. However, the need to invest so large an amount in an individual enterprise for which there is not a prospectus may of itself be a deterrent to investing, given the potential risks and the difficulty this causes for investors in diversifying their portfolio (unless they have very significant resources). From an issuer's perspective, the $500,000 threshold may therefore be too high because of the difficulty of finding investors willing to invest such large sums. Many SMEs would in any event be seeking less than $500,000 in total. CLERP suggested that offers of securities in any amounts should be permitted without a prospectus if they are made to persons: • with gross income over each of the previous two financial years of at least A$250,000, or • with net assets of A$2.5 million.[5] The purchaser must have a current certificate from a qualified accountant certifying that they have the prescribed net asset or gross income level. These proposals were passed into law by the *Corporate Law Economic Reform*

[5] Equivalent to gross income of C$254,000 or net assets of C$2,544,000 on September 15, 2011 according to the Bank of Canada daily currency converter (http://www.bankofcanada.ca/rates/exchange/daily-converter).

Jurisdiction	Approach
	Program Act 1999, and are now in the *Corporations Act 2001*.
United Kingdom	Under the European Union's *Prospectus Directive* of May 30, 2001, which came into force in the UK on July 1, 2005, distributions to "qualified investors" are exempt from the prospectus requirements. The *Directive* allows Member States to choose to authorize resident individuals as qualified investors when they expressly ask to be so considered. These individuals must meet at least two of the following criteria: • the investor has carried out transactions of a significant size (at least 1,000 euros) on securities markets at an average frequency of, at least, ten per quarter over the previous four quarters • the size of the investor's securities portfolio exceeds 0.5 million euros, or • the investor works or has worked for at least one year in the financial sector in a professional position which requires knowledge of securities investment.[6] Qualified Investors are listed in the Qualified Investor Register, which is publicly available, although information contained in the register may be delivered electronically only to issuers and other offerers of securities.
United States of America	In 1982, the SEC created the accredited investor exemption in Regulation D (Reg D) for individuals that: • have, alone or with their spouse, net worth at the time of purchase of US$1,000,000, or • had an income in excess of US$200,000 in each of the last two years and reasonably expects such income in the current year. The SEC explained that the purpose of this exemption was to include persons with financial experience and sophistication who wish to invest less than US$100,000. In 1988, the SEC amended Reg D to include a spousal joint income test of US$300,000 or joint net worth of US$1,000,000. The minimum amount exemption was revoked. The *Dodd-Frank Wall Street Reform and Consumer Protection Act*, signed into law on July 21, 2010, changes the definition of an accredited investor to exclude the value of a primary residence from the US$1,000,000 wealth test. The SEC will also review the definition every four years.

[6] 1,000 euros was equivalent to C$1,368 and 0.5 million euros is equivalent to C$683,800 on September 15, 2011, according to the Bank of Canada daily currency converter (http://www.bankofcanada.ca/rates/exchange/daily-converter).

1.1.3 OSC Staff Notice 11-737 (Revised) – Securities Advisory Committee – Vacancies

REVISED OSC STAFF NOTICE 11-737
SECURITIES ADVISORY COMMITTEE – VACANCIES

The Commission formally established the Securities Advisory Committee to the Commission ("SAC") many years ago. SAC meets on a regular basis, generally monthly, and provides advice to the Commission and staff on a variety of matters including policy initiatives and capital markets trends. SAC also provides advice and comments on legal, regulatory and market implications of any aspect of Commission rules, policies, operations, and administration. In addition, SAC is expected to provide general advisory services to the Commission and staff on an informal basis relating to emerging trends in the marketplace.

The Commission is now looking for three prospective candidates to serve on SAC beginning in February 2012 for a three-year term ending December 2014. Our intention is to have one-third of SAC membership turn-over each calendar year.

Those who make a commitment to serve on SAC must be in a position to devote the time necessary to attend meetings, be an active participant, and undertake the work involved, which occasionally must be dealt with on an urgent basis. SAC members are expected to have excellent technical abilities and a strong interest in the development of securities regulatory policy. SAC members must have in-depth knowledge of the legislation and policies for which the Commission is responsible, and have significant practice experience in the securities area. Expertise in an area of special interest to the Commission at the time an appointment is made will also be a factor in selection. At this time, the Commission is interested in selecting at least one new member with extensive cross-border experience and a high level of familiarity with U.S. securities law.

Qualified individuals who have the support of their firms/employers for the commitment required to effectively participate on SAC, are invited to apply in writing for membership on SAC to the General Counsel's Office of the Commission, indicating areas of practice and relevant experience. Prospective candidates are encouraged to review OSC Policy 11-601 for further information about SAC.

SAC members whose terms continue past February 2012 are:

- Robert Black — Davis LLP
- C. Steven Cohen — Burnet, Duckworth & Palmer LLP
- Jeff Davis — Ontario Teachers' Pension Plan
- Peter Hong — Davies Ward Phillips & Vineberg LLP
- Grant McGlaughlin — Goodmans LLP
- James McVicar — Heenan Blaikie LLP
- Tina Woodside — Gowling Lafleur Henderson LLP
- Robert Wortzman — Wildeboer Dellelce LLP
- Heather Zordel — Cassels Brock & Blackwell LLP

The Commission wishes to thank the following members whose terms will expire at the end of January 2012:

- Georges Dubé — Fasken Martineau DuMoulin LLP
- Glen Johnson — Torys LLP
- Tracey Kernahan — Norton Rose OR LLP
- Rob Lando — Osler, Hoskin & Harcourt LLP

The Commission is very grateful to outgoing members for their able assistance and valuable input.

Applications for SAC membership will be considered if received on or before December 16, 2011. Applications should be submitted in writing to:

Monica Kowal
General Counsel
Ontario Securities Commission
20 Queen Street West
19th Floor, Box 55
Toronto, Ontario
M5H 3S8
Tel: (416) 593-3653
Fax: (416) 593-3681
mkowal@osc.gov.on.ca

November 11, 2011

1.2 Notices of Hearing

1.2.1 Taras Hucal

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

AND

IN THE MATTER OF
TARAS HUCAL

NOTICE OF HEARING

TAKE NOTICE that the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended, at the offices of the Commission located at 20 Queen Street West, Toronto, 17th Floor, on November 7, 2011 at 4:30 p.m. or soon thereafter as the hearing can be held;

AND TAKE NOTICE that the purpose of the hearing is for the Commission to consider whether it is in the public interest to approve a settlement agreement entered into between Staff of the Commission and Taras Hucal.

DATED at Toronto this 2nd day of November, 2011

"John Stevenson"
Secretary of the Commission

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

AND

IN THE MATTER OF
TARAS HUCAL

STATEMENT OF ALLEGATIONS OF STAFF OF
THE ONTARIO SECURITIES COMMISSION

Staff of the Ontario Securities Commission make the following allegations against the Respondent:

PART I – OVERVIEW

1. Taras Hucal ("Hucal" or "the Respondent"), being a market participant, failed to ensure books, records and other documents as were necessary for the proper recording of the business transactions and financial affairs of an investment fund manager were kept by the investment fund manager contrary to section 19(1) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"). Hucal also failed to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances respecting the management of an investment fund contrary to section 116 of the Act.

PART II – PARTICULARS

2. Between January 2009 and January 2010 (the "Material Time"), Hucal was the President of certain investment fund managers namely, frontierAlt Funds Management Limited ("FALT Management"), the general partner of frontierAlt 2007 Energy & Precious Metals Flow-Through Limited Partnership ("FALT 2007 LP") and the general partner of frontierAlt 2008 Precious Metals & Energy Flow-Through Limited Partnership ("FALT 2008 LP"). FALT Management, FALT 2007 LP and FALT 2008 LP were part of the frontierAlt ("FALT") financial organization.

3. FALT Management was the investment fund manager for the public mutual fund frontierAlt Resource Capital Class Fund ("FALT Resource"). FALT 2007 LP and FALT 2008 LP (collectively the "FALT LPs") were limited partnerships organized as public non-redeemable investment funds. The general partners for FALT 2007 LP and FALT 2008 LP respectively served as each FALT LP's investment fund manager. FALT Management and the general partners of the FALT LPs (collectively the "FALT Investment Fund Managers") were compensated by FALT Resource and the FALT LPs respectively (collectively the "FALT Investment Funds") for the provision of investment management services.

4. During the Material Time, a third-party investment counsel and portfolio manager (the "ICPM") had been retained and was acting as the ICPM for the FALT Investment Funds pursuant to portfolio management agreements.

5. During the Material Time, the general partners of the FALT LPs retained control over the portfolio assets of the FALT LPs, which were held in custody with third-party brokers. The general partners of the FALT LPs provided the ICPM information about the portfolio assets held by the FALT LPs through a back-office service provider affiliated with the FALT financial organization.

6. During the Material Time, Hucal failed to ensure that the FALT Investment Fund Managers kept proper books and records respecting fund manager activities for their respective FALT Investment Fund. In particular, the FALT Investment Fund Managers failed to maintain adequate documentation including a complete record of subscription agreements, trade instructions and, in the case of the FALT 2008 LP, records supporting offering costs expensed to the FALT 2008 LP. Although the FALT 2008 LP did not make public offerings during the Material Time, the expensing of such offering costs were reflected in FALT 2008 LP financial statements authorised by Hucal. Hucal failed to ensure that there was adequate supporting documentation respecting such offering costs expensed and recorded in the financial statements filed with the Commission during the Material Time.

7. During the Material Time, Hucal, as President of the general partners of the FALT LPs, failed to ensure that there were adequate internal controls respecting the safeguarding of the public assets of the FALT LPs. In particular Hucal:

(a) failed to ensure that the records with brokers were updated when his predecessor in office resigned as President of the FALT Investment Fund Managers on or about December 12, 2008. The former President retained trading authorization for the brokers' accounts into 2009;

(b) failed to implement effective policies and procedures to oversee the trading in the FALT LPs' brokerage accounts. There were no policies and procedures in place to monitor and document the access to and trading

in the brokerage accounts by individuals who were neither officers nor directors of the FALT LPs' investment fund managers, including authority to direct brokers to issue cheques from the accounts; and

(c) failed to implement effective policies and procedures and take adequate steps to oversee the investment process. During the Material Time, the FALT LPs' investment fund managers did not receive written trade instructions from the ICPM to conduct transactions in the FALT LPs in connection with private placement purchases of securities from issuers or in connection with secondary market purchases and sales of previously acquired securities held at brokers, and the FALT LPs' investment fund managers failed to maintain records of these instructions. Although Hucal was not actively involved in this investment process as other individuals at FALT facilitated these transactions, on a few occasions, Hucal signed private placement subscription agreements for the FALT LPs at the direction of other FALT representatives.

8. Staff asserts that, commencing in or about August 2009 and continuing through to December 2009, a principal of the FALT financial organization usurped the function of the ICPM and conducted purchases and sales of securities of reporting issuers in the FALT Investment Funds without the authorization, consent, approval or knowledge of the ICPM. Hucal denies knowledge of these trades but admits that as the President of the FALT Investment Fund Managers, he failed to ensure that there were adequate policies and procedures in place that were designed to prevent and detect unauthorized transactions.

9. During the Material Time, Hucal failed to provide adequate compliance and supervisory oversight of the FALT Investment Fund portfolios to ensure that the FALT Investment Funds adhered to their investment objectives and restrictions as disclosed in their prospectuses. In January 2009, FALT Investment Funds held over-concentrations of securities of specific issuers, exceeded early warning thresholds without reporting these to the Commission on a timely basis, and acquired a control position in the securities of a reporting issuer. Although Hucal discussed the over-concentration issue with the ICPM, Hucal failed to ensure that the FALT Investment Fund filed early warning reports as required by section 102.1 of the Act and Part 7 of Rule 62-504 *Take-Over and Issuer Bids*. Hucal also failed to ensure disclosure of the risks of high concentrations of specific issuers in the prospectuses for FALT Resource as required under Item 9 of Form 81-101F1 *Contents of Simplified Prospectus*. The FALT Investment Fund Managers filed Mutual Fund Reports on Fund Performance. Although Hucal sought approval from certain board members of the FALT Investment Fund Managers, he failed to comply with the board approval requirements respecting Mutual Fund Reports on Fund Performance for the FALT Investment Funds as required by section 4.5 of NI 81-106 *Investment Funds Continuous Disclosure*.

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

10. By engaging in the conduct described above, Hucal acted contrary to Ontario securities law and contrary to the public interest.

Dated the 1st day of November, 2011.

1.2.2 New Found Freedom Financial 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
NEW FOUND FREEDOM FINANCIAL,
RON DEONARINE SINGH,
WAYNE GERARD MARTINEZ, PAULINE LEVY,
DAVID WHIDDEN, PAUL SWABY AND
ZOMPAS CONSULTING

NOTICE OF HEARING
Sections 127 and 127.1

TAKE NOTICE THAT the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") at the offices of the Commission located at 20 Queen Street West, 17th Floor, on November 24, 2011 at 2:30 p.m., or as soon thereafter as the hearing can be held.

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

(i) pursuant to clause 2 of section 127(1) of the Act that trading in any securities by New Found Freedom Financial, Ron Deonarine Singh ("Singh"), Wayne Gerard Martinez ("Martinez"), Pauline Levy ("Levy"), David Whidden ("Whidden"), Paul Swaby ("Swaby") and Zompas Consulting (collectively, the "Respondents") cease permanently or for such period as is specified by the Commission;

(ii) pursuant to clause 2.1 of section 127(1) of the Act the acquisition of any securities by the Respondents is prohibited permanently or for such other period as is specified by the Commission;

(iii) pursuant to clause 3 of section 127(1) of the Act that any exemptions contained in Ontario securities law do not apply to the Respondents permanently or for such period as is specified by the Commission;

(iv) pursuant to clause 6 of section 127(1) of the Act that the Respondents be reprimanded;

(v) pursuant to clauses 7, 8.1 and 8.3 of section 127(1) of the Act that Singh, Martinez, Levy, Whidden and Swaby (collectively, the "Individual Respondents") resign all positions that they hold as a director or officer of any issuer, registrant, or investment fund manager;

(vi) pursuant to clauses 8, 8.2 and 8.4 of section 127(1) of the Act that the Individual Respondents be prohibited from becoming or acting as a director or officer of any issuer, registrant, or investment fund manager;

(vii) pursuant to clause 8.5 of section 127(1) of the Act that the Respondents be prohibited from becoming or acting as a registrant, as an investment fund manager or as a promoter;

(viii) pursuant to clause 9 of section 127(1) of the Act that the Respondents each pay an administrative penalty of not more than $1 million for each failure by that Respondent to comply with Ontario securities law;

(ix) pursuant to clause 10 of section 127(1) of the Act that each Respondent disgorge to the Commission any amounts obtained as a result of non-compliance by that Respondent with Ontario securities law;

(x) pursuant to section 127.1 of the Act that the Respondents be ordered to pay the costs of the Commission investigation and the hearing; and

(xi) such further order as the Commission considers appropriate in the public interest.

BY REASON OF the allegations as set out in the Statement of Allegations of Staff of the Commission dated November 1, 2011 and such additional allegations as counsel may advise and the Commission may permit;

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

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

DATED at Toronto this 2nd day of November, 2011.

"John Stevenson"
Secretary to the Commission

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

AND

IN THE MATTER OF
NEW FOUND FREEDOM FINANCIAL,
RON DEONARINE SINGH,
WAYNE GERARD MARTINEZ, PAULINE LEVY,
DAVID WHIDDEN, PAUL SWABY AND
ZOMPAS CONSULTING

STATEMENT OF ALLEGATIONSOF STAFF OF
THE ONTARIO SECURITIES COMMISSION

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

I. OVERVIEW

1. This proceeding involves the unregistered trading and illegal distribution of securities by the respondents between April 2008 and October 2009 (the "Material Time").

2. New Found Freedom Financial ("NFF"), Ron Deonarine Singh ("Singh") and Wayne Gerard Martinez ("Martinez") solicited Ontario residents, both directly and through Pauline Levy ("Levy") and David Whidden ("Whidden"), to invest in investment contracts offered by NFF. NFF in turn invested part of the investor funds it received with Paul Swaby ("Swaby") and Zompas Consulting ("Zompas").

3. NFF, Singh and Martinez engaged in fraudulent conduct by making untrue or misleading statements to investors regarding the use of investor funds, the source of monthly return payments, and guarantees on invested principal.

II. THE RESPONDENTS

4. NFF is a general partnership which was registered under the *Business Names Act*, R.S.O. 1990, c. B.17, in Ontario on April 4, 2008. NFF has never been a reporting issuer in Ontario and has never been registered with the Ontario Securities Commission (the "Commission") in any capacity.

5. Singh and Martinez are each 50% partners in NFF and are the directing minds of NFF. Singh and Martinez are residents of Scarborough, Ontario. Neither Singh nor Martinez have ever been registered with the Commission in any capacity.

6. Levy is a resident of Maple, Ontario. She has never been registered with the Commission in any capacity.

7. Whidden is a resident of Stratford, Ontario. He has never been registered with the Commission in any capacity.

8. Zompas is a sole proprietorship owned and operated by Swaby. Swaby resided in Pickering, Ontario during the Material Time. Zompas has never been a reporting issuer in Ontario and has never been registered with the Commission in any capacity, nor has Swaby ever been registered with the Commission in any capacity.

III. BACKGROUND

A. The NFF Investment

9. During the Material Time, NFF accepted funds from Ontario residents for a foreign exchange investment program (the "NFF Investment"). The NFF Investment was an "investment contract" within the definition of a "security" in section 1(1) of the *Securities Act*, R.S.O. 1990, c. S.5 (the "Act").

10. The characterization of the NFF Investment changed over time. It was initially described as managed foreign exchange ("Forex") accounts. In or about the summer of 2009, NFF began to characterize the NFF Investment as a marketing program in which investors made a principal payment characterized as a "membership fee", and received monthly payments characterized as "marketing fees".

11. Regardless of the characterization of the NFF Investment, the key elements remained the same. Investors entered into a written agreement with NFF with respect to their investment. They were told that NFF would engage Forex traders who would trade with their funds. Investors were typically promised a fixed return of 5% per month (or 60% per annum) on their invested principal, although some investors were promised fixed returns of up to 8% per month (or 96% per annum).

12. Investors were told that their monthly return would be funded by NFF's Forex trading profits. Investors also understood that any compensation payable to NFF, Martinez and/or Singh would be funded by NFF's trading profits. Investors were told that 80% or 100% of their principal was guaranteed.

13. During the Material Time, approximately 57 investors invested a total of approximately $1.8 million in the NFF Investment.

B. Solicitation of Investors

14. NFF, Singh and Martinez directly solicited Ontario residents to invest in the NFF Investment. NFF also paid referral fees to others who solicited investors on its behalf.

15. During the Material Time, Singh and Martinez met with investors, discussed the features of the NFF Investment, and provided investors with promotional materials. They also told investors that their principal was guaranteed. They accepted investor funds on behalf of NFF, pooled investors funds and transferred part of those funds to Forex traders.

16. NFF also solicited investors indirectly through Whidden and Levy. NFF agreed to pay Whidden and Levy referral fees for investors they referred to the NFF Investment.

17. Whidden began soliciting Ontario residents to invest in the NFF Investment in or about October 2008. Between October 2008 and October 2009, at least 10 investors invested a total of approximately $332,000 as a result of Whidden's promotional and trading activities. These activities included discussing the features of the NFF Investment with investors, providing investors with promotional materials and providing blank investment agreements for investors to complete.

18. In exchange for these activities, NFF agreed to pay Whidden referral fees of 3% per month (or 36% per annum) of the principal invested by most of the investors he referred. Whidden received a total of approximately $47,000 in referral fees from NFF during the Material Time.

19. Levy began soliciting Ontario residents to invest in the NFF Investment in or about June 2008. Between June 2008 and October 2009, at least 10 investors invested a total of approximately $270,000 as a result of Levy's promotional and trading activities. These activities included discussing the features of the NFF Investment with investors, providing investors with promotional materials and telling investors that their principal was guaranteed. Levy also provided blank investment agreements for investors to complete, completed part of the agreements on behalf of some investors, collected investor funds on behalf of NFF and facilitated the payment of monthly returns to investors.

20. In exchange for these activities, NFF agreed to pay Levy referral fees of up to 5% per month (or 60% per annum) of the principal invested by the investors she referred. Levy received payments from NFF through an associate totalling approximately $64,000 during the Material Time, part of which was referral fees.

C. Fraudulent Conduct

21. NFF, Singh and Martinez represented to investors that their funds would be used for Forex trading or kept on deposit in a trading account, that the promised monthly return would be funded by NFF's Forex trading profits, and that investors' principal was guaranteed. These statements were untrue or misleading and perpetrated a fraud on investors.

22. NFF accepted approximately $1.8 million from investors during the Material Time. However, only approximately $1.1 million was provided by NFF to the three Forex traders it engaged, Investment International Inc. ("I3"), Sylvan Blackett ("Blackett") and Swaby (collectively, the "Forex Traders"). I3 and Blackett have been named as respondents in separate ongoing proceedings. The United States Commodity Futures Trading Commission filed a complaint against I3 in the United States District Court, Northern District of Ohio, on October 7, 2010, alleging that I3 and others operated a Ponzi scheme. The Commission issued a notice of hearing and statement of allegations against Blackett on January 24, 2011, alleging that Blackett engaged in unregistered trading and illegal distribution of securities and perpetrated a fraud on investors.

23. The remaining balance of approximately $700,000 in investor funds accepted by NFF was not kept on deposit in a trading account as investors were led to believe. Rather, those funds were used for other purposes, including monthly return and redemption payments to investors, referral fee payments and/or payments to Singh and Martinez.

24. Between January 24, 2009 and October 31, 2009, NFF accepted over $640,000 from investors but did not make any deposits to any of the Forex Traders. NFF also made monthly return payments to investors totalling approximately $505,000 during this period despite the fact that it received only approximately $85,000 from the Forex Traders and did not have any other significant source of funds besides new investor deposits. Investor funds were therefore used to fund at least part of the monthly return payments made during this period.

25. Investors' principal was not guaranteed, contrary to the representations made to them. NFF accepted approximately $1.8 million from investors during the Material Time, but only paid back a total of approximately $704,000 for both monthly returns and redemptions. NFF's ending bank balance on October 31, 2009 was $18, at which point payments to investors were suspended and the investment program was terminated. Approximately $1.1 million in investor principal has not been returned.

D. The Swaby Investment

26. During the Material Time, Swaby and Zompas accepted funds from NFF for the purpose of engaging in Forex trading (the "Swaby Investment"). The Swaby Investment was an "investment contract" within the definition of a "security" in section 1(1) of the Act.

27. Between December 2008 and January 2009, Swaby and Zompas accepted approximately $198,000 from NFF in relation to the Swaby Investment. Swaby and Zompas agreed to conduct Forex trading with these funds and to provide NFF with all trading profits generated up to 8% per month. Trading profits beyond 8% per month were to be retained by Swaby and Zompas.

28. Between December 2008 and August 2009, Swaby transferred approximately $139,000 of the funds received from NFF to a trading account held in his name at Interbank FX, LLC, an online Forex trading platform. At least $133,000 of that amount was lost in Forex trading. Of the remaining funds Swaby and Zompas received from NFF, approximately $41,000 was repaid to NFF, directly or indirectly. The remaining balance of approximately $18,000 was never used for Forex trading, nor was it returned to NFF.

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

29. The specific allegations advanced by Staff are:

    (a) During the Material Time, the respondents traded and engaged in or held themselves out as engaging in the business of trading in securities without being registered to do so and without an exemption from the dealer registration requirement, contrary to section 25(1)(a) of the Act as that section existed at the time the conduct at issue commenced in April 2008, and contrary to section 25(1) of the Act as subsequently amended on September 28, 2009;

    (b) During the Material Time, the respondents traded in securities of NFF and/or Swaby and Zompas when a preliminary prospectus and a prospectus had not been filed and receipts had not been issued for them by the Director, contrary to section 53(1) of the Act;

    (c) During the Material Time, NFF, Singh and Martinez engaged or participated in acts, practices or courses of conduct relating to securities of NFF that they knew or reasonably ought to have known perpetrated a fraud on persons or companies contrary to section 126.1(b);

    (d) During the Material Time, Singh and Martinez authorized, permitted or acquiesced in NFF's non-compliance with Ontario securities law and accordingly failed to comply with Ontario securities law, contrary to section 129.2 of the Act; and

    (e) The respondents' conduct was contrary to the public interest and harmful to the integrity of the capital markets in Ontario.

30. Staff reserve the right to make such other allegations as Staff may advise and the Commission may permit.

DATED at Toronto, November 1st, 2011.

1.2.3 Zungui Haixi Corporation et al. – ss. 127, 127.1

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

AND

IN THE MATTER OF
ZUNGUI HAIXI CORPORATION,
YANDA CAI AND FENGYI CAI

NOTICE OF HEARING
(Sections 127 and 127.1)

TAKE NOTICE THAT the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to sections 127 and 127.1 of the Ontario *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") at the offices of the Commission at 20 Queen Street West, 17th Floor Hearing Room on November 23, 2011 at 11:00 a.m., or as soon thereafter as the hearing can be held, to consider:

(i) whether, in the opinion of the Commission, it is in the public interest, pursuant to sections 127 and 127.1 of the Act to order that:

(a) trading in the securities of Zungui Haixi Corporation ("Zungui"), whether direct or indirect, cease permanently or for such period as is specified by the Commission;

(b) trading in any securities by Zungui, Yanda Cai or Fengyi Cai (collectively the "Respondents") cease permanently or for such period as is specified by the Commission;

(c) the acquisition of any securities by the Respondents is prohibited permanently or for such other period as is specified by the Commission;

(d) any exemptions contained in Ontario securities law do not apply to the Respondents permanently or for such period as is specified by the Commission;

(e) the Respondents be reprimanded;

(f) Yanda Cai and Fengyi Cai (collectively the "Individual Respondents") resign one or more positions that they hold as a director or officer of any issuer, registrant, or investment fund manager;

(g) the Individual Respondents be prohibited from becoming or acting as a director or officer of any issuer, registrant, and investment fund manager permanently or for such period as is specified by the Commission;

(h) the Individual Respondents be prohibited from becoming or acting as a registrant, as an investment fund manager and as a promoter permanently or for such period as is specified by the Commission;

(i) the Respondents be ordered to pay the costs of the Commission investigation and the hearing.

(ii) whether to make such further orders as the Commission considers appropriate.

BY REASON OF the allegations as set out in the Statement of Allegations of Staff of the Commission dated November 7, 2011 and such further additional allegations as counsel may advise and the Commission may permit;

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

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

DATED at Toronto this 7th day of November, 2011

"John Stevenson"
Secretary to the Commission

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

AND

IN THE MATTER OF
ZUNGUI HAIXI CORPORATION,
YANDA CAI AND FENGYI CAI

STATEMENT OF ALLEGATIONS OF STAFF OF
THE ONTARIO SECURITIES COMMISSION

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

I. OVERVIEW

1. Zungui Haixi Corporation ("Zungui") completed an initial public offering ("IPO") in Canada on December 21, 2009 and raised total gross proceeds of $39.8 million.[1] Zungui's common shares are listed on the TSX Venture Exchange (the "TSX-V") and it is a reporting issuer in all Canadian provinces.

2. Zungui's IPO was carried out in connection with the acquisition of Mengshida Shoes Co., Ltd. ("Mengshida"), a Wholly Foreign Owned Enterprise located in the People's Republic of China (the "PRC"). Zungui conducts substantially all its business and operations through Mengshida and Mengshida's management and all its operations are located in the PRC.

3. Yanda Cai is the Chief Executive Officer of Zungui and along with the Chairman of Zungui, Fengyi Cai, controls the day-to-day operations of Mengshida.

4. On August 22, 2011, Zungui issued a press release announcing that Ernst & Young LLP ("EY"), Zungui's auditor, had suspended procedures with respect to the audit of Zungui's financial statements for the year ended June 30, 2011 pending further action from Zungui. Following the press release, the market price of Zungui shares dropped by over 75% representing approximately a $70 million loss in market capitalization in a single day of trading.

5. As noted below, EY suspended its audit procedures due to concerns related to (i) inconsistencies in bank documents; (ii) issues with the bank confirmation process; and (iii) incorrect VAT invoices supporting purchases from certain of Zungui's suppliers. In light of these issues, EY also raised concerns with respect to Zungui's previously issued financial statements and recommended an independent investigation.

6. These issues were raised with Yanda Cai and Fengyi Cai by Zungui's independent directors and a unanimous resolution was passed by Zungui's Board of Directors to create a Special Committee to investigate the issues raised by EY (the "Special Committee").

7. Despite voting in favour of the resolution to appoint the Special Committee, Yanda Cai and Fengyi Cai failed to cooperate with the Special Committee in addressing EY's concerns and obstructed an independent investigation into those concerns by the Special Committee and KPMG Forensic. This resulted in the resignations of Zungui's independent directors, Chief Financial Officer and auditor (EY) leaving Zungui with no directors or senior officers located in Canada, no independent directors, no audit committee, no Chief Financial Officer and no auditor. Further, on October 28, 2011, Zungui failed to file audited annual financial statements as required by Ontario securities law.

8. Yanda Cai's and Fengyi Cai's conduct was abusive to investors and the capital markets and/or contrary to the public interest.

9. Zungui's common shares are currently suspended from trading on the TSX-V and all Zungui securities are currently subject to a temporary cease trade order made by the Ontario Securities Commission (the "Commission").

10. The specific allegations against Zungui, Yanda Cai and Fengyi Cai are as follows:

[1] At the closing on December 21, 2009, 11,500,000 common shares were sold for gross proceeds of $37,375,000. On January 12, 2010, Zungui announced that the underwriters had exercised their over-allotment option and an additional 795,500 common shares had been issued for $2,468,375, bringing the total gross proceeds to $39,843,375.

- Zungui has failed to maintain an audit committee, as required by Ontario securities law, since September 22, 2011, contrary to section 2.1 of National Instrument 52-110 *Audit Committees* and contrary to the public interest;

- Zungui failed to file audited annual financial statements on or before the 120th day after the end of its most recently completed financial year, contrary to paragraph 4.2(b)(i) of National Instrument 51-102 *Continuous Disclosure Obligations* and contrary to the public interest;

- Yanda Cai and Fengyi Cai being directors and/or officers of Zungui authorized, permitted or acquiesced in the commission of the violations by Zungui, set out above, contrary to section 129.2 of the *Securities Act*, R.S.O. 1990, c. S.5 (the "Act") and contrary to the public interest;

- Yanda Cai engaged in conduct contrary to the public interest by imposing limitations on the scope of the audit procedures of Zungui's auditor EY during its audit of Zungui's financial statements for the year ended June 30, 2011;

- Yanda Cai and Fengyi Cai engaged in conduct contrary to public interest by (i) failing to cooperate with Zungui's audit committee and special committee in addressing EY's concerns and obstructing an independent investigation of those concerns by the Special Committee and KPMG Forensic; and (ii) failing to respond to Staff inquiries and to produce documents relevant to the business of Zungui requested by Staff; and

- Zungui engaged in conduct contrary to the public interest by failing to produce documents requested by Staff.

II. THE RESPONDENTS

11. Zungui was incorporated under the *Business Corporations Act*, R.S.O. 1990 c. B.16 on August 11, 2009. Its registered office is in Toronto, Ontario. Zungui became a "reporting issuer" within the meaning of the Act when a receipt was issued for its IPO prospectus of that date. Its shares traded on the TSX Venture Exchange under the symbol ZUN.

12. Yanda Cai is a resident of the PRC. Yanda Cai is a director and the Chief Executive Officer of Zungui.

13. Fengyi Cai is a resident of the PRC and also maintains a residence in Hong Kong. Fengyi Cai is a director and the Chairman of Zungui. According to Zungui's management information circular dated November 2, 2010, Fengyi Cai beneficially owns or exercises control or direction over 56.8% of the outstanding common shares of Zungui.

14. Yanda Cai and Fengyi Cai are directors and officers of Mengshida and control its day-to-day operations.

III. BACKGROUND

Zungui

15. Zungui is a holding company and conducts substantially all of its business through Mengshida which generates substantially all of Zungui's revenue.

16. Mengshida was founded on January 14, 1992 and its business involves the manufacture and sale of athletic footwear, apparel and accessories as well as casual footwear, to the local Chinese market.

17. According to the historical financial statements filed with the Commission, cash has consistently represented a substantial portion of Zungui's assets.

18. The audited consolidated financial statements for the year ended June 30, 2010 show that Zungui had $85.9 million of cash representing approximately 65% of Zungui's assets. The balance in one Mengshida bank account represented over 90% of the Zungui cash balance as at June 30, 2010.

19. Based on the most recently filed consolidated financial statements for the interim period ended March 31, 2011, Zungui had $65.3 million of cash representing approximately 52% of Zungui's assets.

20. According to the same March 31, 2011 consolidated financial statements, Zungui had $33.3 million in accounts receivable and, together, cash and accounts receivable accounted for 79% of Zungui's assets. The Zungui accounts receivable consist primarily of Mengshida accounts receivable.

21. Mengshida's bank accounts are held at bank branches located in the PRC. Access to Mengshida's bank accounts is controlled by the person in possession of Mengshida's chop (a form of corporate seal). During the material time, Mengshida's chop has been under the control and direction of Yanda Cai.

Suspension of Audit Procedures by Zungui's Auditor

22. On August 22, 2011, Zungui issued a press release (the "August 22 Press Release") announcing that EY had suspended procedures with respect to the audit of Zungui's financial statements for the year ended June 30, 2011 pending further action from Zungui. The press release noted that EY's suspension of audit procedures will remain in place until Zungui clarifies and substantiates its position with respect to issues pertaining to the current and prior year which EY identified in the course of its audit work, and that EY recommended that the issues identified be addressed by an independent investigation.

23. On August 22, 2011, pending the issuance of the August 22 Press Release, trading of Zungui shares was halted on the TSX-V. Following the issuance of the August 22 Press Release, trading resumed and the market price of the Zungui shares dropped by over 75% to $0.34 per share from the last closing price of $1.47 per share. The halt was reinstated prior to the market open on August 23, 2011.

24. On September 16, 2011, Zungui issued a further press release which provided, among other things, that:

- the concerns raised by EY related to (i) inconsistencies in bank documents; (ii) the inability to obtain bank confirmations in a manner acceptable to the auditors; and (iii) incorrect VAT invoices supporting purchases from certain of Zungui's suppliers;
- Zungui's Board of Directors appointed a committee of independent directors (the "Special Committee") to conduct an independent investigation into the issues raised by EY;
- the Special Committee was given full authority and broad powers in connection with the investigation and related matters;
- the Special Committee had retained professional advisors in Canada and China to advise and assist the Special Committee in the independent investigation; and
- the Special Committee had sought the cooperation and assistance of Yanda Cai but added that "[i]t is not clear whether such cooperation or the funding necessary for the Special Committee to undertake its investigation will be forthcoming".

25. The Special Committee was comprised of the same independent directors that comprised Zungui's Audit Committee (the "Audit Committee").

26. On September 23, 2011, Zungui issued a further press release, dated September 22, 2011, announcing that:

> In spite of numerous requests for cooperation, there has been no positive response from [Yanda] Cai. The requests for cooperation (which the Board unanimously supported when it resolved to appoint the Special Committee) have included two directors travelling to Hong Kong to meet with Mr. Cai, as well as other email and oral communications. These efforts have not led to the access required to conduct a meaningful investigation or the transfer of funds to Canada to allow the Special Committee to pursue its mandate, nor has there been any indication that such cooperation or funding will be forthcoming. As a consequence, the Special Committee has concluded that it is prevented from fulfilling its mandate and each of the four independent directors (Michael Manley, Patrick Ryan, Margaret Cornish and Elliott Wahle), as well as the Chief Financial Officer, Shelly Gobin, have resigned.

27. EY resigned as Zungui's auditor effective September 23, 2011.

V. ALLEGATIONS

Conduct Contrary to the Public Interest by Zungui, Yanda Cai and Fengyi Cai

- **Failing to Cooperate with Zungui's Auditor, Audit Committee and Special Committee and Obstructing an Independent Investigation into Concerns Raised by Zungui's Auditor**

28. Prior to commencing procedures with respect to Zungui's 2011 year end audit, EY informed Zungui's management that it would be implementing changes to its bank confirmation process.

29. However, in July and August 2011, when members of EY's audit team attempted to conduct the bank confirmations on the Mengshida accounts they were not permitted to confirm the accounts as requested. At that time, members of the EY audit team contacted Yanda Cai and he failed to provide the authorization necessary for EY to conduct their bank confirmation process.

30. As noted above, in addition to concerns with the bank confirmation process and the reliability of the bank confirmations received, during the course of their audit, EY identified issues with respect to invalid VAT invoices supporting purchases from suppliers and the authenticity of bank advices and bank statements reviewed during the audit. EY raised these concerns with the Audit Committee.

31. Zungui's independent directors, including members of the Audit Committee and Special Committee (once constituted), repeatedly sought the cooperation of Yanda Cai and Fengyi Cai in addressing EY's concerns. This included requesting that EY be permitted to perform the bank confirmations in the manner requested and that KPMG Forensic be permitted to conduct an independent investigation into the issues raised by EY.

32. As noted above, despite repeated attempts, Yanda Cai and Fengyi Cai failed to cooperate and provide the requested permissions and failed to respond to the valid concerns raised by EY, the Audit Committee and the Special Committee.

33. Further, through his actions Yanda Cai prevented independent verification of Zungui's largest asset: the cash balance in the Mengshida accounts.

34. Zungui's independent directors, including the members of the Audit Committee and Special Committee and Zungui's Chief Financial Officer resigned on September 22, 2011 and EY resigned as Zungui's auditor on September 23, 2011.

35. The conduct of Yanda Cai and Fengyi Cai described above was abusive to investors in Zungui securities and the capital markets and/or contrary to the public interest.

- **Failure to Cooperate with Commission Staff**

36. Prior to the resignation of Zungui's Chief Financial Officer and independent directors, Staff requested the production of documents and records from Zungui.

37. Many of the documents and records relevant to Zungui's business are located in China and the cooperation of Yanda Cai and/or Fengyi Cai is necessary to facilitate production of the documents.

38. Members of the Special Committee sought the cooperation of Yanda Cai to facilitate production of the documents. This cooperation was not provided.

39. Staff also requested, through counsel for the Special Committee, to speak with Yanda Cai and/or Fengyi Cai and this request was communicated to Yanda Cai.

40. Staff reiterated the request that Yanda Cai and Fengyi Cai contact Staff and assist in the production of documents by letters to Yanda Cai and Fengyi Cai dated October 18, 2011.

41. To date, Staff has not received any communication, directly or indirectly, from Yanda Cai or Fengyi Cai and none of Zungui, Yanda Cai or Fengyi Cai has facilitated production of the documents or records requested by Staff.

Breaches of Ontario Securities Law by Zungui

- **Failure to File Audited Financial Statements**

42. As a venture issuer, Zungui is required to file audited annual financial statements on or before the 120th day after the end of its most recently completed financial year pursuant to paragraph 4.2(b)(i) of National Instrument 51-102 *Continuous Disclosure Obligations*.

43. Zungui's audited financial statements for the year ended June 30, 2011 were due on October 28, 2011.

44. Zungui failed to file the audited financial statements on that date and is in default of its filing obligations contrary to Ontario securities law.

- **Failure to Maintain an Audit Committee**

45. Zungui is a "reporting issuer" as that term is defined in Ontario securities law and is required to have an audit committee that complies with National Instrument 52-110 *Audit Committees* ("NI 52-110").

46. As noted above, the independent directors that comprised Zungui's audit committee resigned on September 22, 2011 and, since that time, Zungui has not appointed an audit committee in compliance with NI 52-110 contrary to Ontario securities law.

V. STAFF'S INVESTIGATION IS ONGOING

47. The conduct of Zungui, Yanda Cai and Fengyi Cai (the "Respondents") outlined above has been, and continues to be, abusive to investors and the capital markets and/or contrary to the public interest. At this time, Staff request that the Commission make certain orders in the public interest to, among other things, prohibit the Respondents' participation in Ontario's capital markets.

48. However, Staff's investigation in relation to Zungui (the "Investigation") is ongoing and Staff may bring further allegations and/or seek further orders in respect of the Respondents and/or other parties as a result of the Investigation.

VI. CONDUCT CONTRARY TO ONTARIO SECURITIES LAW AND THE PUBLIC INTEREST

49. Based on the foregoing, Zungui, Yanda Cai and Fengyi Cai breached Ontario securities law and/or acted in a manner that is contrary to the public interest.

50. Such further and other allegations as Staff may advise and the Commission may permit.

DATED at Toronto, November 7, 2011.

1.3 News Releases

1.3.1 Court Dismisses Appeals of John Xanthoudakis and Dale Smith Regarding OSC Panel Rulings in Norshield Asset Management Matter

FOR IMMEDIATE RELEASE
November 3, 2011

COURT DISMISSES APPEALS OF
JOHN XANTHOUDAKIS AND DALE SMITH
REGARDING OSC PANEL RULINGS IN
NORSHIELD ASSET MANAGEMENT MATTER

TORONTO – On October 31, 2011, the Superior Court of Justice (Divisional Court) dismissed two appeals of John Xanthoudakis and Dale Smith in respect of two decisions by the OSC in the matter of Norshield Asset Management.

In ruling on the first appeal, the Court upheld the OSC panel's February 3, 2009, decision to reject a motion seeking a stay of the OSC proceeding. In its analysis, the Court found no reasonable apprehension of bias to support the appellants' claims.

In ruling on the second appeal, the Court found the decision of the OSC was careful, comprehensive and complete and that there was no basis on which any finding could be made that the appellants, John Xanthoudakis and Dale Smith, were denied a fair hearing by the OSC panel.

Copies of the Reasons for Judgment can be obtained through the Court.

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1.3.2 Canadian Securities Regulators Announce Review of Minimum Amount and Accredited Investor Prospectus Exemptions

FOR IMMEDIATE RELEASE
November 10, 2011

CANADIAN SECURITIES REGULATORS ANNOUNCE
REVIEW OF MINIMUM AMOUNT AND ACCREDITED
INVESTOR PROSPECTUS EXEMPTIONS

Vancouver – The Canadian Securities Administrators (CSA) today announced that they are reviewing the $150,000 minimum amount prospectus exemption (the minimum amount exemption) and the accredited investor prospectus exemption (AI exemption) contained in National Instrument 45-106 *Prospectus and Registration Exemptions*.

"The CSA is undertaking this consultation with a view to ensuring that both of these exemptions continue to meet the needs of market participants by striking the appropriate balance between investor protection and efficient capital-raising in Canadian capital markets," said Bill Rice, Chair of the CSA and Chair and CEO of the Alberta Securities Commission.

As part of the review, the CSA will be consulting with the various stakeholders, including investors, issuers, registrants and professional advisors.

At the conclusion of the review, CSA staff may recommend either retaining the exemptions in their current form, or may propose changes based on the market participant feedback.

The consultation note, published today and available on the CSA member websites, provides more information on the scope of the review, including some background on these exemptions and specific consultation questions for consideration.

The public comment period is open until February 29, 2012.

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

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Richard Gilhooley
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Ainsley Cunningham
Manitoba Securities Commission
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Wendy Connors-Beckett
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Natalie MacLellan
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Jennifer Anderson
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Janice Callbeck
PEI Securities Office
Office of the Attorney General
902-368-6288

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

Ken Kilpatrick
Yukon Securities Registry
867-667-5466

Louis Arki
Nunavut Securities Office
867-975-6587

Donn MacDougall
Northwest Territories
Securities Office
867-920-8984

1.4 Notices from the Office of the Secretary

1.4.1 North American Financial Group Inc. et al.

FOR IMMEDIATE RELEASE
November 2, 2011

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

AND

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

TORONTO – The Commission issued an Order today in the above named matter which provides that the Temporary Order as further amended is extended to December 19, 2011; and the hearing in this matter be adjourned to Friday, December 16, 2011 at 9:30 a.m. or to such other date or time as set by the Office of the Secretary and agreed to by the parties.

A copy of the Order dated November 2, 2011 is available at **www.osc.gov.on.ca**.

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1.4.2 Taras Hucal

FOR IMMEDIATE RELEASE
November 2, 2011

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

AND

IN THE MATTER OF
TARAS HUCAL

TORONTO – The Office of the Secretary issued a Notice of Hearing for a hearing to consider whether it is in the public interest to approve a settlement agreement entered into by Staff of the Commission and Taras Hucal. The hearing will be held on November 7, 2011 at 4:30 p.m. in Hearing Room C on the 17th floor of the Commission's offices located at 20 Queen Street West, Toronto.

A copy of the Notice of Hearing dated November 2, 2011 and Statement of Allegations of Staff of the Ontario Securities Commission dated November 1, 2011 are available at **www.osc.gov.on.ca**.

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1.4.3 Peter Sbaraglia

FOR IMMEDIATE RELEASE
November 3, 2011

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

AND

IN THE MATTER OF
PETER SBARAGLIA

TORONTO – The Commission issued an Order in the above named matter which provides that a pre-hearing conference will be held on November 25, 2011 at 10:00 a.m., or on such other date as provided by the Office of the Secretary and agreed to by the parties.

A copy of the Order dated October 28, 2011 is available at **www.osc.gov.on.ca**.

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1.4.4 Oversea Chinese Fund Limited Partnership et al.

FOR IMMEDIATE RELEASE
November 3, 2011

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

AND

IN THE MATTER OF
OVERSEA CHINESE FUND LIMITED PARTNERSHIP,
WEIZHEN TANG AND ASSOCIATES INC.,
WEIZHEN TANG CORP. AND WEIZHEN TANG

TORONTO – The Commission issued an Order in the above named which provides that the Temporary Order is extended until September 24, 2012; and that the hearing in this matter is adjourned to September 21, 2012, at 10:00 a.m.

A copy of the Order dated October 31, 2011 is available at **www.osc.gov.on.ca**.

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1.4.5 Ciccone Group et al.

FOR IMMEDIATE RELEASE
November 3, 2011

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

AND

IN THE MATTER OF
CICCONE GROUP, MEDRA 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

TORONTO – The Commission issued an Order in the above named matter which provides that, pursuant to subsections 127 (7) and (8) of the Act, (i) the title of the proceedings of the Temporary Order is amended to replace Vince Ciccone with Vincent Ciccone (a.k.a Vince Ciccone) and to replace Medra Corporation with Medra Corp. (a.k.a. Medra Corporation); (ii) the Temporary Order is extended as against Vincent Ciccone (a.k.a Vince Ciccone), Medra Corp. (a.k.a. Medra Corporation), Tadd, Brubacher and Martin to February 2, 2012; and (iii) the Hearing is adjourned to February 1, 2012 at 10:00 a.m. or such other date or time as may be set by the Secretary's office.

A copy of the Order dated November 1, 2011 is available at **www.osc.gov.on.ca**.

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1.4.6 Vincent Ciccone and Medra Corp.

FOR IMMEDIATE RELEASE
November 3, 2011

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

AND

IN THE MATTER OF
VINCENT CICCONE AND MEDRA CORP.

TORONTO – The Commission issued an Order in the above named matter which provides that the hearing is adjourned to a confidential pre-hearing conference in this matter shall take place on December 16, 2011 at 10:00 a.m.

A copy of the Order dated November 1, 2011 is available at **www.osc.gov.on.ca**.

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1.4.7 Empire Consulting Inc. and Desmond Chambers

FOR IMMEDIATE RELEASE
November 3, 2011

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

AND

IN THE MATTER OF
EMPIRE CONSULTING INC. AND
DESMOND CHAMBERS

TORONTO – Staff of the Ontario Securities Commission filed an Amended Statement of Allegations dated October 31, 2011 with the Office of the Secretary in the above noted matter.

A copy of the Amended Statement of Allegations dated October 31, 2011 is available at **www.osc.gov.on.ca**.

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

AND

IN THE MATTER OF
EMPIRE CONSULTING INC. AND
DESMOND CHAMBERS

AMENDED STATEMENT OF ALLEGATIONS OF THE ONTARIO SECURITIES COMMISSION

Staff of the Ontario Securities Commission make the following allegations:

I. OVERVIEW

1. Desmond Chambers ("Chambers") and his company, Empire Consulting Inc. ("Empire"), convinced 33 clients to participate in a "Debt Elimination Strategy" by which clients remortgaged their homes and provided the Respondents with funds to invest in a foreign exchange ("Forex") trading program. The Respondents advised clients that:

   a. they would receive returns of 2% to 6% per month plus projected trading profits; and

   b. the profits would be used to pay down their mortgages and other debts.

2. The Respondents received approximately $1.6 million from clients, misappropriated approximately $300,000, refunded approximately $692,000 and lost approximately $469,000 in Forex trading.

II. THE RESPONDENTS

3. Empire is an Ontario company incorporated on September 1, 2005 by Chambers. Chambers operated Empire as a financial consulting firm.

4. Chambers is an individual residing at the material time in Ontario. Chambers was the directing and operating mind of Empire and was an officer and director of Empire.

5. Chambers was registered with the Ontario Securities Commission (the "Commission") as a mutual fund salesperson and limited market dealer from July 6, 1989 to December 31, 2003. Chambers is registered with the Financial Services Commission of Ontario as a life insurance and A & S agent.

6. Neither Empire nor Chambers was registered in any capacity with the Commission during the relevant period of April 2007 to October 2009 inclusive.

III. EMPIRE'S BUSINESS

7. From April 2007 to October 2009 inclusive, Chambers operated Empire as a financial consulting firm which provided tax consulting, investment planning and debt restructuring services to investors. The Respondents also offered and sold to clients investments in a Forex trading program.

8. The investments in a Forex trading program were part of the Respondents' "Debt Elimination Strategy" offered to clients. The "Debt Elimination Strategy" involved either new mortgages placed on clients' existing homes or lines of credit in order to provide monies to refinance clients' debts and provide clients with monies to invest.

9. From April 2007 to October 2009 inclusive, Empire received approximately $1.6 million from approximately 32 Ontario residents and 1 Jamaican resident to invest in a Forex trading program.

10. The Respondents received clients' monies, set up clients' portfolios, placed monies in accounts in the name of Empire held with U.S. based foreign exchange trading brokers and traded in these accounts with clients' monies.

11. Some clients received portfolio statements and half-year and annual reports from the Respondents which contained misleading and untrue statements concerning growth rates, rates of return and valuations of clients' portfolios.

IV. ACTING AS AN ADVISER WITHOUT REGISTRATION

12. The Respondents received instructions from clients to actively manage all aspects of the clients' portfolios including buying, selling, trading and balancing the contents of clients' portfolios. For this service, Empire was paid an upfront fee and an annual management fee.

13. The Respondents advised clients that their portfolios would be invested in a Forex trading program through U.S. based Forex trading businesses. Some clients were also advised that their investments would be locked in for one year and that the principals of their investments were guaranteed.

14. The Respondents provided clients with five to seven year projections which assumed returns of 2% to 6% per month plus projected Forex trading profits in order to entice clients to restructure their debt and invest with Empire.

15. The Respondents acted as advisers to approximately 33 clients without being registered with the Commission contrary to subsection 25(3) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") and contrary to former subsection 25(1)(c) of the Act which was amended on September 28, 2009.

V. UNREGISTERED TRADING

16. Chambers provided presentations to clients on Forex trading and encouraged clients to set up portfolio accounts with Empire.

17. From April 2007 to October 2009 inclusive, the Respondents received approximately $1.6 million from approximately 33 clients for the purpose of investing in a Forex trading program. The Respondents pooled clients' monies and transferred some but not all clients' monies to U.S. based Forex trading accounts held in the name of Empire.

18. By accepting client monies on the basis that the Respondents would invest these monies for clients in a Forex trading program, the Respondents traded in securities, namely investment contracts, without being registered to trade in such securities contrary to subsection 25(1) of the Act.

VI. ILLEGAL DISTRIBUTION

19. From April 2007 to October 2009 inclusive, the Respondents distributed securities, namely investment contracts, without filing a preliminary prospectus and prospectus and obtaining a receipt therefor from the Director and without an exemption to the prospectus requirement. Accordingly, the Respondents breached subsection 53(1) of the Act.

VII. MISLEADING INVESTORS AND FRAUDULENT CONDUCT

20. The Respondents advised some clients that their principals were guaranteed and locked in for one year.

21. The Respondents provided clients with tables showing that their investments were expected to compound at interest rates of 2% to 6% per month. The tables were misleading and intended to induce clients to invest with the Respondents.

22. From April 2007 to October 2009 inclusive, approximately 12 clients requested refunds and received approximately $692,307 including one client who received $438,622. Approximately 21 clients have not received back any monies notwithstanding their requests for refunds.

23. Some clients were paid back out of:

    a. new monies received from new clients; and/or

b. clients' own principals.

24. The Respondents made numerous misrepresentations to clients both before and after clients invested including that:

a. portfolios had achieved specific rates of return on investment as specified on clients' statements;

b. principals were guaranteed and secure;

c. values of portfolios were increasing;

d. all clients' monies were being invested in a Forex trading program;

e. profits from the Forex trading program would be used to pay down clients' outstanding debts;

f. longtermtrading.com was serving as Empire's commodity trading adviser and making use of unique and distinct proprietary trading systems;

g. Empire's "Debt Elimination Strategy" will eliminate debts in five to seven years while simultaneously building clients' retirement portfolios; and/or

h. Forex trading provides above average returns with less risk.

25. From April 2007 to April 2009 inclusive, approximately $469,446 of clients' monies was lost in Forex trades through Empire's accounts held at three U.S. brokers. Notwithstanding these losses, clients were advised that their accounts were generating significant returns on their initial investments.

26. Approximately $300,000 of clients' monies were used by the Respondents for personal expenses including cash withdrawals, rent, vehicle lease payments, food, liquor, clothing and other miscellaneous items.

27. The misrepresentations set out in paragraphs 20, 21, 23, 24 and 25 and/or the personal use of investor monies set out in paragraph 26 perpetrated a fraud on investors contrary to subsection 126.1(b) of the Act.

VIII. CONDUCT CONTRARY TO THE PUBLIC INTEREST

28. Neither of the Respondents were registered with the Commission during the relevant period. The Respondents have traded in securities and acted as advisers contrary to the public interest.

29. No prospectus receipts have been issued to qualify the sale of investment contracts contrary to the public interest.

30. The Respondents have made misrepresentations to clients and used $300,000 of client monies for personal use contrary to the public interest.

31. As an officer and director of Empire, Chambers has authorized, permitted or acquiesced in breaches by Empire of s. 25, s. 53 and s. 126.1 contrary to s. 129.2 of the Act and in doing so was engaged in conduct contrary to the public interest.

32. Such additional allegations as Staff may advise and the Commission may permit.

DATED at Toronto, this 31st day of October, 2011

1.4.8 Shallow Oil & Gas Inc. et al.

FOR IMMEDIATE RELEASE
November 7, 2011

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

AND

IN THE MATTER OF
SHALLOW OIL & GAS INC., ERIC O'BRIEN,
ABEL DA SILVA, GURDIP SINGH GAHUNIA
also known as MICHAEL GAHUNIA,
ABRAHAM HERBERT GROSSMAN
also known as ALLEN GROSSMAN,
MARCO DIADAMO, GORD McQUARRIE,
KEVIN WASH, and WILLIAM MANKOFSKY

TORONTO – The Commission issued an Order in the above noted matter which provides that the hearing be adjourned to December 15, 2011 at 9:30 a.m. for the purpose of continuing the pre-hearing conference.

A copy of the Order dated November 4, 2011 is available at **www.osc.gov.on.ca**.

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1.4.9 New Found Freedom Financial et al.

FOR IMMEDIATE RELEASE
November 7, 2011

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

AND

IN THE MATTER OF
NEW FOUND FREEDOM FINANCIAL,
RON DEONARINE SINGH, WAYNE
GERARD MARTINEZ, PAULINE LEVY,
DAVID WHIDDEN, PAUL SWABY AND
ZOMPAS CONSULTING

TORONTO – The Office of the Secretary issued a Notice of Hearing setting the matter down to be heard on November 24, 2011 at 2:30 p.m. or as soon thereafter as the hearing can be held in the above named matter.

A copy of the Notice of Hearing dated November 2, 2011 and Statement of Allegations of Staff of the Ontario Securities Commission dated November 1, 2011 are available at **www.osc.gov.on.ca**.

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1.4.10 Maitland Capital Ltd. et al.

FOR IMMEDIATE RELEASE
November 7, 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, DIANNA CASSIDY,
RON CATONE, STEVEN LANYS,
ROGER MCKENZIE, TOM MEZINSKI,
WILLIAM ROUSE AND JASON SNOW

TORONTO – The Commission issued its Reasons and Decision on Sanctions and an Order with respect to Leonard Waddingham, Ron Garner, Gord Valde and Dianna Cassidy in the above noted matter.

A copy of the Reasons and Decision on Sanctions dated November 4, 2011 and the Order dated November 4, 2011 are available at **www.osc.gov.on.ca**.

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1.4.11 Zungui Haixi Corporation et al.

FOR IMMEDIATE RELEASE
November 8, 2011

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

AND

IN THE MATTER OF
ZUNGUI HAIXI CORPORATION,
YANDA CAI and FENGYI CAI

TORONTO – The Office of the Secretary issued a Notice of Hearing setting the matter down to be heard on November 23, 2011, at 11:00 a.m. or as soon thereafter as the hearing can be held in the above named matter.

A copy of the Notice of Hearing dated November 7, 2011 and Statement of Allegations of Staff of the Ontario Securities Commission dated November 7, 2011 are available at **www.osc.gov.on.ca**.

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1.4.12 Taras Hucal

FOR IMMEDIATE RELEASE
November 8, 2011

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

AND

IN THE MATTER OF
TARAS HUCAL

TORONTO – The Commission issued an Order in the above named matter approving the Settlement Agreement reached between Staff of the Commission and Taras Hucal.

A copy of the Order dated November 7, 2011 and the Settlement Agreement October 26, 2011 are available at **www.osc.gov.on.ca**.

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1.4.13 Coventree Inc. et al.

FOR IMMEDIATE RELEASE
November 9, 2011

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

AND

IN THE MATTER OF
COVENTREE INC.,
GEOFFREY CORNISH AND DEAN TAI

TORONTO – The Commission issued its Order imposing sanctions following the sanctions hearing held on October 26 and 27, 2011 in the above named matter.

The Commission will issue reasons for imposing the sanctions set forth in the Order in due course.

A copy of the Order dated November 8, 2011 is available at **www.osc.gov.on.ca**.

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1.4.14 Zungui Haixi Corporation

FOR IMMEDIATE RELEASE
November 9, 2011

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

AND

IN THE MATTER OF
ZUNGUI HAIXI CORPORATION

TORONTO – The Commission issued an order in the above named matter which provides that pursuant to subsections 127(7) and (8) of the Act the Temporary Order is extended to the conclusion of the hearing on the merits in this matter.

A copy of the Order dated November 9 , 2011 is available at **www.osc.gov.on.ca**.

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1.4.15 York Rio Resources Inc. et al.

FOR IMMEDIATE RELEASE
November 9, 2011

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

AND

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

TORONTO – The Commission issued an Order which provides that the Exclusion of Evidence Motion is dismissed and the Merits Hearing will resume on December 19, 2011 at 10:00 a.m.

A copy of the Order dated November 8, 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 RBC Global Asset Management Inc.

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – exemptions granted from the mutual fund conflict of interest investment restrictions and management reporting requirements of the Securities Act (Ontario) and self-dealing prohibition of National Instrument 31-103 – Registration Requirements to permit pooled funds to invest with fund-on-fund structure – expansion of prior relief to expand top funds and bottom funds.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 111(2)(b), 111(2)(c), 111(3), 113, 117(1)(a), 117(1)(d), 117(2).
National Instrument 31-103 Registration Requirements, ss. 13.5(2)(a), 15.1.

October 20, 2011

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

AND

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

AND

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

AND

THE TOP FUNDS
(as defined below)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer on its behalf and on behalf of the Top Funds (as defined below) for a decision:

(a) under the securities legislation of the Investment Restriction Relief Jurisdictions (defined below) for an exemption from the restriction (the **Investment Restriction**) prohibiting a mutual fund in Ontario, or a mutual fund, as the case may be, from knowingly making or holding an investment in: (i) any person or company in which the mutual fund, alone or together with one or more related mutual funds, is a substantial security holder; or (ii) an issuer in which any officer or director of the mutual fund, its management company or distribution company or an associate of any of them, or any person or company who is a substantial security holder of the mutual fund, its management company or its distribution company, has a significant interest (the **Investment Restriction Relief**);

(b) under the securities legislation of the Consent Relief Jurisdictions (defined below) for an exemption from the restriction (the **Consent Requirement**) that prohibits a registered adviser from knowingly causing an investment portfolio

managed by it, including an investment fund for which it acts as an adviser, to purchase securities of an issuer in which a responsible person or an associate of the responsible person is a partner, director or officer unless the fact is disclosed to the client and the written consent of the client to the purchase is obtained before the purchase (the **Consent Relief**); and

(c) under the securities legislation of the Reporting Relief Jurisdictions (defined below), for an exemption from the requirement (the **Reporting Requirement**) of a management company or, in the case of British Columbia, a mutual fund manager, to file a report of every transaction of purchase or sale of securities between a mutual fund it manages and any related person or company and any transaction in which, by arrangement other than an arrangement relating to insider trading in portfolio securities, a mutual fund is a joint participant with one or more of its related persons or companies, in respect of each mutual fund to which it provides services or advice, within 30 days after the end of the month in which it occurs (the **Reporting Relief**),

(collectively, 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;

(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 (i) in respect of the Investment Restriction Relief, in British Columbia and Alberta (collectively with Ontario, the **Investment Restriction Relief Jurisdictions**), (ii) in respect of the Consent Relief, in British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, Nova Scotia, New Brunswick, Newfoundland and Labrador, Prince Edward Island, Yukon, Northwest Territories and Nunavut (collectively with Ontario, the **Consent Relief Jurisdictions**), and (iii) in respect of the Reporting Relief, in British Columbia, Alberta, Saskatchewan, Nova Scotia, New Brunswick and Newfoundland and Labrador (collectively with Ontario, the **Reporting Relief 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. The following additional terms shall have the following meanings:

BC Underlying Pooled Funds means the Underlying Pooled Funds organized or to be organized as trusts governed by the laws of British Columbia.

Top Funds means, collectively, the mutual funds organized or to be organized as trusts governed by the laws of British Columbia or Ontario that are managed now or in the future by the Filer or an affiliate of the Filer, and that are or will be offered for sale on a private placement basis pursuant to prospectus exemptions under applicable securities legislation.

Underlying Funds means the Underlying Pooled Funds, the Underlying Retail Mutual Funds and Underlying Offshore Funds.

Underlying Offshore Funds means, collectively, the mutual funds organized or to be organized under the laws of a jurisdiction outside of Canada that are managed or promoted now or in the future by the Filer or an affiliate of the Filer, the securities of which are or will be primarily offered for sale to investors outside of Canada either on a private placement basis or pursuant to a prospectus or similar document filed with securities regulators outside of Canada.

Underlying Pooled Funds means, collectively, the mutual funds organized or to be organized as trusts governed by the laws of British Columbia or Ontario that are managed now or in the future by the Filer or an affiliate of the Filer, and that are or will be offered for sale on a private placement basis pursuant to prospectus exemptions under applicable securities legislation.

Underlying Retail Mutual Funds means, collectively, the mutual funds organized or to be organized as trusts governed by the laws of British Columbia or Ontario that are managed now or in the future by the Filer or an affiliate of the Filer, and that are or will be offered for sale pursuant to a simplified prospectus and annual information form.

Representations

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

The Filer

1. The Filer is organized under the *Canada Business Corporations Act* with its head office in Ontario.

2. The Filer is registered under securities legislation in each of the jurisdictions of Canada as an adviser in the category of portfolio manager and as a dealer in the category of exempt market dealer, and under the *Securities Act* (Ontario) as an investment fund manager. The Filer is also registered as a commodity trading manager in Ontario only.

3. The Filer or an affiliate of the Filer is or will be the manager and principal portfolio adviser of the Top Funds, and the manager, promoter or portfolio adviser of the Underlying Funds.

4. The Filer is not a reporting issuer in any jurisdiction of Canada and is not in default of any securities legislation of any jurisdiction of Canada.

Existing Relief

5. A predecessor entity of the Filer, Phillips, Hager & North Investment Management Ltd., was granted an exemption from the Investment Restriction and the Reporting Requirement in the legislation of British Columbia and Alberta to exempt the Top Funds pursuant to a decision dated January 31, 2007 (the **Existing Relief**).

6. The Filer wishes to continue to make certain fund-on-fund investments and is seeking the Requested Relief to expand the Existing Relief: (a) to obtain relief from the Investment Restriction in Ontario (in addition to British Columbia and Alberta) that applies to Top Funds and Underlying Funds organized under the laws of Ontario (in addition to British Columbia); (b) to obtain relief from the Investment Restriction that applies to investments in Underlying Offshore Funds; (c) to obtain relief from the Consent Requirement in all of the jurisdictions of Canada; (d) to obtain relief from the Reporting Requirement in Ontario, Saskatchewan, Nova Scotia, New Brunswick, and Newfoundland and Labrador (in addition to British Columbia and Alberta) relating to each Top Fund's purchase or sale of securities of an Underlying Retail Mutual Fund; and (e) to obtain relief from the Reporting Requirement in British Columbia relating to each Top Fund's purchase or sale of securities of a BC Underlying Pooled Fund.

7. The Filer submits that expanding and varying the Existing Relief will provide investors with the benefits discussed in paragraphs 26 and 28 below.

8. The terms and conditions of this decision are substantially similar to those of the Existing Relief except for new terms and conditions that conform with more recent decisions which have granted exemptive relief similar to the Requested Relief.

9. As of the date of this decision, the Filer will no longer rely on the Existing Relief.

Underlying Funds

10. Each of the Underlying Retail Mutual Funds is or will be an open-ended trust organized under the laws of British Columbia or Ontario, the securities of which are or will be offered for sale to the public pursuant to simplified prospectuses and annual information forms qualified in some or all of the jurisdictions of Canada.

11. Each of the Underlying Retail Mutual Funds is, or will be, subject to National Instrument 81-102 *Mutual Funds*, including restrictions with respect to investing in other mutual funds.

12. Each of the Underlying Pooled Funds is or will be an open-ended trust organized under the laws of British Columbia or Ontario, the securities of which are or will be offered for sale on a private placement basis pursuant to available prospectus exemptions under applicable securities legislation in some or all of the jurisdictions of Canada.

13. Each of the Underlying Pooled Funds is or will be a "mutual fund" as defined in securities legislation of the jurisdictions in which the Underlying Pooled Funds are distributed.

14. Each of the Underlying Offshore Funds is or will be a mutual fund organized under the laws of a jurisdiction outside of Canada, the securities of which are or will be primarily offered for sale to investors outside of Canada either on a private placement basis or pursuant to a prospectus or similar document filed with securities regulators in a jurisdiction outside of Canada.

15. Each of the Underlying Funds has, or will have, separate investment objectives, strategies and/or restrictions.

16. Each of the Underlying Retail Mutual Funds is or will be a reporting issuer in some or all of the jurisdictions of Canada. None of the Underlying Pooled Funds or Underlying Offshore Funds is or will be a reporting issuer in any jurisdiction of Canada.

17. None of the Underlying Funds is in default of any securities legislation of any jurisdiction of Canada.

18. The Underlying Funds invest in equity securities, fixed income securities, mortgages and other types of permitted investments. To the extent the Underlying Pooled Funds and Underlying Offshore Funds invest in equity securities and fixed income securities, they will generally have liquid portfolios. However, certain Underlying Pooled Funds and Underlying Offshore Funds, including those that invest primarily in mortgages, may have restrictions or delays with respect to redemptions in order to allow adequate time to dispose of portfolio holdings needed to fund redemptions.

Top Funds

19. Each of the Top Funds is or will be an open-ended trust organized under the laws of British Columbia or Ontario, the securities of which are or will be offered for sale on a private placement basis pursuant to available prospectus exemptions under applicable securities legislation in some or all of the jurisdictions of Canada.

20. Each of the Top Funds is or will be a "mutual fund" as defined in securities legislation of the jurisdictions in which the Top Funds are distributed.

21. None of the Top Funds is or will be a reporting issuer in any jurisdiction of Canada.

22. None of the Top Funds is in default of any securities legislation of any jurisdiction of Canada.

Fund on Fund Structure

23. Each Top Fund may invest all or a certain portion of its assets in securities of one or more of the Underlying Funds (**Fund-on-Fund Investing**). The percentage invested in an Underlying Fund may fluctuate on a daily basis based on the investment decisions made by the portfolio advisor in order to meet the investment objectives of the Top Fund.

24. The actual weighting of the investment by each Top Fund in an Underlying Fund will be reviewed on a regular basis and adjusted to ensure that the investment weightings continue to be appropriate for that Top Fund's investment objectives. The portfolio advisor will actively manage the investment made by each Top Fund in an Underlying Fund on a regular basis.

25. An investment by a Top Fund in an Underlying Fund is or will be compatible with the investment objectives of the Top Fund.

26. Certain of the Underlying Funds calculate their net asset value daily and are redeemable daily. However, certain other of the Underlying Funds calculate their net asset value on a weekly or monthly basis, and are redeemable on a weekly or monthly basis. A Top Fund will not invest in an Underlying Fund that calculates net asset value with less frequency than the Top Fund. Similarly, a Top Fund will generally not invest in an Underlying Fund that is redeemable with less frequency than the Top Fund, unless the portfolio adviser of the Top Fund believes that the liquidity of the Top Fund's portfolio is adequately managed through other strategies.

27. Through the Fund-on-Fund Investing, each Top Fund benefits from greater portfolio diversification. The structure of the Top Funds also allows investors with smaller investments to have access to a larger variety of investments than would otherwise be available.

28. The Fund-on-Fund Investing creates larger pools of assets for the Underlying Funds which should also provide additional benefits to investors of the Top Funds and the Underlying Funds, including, in particular, more favourable pricing and transaction costs on portfolio trades, increased access to investments where there is a minimum subscription or purchase amount and better economies of scale through lower custodian fees and greater administrative efficiency.

29. Clients who hold securities of a Top Fund will receive an account statement, prepared and delivered in accordance with National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*, showing the client's holdings of securities of a Top Fund.

30. Each of the Top Funds will prepare annual audited financial statements and interim audited financial statements in accordance with National Instrument 81-106 *Investment Fund Continuous Disclosure* (**NI 81-106**) and will otherwise comply with the requirements of NI 81-106 applicable to them. Each of the Underlying Funds that are subject to NI 81-

106 will prepare annual audited financial statements and interim unaudited financial statements. The holdings by a Top Fund of securities of an Underlying Fund will be disclosed in the financial statements of the Top Fund.

31. No sales fees or redemption charges will be payable in connection with the acquisition, disposition or redemption by the Top Funds of securities of the Underlying Funds.

32. No management or other fee will be payable by the Top Funds that, to a reasonable person, would duplicate a fee payable by the applicable Underlying Funds for the same service.

33. Where a matter relating to an Underlying Fund requires a vote of security holders of the Underlying Fund, the Filer will not cause the securities of the Underlying Fund held by a Top Fund to be voted at such meeting. However, the Filer may pass on the right to vote to holders of the Top Fund.

34. Any investment by a Top Fund in securities of an Underlying Fund will represent the business judgment of responsible persons uninfluenced by considerations other than the best interests of the Top Fund and the Underlying Fund.

Generally

35. As a result of the Fund-on-Fund Investing, a Top Fund, alone or in combination with other Top Funds, may own more than 20% of the outstanding units of an Underlying Fund and therefore be a "substantial security holder" (as defined in the Legislation) of an Underlying Fund. In addition, an officer or director of the Filer or associates of any of them, or a substantial security holder of the Top Fund or the Filer may have a significant interest in an Underlying Fund as a result of investing seed capital in, or as a result of making significant investments during the start-up phase of, such Underlying Fund. Accordingly, in the absence of the Investment Restriction Relief, each Top Fund will be prohibited by the Act from investing in such Underlying Fund.

36. Since the Filer or an officer and/or director of the Filer may also be an officer and/or director of, or may perform a similar function for or occupy a similar position with, the Underlying Fund, in the absence of the Consent Relief, the portfolio manager of the Top Funds would be prohibited from knowingly causing the Top Funds to invest in the Underlying Funds in which a responsible person or an associate of a responsible person is an officer or director unless the specific fact is disclosed to security holders of the Top Funds and the written consent of the security holders of the Top Funds to the investment is obtained before the purchase.

37. In the absence of the Reporting Relief, the Filer would be required to file, in the Reporting Relief Jurisdictions, a report on every purchase or sale of securities of the Underlying Retail Mutual Funds by the Top Funds and, in British Columbia, a report on every purchase or sale of securities of the BC Underlying Pooled Funds by the Top Funds.

Decision

The principal regulator is satisfied that the decision meets the test contained 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 as follows:

a) in the Investment Restriction Relief Jurisdictions under the legislation of the Investment Restriction Relief Jurisdictions, the Investment Restriction shall not apply to the Top Funds in respect of each Top Fund's investment in securities of the Underlying Funds;

b) in the Consent Relief Jurisdictions under the legislation of the Consent Relief Jurisdictions, the Consent Requirement shall not apply to the Filer, or an affiliate of the Filer, as the manager of the Top Funds in respect of each Top Fund's investment in securities of the Underlying Funds;

c) in the Reporting Relief Jurisdictions under the legislation of the Reporting Relief Jurisdictions, the Reporting Requirement shall not apply to the Filer, or an affiliate of the Filer, in respect of each Top Fund's purchase or sale of securities of an Underlying Retail Mutual Fund and in British Columbia in respect of each Top Fund's purchase or sale of securities of a BC Underlying Pooled Fund;

provided that, in each case:

(i) securities of each Top Fund are distributed only on a private placement basis pursuant to available prospectus exemptions in National Instrument 45-106 – *Prospectus and Registration Exemptions*;

(ii) the investment by each Top Fund in an Underlying Fund is compatible with the fundamental investment objectives of the Top Fund;

(iii) each Top Fund does not vote any of the securities it holds of an Underlying Fund except that the Top Fund may, if the Filer so chooses, arrange for all the securities it holds of an Underlying Fund to be voted by the beneficial holders of securities of the Top Fund;

(iv) no management or other fees are payable by a Top Fund that, to a reasonable person, would duplicate a fee payable by an Underlying Fund for the same service;

(v) no sales fees or redemption charges are payable by the Top Fund in relation to its purchases or redemptions of securities of an Underlying Fund;

(vi) no Top Fund will invest in an Underlying Fund unless the Underlying Fund invests less than 10% of its net assets in other mutual funds other than mutual funds that are "money market funds" (as defined by NI 81-102) or that issue "index participation units" (as defined by NI 81-102);

(vii) the offering memorandum or a similar document of a Top Fund, or, if no offering memorandum or similar document is prepared, another document provided to investors in a Top Fund, will disclose:

(1) the intent of the Top Fund to invest its assets in securities of the Underlying Funds;

(2) that the Underlying Funds are managed by the Filer or an affiliate of the Filer;

(3) the approximate or maximum percentage of net assets of the Top Fund that is intended to be invested in securities of the Underlying Funds; and

(4) the process or criteria used to select the Underlying Funds;

(viii) investors in each Top Fund are entitled to receive from the Filer or its affiliate, on request and free of charge, a copy of the offering memorandum or other disclosure documents (if any), or the annual or semi-annual financial statements (if any) relating to all Underlying Funds in which the Top Fund may invest its assets; and

(ix) prior to the time of investment, investors in a Top Fund will (if applicable) be provided with disclosure that certain officers or directors of the Filer or associates of any of them may have a significant interest in the Underlying Funds through investments made in securities of such Underlying Funds and will be advised of the potential conflicts of interest which may arise from such relationships. The foregoing disclosure will be contained in any offering memorandum or similar document of the Top Fund or, if no offering memorandum or similar document is prepared, in another document provided to investors in a Top Fund.

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

"Margot C. Howard"
Commissioner
Ontario Securities Commission

"Christopher Portner"
Commissioner
Ontario Securities Commission

2.1.2 Invesco Canada Ltd. (formerly, Invesco Trimark Ltd.) and Powershares Tactical Bond Capital Yield Class

Headnote

National Policy 11-203 – Process for Exemptive Relief applications in Multiple Jurisdictions – Mutual funds granted relief from certain restrictions in National Instrument 81-102 Mutual Funds on securities lending transactions, including (i) the 50% limit on lending; (ii) the requirement to use the fund's custodian or sub-custodian as lending agent; and (iii) the requirement to hold the collateral during the course of the transaction – Mutual funds invest their assets in a basket of Canadian equity securities that are pledged to a Counterparty for performance of the funds' obligations under forward contracts giving the funds exposure to underlying interests – Mutual funds wanting to lend 100% of the basket of Canadian equity securities – not practical for custodian to act as securities lending agent as it does not have control over the Canadian equity securities – counterparties must release its security interest in the Canadian equity securities in order to allow the funds to lend such securities, provided the funds grant the Counterparties a securities interest in the collateral held by the fund for the loaned securities – National Instrument 81-102 Mutual Funds.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 2.12(1)1, 2.12(1)2, 2.12(1)12, 2.12(3), 2.15, 2.16, 6.8(5), 19.1.

October 31, 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
INVESCO CANADA LTD.
(formerly, Invesco Trimark Ltd.)
(the "Filer")

AND

POWERSHARES TACTICAL BOND
CAPITAL YIELD CLASS
("Tactical Class")

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the "**Legislation**") for exemptive relief for Tactical Class, together with all other mutual funds now or in the future managed by the Filer in respect of which the representations set out below are applicable (collectively, the "**Funds**" and each a "**Fund**"), from the following provisions of National Instrument 81-102 *Mutual Funds* ("**NI 81-102**"):

1. subsection 2.12(1)1 of NI 81-102 to permit each Fund to enter into securities lending transactions that will not be administered in compliance with all the requirements of section 2.15 and 2.16 of NI 81-102;

2. subsection 2.12(1)2 of NI 81-102 to permit each Fund to enter into securities lending transactions that do not fully comply with all the requirements of section 2.12 of NI 81-102;

3. subsection 2.12(1)12 of NI 81-102 to permit each Fund to enter into securities lending transactions in which the aggregate market value of securities loaned by the Fund exceeds 50% of the total assets of the Fund;

4. subsection 2.12(3) of NI 81-102 to permit each Fund, during the term of a securities lending transaction, to not hold or to dispose of any non-cash collateral delivered to it as collateral in the transaction;

5. section 2.15 of NI 81-102 to permit each Fund to lend securities through an agent ("**Agent**") that is not the custodian or sub-custodian of the Fund;

6. section 2.16 of NI 81-102 to the extent this section contemplates that securities lending transactions be entered into through an agent appointed under section 2.15 of NI 81-102; and

7. subsection 6.8(5) of NI 81-102 to permit the collateral delivered to each Fund in connection with a securities lending transaction to not be held under the custodianship of the custodian or a sub-custodian of the Fund.

Paragraphs 1 through 7 are collectively referred to as the **Exemption Sought**.

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

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

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

Interpretation

Terms defined in NI 81-102, 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 on behalf of each Fund:

Facts

1. The head office of the Filer is located in Toronto, Ontario.

2. The Filer is or will be the manager of the Funds.

3. The Filer and the Funds are not in default of securities legislation in any province or territory of Canada.

4. Each Fund is or will be (a) an open-end mutual fund established under the laws of Ontario; (b) a reporting issuer under the securities laws of each of the provinces and territories of Canada; (c) qualified for distribution in all provinces and territories of Canada pursuant to a simplified prospectus and annual information form that has been prepared and filed in accordance with the securities legislation of Ontario; (d) a mutual fund to which NI 81-102 applies.

5. Each Fund's investment objectives includes or will include seeking the provision of tax-efficient returns similar to those of a specific type of investment. Each Fund's investment objectives states or will state that it may use specified derivatives to seek to provide these returns.

6. Each Fund pursues or will pursue its investment objectives by means of specified derivatives. Generally, each Fund invests or will invest its assets in Canadian equity securities (an "**Equity Portfolio**"). The Equity Portfolio of a Fund is generally a static portfolio that is not actively managed except in limited circumstances. Each Fund also enters into one or more forward contracts (each, a "**Forward Contract**") with one or more financial institutions (each a "**Counterparty**") to effectively replace the economic return on its Equity Portfolio with the economic return on an underlying interest (such as another mutual fund, one or more indices, or a notional basket of different securities) to achieve the Fund's investment objectives.

7. Each Fund pledges or will pledge its Equity Portfolio to its Counterparty (or the portion thereof that is subject to the relevant Forward Contract with that Counterparty) as collateral security for performance of the Fund's obligations under its Forward Contract with that Counterparty. The Equity Portfolio (or that portion thereof) is held by the Counterparty pursuant to that applicable Forward Contract.

8. The Filer proposes to engage in securities lending transactions on behalf of each Fund that may represent up to 100% of the net assets of that Fund, in order to earn additional returns for that Fund. The Filer proposes to arrange for the

Equity Portfolio to be lent to one or more borrowers indirectly, through one or more Agents, other than the Funds' custodian or sub-custodian.

9. Each Agent shall be acceptable to the Fund and Counterparty and shall be either a Canadian financial institution (including a Counterparty) or an affiliate of a Canadian financial institution. It is not commercially practical for a Fund's custodian to act as Agent with respect to the Fund's securities lending transactions as the custodian will not have control over the Fund's Equity Portfolio for the reason set out in paragraph 7 above.

10. The Filer will ensure that any Agent through which a Fund lends securities maintains appropriate internal controls, procedures, and records for securities lending transactions as prescribed in subsection 2.16(2) of NI 81-102.

11. A Counterparty must release its security interest in the securities in the Equity Portfolio of a Fund in order to allow the Fund to lend such securities, but will generally only do so provided that the Fund grants the Counterparty a security interest in the collateral held by the Fund for the loaned securities.

12. To facilitate the Counterparty's release of its security interest in the securities of the Equity Portfolio of a Fund, securities in the Equity Portfolio will be loaned only to borrowers that are acceptable to the Fund and the Counterparty, and that have an "approved credit rating" as defined in NI 81-102 or whose obligations are unconditionally guaranteed by persons or companies that have such a credit rating.

13. A borrower may include an affiliate of the Counterparty. Whether a borrower is an affiliate or not an affiliate of the Counterparty or the Agent will not affect the revenues from the securities lending transactions paid to the Fund.

14. To facilitate the Counterparty's perfection of its security interest in the collateral held by the Fund for the loaned securities, the Filer will ensure that the Fund's collateral for the loan is held by an affiliate of the Counterparty, which will be a registered dealer and a member of the Investment Industry Regulatory Organization of Canada ("**IIROC**").

15. The collateral received by a Fund in respect of a securities lending transaction, and in which the Counterparty will have a security interest, will be in the form of cash, qualified securities and/or other collateral permitted by NI 81-102, other than collateral described in subsection 2.12(1)6(d) or in paragraph (b) of the definition of "qualified security".

16. The non-cash collateral received by a Fund in respect of a securities lending transaction, and in which the Counterparty will have a security interest, will not be re-invested in any other types of investment products.

17. The prospectus of each Fund discloses that the Fund may enter into securities lending transactions. Other than as set forth herein, any securities lending transactions on behalf of a Fund will be conducted in accordance with the provisions 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 the Exemption Sought is granted provided that:

(a) with respect to the exemption from subsection 2.12(1)12 of NI 81-102, each Fund enters into a Forward Contract with an applicable Counterparty and grants that Counterparty a security interest in the securities subject to that Forward Contract and, in connection with a securities lending transaction relative to those securities,

  (i) receives the collateral that

    (A) is prescribed by subsections 2.12(1)3 to 6 of NI 81-102 other than collateral described in subsection 2.12(1)6(d) or in paragraph (b) of the definition of "qualified security";

    (B) is marked to market on each business day in accordance with subsection 2.12(1)7 of NI 81-102;

  (ii) has the rights set forth in subsections 2.12(1)8, 2.12(1)9 and 2.12(1)11 of NI 81-102;

  (iii) complies with subsection 2.12(1)10 of NI 81-102; and

  (iv) lends its securities only to borrowers that are acceptable to the Fund and the Counterparty, and that have an approved credit rating (as defined in NI 81-102) or whose obligations to the Fund are fully and unconditionally guaranteed by persons or companies that have such a credit rating;

(b) with respect to the exemption from subsection 2.12(3) of NI 81-102, each Fund provides a security interest to the applicable Counterparty in the collateral delivered to it as collateral pursuant to a securities lending transaction as described in representation 11;

(c) with respect to the exemption from section 2.15 of NI 81-102:

(1) each Fund enters into a written agreement with an Agent that complies with each of the requirements set forth in subsection 2.15(4) of NI 81-102, except as set out herein; and

(2) the Agent administering the securities lending transaction of each Fund:

(A) is in compliance with the standard of care prescribed in subsection 2.15(5) of NI 81-102; and

(B) shall be acceptable to the Fund and Counterparty and shall be either a bank or trust company described in paragraph 1 or 2 of section 6.2 of NI 81-102 or the investment bank affiliate of such bank or trust company that is registered as an investment dealer or in an equivalent registration category;

(d) with respect to the exemption from section 2.16 of NI 81-102, the Filer and the Funds comply with the requirements of section 2.16 of NI 81-102 as if the Agent appointed by the Filer were the agent contemplated in that section; and

(e) with respect to the exemption from subsection 6.8(5) of NI 81-102, each Fund:

(i) provides a security interest to the applicable Counterparty in the collateral delivered to it as collateral pursuant to a securities lending transaction as described in representation 11; and

(ii) the collateral delivered to the Fund pursuant to the securities lending transaction is held by an affiliate of the Counterparty, which will be a registered dealer and a member of IIROC, as described in representation 14.

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

2.1.3 Vanguard Investments Canada Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Exemptive relief granted to ETF offered in continuous distribution from certain mutual fund requirements and restrictions on: transmission of purchase or redemption orders, issuing units for cash or securities, calculation and payment of redemptions, date of record for payment of distributions, and borrowing from custodian and, if necessary, provision of a security interest to the custodian to fund distributions payable under the fund's distribution policy. – Relief also granted to allow brokerage commissions be payable by the ETFs in relation to trades of the securities of a related exchange traded funds, subject to compliance with all requirements of section 2.5 of NI 81-102, except paragraph 2.5(2)(e) – National Instrument 81-102 Mutual Funds.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 2.5(2)(e), 2.6(a), 9.1, 9.4(2), 10.2, 10.3, 14.1, 19.1.

October 26, 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
VANGUARD INVESTMENTS CANADA INC.
(the Filer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction (the **Legislation**) for exemptive relief from the following provisions of National Instrument 81-102 *Mutual Funds* (**NI 81-102**) (the **Exemption Sought**):

(a) Section 2.5(2)(e) to permit Vanguard Canadian Aggregate Bond Index ETF, Vanguard Canadian Short-Term Bond Index ETF, Vanguard MSCI Canada Index ETF, Vanguard MSCI U.S. Broad Market Index ETF (CAD-hedged), Vanguard MSCI EAFE Index ETF (CAD-hedged) and Vanguard MSCI Emerging Markets Index ETF (the **Proposed Funds**) and any additional exchange-traded funds of which the Filer, or an affiliate or associate of the Filer, may be the trustee and/or manager and which operate on a similar basis as the Proposed Funds (the **Future Funds**, which together with the Proposed Funds are collectively referred to as the **Funds** and each is singularly referred to as a **Fund**) to pay brokerage commissions to purchase underlying exchange-traded funds managed by the Filer or an affiliate or associate of the Filer;

(b) Section 2.6(a)(i) to permit each Fund to borrow cash from the custodian of the Fund (the **Custodian**) and, if required by the Custodian, to provide a security interest over any of its portfolio assets as a temporary measure to fund the portion of any distribution payable to Unitholders that represents, in the aggregate, amounts that are owing to, but not yet been received by, the Fund;

(c) Sections 9.1 and 10.2 to permit purchases and sales of units (**Units**) of the Funds on the Toronto Stock Exchange (**TSX**);

(d) Section 9.4(2) to permit the Funds to accept a combination of cash and securities as subscription proceeds for Units;

(e) Section 10.3 to permit the Funds to redeem less than the Prescribed Number of Units (as defined below) at a discount to their market price, instead of at their net asset value; and

(f) Section 14.1 to permit the Funds to establish a record date for distributions in accordance with the rules of the TSX.

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

(a) 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 (collectively, the **Passport Jurisdictions**).

Interpretation

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

Basket of Securities means (i) a group of the specific securities of the issuers included from time to time in the applicable Index ("Constituent Securities") held, to the extent reasonably possible, in approximately the same proportion as they are reflected in the applicable Index; (ii) a broadly diversified subset of Constituent Securities and/or other securities selected by the sub-advisor of the applicable Fund from time to time that, in the aggregate, approximates the applicable Index in terms of primary risk factors and other key index characteristics; or (iii) securities of one or more Underlying Vanguard ETFs.

Designated Broker means a registered dealer that has entered into a designated broker agreement with the Filer, on behalf of one or more of the Funds, to perform certain duties in relation to the Funds.

Dealer means a registered broker or dealer that has entered into a continuous distribution dealer agreement with the Filer, on behalf of one or more of the Funds, and that subscribes for and purchases Units from the Funds.

Index means the benchmark or index that is used by a Fund in relation to that Fund's investment objective.

Prescribed Number of Units means the number of Units of a Fund determined by the Filer from time to time for the purpose of subscription orders, exchanges, redemptions or for other purposes.

Underlying Vanguard ETF means an exchanged-traded share class of a fund managed by the Filer or an affiliate or associate of the Filer that either seeks to track the applicable Index or an unhedged version of the applicable Index or that has a similar investment objective or strategies.

Unitholders means beneficial or registered holders of Units, as applicable.

Units means the redeemable, transferable units of the Funds.

Representations

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

1. The Funds will be mutual fund trusts governed by the laws of Ontario and will be reporting issuers under the laws of each of the Jurisdiction and Passport Jurisdictions. The Filer is not, and the Funds will not be, in default of securities legislation in any of the Jurisdiction or Passport Jurisdictions.

2. The Filer will apply to list the Units of the Proposed Funds on the TSX. The Filer will not file a final prospectus for any of the Funds until the TSX or another recognized stock exchange has conditionally approved the listing of Units.

3. The Filer will be a registered investment fund manager, portfolio manager and commodity trading manager in Ontario. The Filer will be the trustee and the manager of the Funds and will be responsible for the administration of the Funds.

4. The Filer is a wholly-owned indirect subsidiary of The Vanguard Group, Inc., which in turn is wholly-owned by approximately 35 U.S. registered investment companies that are part of the Vanguard family of mutual funds.

5. Each Fund will seek investment results that seek to track the performance of an Index, net of fees and expenses, by investing, directly or indirectly, in the securities that constitute, from time to time, the applicable Basket of Securities.

6. In seeking to achieve its investment objective, a Fund may invest in an Underlying Vanguard ETF, provided that there will be no duplication of management fees chargeable in connection with a Fund and its investment in the Underlying Vanguard ETF.

7. The securities of each Underlying Vanguard ETF will be listed on a stock exchange in Canada, the United States or elsewhere.

8. A Fund's investment in securities of an Underlying Vanguard ETF will represent the business judgment of responsible persons uninfluenced by considerations other than the best interests of that Fund.

9. All investments of a Fund in an Underlying Vanguard ETF will be made in compliance with section 2.5 of NI 81-102, with the exception of clause 2.5(2)(e) of NI 81-102.

10. Securities of an Underlying Vanguard ETF may only be directly purchased or redeemed from the Underlying Vanguard ETF in large blocks called "creation units" by "authorized participants" that generally have entered into a contract with the Underlying Vanguard ETF to purchase and redeem such securities. Generally, such purchases and redemptions are done in cash or "in kind" through the deposit or receipt of a portfolio of securities included in the index that the Underlying Vanguard ETF seeks to track.

11. The vast majority of trading in securities of an Underlying Vanguard ETF will typically occur in the secondary market.

12. As is the case with the purchase or sale of any other equity security made on an exchange, brokers are typically paid a commission in connection with trading in securities of exchange-traded funds.

13. It is proposed that a Fund may purchase and sell securities of an Underlying Vanguard ETF on the applicable exchange using third-party brokers and that the Fund will pay commissions to these brokers in connection with the purchase and sale of such securities.

14. In each taxation year, each Fund must distribute sufficient net income and net realized capital gains so that it will not be liable to pay income tax under Part I of the *Income Tax Act* (Canada) (the **Distribution Policy**).

15. Amounts included in the calculation of net income and net realized capital gains of a Fund for a taxation year that must be distributed in accordance with the Distribution Policy sometimes include amounts that are owing to but have not actually been received by the Fund from the issuers of securities held in the Fund's portfolio (**Issuers**).

16. While it is possible for a Fund to maintain a portion of its assets in cash or to dispose of securities in order to obtain any cash necessary to make a distribution in accordance with the Distribution Policy, maintaining such a cash position or making such a disposition (which would generally be followed, when the cash is actually received from the Issuers, by an acquisition of the same securities) impacts the Fund's ability to achieve its investment objective of tracking the performance of the applicable Index. Maintaining assets in cash or disposing of securities means that a portion of the net asset value of the Fund is not invested on a basis that tracks the Index. Further, any transaction costs reduce the amount available to invest in the Index. Both of these result in some error in tracking the performance of the Index (referred to as **tracking error**).

17. The Filer is of the view that it is in the interests of a Fund to have the ability to borrow cash from the Custodian and, if required by the Custodian, to provide a security interest over its portfolio assets as a temporary measure to fund the portion of any distribution payable to Unitholders that represents, in the aggregate, amounts that are owing to, but have not yet been received by, the Fund from the Issuers. While such borrowing will have a cost, the Filer expects that it will reduce the tracking error that results from using the alternatives set out in paragraph 16.

18. Generally, units of the Funds may only be subscribed for or purchased directly from the Funds by Designated Brokers or Dealers and orders may only be placed for Units in the Prescribed Number of Units (or a multiple thereof) on any day where there is a trading session on the TSX.

19. The Funds will appoint Designated Brokers to perform certain functions, which include standing in the market with a bid and ask price for Units of the Funds for the purpose of maintaining liquidity for the Units.

20. Each Designated Broker or Dealer that subscribes for Units agrees to deliver, in respect of each Prescribed Number of Units to be issued, a Basket of Securities and/or cash in an amount sufficient so that the value of the securities and/or

the cash received is equal to the aggregate net asset value per Unit of the Prescribed Number of Units next determined following the receipt of the subscription order.

21. The net asset value per Unit of a Fund will be calculated and published daily on the Filer's website.

22. The Filer may from time to time and, in any event not more than once quarterly, require a Designated Broker to subscribe for Units of a Fund in cash in an amount not to exceed 0.30% of the net asset value of the Fund or such other amount established by the Filer and disclosed in the prospectus of the Funds.

23. Neither the Designated Brokers nor the Dealers will receive any fee or commission in connection with the issuance of Units of the Funds to them. On the issuance of Units of a Fund, the Filer or the Fund may, in the Filer's discretion, charge a fee to a Designated Broker or a Dealer to offset the expenses incurred in issuing the Units.

24. Except as described in paragraphs 18 through 23 above, Units may not be purchased directly from the Funds. Persons that are not Designated Brokers or Dealers are generally expected to purchase Units through the facilities of the TSX. However, Units may be issued directly to all Unitholders upon the reinvestment of distributions.

25. Unitholders that are not Designated Brokers or Dealers that wish to dispose of their Units may generally do so by selling their Units on the TSX, through a registered dealer, subject only to customary brokerage commissions. A Unitholder that holds a Prescribed Number of Units or a multiple thereof may exchange such Units for Baskets of Securities and/or cash, in the Fund's discretion. Unitholders may also redeem their Units for cash at a redemption price equal to 95% of the closing price of the Units on the TSX on the effective date of redemption.

26. As manager, the Filer receives a fixed management fee from the Funds. Such management fee is calculated as a fixed percentage of the net asset value of each Fund. As manager, the Filer is responsible for all costs and expenses of the Funds except the management fee and certain operating expenses, which include any fees and expenses related to the implementation and on-going operation of an independent review committee under National Instrument 81-107, brokerage expenses and commissions, the fees under any derivative instrument used by the Funds, the cost of complying with new government or regulatory requirements, extraordinary expenses, any goods and services or harmonized sales taxes on these expenses and any income, withholding or other taxes. The Filer may, in its discretion, reimburse the Funds for certain expenses payable by them.

27. Unitholders will have the right to vote at a meeting of Unitholders in respect of the matters prescribed by 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 is that the Exemption Sought is granted, provided that:

(a) a Fund's investments in securities of an Underlying Vanguard ETF are made in compliance with the requirements of section 2.5 of NI 81-102, except paragraph 2.5(2)(e) of NI 81-102;

(b) in respect of borrowing cash and providing a security interest over a Fund's portfolio assets as a temporary measure to fund the portion of any distribution payable to Unitholders that represents, in the aggregate, amounts that are owing to, but not yet been received by, the Fund:

(i) the borrowing by the Fund in respect of a distribution does not exceed the portion of the distribution that represents, in the aggregate, amounts that are payable to the Fund but have not been received by the Fund from the Issuers and, in any event, does not exceed five percent of the net assets of the Fund;

(ii) the borrowing is not for a period longer than 45 days;

(iii) any security interest in respect of the borrowing is consistent with industry practice for the type of borrowing and is only in respect of amounts owing as a result of the borrowing;

(iv) the Fund does not make any distribution to Unitholders where the distribution would impair the Fund's ability to repay any borrowing to fund distributions; and

(v) the final prospectus of the Fund discloses the potential borrowing, the purpose of the borrowing and the risks associated with the borrowing.

For greater certainty, the Exemption Sought in respect of sections 9.1, 10.2, 9.4(2), 10.3 and 14.1 of NI 81-102 is granted as follows:

(a) Sections 9.1 and 10.2 – to enable the purchases and sales of Units of the Funds on the TSX, which precludes the transmission of purchase or redemption orders to the order receipt offices of the Funds;

(b) Section 9.4(2) – to permit payment for the issuance of Units of the Funds to be made partially in cash and partially in securities, provided that the acceptance of securities as payment is made in accordance with sections 9.4(2)(b)(i) and 9.4(2)(b)(ii).

(c) Section 10.3 – to permit the redemption of less than the Prescribed Number of Units at a price equal to 95% of the closing price of the Units of a Fund on the TSX; and

(d) Section 14.1 – to relieve the Funds from the requirement relating to the record date for the payment of distributions, provided that the Funds comply with applicable TSX requirements.

The Exemption Sought with respect to sections 2.5(2)(e), 9.1, 9.4(2), 10.2, 10.3 and 14.1 of NI 81-102 shall terminate upon the coming into force of any legislation or rule of the principal regulator dealing with the matters referred to in each of such subsections.

"Darren McKall"
Manager, Investment Funds
Ontario Securities Commission

2.1.4 Natunola Health Biosciences 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).

November 4, 2011

Natunola Health Biosciences Inc.
661 St. Lawrence Street
Winchester, Ontario
K0C 2K0

Dear Sir/Madam:

Re: Natunola Health Biosciences Inc. (the Applicant) – application for a decision under the securities legislation of Ontario and Alberta (the Jurisdictions) that the Applicant is not a reporting issuer

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

As the Applicant has represented to the Decision Makers that:

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

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

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

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

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

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

2.1.5 Vanguard Investments Canada Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Exemptive relief granted to exchange-traded funds for initial and continuous distribution of units – Relief to permit the funds' prospectus to not contain an underwriter's certificate and relief from take-over bid requirements in connection with normal course purchases of units on the Toronto Stock Exchange subject to undertaking by unitholders not to exercise any votes attached to units which represent more than 20% of the votes attached to all outstanding units of the funds – Relief subject to sunset clause – Securities Act (Ontario).

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 74(1), 95-100, 104(2)(c), 147.

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
VANGUARD INVESTMENTS CANADA INC.
(the Filer)

DECISION

Background

The principal regulator has received an application from the Filer under the securities legislation of the Jurisdiction (the **Legislation**) for a decision (the **Exemption Sought**) that:

(a) Exempts all purchasers of units (**Units**) of Vanguard Canadian Aggregate Bond Index ETF, Vanguard Canadian Short-Term Bond Index ETF, Vanguard MSCI Canada Index ETF, Vanguard MSCI U.S. Broad Market Index ETF (CAD-hedged), Vanguard MSCI EAFE Index ETF (CAD-hedged) and Vanguard MSCI Emerging Markets Index ETF (the **Proposed Funds**) and any additional exchange-traded funds of which the Filer, or an affiliate or associate of the Filer, may be the trustee and/or manager and which operate on a similar basis as the Proposed Funds (the **Future Funds**, which together with the Proposed Funds are collectively referred to as the **Funds** and each is singularly referred to as a **Fund**) from

the requirements of the Legislation related to take-over bids, including the requirement to file a report of a take-over bid and to pay the accompanying fee with each applicable jurisdiction (the **Take-over Bid Requirements**) in respect of take-over bids for the Funds; and

(b) Exempts the Funds from the requirement that the prospectus of the Funds contain a certificate of the underwriter or underwriters who are in a contractual relationship with the Funds.

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

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

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

Interpretation

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

Basket of Securities means (i) a group of the specific securities of the issuers included from time to time in the applicable Index ("Constituent Securities") held, to the extent reasonably possible, in approximately the same proportion as they are reflected in the applicable Index; (ii) a broadly diversified subset of Constituent Securities and/or other securities selected by the sub-advisor of the applicable Fund from time to time that, in the aggregate, approximates the applicable Index in terms of primary risk factors and other key index characteristics; or (iii) securities of one or more Underlying Vanguard ETFs.

Designated Broker means a registered dealer that has entered into a designated broker agreement with the Filer, on behalf of one or more of the Funds, to perform certain duties in relation to the Funds.

Dealer means a registered broker or dealer that has entered into a continuous distribution dealer agreement with the Filer, on behalf of one or more of the Funds, and that subscribes for and purchases Units from the Funds.

Index means the benchmark or index that is used by a Fund in relation to that Fund's investment objective.

Prescribed Number of Units means the number of Units of a Fund determined by the Filer from time to time for the purpose of subscription orders, exchanges, redemptions or for other purposes.

Take-over Bid Requirements means the requirements of the Legislation relating to take-over bids, including the requirement to file a report of a take-over bid and to pay the accompanying fee, in each of the Jurisdiction and Passport Jurisdictions.

Underlying Vanguard ETF means an exchanged-traded share class of a fund managed by the Filer or an affiliate or associate of the Filer that either seeks to track the applicable Index or an unhedged version of the applicable Index or that has a similar investment objective or strategies.

Unitholders means beneficial or registered holders of Units, as applicable.

Units means the redeemable, transferable units of the Funds.

Representations

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

1. The Funds will be mutual fund trusts governed by the laws of Ontario and will be reporting issuers under the laws of each of the Jurisdiction and Passport Jurisdictions. The Filer is not, and the Funds will not be, in default of securities legislation in any of the Jurisdiction or Passport Jurisdictions.

2. The Filer will apply to list the Units of the Proposed Funds on the Toronto Stock Exchange (**TSX**). The Filer will not file a final prospectus for any of the Funds until the TSX or another recognized stock exchange has conditionally approved the listing of Units.

3. The Filer will be a registered investment fund manager, portfolio manager and commodity trading manager in Ontario. The Filer will be the trustee and the manager of the Funds and will be responsible for the administration of the Funds.

4. The Filer is a wholly-owned indirect subsidiary of The Vanguard Group, Inc., which in turn is wholly-owned by approximately 35 U.S. registered investment companies that are part of the Vanguard family of mutual funds.

5. Each Fund will seek investment results that seek to track the performance of an Index, net of fees and expenses, by investing, directly or indirectly, in the securities that constitute, from time to time, the applicable Basket of Securities.

6. Generally, units of the Funds may only be subscribed for or purchased directly from the Funds by Designated Brokers or Dealers and orders may only be placed for Units in the Prescribed Number of Units (or a multiple thereof) on any day where there is a trading session on the TSX.

7. The Funds will appoint Designated Brokers to perform certain functions, which include standing in the market with a bid and ask price for Units of the Funds for the purpose of maintaining liquidity for the Units.

8. Each Designated Broker or Dealer that subscribes for Units agrees to deliver, in respect of each Prescribed Number of Units to be issued, a Basket of Securities and/or cash in an amount sufficient so that the value of the securities and/or the cash received is equal to the aggregate net asset value per Unit of the Prescribed Number of Units next determined following the receipt of the subscription order.

9. The net asset value per Unit of a Fund will be calculated and published daily on the Filer's website.

10. The Filer may from time to time and, in any event not more than once quarterly, require a Designated Broker to subscribe for Units of a Fund in cash in an amount not to exceed 0.30% of the net asset value of the Fund or such other amount established by the Filer and disclosed in the prospectus of the Funds.

11. Neither the Designated Brokers nor the Dealers will receive any fee or commission in connection with the issuance of Units of the Funds to them. On the issuance of Units of a Fund, the Filer or the Fund may, in the Filer's discretion, charge a fee to a Designated Broker or a Dealer to offset the expenses incurred in issuing the Units.

12. Except as described in paragraphs 6 through 11 above, Units may not be purchased directly from the Funds. Persons that are not Designated Brokers or Dealers are generally expected to purchase Units through the facilities of the TSX. However, Units may be issued directly to all Unitholders upon the reinvestment of distributions.

13. Unitholders that are not Designated Brokers or Dealers that wish to dispose of their Units may generally do so by selling their Units on the TSX, through a registered dealer, subject only to customary brokerage commissions. A Unitholder that holds a Prescribed Number of Units or a multiple thereof may exchange such Units for Baskets of Securities and/or cash, in the Fund's discretion. Unitholders may also redeem their Units for cash at a redemption price equal to 95% of the closing price of the Units on the TSX on the effective date of redemption.

14. Unitholders will have the right to vote at a meeting of Unitholders in respect of the matters prescribed by National Instrument 81-102 *Mutual Funds*.

15. The Filer, on behalf of the Funds, may enter into various continuous distribution dealer agreements with registered dealers (that may or may not be Designated Brokers) pursuant to which the Dealers may subscribe for Units of one or more of the Funds. However, no Dealer would be involved in the preparation of the Funds' prospectus and no Dealer would perform any review or any independent due diligence of the contents of the Funds' prospectus. In addition, the Funds will not pay any commission to the Dealers. As the Dealers will not receive any remuneration for distributing Units and as the Dealers will change from time to time, it is not practical to provide an underwriters' certificate in the prospectus of the Funds.

16. Although Units of the Funds will trade on the TSX and the acquisition of Units can therefore be subject to the Take-over Bid Requirements:

    (a) it will not be possible for one or more Unitholders to exercise control or direction over a Fund as the declaration of trust of the Funds will provide that a person who holds (either alone or jointly with another person or persons) 20% or more of the Units of a Fund may not exercise any voting rights attached to Units that represent more than 20% of the votes attached to all outstanding Units of that Fund;

    (b) it will be difficult for purchasers of Units of a Fund to monitor compliance with Take-over Bid Requirements because the number of outstanding Units will always be in flux as a result of the ongoing issuance and redemption of Units by each Fund; and

    (c) the way in which Units of a Fund will be priced deters anyone from either seeking to acquire control, or offering to pay a control premium, for outstanding Units because Unit pricing for each Fund will be dependent upon the performance of the portfolio of the Fund as a whole.

17. The application of the Take-over Bid Requirements to the Funds would have an adverse impact on Unit liquidity because they could cause Designated Brokers and other large Unitholders to cease trading Units once prescribed take-over bid thresholds are reached. This, in turn, could serve

to provide conventional mutual funds with a competitive advantage over the Funds.

18. This decision shall not be construed as granting relief from any prospectus delivery requirement under the Legislation.

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 is that the Exemption Sought is granted so long as a purchaser of Units of a Fund (Unit Purchaser), and any person or company acting jointly or in concert with the Unit Purchaser (a Concert Party), prior to making any take-over bid for Units of the Fund that is not otherwise exempt from the Take-over Bid Requirements, provides the Filer with an undertaking not to exercise any votes attached to the Units held by the Unit Purchaser and any Concert Party that represent more than 20% of the votes attached to the outstanding Units of the Fund.

This decision shall terminate on the earlier of (a) one year from the date of this decision and (b) an amendment to this decision that is agreed to by staff of the principal regulator and the Filer and that addresses the applicable prospectus delivery obligations.

"James Turner"
Vice Chair
Ontario Securities Commission

"Edward P. Kerwin"
Commissioner
Ontario Securities Commission

2.1.6 Labopharm 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.

Ontario Statutes

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

November 4, 2011

Labopharm inc.
480 Armand-Frappier Boulevard
Laval (Québec)
H7V 4B4

Attention to: Ms. Samira Sakhia

Dear Madam:

Re: Labopharm inc. (the Applicant) – application for a decision under the securities legislation of Alberta, Saskatchewan, Manitoba, Ontario, Québec, 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's status as a reporting issuer is revoked.

"Josée Deslauriers"
Director, Investment Funds and Continuous Disclosure
Autorité des marchés financiers

2.1.7 Texada Software Inc.

Headnote

Multilateral Instrument 11-102 Passport System and National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Confidentiality – Application by an issuer for a decision that draft versions of interim financial statements and management's discussion and analysis inadvertently filed and made public on SEDAR be held in confidence for an indefinite period by the Commission, to the extent permitted by law – Original draft documents contain intimate financial, personal and other information between issuer and its auditor – Subject information not material or necessary to understand interim financial statements or management's discussion and analysis – Issuer subsequently filed and made public on SEDAR correct, final versions of interim financial statements and management's discussion and analysis – Relief granted.

Applicable Ontario Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 140(1), 140(2).

Applicable Instruments

National Instrument 51-102 Continuous Disclosure Obligations.

November 4, 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
TEXADA SOFTWARE INC. (the Filer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) that, pursuant to the confidentiality provisions of the Legislation (being subsection 140(2) of the *Securities Act* (Ontario)), the versions of the Filer's interim financial results and related management's discussion and analysis for the period ended June 30, 2011 filed on the System for Electronic Document Analysis and Retrieval (**SEDAR**) on August 26, 2011 (collectively, the **Original Filed Docu-**

ments) be held in confidence (and therefore not available to the public for inspection) for an indefinite period, to the extent permitted by law (the **Exemption Sought**).

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

(a) The Ontario Securities Commission (the **Principal Regulator**) is the principal regulator for the application; and

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

Interpretation

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

Representations

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

1. The Filer exists pursuant to articles of continuance dated November 5, 2008 filed in accordance with the *Business Corporations Act* (Ontario).

2. The registered and head office of the Filer is located in Guelph, Ontario.

3. The Filer's common shares are listed on the TSX Venture Exchange and the Filer is a reporting issuer in Ontario and the Non-Principal Passport Jurisdictions.

4. On August 26, 2011, the Filer filed the Original Filed Documents on SEDAR, in accordance with section 4.3 of National Instrument 51-102 *Continuous Disclosure Obligations* (**NI 51-102**), accompanied by the certifications required under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (**NI 52-109**).

5. Thereafter, it came to the Filer's attention that the Original Filed Documents were inadvertently filed in draft format and contained certain comments by the Filer's auditors, KPMG LLP (the **Auditor**) in the margins that were not intended to be made public (the **Confidential Information**) and, due to a confluence of circumstances, had erroneously not been removed from the Original Filed Documents prior to filing.

6. Following discussions with staff of the Principal Regulator on August 29, 2011, the Filer re-filed "final draft" versions of the Original Filed Documents on SEDAR (together with the certifications required under NI 52-109 dated August 29, 2011) which, other than excluding the Confidential Information, do not differ from the Original Filed Documents which were previously filed on August 26, 2011.

7. On August 31, 2011, the staff of the Principal Regulator temporarily marked the Original Filed Documents containing the Confidential Information as private on SEDAR, pending the receipt and review of a formal application for exemptive relief from the Filer. As a result, as of September 1, 2011, the Original Filed Documents containing the Confidential Information no longer appear under the Filer's profile on SEDAR.

8. The Filer believes that continued public access to the Confidential Information would seriously prejudice the interests of the Filer for the following reasons:

   (a) pursuant to the contractual terms of the engagement between the Filer and the Auditor, the Filer is expressly prohibited from disclosing any of the deliverables or communications, in whole or in part, transmitted between the parties as they relate to the scope of the services provided by the Auditor to the Filer;

   (b) as a result of the filing of the Original Filed Documents containing the Confidential Information, the Filer inadvertently breached the contractual terms of its engagement with the Auditor during the two day period in which the Confidential Information was available to the public through SEDAR. In the event that the Confidential Information was to continue to be made available, the Filer would continue to be in breach of such terms and could be found to be in breach of its contractual duty of confidentiality to the Auditor; and

   (c) the continued public availability of the Confidential Information could materially harm the relationship between the Auditor and the Filer who has been the auditor of the Filer since 2000 and it is in the best interests of the Filer and its investors to continue this relationship.

9. The Confidential Information does not form part of the required disclosure or financial data that is required by the Filer to be disclosed in the Original Filed Documents pursuant to NI 51-102 and was never intended to be made available to the public by the Filer.

10. None of the Confidential Information, either individually or in the aggregate, is necessary to understand the Original Filed Documents.

11. None of the Confidential Information, either individually or in the aggregate, would cause the Chief Executive Officer and Chief Financial Officer of the Filer to submit revised certifications under NI 52-109 in respect of the Original Filed Documents or otherwise preclude them from filing certifications under NI 52-109 in respect of the Original Filed Documents.

12. The Confidential Information is not material to an investor, and the making and keeping private of the Confidential Information will not adversely affect investors or impact the decision by an investor for the purposes of making any investment decision with respect to the Filer and therefore there is no prejudice or harm to the public as a result of the Confidential Information remaining private.

13. The Filer believes that: (i) the negative implications to the Filer and its investors were the Confidential Information to be made public outweigh the desirability of adhering to the principle that material filed with the Principal Regulator be available to the public for inspection and, (ii) the disclosure of the Confidential Information is not necessary in the public interest.

14. As of August 29, 2011, the Issuer has fully complied with its disclosure obligations under NI 51-102. The Filer is not in default of its obligations under the securities legislation of any jurisdiction of Canada.

15. The Filer acknowledges that marking the Original Filed Documents containing the Confidential Information private on SEDAR does not guarantee that the Original Filed Documents are not available elsewhere in the public domain.

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.

"Wes M. Scott"
Commissioner

"Judith Robertson"
Commissioner

2.1.8 National Bank Direct Brokerage Inc. and NBCN Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – 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 – individuals will engage in the same activities with the same clients but only through a different entity for a limited period of time to facilitate the transition of client accounts - policies in place to handle potential conflicts of interest – clients provided disclosure regarding the transition of client accounts and relationship between the Filers – Filers (who are large bank-owned investment dealers with institutional and retail businesses) exempted from prohibition for a limited period of time

Applicable Legislative Provisions

Multilateral Instrument 11-102 Passport System, s. 4.7.
National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, ss. 4.1, 15.1.

November 1, 2011

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

AND

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

AND

IN THE MATTER OF
NATIONAL BANK DIRECT BROKERAGE INC.
(NBDB)

AND

NBCN INC.
(NBCN, and, together with NBDB, the Filers)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (**Decision Maker**) has received an application from the Filers for a decision under the securities legislation of the Jurisdictions (the **Legislation**) for relief from the requirement in paragraph 4.1(1)(b) of

National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**31-103**) to permit a group of individuals identified in Schedule "A" (collectively, the **Representatives**) to each be registered as both a dealing representative of NBDB and a dealing representative of NBCN (the **Dual Registration**) for a limited period of time to facilitate the transfer of the portfolio management business (the **PM Business**) of NBDB to NBCN (the **Exemption Sought**).

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

a) the Autorité des marchés financiers is the principal regulator for this application;

b) the Filers have provided notice that subsection 4.7(1) of Multilateral Instrument *Passport System* (**11-102**) is intended to be relied upon by the Filers in each jurisdiction of Canada outside of Québec except Ontario (together with Québec and Ontario, the **Filing Jurisdictions**); and

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

Interpretation

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

Representations

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

1. NBDB is registered as a dealer in each jurisdiction of Canada (except Newfoundland and Labrador, Northwest Territories, Nunavut and Yukon) in the category of investment dealer and is also registered as a derivatives dealer in Québec. NBDB is a member of the Investment Industry Regulatory Organization of Canada (**IIROC**) and has its head office in Québec.

2. NBCN is registered in each jurisdiction of Canada as a dealer in the category of investment dealer and as a derivatives dealer in Québec. NBCN is a member of IIROC and has its head office in Ontario.

3. Each of the Filers is an indirectly wholly-owned subsidiary of National Bank of Canada (**NBC**), a Schedule I Canadian chartered bank.

4. The Filers are not, to the best of their knowledge, in default of any requirement of securities legislation in any of the Filing Jurisdictions.

5. NBDB currently offers discount brokerage services to a wide range of clients including portfolio managers, all of which are served through the specialized NBDB Institutional Services team. A decision has been made between the two affiliated dealers, NBDB and NBCN, to transfer the PM Business from NBDB to NBCN. The Filers intend to implement the transfer in two phases commencing on or about October 31, 2011, and anticipate that the transfer of all clients (approximately 90% are resident in Québec) will be completed by no later than April 30, 2012.

6. Each of the Representatives is currently registered as a dealing representative of NBDB in one or more of the Filing Jurisdictions and is resident in Québec. Each Representative is expected to remain resident in Québec after the transfer of the PM Business.

7. In connection with the proposed transfer of the PM Business from NBDB to NBCN, the Filers are proposing to transfer the registration of the Representatives from NBDB to NBCN. To facilitate the transfer of the PM Business, the intention is that the Representatives will be registered with both Filers for a limited period of time while they are involved with the transition of clients from NBDB to NBCN. The Dual Registration is required to allow the Representatives to continue to service clients while their accounts transition from NBDB to NBCN.

8. The PM Business will be carried on through NBCN in a manner that is similar in all material respects to the manner it is currently carried on through NBDB. While registered through both NBDB and NBCN, the Representatives will be engaging in the same types of activities that they currently carry on solely through NBDB and will do so with the same clients that they currently work with through NBDB. Accordingly, the Filers do not expect that the Dual Registration will create any additional work for the Representatives other than the work associated with the transition of clients to NBCN, and are comfortable that the Representatives will continue to have sufficient time to adequately serve both firms.

9. Each client will receive correspondence within a reasonable period of time prior to the proposed transfer describing the proposed transfer and the manner in which the transfer of the client's account(s) will be completed. Each retail client will receive a letter explaining the roles of NBDB and NBCN including confirmation that all terms and conditions of the clients' client agreements and contracts with NBDB will be honoured by NBCN (in accordance with an exemption from IIROC, NBCN will re-document each retail client's account when the proposed Client Relationship Model is implemented by IIROC). In addition, a letter will be

sent to all retail clients with their November 2011 end of month statements, issued by both NBDB and NBCN, to confirm that these retail clients' accounts were transferred from NBDB to NBCN on November 1, 2011 and that their relationship is now solely with NBCN going forward. Non-retail clients of NBDB will attend a meeting where the advantages of the transfer of the PM Business to NBCN are outlined. The transfer of the PM Business in respect of the non-retail clients will be completed by having each non-retail client sign a new client agreement with NBCN prior to the date that their non-retail client accounts are transferred to NBCN (the expected transfer date is on or about December 14, 2011).

10. During the transition period, the Representatives will be subject to supervision by, and the applicable compliance requirements of, both Filers. Existing compliance and supervisory structures will apply depending on which regulatory entity the client assets are held with.

11. The Filers are each indirectly wholly-owned subsidiaries of NBC 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.

12. 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.

13. In the absence of the Exemption Sought, the Filers would be prohibited from permitting a Representative to act as a dealing representative of NBCN while the individual is a dealing representative of NBDB even though NBCN is an affiliate of NBDB.

Decision

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

The decision of the Decision Maker under the Legislation is that the Exemption Sought is granted provided that the Exemption Sought expires on April 30, 2012.

"Patrick Déry"
Superintendant, Client Services,
Compensation and Distribution
Autorité des marchés financiers

Schedule "A"

List of Representatives

Diane Blain
Steve Blouin
Giovanni Panepinto
Éric-Olivier Savoie

2.1.9 Silver Bullion Trust

Headnote

Reporting issuer seeking relief so that it can continue to file financial statements in accordance with old Canadian GAAP (rather than IFRS) for periods relating to the issuer's financial year beginning on January 1, 2011 and ending on December 31, 2011 and the issuer's financial year beginning on January 1, 2012 and ending on December 31, 2012 (collectively, the issuer's deferred financial years) – In particular, the issuer is seeking relief from the requirements in Part 3 of National Instrument 52-107 that would apply to financial statements for periods relating to the issuer's deferred financial years – The issuer is also seeking relief from the IFRS-related amendments to the continuous disclosure, prospectus, certification and audit committee rules (collectively, the rules) that came into force on January 1, 2011 and that would apply to periods relating to the issuer's deferred financial years – The issuer is an "investment company" as defined in Accounting Guideline 18 Investment Companies (AcG-18) in the Handbook of the Canadian Institute of Chartered Accountants – At its meeting on January 12, 2011, the Canadian Accounting Standards Board decided that investment companies, as defined in and applying AcG-18, will only be required to adopt IFRS for annual periods beginning on or after January 1, 2013 – Since Part 3 of National Instrument 52-107 and the IFRS-related amendments to the rules do not have a provision providing for a two-year deferral of the transition to IFRS for investment companies subject to NI 52-107 and the rules, the issuer has applied for the relief – Relief granted, subject to a number of conditions.

Applicable Legislative Provisions

National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards, Parts 3 and 4.
National Instrument 51-102 Continuous Disclosure Obligations.
National Instrument 41-101 General Prospectus Requirements.
National Instrument 44-101 Short Form Prospectus Distributions.
National Instrument 44-102 Shelf Distributions.
National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings.
National Instrument 52-110 Audit Committees.

November 4, 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
SILVER BULLION TRUST
(the "Filer")

DECISION

Background

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

(a) the requirements in Part 3 of National Instrument 52-107 – *Acceptable Accounting Principles and Auditing Standards* ("**NI 52-107**") that apply to financial statements, financial information, operating statements and *pro forma* financial statements for periods relating to the Filer's financial year beginning on January 1, 2011 and ending on December 31, 2011 and the Filer's financial year beginning on January 1, 2012 and ending on December 31, 2012 (the "**Filer's deferred financial years**"), including without limitation, the interim financial statements and associated management discussion and analysis of the Filer for the following periods: (i) the three month period ended March 31, 2011 filed on May 2, 2011; and (ii) the three month and six month periods ended June 30, 2011 filed on July 20, 2011 (together, the "**Interim Financial Statements**");

(b) the amendments to National Instrument 51-102 – *Continuous Disclosure Obligations* ("**NI 51-102**") related to International Financial Reporting Standards ("**IFRS**") that came into force on January 1, 2011 and that apply to documents required to be prepared, filed, delivered, or sent under NI 51-102 for periods relating to the Filer's deferred financial years;

(c) the IFRS-related amendments to National Instrument 41-101 – *General Prospectus Requirements* ("**NI 41-101**") that came into force on January 1, 2011 and that apply to a preliminary prospectus, an amendment to a preliminary prospectus, a final prospectus or an amendment to a final prospectus of the Filer which includes or incorporates by reference financial statements of the Filer in respect of periods relating to the Filer's deferred financial years;

(d) the IFRS-related amendments to National Instrument 44-101 – *Short Form Prospectus Distributions* ("**NI 44-101**") that came into force on January 1, 2011 and that apply to a preliminary short form prospectus, an amendment to a preliminary short form prospectus, a final short form prospectus or an amendment to a final short form prospectus of the Filer which includes or incorporates by reference financial statements of the Filer in

respect of periods relating to the Filer's deferred financial years;

(e) the IFRS-related amendments to National Instrument 44-102 – *Shelf Distributions* ("**NI 44-102**") that came into force on January 1, 2011 and that apply to a preliminary base shelf prospectus, an amendment to a preliminary base shelf prospectus, a base shelf prospectus, an amendment to a base shelf prospectus or a shelf prospectus supplement of the Filer which includes or incorporates by reference financial statements of the Filer in respect of periods relating to the Filer's deferred financial years;

(f) the IFRS-related amendments to National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* ("**NI 52-109**") that came into force on January 1, 2011 and that apply to annual filings and interim filings for periods relating to the Filer's deferred financial years; and

(g) the IFRS-related amendments to National Instrument 52-110 – *Audit Committees* ("**NI 52-110**") that came into force on January 1, 2011 and that apply to periods relating to the Filer's deferred financial years.

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

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

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

Interpretation

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

Representations

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

1. The Filer was established pursuant to a declaration of trust dated June 8, 2009, as amended and restated on July 9, 2009.

2. The Filer's registered and head office address is located at 55 Broad Leaf Crescent, Ancaster, Ontario, L9G 3P2.

3. The Filer is a reporting issuer in all provinces and territories in Canada and to its knowledge is not in default of securities legislation in any jurisdiction.

4. The Filer's trust units trade on the Toronto Stock Exchange under the symbols "SBT.UN" (Cdn. $) and "SBT.U" (US $).

5. The Filer's fiscal year end is December 31.

6. The Filer is an "investment company" as defined in Accounting Guideline 18 – *Investment Companies* ("**AcG-18**") in the Handbook (the "**Handbook**") of the Canadian Institute of Chartered Accountants ("**CICA**"). As such, the Filer applies AcG-18 in the preparation of its financial statements in accordance with Canadian generally accepted accounting principles ("**Canadian GAAP**") for public enterprises.

7. The Filer is not an investment fund as that term is defined in the *Securities Act* (Ontario).

8. As part of the changeover to IFRS in Canada, the Canadian Accounting Standards Board (the "**AcSB**") has incorporated IFRS into the Handbook as Canadian GAAP for most publicly accountable enterprises. As a result, the Handbook contains two sets of standards for public companies:

   (a) Part 1 of the Handbook – Canadian GAAP for publicly accountable enterprises that applies for financial years beginning on or after January 1, 2011; and

   (b) Part V of the Handbook – Canadian GAAP for public enterprises that is the pre-changeover accounting standards ("**old Canadian GAAP**").

9. However, on October 1, 2010, the AcSB published amendments to Part 1 of the Handbook that provide a one-year deferral of the transition to IFRS for investment companies. The amendments require investment companies, as defined in and applying AcG-18, to adopt IFRS for annual periods beginning on or after January 1, 2012. Subsequently, the AcSB extended the deferral for an additional year, such that investment companies, as defined in and applying AcG-18, are only required to adopt IFRS for annual periods beginning on or after January 1, 2013.

10. As part of the changeover to IFRS, NI 52-107 was repealed and replaced effective January 1, 2011. In the new version of NI 52-107,

    (a) Part 3 contains requirements based on IFRS and applies to financial statements, financial information, operating statements and *pro forma* financial statements for periods relating to financial years beginning on or after January 1, 2011; and

(b) Part 4 contains requirements based on old Canadian GAAP and applies to financial statements, financial information, operating statements and *pro forma* financial statements for periods relating to financial years beginning before January 1, 2011.

11. Also as part of the changeover to IFRS, IFRS-related amendments were made to NI 51-102, NI 41-101, NI 44-101, NI 44-102, NI 52-109 and NI 52-110 (collectively, the "**Rules**") and these amendments came into force on January 1, 2011. Among other things, the amendments replace old Canadian GAAP terms and phrases with IFRS terms and phrases and contain IFRS-specific requirements. The amendment instruments for the Rules contain transition provisions that provide that the IFRS-related amendments only apply to documents required to be filed under the Rules for periods relating to financial years beginning on or after January 1, 2011. Thus, during the IFRS transition period,

(a) issuers filing financial statements prepared in accordance with old Canadian GAAP will be required to comply with the versions of the Rules that contain old Canadian GAAP terms and phrases, and

(b) issuers filing financial statements that comply with IFRS will be required to comply with the versions of the Rules that contain IFRS terms and phrases and IFRS-specific requirements.

12. On October 8, 2010, the Canadian Securities Administrators ("**CSA**") published CSA Staff Notice 81-320 – *Update on International Financial Reporting Standards for Investment Funds*, as revised on March 23, 2011, which indicated that, given the October 1, 2010 and March 2011 amendments to the Handbook that provided for a deferral of the transition to IFRS for investment companies, the CSA would defer finalizing IFRS-related amendments to rules related to investment funds, with the stated goal of having the necessary IFRS related amendments for investment funds in force by January 1, 2013.

13. NI 52-107 and the Rules apply to the Filer. Since Part 3 of NI 52-107 and the IFRS-related amendments to the Rules do not have a provision providing for a two-year deferral of the transition to IFRS for investment companies subject to NI 52-107 and the Rules, the Filer has applied for the Exemption Sought.

14. During the Filer's deferred financial years, the Filer will comply with section 1.13 of Form 51-102F1 Management's Discussion and Analysis ("**MD&A**") by providing an updated discussion of the Filer's preparations for changeover to IFRS in its annual and interim MD&A. In particular, the Filer will discuss the expected effect on the financial statements, or state that the effect cannot be reasonably estimated.

15. The Interim Financial Statements were not prepared in accordance with IFRS pursuant to Part 3 of NI 52-107.

16. At the time the Filer filed the Interim Financial Statements, it believed that the CICA's deferral of IFRS for companies qualifying to apply AcG-18 was accepted by the CSA for documents filed under the Rules. Upon further review of the Rules, the Filer acknowledges that it should have filed for the Exemption Sought prior to the filing of the Interim Financial Statements.

17. The Filer acknowledges that if the Exemption Sought is granted, the Filer:

(a) will be subject to Part 3 of NI 52-107 and the IFRS-related amendments to the Rules for periods relating to financial years beginning on or after January 1, 2013; and

(b) will not have the benefit of the 30 day extension to the deadline of filing the first interim financial report in the year of adopting IFRS in respect of an interim period beginning on or after January 1, 2011, as set out in the IFRS-related amendments to NI 51-102, since that extension does not apply if the first interim financial report is in respect of an interim period ending after March 30, 2012.

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:

1. the Filer continues to be an investment company, as defined in and applying AcG-18;

2. the Filer provides the communication as described and in the manner set out in paragraph 14 above;

3. the Filer complies with the requirements in Part 4 of NI 52-107 for all financial statements (including interim financial statements), financial information, operating statements and *pro forma* financial statements for periods relating to the Filer's deferred financial years, as if the expression "January 1, 2011" in subsection 4.1(2) were read as "January 1, 2013";

4. the Filer complies with the version of NI 51-102 that was in effect on December 31, 2010 (together with any amendments to NI 51-102 that are not related to IFRS and that come into force after January 1, 2011) for all documents required to be prepared, filed, delivered, or sent under NI 51-102 for periods relating to the Filer's deferred financial years;

5. the Filer complies with the version of NI 41-101 that was in effect on December 31, 2010 (together with any amendments to NI 41-101 that are not related to IFRS and that come into effect after January 1, 2011) for any preliminary prospectus, amendment to a preliminary prospectus, final prospectus or amendment to a final prospectus of the Filer which includes or incorporates by reference financial statements of the Filer in respect of periods relating to the Filer's deferred financial years;

6. the Filer complies with the version of NI 44-101 that was in effect on December 31, 2010 (together with any amendments to NI 44-101 that are not related to IFRS and that come into effect after January 1, 2011) for any preliminary short form prospectus, amendment to a preliminary short form prospectus, final short form prospectus or amendment to a final short form prospectus of the Filer which includes or incorporates by reference financial statements of the Filer in respect of periods relating to the Filer's deferred financial years;

7. the Filer complies with the version of NI 44-102 that was in effect on December 31, 2010 (together with any amendments to NI 44-102 that are not related to IFRS and that come into effect after January 1, 2011) for any preliminary base shelf prospectus, amendment to a preliminary base shelf prospectus, base shelf prospectus, amendment to a base shelf prospectus or shelf prospectus supplement of the Filer which includes or incorporates by reference financial statements of the Filer in respect of periods relating to the Filer's deferred financial years;

8. the Filer complies with the version of NI 52-109 that was in effect on December 31, 2010 (together with any amendments to NI 52-109 that are not related to IFRS and that come into effect after January 1, 2011) for all annual filings and interim filings for periods relating to the Filer's deferred financial years;

9. the Filer complies with the version of NI 52-110 that was in effect on December 31, 2010 (together with any amendments to NI 52-110 that are not related to IFRS and that come into effect after January 1, 2011) for periods relating to the Filer's deferred financial years;

10. if, notwithstanding this decision, the Filer decides not to rely on the Exemption Sought and files an interim financial report prepared in accordance with IFRS for an interim period in a deferred financial year, the Filer must, at the same time:

    (a) restate, in accordance with IFRS, any interim financial statements for any previous interim period in the same deferred financial year (each, a "**Previous Interim Period**") that were originally prepared in accordance with old Canadian GAAP and filed pursuant to this decision; and

    (b) file a restated interim financial report prepared in accordance with IFRS for each Previous Interim Period, together with corresponding restated interim MD&A and certificates required by NI 52-109. For greater certainty, any restated interim financial report for a Previous Interim Period must comply with applicable securities legislation (including Part 3 of NI 52-107 and the amendments to Part 4 of NI 51-102 that came into force on January 1, 2011) and any restated interim financial report for the first interim period in the deferred financial year must include the opening IFRS statement of financial position at the date of transition to IFRS; and

11. if, notwithstanding this decision, the Filer decides not to rely on the Exemption Sought and files annual financial statements prepared in accordance with IFRS for a deferred financial year, the Filer must, at the same time (unless previously done pursuant to paragraph 10 immediately above):

    (a) restate, in accordance with IFRS, any interim financial statements for any Previous Interim Period that were originally prepared in accordance with old Canadian GAAP and filed pursuant to this decision; and

    (b) file a restated interim financial report prepared in accordance with IFRS for each Previous Interim Period, together with corresponding restated interim MD&A and certificates required by NI 52-109. For greater certainty, any restated interim financial report for a Previous Interim Period must comply with applicable securities legislation (including Part 3 of NI 52-107 and the amendments to Part 4 of NI 51-102 that came into force on January 1, 2011) and any restated interim financial report for the first interim period in the deferred financial year must Include the opening

IFRS statement of financial position at the date of transition to IFRS.

"Cameron McInnis"
Chief Accountant
Ontario Securities Commission

2.1.10 Capstone Infrastructure Corporation

Headnote

Multilateral Instrument 11-102 Passport System and National Policy 11-203 Process for Exemptive Relief applications in Multiple Jurisdictions – National Instrument 51-102 Continuous Disclosure Obligations,s.13.1 – Application by issuer for relief from requirement to include certain financial statements in a business acquisition report (BAR) – Issuer indirectly acquired the business of an operating subsidiary entity through share acquisition of holding entities – Holding entities did not have business operations or material assets or liabilities – Issuer granted relief from requirements in NI 51-102 to include in the BAR consolidated financial statements of the acquired parent holding entity and pro forma financial statements of the issuer giving effect to the acquisition including the holding entities – Relief subject to condition that BAR include the prescribed financial statements of the operating subsidiary entity and pro forma financial statements of the issuer giving effect to the acquisition excluding the holding entities.

Multilateral Instrument 11-102 Passport System and National Policy 11-203 Process for Exemptive Relief applications in Multiple Jurisdictions – Exemption from requirements in subsection 4.11(4) and 4.12(1) of National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards to reconcile acquisition statements to the issuer's GAAP and permit the use of ISAs without a reconciliation to Canadian GAAS – The issuer wants relief from the requirement to include a reconciliation to Canadian GAAP in annual financial statements of the acquired business and to have those statements audited in accordance with Canadian or US GAAS – The issuer will prepare pro forma financial statements in accordance with IFRS.

Applicable Legislative Provisions

National Instrument 51-102 Continuous Disclosure Obligations, ss. 8.4, 13.1.

October 24, 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
CAPSTONE INFRASTRUCTURE CORPORATION
(THE "APPLICANT")

DECISION

1. Background

The principal regulator in the Jurisdiction has received an application from the Applicant for a decision under the securities legislation of the Jurisdiction of the principal regulator (the "**Legislation**") granting an exemption under the following sections:

(i) Section 13.1 of National Instrument 51-102 – *Continuous Disclosure Obligations* ("**NI 51-102**") exempting the Applicant from the requirements of section 8.4 of NI 51-102 to include in the BAR the Agbar UK BAR Financial Statements (as such terms are defined below); (the "**Requested BAR Relief**");

(ii) Section 5.1 of National Instrument 52-107 – *Acceptable Accounting Principles and Auditing Standards* ("**NI 52-107**") exempting the Applicant from the requirement under section 4.11(4) of NI 52-107 to reconcile the Bristol 2011 Annual Financial Statements into Canadian GAAP (as such terms are defined below) when filing the BAR provided that the same financial statements are prepared in accordance with IFRS (as such term is defined below) (the "**Requested GAAP Reconciliation Relief**"); and

(iii) Section 5.1 of NI 52-107 exempting the Applicant from section 4.12(1) of NI 52-107 from the requirement to audit the Bristol 2011 Annual Financial Statements in accordance with Canadian GAAS provided that the same financial

statements are audited in accordance with ISA as issued by the IAASB (as such terms are defined below) (the "**Requested GAAS 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 (the "**Principal Regulator**"); and

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

2. Interpretation

Terms defined in National Instrument 14-101 – *Definitions* ("**NI 14-101**"), National Instrument 51-102 – *Continuous Disclosure Obligations* ("**NI 51-102**") and National Instrument 52-107 – *Acceptable Accounting Principles and Auditing Standards* have the same meaning if used in this decision, unless otherwise defined.

3. Representation

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

Information Concerning The Applicant

3.1 The Applicant was incorporated under the *Business Corporations Act* (British Columbia) on May 20, 2010 as 0881592 B.C. Ltd.

3.2 The Applicant's head office is located at Brookfield Place, 181 Bay Street, Suite 3100, Toronto, Ontario, M5J 2T3 and its registered address is 595 Burrard Street, P.O. Box 49314, Suite 2600, Three Bentall Centre, Vancouver, British Columbia, V7X 1L3.

3.3 The Applicant is a reporting issuer, and is not in default of its obligations as a reporting issuer, under the security legislation of each of the provinces and territories of Canada.

3.4 The common shares, Series A Preferred shares and convertible debentures of the Applicant are listed and posted for trading on the Toronto Stock Exchange under the symbols "CSE", "CSE.PR.A" and "CSE.DB.A", respectively.

3.5 The Applicant's financial year-end is December 31.

3.6 The Applicant's audited annual financial statements as at and for the year ended December 31, 2010, its most recently completed year-end, have been prepared in accordance with Canadian generally accepted accounting principles as set out in Part V of the Handbook of the Canadian Institute of Chartered Accountants (the "**CICA Handbook**") ("**Canadian GAAP**"). The Applicant's annual and interim financial statements for periods commencing on or after January 1, 2011 have been and will be prepared in accordance with International Financial Reporting Standards ("**IFRS**"). The Applicant's annual financial statements as at and for the year ended December 31, 2010 were audited in accordance with Canadian Auditing Standards ("**CAS**") determined with reference to the CICA Handbook ("**Canadian GAAS**") which is equivalent to International Standards on Accounting ("**ISA**") as ISA was adopted as CAS effective for periods ending on or after December 14, 2010.

Information Concerning the Acquisition

3.7 On October 5, 2011 the Applicant acquired an indirect 70% interest in the business of Bristol Water plc ("**Bristol**") a water utility company in the United Kingdom (the "**Acquisition**") pursuant to a share purchase agreement dated October 5, 2011 (the "**SPA**") entered into by an indirect, wholly owned subsidiary of the Applicant (the "**Purchaser**") and Sociedad General de Aguas Barcelona SA (the "**Vendor**"), which held, prior to the Acquisition, an indirect 100% interest in Bristol.

3.8 The Applicant publicly announced the Acquisition pursuant to a press release on October 5, 2011.

3.9 The Applicant completed the Acquisition by acquiring from the Vendor pursuant to the SPA 70% of the issued and outstanding ordinary shares ("**Agbar UK Shares**") of Agbar UK Limited ("**Agbar UK**"), which subsequently changed its name to Bristol Water Holdings UK Limited. Prior to the completion of the Acquisition, the Vendor owned a 100% interest in Agbar UK.

3.10 Agbar UK is a holding company which indirectly owns 100% of Bristol by the way of Agbar UK's 100% ownership of Bristol Water Holdings Limited ("**BWHL**"). BWHL owns 100% of Bristol Water Core Holdings Limited ("**BWCH**" and collectively with Agbar UK and BWHL, the "**Holdco Group**") a company that holds all issued and outstanding shares of Bristol. As a result of the Applicant's acquisition of a 70% interest in Agbar UK, and indirectly, the Holdco Group, the Applicant indirectly owns a 70% interest in Bristol.

3.11 BWHL also owns a 50% equity ownership interest in Bristol Wessex Billing Services Limited ("**BWBSL**"), a 50 / 50 joint venture that provides billing, customer care and contract management services to Bristol and Wessex Water Services Limited ("**Wessex**"), an entity which provides waste water services in the Bristol, U.K. geographic area.

3.12 The ownership of Bristol through the Holdco Group arises as a result of Bristol being a regulated water utility in the United Kingdom and existing financing arrangements and is not reflective of the operating business that the Applicant has acquired. The Applicant completed the Acquisition by purchasing 70% of the Agbar UK Shares and, through its ownership of such Agbar UK Shares, a 70% indirect interest in the other entities in the Holdco Group and Bristol as a result of the existing structure. The Applicant also indirectly acquired a 35% beneficial interest in BWBSL through the Applicant's acquisition of the Agbar UK Shares.

Information Concerning Bristol and the Holdco Group

3.13 Effective June 27, 2011, Agbar UK transferred a number of non-regulated businesses ancillary to the regulated water utility business conducted by Bristol to affiliates of the Vendor ("**Agbar UK Divestment**").

3.14 Throughout the period commencing two years prior to the Acquisition and at the time of the Acquisition, Agbar UK:

(i) owned 100% of the issued and outstanding shares of BWHL;

(ii) did not have any revenues other than share of earnings of BWHL and sundry items;

(iii) other than with respect to shares of the businesses transferred pursuant to the Agbar UK Divestment, did not have any assets other than the shares of BWHL, cash and taxes recoverable;

(iv) did not have any expenses except those nominal expenses associated with general administrative matters of minimal significance;

(v) did not have any liabilities other than to related persons;

(vi) did not conduct any operations or business; and

(vii) functioned solely as a corporate holding company.

3.15 Throughout the period commencing two years prior to the Acquisition and at the time of the Acquisition, BWHL:

(i) owned 100% of the issued and outstanding shares of BWCH;

(ii) did not have any revenues other than share of earnings of BWCH and sundry items;

(iii) did not have any assets other than the shares of BWCH and BWBSL, cash and taxes recoverable;

(iv) did not have any expenses except those nominal expenses associated with general administrative matters of minimal significance;

(v) did not have any liabilities other than to related persons;

(vi) did not conduct any operations or business; and

(vii) functioned solely as a corporate holding company.

3.16 Throughout the period commencing two years prior to the Acquisition and at the time of the Acquisition, BWCH:

(i) owned 100% of the issued and outstanding shares of Bristol;

(ii) did not have any revenues other than share of earnings of Bristol and sundry items;

(iii) did not have any assets other than the shares of Bristol, cash and taxes recoverable;

(iv) did not have any expenses except those nominal expenses associated with general administrative matters of minimal significance;

(v) did not have any liabilities other than to related persons;

(vi) did not conduct any operations or business; and

(vii) functioned solely as a corporate holding company.

3.17 The Vendor provided customary representations, warranties and indemnities (subject to certain recovery limitations and thresholds) to the Purchaser in the SPA with respect to the information described in paragraphs 3.14, 3.15 and 3.16, above.

3.18 Since at least January 1, 2009, Bristol has been the operating entity that, either directly or indirectly, conducted all of the business that was acquired by the Applicant pursuant to the Acquisition.

3.19 Due to certain exemptions under the United Kingdom's generally accepted accounting principles ("**UK GAAP**"), no audited consolidated financial statements or consolidated interim financial statements for Agbar UK have been prepared and, accordingly, such statements are not available to the Applicant. Consolidated financial statements for BWHL and BWCH have not been prepared for at least six years and, accordingly, such statements are not available to the Applicant.

3.20 Non-consolidated financial statements for each entity in the Holdco Group have been prepared in accordance with UK GAAP. However, if reconciled to Canadian GAAP or IFRS, such accounting principles would require such statements to be prepared on a consolidated basis and such consolidated financial information is not available to the Applicant.

3.21 The Applicant has been provided with Bristol's audited annual comparative financial statements prepared in accordance with UK GAAP for the year ended March 31, 2011. The Applicant understands that Bristol only prepares interim comparative financial statements for the six-month period ended September 30 of each fiscal year in accordance with UK GAAP.

3.22 The Applicant has arranged for Bristol to prepare annual comparative financial statements for the year ended March 31, 2011 in accordance with IFRS, which statements will be audited (the "**Bristol 2011 Annual Financial Statements**") and interim comparative financial statements prepared in accordance with IFRS for the six-month period ended September 30, 2011 (the "**Bristol Interim Financial Statements**"). The Bristol 2011 Annual Financial Statements have been or will be audited by Ernst & Young (United Kingdom) in accordance with ISA issued by the International Audit and Assurance Standards Board ("**IAASB**").

Information Concerning BWBSL

3.23 BWBSL's only customers are Bristol and Wessex and its contractual arrangements with its customers require it to only bill its two customers for allocation of cost incurred in providing its services to them with no profit margin recognized. As a result, the financial statements for BWBSL for each of its three most recently completed financial years provided for nil net assets and nil net profit.

3.24 If Agbar UK were to prepare consolidated financial statements under IFRS, BWBSL would be accounted for on an equity basis and, in accordance with International Accounting Standard 31, the equity investment would be reflected at nil value in the consolidated balance sheet and no equity income/loss in the income statement.

3.25 The allocation of costs that BWBSL incurs in providing services to Bristol is recognized in Bristol's income statement and balance sheet as operating expenses and liabilities.

Information Concerning Disclosure in the BAR

3.26 The Acquisition constitutes a "significant acquisition" for the Applicant for the purposes of NI 51-102, and therefore the Applicant must file a business acquisition report ("**BAR**") pursuant to section 8.2(1) of NI 51-102 in the prescribed form no later than 75 days following the completion of the Acquisition. As the Acquisition occurred following September 30, 2011, the Applicant intends to include the Bristol 2011 Annual Financial Statements and the Bristol Interim Financial Statements in the BAR pursuant to section 8.4 of NI 51-102.

3.27 Under Part 8 of NI 51-102 the Applicant is required to include the following financial statements in the BAR:

(i) for the business acquired, the audited comparative consolidated annual financial statements for Agbar UK as at and for the year ended December 31, 2010 (the "**Agbar UK Annual Consolidated Financial Statements**") and unaudited comparative consolidated interim financial statements for Agbar UK as at and for the period ended September 30, 2011 (collectively with the Agbar UK Annual Consolidated Financial Statements, the "**Agbar UK BAR Financial Statements**"); and

(ii) for the Applicant, the following pro forma financial statements, presented separately after giving effect to the Acquisition (the "**Pro Forma BAR Financial Statements**"):

A. a pro forma income statement for the year ended December 31, 2010;

B. a pro forma income statement for the nine-month period ended September 30, 2011 and a pro forma balance sheet as at September 30, 2011; and

C. an earnings per share calculation based upon the income statements referred to in this paragraph 3.27(ii).

3.28 The Applicant intends to include in the BAR:

(i) the Bristol 2011 Annual Financial Statements and the Bristol Interim Financial Statements (collectively the "**Bristol BAR Financial Statements**"); and

(ii) the following pro forma financial statements after giving effect to the Acquisition and excluding the Holdco Group (the "**Applicant's BAR Financial Statements**"):

A. a pro forma IFRS income statement for the year ended December 31, 2010;

B. a pro forma IFRS income statement for the nine-month period ended September 30, 2011 and a pro forma IFRS balance sheet as at September 30, 2011 (collectively the "**Applicant's September Pro Forma Financial Statements**"); and

C. an earnings per share calculation based upon the income statements referred to in this paragraph 3.28(ii).

Information Concerning Different Accounting Principles

3.29 For the years beginning before January 1, 2011, the Applicant's accounting principles were Canadian GAAP. The Applicant's accounting principles for the year beginning on January 1, 2011 are IFRS and the Applicant's September Pro Forma Financial Statements will be prepared in accordance with IFRS as they relate to financial years beginning on or after January 1, 2011.

3.30 Pursuant to section 4.11(4) of NI 52-107, for financial years beginning before January 1, 2011, acquisition statements prepared using accounting principles that are different from the issuer's accounting principles must be reconciled to the issuer's accounting principles, with further disclosure required in the notes to such financial statements (the "**Reconciliation Requirement**"). Consequently, the Bristol 2011 Annual Financial Statements prepared under IFRS are required to be reconciled to Canadian GAAP.

3.31 The Bristol Interim Financial Statements will be prepared in accordance with IFRS but the Reconciliation Requirement does not apply as they relate to a financial year beginning on or after January 1, 2011.

Information Concerning Auditing Standards

3.32 Section 4.12(1) of NI 52-107 requires the Bristol 2011 Annual Financial Statements to be audited in accordance with Canadian GAAS, the auditing standards of the American Institute of Certified Public Accountants, as amended from time to time, or the auditing standards of the Public Company Accounting Oversight Board (United States of America), as amended from time to time (the "**GAAS Requirement**"). The Applicant is not entitled to the exception under section 4.12(2)(b) of NI 52-107 to include in the BAR the Bristol 2011 Annual Financial Statements audited in accordance with ISA, as the Applicant is not a "foreign issuer" within the meaning of NI 52-107.

3.33 The auditor of Bristol has represented to the Applicant that the auditor has expertise and experience in ISA.

4. 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 BAR Relief is granted provided that the BAR includes:

(a) the Bristol BAR Financial Statements; and

(b) the Applicant's BAR Financial Statements.

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

The further decision of the Principal Regulator under the Legislation is that the Requested GAAP Reconciliation Relief and Requested GAAS Relief is granted.

"Cameron McInnis"
Chief Accountant
Ontario Securities Commission

2.1.11 Piper Jaffray & Co.

Headnote

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

Applicable Legislative Provisions

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

November 4, 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
PIPER JAFFRAY & CO.
(the "Filer")

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer (the "**Application**") for a decision under the securities legislation of the Jurisdiction of the principal regulator (the "**Legislation**") that, for the purposes of sections 12.1 – *Capital Requirements* ("**Section 12.1**") of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* ("**NI 31-103**") the Filer be permitted to calculate its excess working capital using United States ("**U.S.**") Securities and Exchange Commission ("**SEC**") Form X-17a-5 (FOCUS Report) (the "**FOCUS Report**") rather than Form 31-103F1 *Calculation of Excess Working Capital* ("**Form 31-103F1**") and for the purposes of section 12.12(1)(b) – *Delivering Financial Information – Dealer* ("**Section 12.12(1)(b)**") of NI 31-103, the Filer be permitted to deliver the FOCUS Report in lieu of Form 31-103F1 for so long as the Filer is subject to SEC Rule 15c3-1 *Net Capital Requirements for Brokers or Dealers* ("Rule 15c3-1") and SEC Rule 17a-5 *Reports to be Made by Certain Brokers and Dealers* ("**Rule 17a-5**") (the "**Exemption Sought**").

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

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

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

Interpretation

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

Representations

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

1. The Filer is a corporation formed under the laws of the State of Delaware. Its head office is located at 800 Nicollet Mall Minneapolis, MN 55402-7020.

2. The Filer is a direct wholly owned subsidiary of the Piper Jaffray Companies.

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

4. The Filer is relying on the international dealer exemption under s. 8.18 of NI 31-103 in each of the Canadian Jurisdictions.

5. The Filer is registered, or has applied to be registered, as a restricted dealer, with terms and conditions, in the Canadian Jurisdictions.

6. The Filer provides a variety of capital raising, investment banking, market making, brokerage, and advisory services, including fixed income and equity sales and research, investment banking and derivatives dealing for governments, corporate, financial institutions and retail customers. The Filer also conducts proprietary trading activities.

7. The Filer is subject to regulatory capital requirements under the *Securities Exchange Act of 1934*, specifically Rule 15c3-1, that are designed to provide protections that are substantially similar to the protections provided by the regulations regarding excess working capital to which dealer members of the Investment Industry Regulatory Organization of Canada ("**IIROC**") are subject, and the Filer is in

compliance in all material respects with Rule 15c3-1. The SEC and FINRA have the responsibility for ensuring that the Filer operates in compliance with Rule 15c3-1

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

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

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

Decision

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

The decision of the principal regulator under the Legislation is that the Exemption Sought is granted so long as:

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

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

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

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

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

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

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

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

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

2.1.12 McEwen Mining – Minera Andes Acquisition Corp.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – relief from continuous disclosure, audit committee and corporate governance disclosure requirements of securities legislation – disclosure of assets and operations of parent issuer on a consolidated basis more relevant to holders of exchangeable shares – exchangeable shares are not "designated exchangeable securities" under NI 51-102 because they have voting rights in the exchangeable share issuer.

Applicable Legislative Provisions

National Instrument 51-102 Continuous Disclosure Obligations, s. 13.1.
National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings, s. 8.6.
National Instrument 52-110 Audit Committee, s. 8.1 Information Required in an AIF.
National Instrument 58-101Disclosure of Corporate Governance Policies, s. 3.1.

November 3, 2011

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

AND

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

AND

IN THE MATTER OF
MCEWEN MINING – MINERA ANDES
ACQUISITION CORP.
(the Filer)

DECISION

Background

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

(a) National Instrument 51-102 *Continuous Disclosure Obligations* (**NI 51-102**);

(b) National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (**NI 52-109**);

(c) National Instrument 52-110 *Audit Committees* (**NI 52-110**); and

(d) National Instrument 58-101 *Disclosure of Corporate Governance Practices* (**NI 58-101**),

provided that certain requirements are met (the **Exemptions Sought**).

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

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

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

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

Interpretation

Terms defined in National Instrument 14-101 *Definitions*, MI 11-102 and NI 51-102 have the same meaning if used in this decision, unless otherwise defined herein.

Representations

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

1. The Filer is incorporated under the *Business Corporations Act* (Alberta) (the **ABCA**) and has its head and registered office in Edmonton, Alberta. The Filer is not a reporting issuer in any of the Jurisdictions or the Passport Jurisdictions but will become a reporting issuer in the Jurisdictions and the Passport Jurisdictions upon the completion of the Arrangement (as that term is defined below).

2. The Filer was formed solely for participating in the arrangement under the ABCA (the **Arrangement**) among US Gold Corporation (**US Gold**), the Filer and Minera Andes Inc. (**Minera Andes**) under which the Filer will acquire the common shares of Minera Andes in exchange for exchangeable shares (the **Exchangeable Shares**) of the Filer.

3. US Gold is a reporting issuer in each of the Jurisdictions and the Passport Jurisdictions and is not in default of securities legislation in any Canadian jurisdiction in which it is a reporting issuer. Its shares of common stock are listed on the TSX and on the New York Stock Exchange.

4. The Filer is an indirect subsidiary of US Gold. The common shares of the Filer are held by McEwen Mining (Alberta) ULC (**Callco**), a direct subsidiary of US Gold. Callco is incorporated under the ABCA and has its head and registered office in Edmonton, Alberta.

5. In connection with the Arrangement, the Filer has made application to have the Exchangeable Shares listed on the Toronto Stock Exchange (**TSX**). The TSX has provided conditional approval for the listing of the Exchangeable Shares.

6. The Filer, US Gold and Callco will enter into a voting and exchange trust agreement and a support agreement upon the completion of the Arrangement, which will provide holders of the Exchangeable Shares with, as nearly as practicable, the same rights, privileges and restrictions as the holders of the shares of US Gold common stock, and in addition, will provide the holders the right to exchange their Exchangeable Shares for shares of US Gold common stock on a one for one basis.

7. Holders of Exchangeable Shares also have the right to elect one of the three directors of the Filer and to otherwise vote at shareholder meetings of the Filer. However, Callco will hold all of the outstanding common shares of the Filer which will at all times carry a majority of the total votes which could be cast at shareholder meetings of the Filer. Due to the right of holders of Exchangeable Shares to vote at a shareholder meeting of the Filer, the Filer will not fall within section 13.3 of NI 51-102, which exempts certain exchangeable security issuers from the application of NI 51-102, as US Gold will not be the direct or indirect beneficial owner of all of the issued and outstanding voting securities of the Filer.

8. In addition, the Filer will not be eligible for relief from NI 52-109 pursuant to section 8.4, from NI 52-110 pursuant to section 1.2(f), or from NI 58-101 pursuant to section 1.3(c) because each of those sections specifically refer to section 13.3 of NI 51-102 as the applicable test.

Decision

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

The decision of the Decision Makers under the Legislation is that the Exemptions Sought are granted provided the following conditions are met:

(a) US Gold is the direct or indirect beneficial owner of all the issued and outstanding voting securities of the Filer, other than the Exchangeable Shares;

(b) US Gold is a reporting issuer in a designated Canadian jurisdiction as defined in subsection 13.3(1) of NI 51-102 and has filed all documents it is required to file under NI 51-102;

(c) the Filer does not issue any securities, and does not have any securities outstanding, other than:

(i) Exchangeable Shares;

(ii) securities issued to and held by US Gold, Callco or another affiliate of US Gold;

(iii) debt securities issued to and held by banks, loan corporations, loan and investment corporations, savings companies, trust corporations, treasury branches, savings or credit unions, financial services cooperatives, insurance companies or other financial institutions; or

(iv) securities issued under exemptions from the prospectus requirement in section 2.35 of National Instrument 45-106 *Prospectus and Registration Exemptions*;

(d) the Filer files in electronic format on SEDAR a notice indicating that the Filer is relying on the continuous disclosure documents filed by US Gold and setting out where those documents can be found in electronic format;

(e) the Filer concurrently sends to all holders of Exchangeable Shares all disclosure materials that are sent to holders of the underlying securities in the manner and at the time required by securities legislation;

(f) US Gold

(i) complies with securities Legislation in respect of making public disclosure of material information on a timely basis; and

(ii) immediately issues in Canada and files any news release that discloses a material change in its affairs;

(g) the Filer issues in Canada a news release and files a material change report in accordance with Part 7 of NI 51-102 for all material changes in respect of the affairs of the Filer that are not also material changes in the affairs of US Gold;

(h) US Gold includes in all mailings of proxy solicitation materials to holders of Exchangeable Shares a clear and concise statement that:

(i) explains the reason the mailed material relates solely to US Gold;

(ii) indicates that the Exchangeable Shares are the economic equivalent to the underlying securities; and

(iii) describes the voting rights associated with the Exchangeable Shares; and

(i) the Filer prepares and mails proxy solicitation materials as required by the Legislation to holders of Exchangeable Shares in connection with any matter properly brought before a meeting of holders of Exchangeable Shares of the Filer, including in connection with the right of the holders of Exchangeable Shares to elect or appoint one of the three directors of the Filer.

"Blaine Young"
Associate Director, Corporate Finance

2.1.13 The Society of Petroleum Evaluation Engineers

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Acceptance as a professional organization under National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities – An entity wishes to be accepted as a "professional organization" under section 1.1(w)(iv)(B) of NI 51-101 – The entity admits members primarily on the basis of their educational qualifications; the entity requires its members to comply with professional standards of competence and ethics relevant to the estimation, evaluation, review or audit of reserves data; the entity has disciplinary powers, including the power to suspend or expel a member.

Applicable National Instrument

National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities, s. 1.1(w)(iv)(B).

Citation: The Society of Petroleum Evaluation Engineers, Re, 2011 ABASC 519

October 12, 2011

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN,
MANITOBA, ONTARIO, QUÉBEC,
NEW BRUNSWICK, NOVA SCOTIA,
NEWFOUNDLAND AND LABRADOR,
PRINCE EDWARD ISLAND, YUKON,
NORTHWEST TERRITORIES AND NUNAVUT
(the Jurisdictions)

AND

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

AND

IN THE MATTER OF
THE SOCIETY OF PETROLEUM EVALUATION
ENGINEERS
(the Filer)
AND ITS MEMBERS WHO ARE MEMBERS,
HONORARY LIFE MEMBERS AND LIFE MEMBERS

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the **Decision Maker**) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) that it be accepted as a "professional organization" under National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* (**NI 51-101**). In addition, the Decision Maker has received the recommendation of the Canadian Securities Administrators staff committee responsible for NI 51-101 that the Decision Maker accept the Filer as a "professional organization" under NI 51-101, but only for those individuals who are Members, Honorary Life Members and Life Members of the Filer (the **Recommended Decision**).

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

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

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

Interpretation

Terms defined in National Instrument 14-101 *Definitions* or NI 51-101 have the same meaning in this decision unless otherwise defined herein.

Representations

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

1. The Filer's head office is located in Houston, Texas.

2. Of all the jurisdictions in Canada, the Filer has the most significant connection with Alberta.

3. The Filer is a self-regulatory organization of engineers, geologists and other geo-scientists whose practice includes reserves evaluations.

4. With respect to its members who qualify as Members, Honorary Life Members and Life Members, the Filer:

   (a) admits members primarily on the basis of their educational qualifications;

   (b) requires its members to comply with the professional standards of competence and ethics prescribed by the Filer that are relevant to the estimation, evaluation, review or audit of reserves data; and

   (c) has disciplinary powers, including the power to suspend or expel a member.

Decision

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

The decision of the Decision Makers under the Legislation is that the Recommended Decision is made, and the

acceptance so granted will continue for so long as the representations herein remain true.

"Blaine Young"
Associate Director, Corporate Finance

2.1.14 CPI Preferred Equity Ltd. and Atlantic Power Corporation

Headnote

MI 11-102 Passport System and National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – relief from continuous disclosure, audit committee, insider reporting and corporate governance disclosure requirements of securities legislation – disclosure of assets and operations of parent issuer on a consolidated basis more relevant to holders of designated credit support securities – Series 2 Shares and Series 3 Shares are not "designated credit support securities" under NI 51-102 because the Series 2 Shares are convertible into the Series 3 Shares and the Series 3 Shares are convertible into the Series 2 Shares – Filer may not be "parent credit support issuer" of Issuer because Filer holds shares in the Issuer indirectly through the Partnership.

Applicable Legislative Provisions

National Instrument 51-102 Continuous Disclosure Obligations, s. 13.1.
National Instrument 52-109 Certification of Disclosure in Annual and Interim Filings, s. 8.6.
National Instrument 52-110 Audit Committees, s. 8.1.
National Instrument 55-102 System for Electronic Disclosure by Insiders, s. 6.1.
National Instrument 55-104 Insider Reporting Requirements and Exemptions, s. 10.1.
National Instrument 58-101 Disclosure of Corporate Governance Practices, s. 3.1.

Citation: Atlantic Power Corporation, Re, 2011 ABASC 568

November 4, 2011

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

AND

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

AND

IN THE MATTER OF
CPI PREFERRED EQUITY LTD.
(the Issuer) AND
ATLANTIC POWER CORPORATION
(the Filer)

DECISION

Background

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

(a) the Issuer from the continuous disclosure requirements of securities legislation of the provinces and territories of Canada, including, without limitation, the requirements of National Instrument 51-102 *Continuous Disclosure Obligations* (**NI 51-102**), as amended from time to time (the **Continuous Disclosure Requirements**);

(b) the Issuer from the requirements of National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (**NI 52-109**), as amended from time to time (the **Certification Requirements**);

(c) the insiders of the Issuer from the insider reporting requirement (as defined in National Instrument 14-101 *Definitions*), as amended from time to time (the **Insider Reporting Requirements**);

(d) the Issuer from the requirements of National Instrument 52-110 *Audit Committees* (**NI 52-110**), as amended from time to time (the **Audit Committee Requirements**); and

(e) the Issuer from the requirements of National Instrument 58-101 *Disclosure of Corporate Governance Practices* (**NI 58-101**), as amended from time to time (the **Corporate Governance Requirements**);

(collectively, the **Exemption Sought**).

Furthermore, the Decision Makers have received a request from the Filer for a decision that the application and this decision (collectively, the **Confidential Material**) be kept confidential and not made public until the earlier of: (i) the date the Filer advises the Principal Regulator (as defined below) that the proposed plan of arrangement under section 192 of the *Canada Business Corporations Act* (the **Arrangement**), pursuant to which the Filer will acquire, directly and indirectly, all of the outstanding limited partnership units (**Units**) of Capital Power Income L.P. (the **Partnership**), as described in greater detail in the management proxy circular and joint proxy statement of the Filer and the Partnership dated 28 September 2011 (the **Joint Proxy Statement**), has been completed, (ii) the date the Filer advises the Principal Regulator that there is no longer any need for the Confidential Material to remain strictly confidential and (iii) the date that is 90 days after the date of this Decision (the **Confidentiality Sought**).

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

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

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

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

Interpretation

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

Representations

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

The Filer

1. The Filer is a corporation continued under the laws of the Province of British Columbia.

2. The Filer's headquarters are located at 200 Clarendon Street, Floor 25, Boston, Massachusetts, USA 02116.

3. The Filer is a reporting issuer in each of the provinces and territories of Canada and is not in default of any applicable requirements under the securities legislation in any of the provinces and territories of Canada. The Filer is an SEC issuer (as defined in NI 51-102) and its financial statements are prepared in accordance with U.S. GAAP (as defined in National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*).

4. The Filer is authorized to issue an unlimited number of common shares. As at 7 October 2011, the Filer had 68,988,977 common shares outstanding.

5. The Filer's common shares trade on the New York Stock Exchange and on the Toronto Stock Exchange (the **TSX**).

The Issuer

6. The Issuer is a corporation incorporated under the laws of the Province of Alberta.

7. The head office and principal place of business of the Issuer is 10065 Jasper Avenue, Edmonton, Alberta T5J 3B1.

8. The Issuer is a reporting issuer in each of the provinces and territories of Canada and, to the best of the knowledge of the Filer, is not in default of any applicable requirements under the securities legislation in any of the provinces and territories of Canada.

9. The Issuer operates as a holding company and indirectly holds all of the Partnership's business and power generation and other assets in the United States.

10. The authorized share capital of the Issuer currently consists of an unlimited number of Class A common shares (the **Common Shares**) and an unlimited number of cumulative redeemable preferred shares (the **Preferred Shares**), issuable in series. Of the Preferred Shares, up to 5,750,000 Cumulative Redeemable Preferred Shares, Series 1 (the **Series 1 Shares**), up to 4,000,000 Cumulative Rate Reset Preferred Shares, Series 2 (the **Series 2 Shares**), and up to 4,000,000 Cumulative Floating Rate Preferred Shares, Series 3 (the **Series 3 Shares**) have been authorized for issuance. As of 7 October 2011, there were 5,000,000 Series 1 Shares outstanding, 4,000,000 Series 2 Shares outstanding and no Series 3 Shares outstanding.

11. The only voting securities of the Issuer are the Common Shares, all of which are owned by the Partnership.

12. The Partnership, as the holder of all of the outstanding Common Shares, is entitled to one vote in respect of each Common Share held on all votes taken at meetings of the shareholders of the Issuer, except meetings at which only holders of a specified class of shares are entitled to vote.

13. The Preferred Shares may at any time and from time to time be issued in one or more series having such rights, restrictions and privileges determined by the directors of the Issuer. Subject to any rights which may be attached to a series of Preferred Shares and applicable law, the holders of Preferred Shares shall not be entitled to vote at any meeting of shareholders of the Issuer.

14. Except as required by law and in certain limited circumstances where the Issuer has failed to pay eight quarterly dividends on the Series 1 Shares, the holders of Series 1 Shares are not entitled to vote at any meeting of shareholders of the Issuer. Holders of Series 1 Shares are entitled to fixed, cumulative, preferential cash dividends if, as and when declared by the board of directors of the Issuer, and on the liquidation, dissolution or wind-up of the Issuer, holders of Series 1 Shares are entitled to receive a fixed amount per share, plus accrued and unpaid dividends. The Series 1 Shares are redeemable at the option of the Issuer in certain circumstances, on payment of a specified amount.

15. Except as required by law and in certain limited circumstances where the Issuer has failed to pay eight quarterly dividends on the Series 2 Shares, the holders of Series 2 Shares are not entitled to vote at any meeting of shareholders of the Issuer. Holders of Series 2 Shares are entitled to fixed, cumulative, preferential cash dividends if, as and when declared by the board of directors of the Issuer, and on the liquidation, dissolution or wind-up of the Issuer, holders of Series 2 Shares are entitled to receive a fixed amount per share, plus accrued and unpaid dividends. The Series 2 Shares are redeemable at the option of the Issuer in certain circumstances on payment of a specified amount. The Series 2 Shares are convertible, in certain circumstances at the option of the holder or the Issuer, into an equal number of Series 3 Shares.

16. Except as required by law and in certain limited circumstances where the Issuer has failed to pay eight quarterly dividends on the Series 3 Shares, the holders of Series 3 Shares are not entitled to vote at any meeting of shareholders of the Issuer. Holders of Series 3 Shares are entitled to floating, cumulative, preferential cash dividends if, as and when declared by the board of directors of the Issuer, and on the liquidation, dissolution or wind-up of the Issuer, holders of Series 3 Shares are entitled to receive a fixed amount per share, plus accrued and unpaid dividends. The Series 3 Shares are redeemable at the option of the Issuer in certain circumstances on payment of a specified amount. The Series 3 Shares are convertible, in certain circumstances at the option of the holder or the Issuer, into an equal number of Series 2 Shares.

17. The Partnership has provided a full and unconditional guarantee (the **Partnership Guarantee**) of the payments to be made by the Issuer, as stipulated in the terms of each of the Series 1 Shares, the Series 2 Shares and the Series 3 Shares, which results in the holders of such securities being entitled to receive payment from the Partnership within 15 days of any failure by the Issuer to make a payment, as contemplated by paragraph (d) of the definition of “designated credit support security” in section 13.4(1) of NI 51-102.

18. All of the Series 1 Shares were issued pursuant to a short form prospectus dated 18 May 2007. The Series 1 Shares trade on the TSX.

19. All of the Series 2 Shares were issued pursuant to a short form prospectus dated 21 October 2009. The Series 2 Shares trade on the TSX.

20. The outstanding Series 1 Shares of the Issuer are “designated credit support securities” (as defined in NI 51-102). The Series 2 Shares of the Issuer would constitute “designated credit support securities” (as defined in NI 51-102), except for the fact that they are convertible into Series 3 Shares of the Issuer in certain circumstances. Similarly, the Series 3 Shares of the Issuer would constitute “designated credit support securities” (as defined in NI 51-102), except for the fact that they are convertible into Series 2 Shares of the Issuer in certain circumstances. As a result of the issuance of the Series 2 Shares, the Issuer does not meet the requirements in section 13.4(2)(c) of NI 51-102.

21. The Series 2 Shares are only convertible into Series 3 Shares and the Series 3 Shares are only convertible into Series 2 Shares. The payments to be made by the Issuer under the terms of each of the Series 2 Shares and the Series 3 Shares are fully and unconditionally guaranteed by the Partnership, and, but for the convertibility feature allowing their conversion to preferred shares of the other series, each of the Series 2 Shares and Series 3 Shares would qualify as "designated credit support securities" (as defined in NI 51-102). In other words, an investor in either the Series 2 Shares or the Series 3 Shares will effectively always hold a preferred share that in substance is a "designated credit support security" (as defined in NI 51-102).

22. Because of the convertibility of the Series 2 Shares and the Series 3 Shares, the Issuer and the Partnership applied to the Alberta Securities Commission and the Ontario Securities Commission and received exemptive relief, which, among other things, permitted the Issuer to rely on the continuous disclosure of the Partnership and provided relief to the insiders of the Issuer (*EPCOR Power Equity Ltd., EPCOR Power Equity L.P., Re*, 2009 ABASC 492, the **2009 Relief**).

23. The Issuer has not issued any securities, and does not have any securities outstanding, other than the Series 1 Shares, which are "designated credit support securities" (as defined in NI 51-102), the Series 2 Shares, in respect of which the Issuer was granted the 2009 Relief, the Common Shares, which were issued to and are held by the Partnership as "parent credit supporter" (as defined in NI 51-102), and other securities described in section 13.4(2)(c)(ii), (iii) and (iv) of NI 51-102. Relying on the 2009 Relief, the Issuer currently files in electronic format copies of all documents the Partnership is required to file under the Legislation, other than in connection with a distribution, at the same time as the filing by the Partnership of those documents.

The Partnership

24. The Partnership is a limited partnership organized under the laws of the Province of Ontario pursuant to an amended and restated limited partnership agreement made effective as of 4 November 2009, as may be amended, supplemented, restated or amended and restated from time to time.

25. The head office and principal place of business of the Partnership is 10065 Jasper Avenue, Edmonton, Alberta T5J 3B1.

26. The Partnership is a reporting issuer in each of the provinces and territories of Canada and, to the best of the knowledge of the Filer, is not in default of any of the applicable requirements under the securities legislation in any of the provinces and territories of Canada.

27. The Units of the Partnership are listed for trading on the TSX under the symbol "CPA.UN". As at 7 October 2011, the Partnership had 56,597,899 Units outstanding.

28. The Partnership has issued $210 million aggregate principal amount of unsecured medium term notes, which notes are held by the public and are not listed on any stock exchange.

The Arrangement

29. On 28 September 2011, the Court of Queen's Bench of Alberta granted the interim order facilitating the calling of the special meeting of the Partnership to approve the Arrangement (the **Special Meeting**) and prescribing the conduct of such meeting and other matters.

30. The Special Meeting was held on 1 November 2011.

31. The final order was granted by the court on 1 November 2011 to approve the Arrangement.

32. Pursuant to the Arrangement, the Filer has agreed to acquire, directly and indirectly, all of the outstanding Units of the Partnership all as more particularly described in the Joint Proxy Statement.

33. Following completion of the Arrangement, the Filer will directly or indirectly own all of the Units of the Partnership and all of the shares of the general partner of the Partnership, CPI Income Services Ltd., the Units of the Partnership will be delisted from the TSX and the unsecured medium term notes of the Partnership referred to above will continue to be outstanding.

34. Following completion of the Arrangement, the Filer will consolidate financial statements of each of the Partnership and the Issuer into the Filer's financial statements that would be filed.

35. Upon completion of the Arrangement, all of the Common Shares of the Issuer will continue to be directly owned by the Partnership (and, therefore, indirectly, by the Filer) and the Series 1 Shares and the Series 2 Shares will continue to be held by the public and listed for trading on the TSX.

36. Following completion of the Arrangement, the Partnership Guarantee will continue in effect and, accordingly, the Partnership will continue to be a "credit supporter" (as defined in NI 51-102) of the Issuer.

37. In connection with the Arrangement, the Filer will provide a full and unconditional guarantee (the **Filer Guarantee**) of the payments to be made by the Issuer, as stipulated in the terms of each of the Series 1 Shares, the Series 2 Shares and the Series 3 Shares, which will result in the holders of such securities being entitled to receive payment from the Filer within 15 days of any failure by the Issuer to make a payment, as contemplated by paragraph (d) of the definition of "designated credit support security" in section 13.4(1) of NI 51-102.

38. Notwithstanding the above, following completion of the Arrangement, (i) the Filer will not directly satisfy the definition of "parent credit supporter" (as defined in NI 51-102) as a result of the indirect ownership of the Issuer through the Partnership, and (ii) the Partnership will not directly satisfy the definition of "subsidiary credit supporter" (as defined in NI 51-102) as a result of it being a limited partnership rather than a corporation.

39. Following completion of the Arrangement, subject to obtaining the Requested Relief, the Issuer will file in electronic format copies of all documents the Filer is required to file under the Legislation, other than in connection with a distribution, at the same time as the filing by the Filer of those documents. The Issuer will also file, in electronic format, in or with the interim and annual consolidated financial statements of the Filer filed, for the periods covered by the interim or annual consolidated financial statements of the Filer, consolidating summary financial information for the Filer presented with a separate column for each of (a) the Filer, (b) the Issuer, (c) the Partnership, (d) the other subsidiaries of the Filer on a combined basis, (e) consolidating adjustments, and (f) the total consolidated amounts.

Decision

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

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

(a) in respect of the Continuous Disclosure Requirements, the Issuer and the Filer (as applicable) continue to satisfy the conditions set out in subsection 13.4(2.1) of NI 51-102 except as modified as follows:

(i) any reference to parent credit supporter in section 13.4 of NI 51-102 shall be deemed to include the Filer notwithstanding its indirect ownership of the Issuer through the Partnership;

(ii) notwithstanding anything to the contrary under the securities legislation of any of the provinces and territories of Canada, any reference to:

(A) a subsidiary credit supporter in section 13.4 of NI 51-102 shall be deemed to include the Partnership; and

(B) an affiliate of the Filer in section 13.4 of NI 51-102 shall be deemed to include the Partnership;

(iii) the Filer does not have to comply with the condition in paragraph 13.4(2)(a) of NI 51-102 if:

(A) no party other than any of the Filer and affiliates of the Filer will have any direct or indirect ownership of, or control or direction over, the voting securities of the Partnership;

(B) no party other than any of the Filer, the Partnership and other affiliates of the Filer will have any direct or indirect ownership of, or control or direction over, voting securities of the Issuer; and

(C) the Filer consolidates in its financial statements the financial statements of each of the Partnership and the Issuer as well as any entities consolidated by the Partnership and the Issuer into their respective financial statements;

(iv) the Issuer does not have to comply with the requirement in section 13.4(2)(c) of NI 51-102 if the Issuer does not issue any securities, and does not have any securities outstanding, other than:

(A) designated credit support securities (as such term is defined in NI 51-102);

(B) securities issued to and held by the Filer, the Partnership or any affiliate of the Filer or the Partnership;

(C) debt securities issued to and held by banks, loan corporations, loan and investment corporations, savings companies, trust corporations, treasury branches, savings or credit unions, financial services cooperatives, insurance companies or other financial institutions;

(D) securities issued under the exemptions from the prospectus requirement in section 2.35 of National Instrument 45-106 *Prospectus and Registration Exemptions*; and

(E) Series 1 Shares, Series 2 Shares and Series 3 Shares;

(v) the Filer shall be deemed to control the Partnership for purposes of section 13.4(2.1)(b) of NI 51-102 if the Filer has direct or indirect ownership of, or control or direction over all of the voting securities of the Partnership, notwithstanding anything to the contrary under the securities legislation of any of the provinces and territories of Canada; and

(vi) the Filer does not have to comply with the condition in paragraph 13.4(2.1)(e) of NI 51-102 if the Filer provides the Filer Guarantee and the Partnership provides the Partnership Guarantee;

(b) in respect of the Certification Requirements, the Audit Committee Requirements and the Corporate Governance Requirements, the Filer and the Issuer continue to satisfy the conditions for relief from the Continuous Disclosure Requirements as set forth and modified above; and

(c) in respect of the Insider Reporting Requirements, an insider of the Issuer can only rely on the Exemption Sought so long as:

(i) the insider of the Issuer complies with the conditions in paragraphs 13.4(3)(b) and 13.4(3)(c) of NI 51-102, as applicable; and

(ii) the Filer and the Issuer continue to satisfy the conditions for relief from the Continuous Disclosure Requirements as set forth and modified above.

Furthermore, the decision of the Decision Makers is that the Confidentiality Sought is granted.

"Blaine Young"
Associate Director, Corporate Finance

2.1.15 Patient Home Monitoring Corp. et al.

Headnote

National Policy 11-203 Process For Exemptive Relief Applications in Multiple Jurisdictions – Application for exemptive relief in relation to proposed distributions of securities by an issuer through a committed equity facility (also known as an "equity line of credit") – An equity line of credit is a type of financing which permits a public company to require, at a time or times of its choosing, that a purchaser purchase newly issued securities of the company at a discount to the market price of the securities at the time of the draw down – the purchaser will generally finance its purchase commitments and offset market risk through short sales, resale or other hedging transactions in the secondary market during the pricing period with a view to monetizing the spread between the discounted purchase price and the market price – a draw down under an equity line may be considered to be an indirect at-the-market distribution of securities of the issuer to investors in the secondary market with the equity line purchaser acting as underwriter – purchaser requires dealer registration relief – issuer will file shelf prospectus which will qualify resales, short sales and other hedging transactions by purchaser over a specified period – relief granted to the issuer and purchaser from certain registration and prospectus requirements, subject to terms and conditions, including restrictions on the number of securities that may be distributed under an equity line, certain restrictions on the permitted activities of the purchaser, timely disclosure of each draw down, and certain notification and disclosure requirements.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 74(1), 147.
National Instrument 44-101 Short Form Prospectus Distributions, s. 8.1, Form 44-101F1 – Item 20.
National Instrument 44-102 Shelf Distributions, s. 5.5.2, 5.5.3, 11.1.

October 28, 2011

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

AND

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

AND

IN THE MATTER OF
PATIENT HOME MONITORING CORP.
(the Issuer),
YA GLOBAL MASTER SPV LTD.
(the Purchaser) AND
YORKVILLE ADVISORS, LLC
(the Purchase Manager and,
together with the Issuer and the Purchaser,
the Filers)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the **Decision Maker**) has received an application from the Filers for a decision under the securities legislation of the Jurisdictions (the **Legislation**) that:

(a) the following prospectus disclosure requirements under the Legislation (the **Prospectus Disclosure Requirements**) do not fully apply to the Issuer in connection with the Distribution (as defined below):

(i) the statement in the Prospectus Supplement (as defined below) respecting statutory rights of withdrawal and rescission or damages in the form prescribed by item 20 of Form 44-101F1 *Short Form Prospectus* of National Instrument 44-101 *Short Form Prospectus Distributions* (**NI 44-101**); and

(ii) the statements in the Base Shelf Prospectus required by subsections 5.5(2) and (3) of National Instrument 44-102 *Shelf Distributions* (**NI 44-102**);

(b) the prohibition from acting as a dealer unless the person is registered as such (the **Dealer Registration Requirement**) does not apply to the Purchaser and the Purchase Manager in connection with the Distribution; and

(c) the requirement that a dealer send a copy of the Prospectus (as defined below) to a subscriber or purchaser in the context of a distribution (the **Prospectus Delivery Requirement**) does not apply to the Purchaser, the Purchase Manager or the dealer(s) through whom the Purchaser distributes the Shares (as defined below) and, as a result, rights of withdrawal or rights of rescission, price revision or damages for non-delivery of the Prospectus do not apply in connection with the Distribution (collectively, the **Exemption Sought**).

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

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

(b) the Filers 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 British Columbia; and

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

Interpretation

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

Representations

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

The Issuer

1. The Issuer is incorporated under the laws of Alberta and has its head office in San Francisco, California.

2. The Issuer is a reporting issuer under the securities legislation of each of the provinces of Alberta, British Columbia and Ontario and is not in default of the securities legislation of any jurisdiction of Canada.

3. The Issuer's authorized share capital currently consists of an unlimited number of common shares (the **Shares**) of which 60,154,380 Shares were outstanding as at October 6, 2011.

4. The Shares are listed for trading on the TSX Venture Exchange (the **TSX-V**). Based on the closing price of $0.13 per Share on the TSX-V on October 6, 2011, the current market capitalization of the Issuer is approximately $7,820,069.

5. The Issuer is qualified to file a short form prospectus under section 2.2 of NI 44-101 and is also qualified to file a base shelf prospectus under NI 44-102.

6. The Issuer is eligible to and intends to file with the securities regulators in each of Alberta, British Columbia and Ontario (the **Securities Commissions**) a base shelf prospectus pertaining to various securities of the Issuer, including the Shares (such base shelf prospectus and any amendment thereto and renewal thereof being referred to herein as the **Base Shelf Prospectus**).

7. The statements required by subsections 5.5(2) and (3) of NI 44-102 to be included in the Base Shelf Prospectus will be qualified by adding the following ", except in cases where an exemption from such delivery requirements has been obtained".

The Purchaser and the Purchase Manager

8. The Purchaser is a company incorporated in the Cayman Islands with limited liability.

9. The Purchaser is managed by the Purchase Manager, a Delaware limited liability company, with its head office in Jersey City, New Jersey, United States.

10. Neither the Purchaser nor the Purchase Manager is a reporting issuer or registered as a registered firm as defined in National Instrument 31-103 *Registration Requirements and Exemptions* (**NI 31-103**) in any jurisdiction of Canada. The Purchaser and the Purchase Manager are not in default of securities legislation in any jurisdiction of Canada.

The Distribution Agreement

11. The Issuer and the Purchaser entered into a standby equity agreement on June 1, 2010, as amended and restated on October 6, 2011 (the **Distribution Agreement**) pursuant to which the Purchaser agreed to subscribe for, and the Issuer will have the right but not the obligation to issue and sell, up to $5 million of Shares (the **Aggregate Commitment Amount**) over a period of 48 months in a series of drawdowns.

12. The Distribution Agreement will provide the Issuer with the ability to raise capital as needed from time to time. The Purchaser regularly engages in such transactions. The Purchaser may, in certain circumstances, finance its commitment to subscribe for Shares on a drawdown through short-sales or resales out of existing holdings of the Issuer's securities.

13. Under the Distribution Agreement, the Issuer will have the sole ability to determine the timing and the amount of each drawdown, subject to certain conditions, including a maximum investment amount per drawdown and the Aggregate Commitment Amount.

14. The subscription price per Share and therefore the number of Shares to be issued to the Purchaser for each drawdown will be calculated based on a predetermined percentage discount from the average daily volume-weighted price per Share on the TSX-V over a period of five consecutive trading days (**Trading Days**) following notice of a drawdown sent by the Issuer (the **Drawdown Pricing Period**). Specifically, the Shares will be issued at a subscription price equal to the average daily volume-weighted price per Share on the TSX-V during the Drawdown Pricing Period multiplied by 95% (the **Purchase Price**). The Issuer may fix in such drawdown notice a minimum Purchase Price below which it will not issue any Shares. The Issuer and the Purchaser can mutually agree in writing to amend the minimum price set forth in a drawdown notice during the applicable Drawdown Pricing Period. Notwithstanding the foregoing, the Purchase Price per Share may not be lower than the volume-weighted average price per Share on the TSX-V over a period of five consecutive Trading Days immediately preceding the applicable drawdown notice, less the permitted discount under the private placement rules of the TSX-V (the **Floor Price**).

15. On the seventh trading day following the date of each drawdown notice (each, a **Settlement Date**), the amount of the drawdown will be paid by the Purchaser in consideration for the relevant number of newly issued Shares.

16. The Distribution Agreement will provide that, at the time of each drawdown notice and at each Settlement Date, the Issuer will make a representation to the Purchaser that the Base Shelf Prospectus, as supplemented (the **Prospectus**), contains full, true and plain disclosure of all material facts relating to the Issuer and the Shares being distributed. The Issuer would therefore be unable to issue, or decide to issue, Shares when it is in possession of undisclosed information that would constitute a material fact or a material change.

17. On or after each Settlement Date, the Purchaser may seek to sell all or a portion of the Shares subscribed under the drawdown.

18. During the term of the Distribution Agreement, the Purchaser and its affiliates, associates or insiders, as a group, will not own at any time, directly or indirectly, Shares representing more than 9.9% of the issued and outstanding Shares.

19. The Purchaser and its affiliates, associates and insiders will not hold a "net short position" in Shares during the term of the Distribution Agreement. However, the Purchaser may, after the receipt of a drawdown notice, seek to short-sell Shares to be subscribed for under the drawdown, or engage in hedging strategies, in order to reduce the economic risk associated with its commitment to subscribe for Shares, provided that:

    (a) the Purchaser complies with applicable rules of the TSX-V and applicable securities regulations;

    (b) the Purchaser and its affiliates, associates or insiders will not during the period between a drawdown notice and the corresponding Settlement Date, directly or indirectly, sell Shares or grant any right to purchase or acquire any right to dispose of, nor otherwise dispose of for value, any Shares or any securities convertible into or exchangeable for Shares, in an amount exceeding the number of Shares to be subscribed by the Purchaser under the applicable drawdown; and

    (c) notwithstanding the foregoing, the Purchaser and its affiliates, associates or insiders will not, directly or indirectly, sell Shares or grant any right to purchase or acquire any right to dispose of, nor otherwise dispose

of for value, any Shares or any securities convertible into or exchangeable for Shares, between the time of delivery of a drawdown notice and the filing of the news release announcing the drawdown.

20. Disclosure of the activities of the Purchaser and its affiliates, associates or insiders, as well as the restrictions thereon, the whole as described in paragraph 19 above, will be included in the Base Shelf Prospectus. In addition, the Issuer will disclose in the Base Shelf Prospectus, as a risk factor, that the Purchaser may engage in short-sales, resales or other hedging strategies to reduce or eliminate investment risks associated with a drawdown and the possibility that such transactions may result in significant dilution to existing shareholders and could have a significant effect on the price of the Shares.

21. No extraordinary commission or consideration will be paid by the Purchaser or the Purchase Manager to a person or company in respect of the disposition of Shares by the Purchaser to purchasers who purchase the same on the TSX-V through dealer(s) engaged by the Purchaser (the **TSX-V Purchasers**).

22. The Purchaser and the Purchase Manager will also agree, in effecting any disposition of Shares, not to engage in any sales, marketing or solicitation activities of the type undertaken by dealers in the context of a public offering. More specifically, each of the Purchaser and the Purchase Manager will not (a) advertise or otherwise hold itself out as a dealer, (b) purchase or sell securities as principal from or to customers, (c) carry a dealer inventory in securities, (d) quote a market in securities, (e) extend, or arrange for the extension of credit, in connection with transactions of securities of the Issuer, (f) run a book of repurchase and reverse repurchase agreements, (g) use a carrying broker for securities transactions, (h) lend securities for customers, (i) guarantee contract performance or indemnify the Issuer for any loss or liability from the failure of the transaction to be successfully consummated, or (j) participate in a selling group.

23. The Purchaser and the Purchase Manager will not solicit offers to purchase Shares in any jurisdiction of Canada and will sell the Shares to TSX-V Purchasers through one or more dealer(s) unaffiliated with the Purchaser, the Purchase Manager and the Issuer.

The Prospectus Supplements

24. The Issuer intends to file with the securities regulatory authority in each of Alberta, British Columbia and Ontario a prospectus supplement to the Base Shelf Prospectus (each a **Prospectus Supplement**) within two business days after the Settlement Date for each drawdown under the Distribution Agreement.

25. The Prospectus Supplement will disclose (i) the number of Shares issued to the Purchaser, (ii) the price per Share paid by the Purchaser, (iii) the information required by NI 44-102, including the disclosure required by subsection 9.1(3) thereof, (iv) other information required by NI 44-101 omitted from the Base Shelf Prospectus in accordance with NI 44-102, and (v) the following statement (the **Amended Statement of Rights**):

> *Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. The securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment are not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. However, such rights and remedies will not be available to purchasers of common shares distributed under this prospectus because the prospectus will not be delivered to purchasers, as permitted under a decision document issued by the Alberta Securities Commission on October ●, 2011.*
>
> *The securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contain a misrepresentation, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. Such remedies remain unaffected by the non-delivery of the prospectus, permitted under the decision document referred to above.*
>
> *The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.*

26. The Base Shelf Prospectus, as supplemented by the Prospectus Supplement, will qualify, *inter alia*, (a) the distribution of Shares to the Purchaser on the Settlement Date, and (b) the disposition of Shares to TSX-V Purchasers during the

period that commences on the date of issuance of a drawdown notice to the Purchaser and ends on the earlier of (i) the date on which the distribution of such Shares has ended or (ii) the 40th day following the Settlement Date (collectively, a **Distribution**).

27. The Prospectus Delivery Requirement is not workable in the context of the Distribution as the TSX-V Purchasers will not be readily identifiable, because the dealer(s) acting on behalf of the Purchaser may combine the sell orders made under the Prospectus with other sell orders and the dealer(s) acting on behalf of the TSX-V Purchasers may combine a number of purchase orders.

28. The Prospectus Supplement will contain an underwriter's certificate in the form set out in section 2.2 of Appendix B to NI 44-102 signed by the Purchaser.

29. At least three business days prior to the filing of the first Prospectus Supplement to be filed in connection with a distribution pursuant to the equity line facility under the Distribution Agreement, the Issuer will provide for comment to the Decision Makers a draft of such Prospectus Supplement.

News Releases / Continuous Disclosure

30. Following the execution of the Distribution Agreement, the Issuer:

    (a) filed on SEDAR a news release dated June 2, 2010 and a material change report dated June 4, 2010 disclosing the material terms of the Distribution Agreement, including the Aggregate Commitment Amount; and

    (b) on October 6, 2011, filed a copy of the Distribution Agreement on SEDAR.

31. Promptly upon the issuance of each drawdown notice, regardless of the size of the drawdown, the Issuer will issue and file on SEDAR a news release disclosing the aggregate amount of the drawdown, the maximum number of Shares to be issued, the minimum price per Share, if any, the Floor Price and the availability on SEDAR of the Base Shelf Prospectus and the Prospectus Supplement and specifying how a copy of those documents can be obtained.

32. Promptly upon any amendment to the minimum price set forth in a drawdown notice, the Issuer will issue and file on SEDAR a news release disclosing the amended minimum price per Share and the maximum number of Shares to be issued in the drawdown.

33. The Issuer will:

    (a) on, or as soon as practicable after, the last day of each Drawdown Pricing Period, issue and file on SEDAR a news release disclosing for the relevant drawdown:

        (i) the number of Shares issued to, and the price per Share paid by, the Purchaser;

        (ii) that the Base Shelf Prospectus and each Prospectus Supplement will be available on SEDAR and specifying how a copy of these documents can be obtained; and

        (iii) the Amended Statement of Rights; and

    (b) file a material change report on SEDAR within ten days of each Settlement Date, if the relevant Distribution constitutes a material change under applicable securities legislation, disclosing at a minimum the information required in subparagraph (a) above.

34. The Issuer will also disclose in its financial statements and management's discussion and analysis filed on SEDAR under National Instrument 51-102 *Continuous Disclosure Obligations*, for each financial period, the number and price of Shares issued to the Purchaser pursuant to the Distribution Agreement.

Deliveries upon Request

35. The Issuer will deliver to the securities regulatory authority in each of Alberta and Ontario and to the TSX-V, upon request, a copy of each drawdown notice delivered by the Issuer to the Purchaser under the Distribution Agreement.

36. The Purchaser and the Purchase Manager will provide to the securities regulatory authority in each of Alberta and Ontario, upon request, full particulars of trading and hedging activities by the Purchaser or the Purchase Manager (and,

if required, trading and hedging activities by their respective affiliates, associates or insiders) in relation to securities of the Issuer during the term of the Distribution Agreement.

Decision

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

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

(a) as it relates to the Prospectus Disclosure Requirements:

(i) the Issuer complies with the representations in paragraphs 7, 20, 25, 26, 28, 30, 31, 32, 33, 34 and 35; and

(ii) the number of Shares distributed by the Issuer under the Distribution Agreement does not exceed, in any 12 month period, 20% of the aggregate number of Shares outstanding calculated at the beginning of such period;

(b) as it relates to the Prospectus Delivery Requirement and the Dealer Registration Requirement, the Purchaser and/or, as applicable, the Purchase Manager comply with the representations in paragraphs 19, 21, 22, 23, 28 and 36; and

(c) this decision will terminate 25 months after the execution of the Distribution Agreement.

For the Commission:
“Stephen Murison”
Vice-Chair

“Roderick McKay, FCA”
Member

2.2 Orders

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

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

AND

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

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

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

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

1. pursuant to clause 2 of subsection 127(1) of the Act, that all trading in the securities of NAFG and NAC shall cease;

2. pursuant to clause 2 of subsection 127(1) of the Act, that NAFG, NAC, Flavio and Gino cease trading in all securities; and

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

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

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

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

AND WHEREAS by Order dated March 25, 2011, the Temporary Order was further amended to permit NAFG and its officers and directors to issue Convertible Debentures in accordance with a Proposal made under the *Bankruptcy and Insolvency Act* in the matter of NAFG (the "Temporary Order as further amended");

AND WHEREAS by Order dated March 25, 2011, the Temporary Order as further amended was extended to May 2, 2011;

AND WHEREAS by Order dated April 29, 2011, the Temporary Order as further amended was extended to August 2, 1011;

AND WHEREAS by Order dated July 29, 2011, the Temporary Order as further amended was extended to October 3, 2011 and the hearing was adjourned to September 30, 2011;

AND WHEREAS by Order dated September 30, 2011, the Temporary Order as further amended was extended to November 3, 2011 and the hearing was adjourned to November 2, 2011;

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

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

IT IS ORDERED that the Temporary Order as further amended is extended to Monday, December 19, 2011;

IT IS FURTHER ORDERED that the hearing in this matter be adjourned to Friday, December 16, 2011 at 9:30 a.m. or to such other date or time as set by the Office of the Secretary and agreed to by the parties.

DATED at Toronto this 2nd day of November, 2011.

"James E. A. Turner"

2.2.2 Peter Sbaraglia

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

AND

IN THE MATTER OF
PETER SBARAGLIA

ORDER

WHEREAS on February 24, 2011, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") in relation to a Statement of Allegations filed by Staff of the Commission ("Staff") with respect to Peter Sbaraglia ("Sbaraglia");

AND WHEREAS on March 31, 2011, the Commission heard submissions from counsel for Staff and counsel for Sbaraglia and adjourned the hearing to April 28, 2011;

AND WHEREAS on April 28, 2011, the Commission heard submissions from counsel for Staff and counsel for Sbaraglia and adjourned the hearing to June 7, 2011;

AND WHEREAS on June 7, 2011, the Commission heard submissions from counsel for Staff and counsel for Sbaraglia and adjourned the hearing to July 27, 2011;

AND WHEREAS on July 27, 2011, the Commission heard submissions from counsel for Staff of the Commission and from Sbaraglia and ordered that a pre-hearing conference in this matter take place on October 28, 2011;

AND WHEREAS on October 28, 2011, the Commission held a pre-hearing conference in this matter and heard submissions from counsel for Staff and counsel for Sbaraglia and it was agreed on consent that the pre-hearing conference should be adjourned;

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

IT IS ORDERED THAT a pre-hearing conference will be held on November 25, 2011 at 10:00 a.m., or on such other date as provided by the Office of the Secretary and agreed to by the parties.

DATED at Toronto this 28th day of October, 2011.

"James E. A. Turner"

2.2.3 Oversea Chinese Fund Limited Partnership et al. – ss. 127(7), 127(8)

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

AND

IN THE MATTER OF
OVERSEA CHINESE FUND LIMITED PARTNERSHIP,
WEIZHEN TANG AND ASSOCIATES INC.,
WEIZHEN TANG CORP. AND WEIZHEN TANG

EXTENSION OF TEMPORARY ORDER
(Subsections 127(7) and (8))

WHEREAS on March 17, 2009, pursuant to subsections 127(1) and (5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), the Ontario Securities Commission (the "Commission") made the following temporary orders (the "Temporary Order") against Oversea Chinese Fund Limited Partnership ("Oversea"), Weizhen Tang and Associates Inc. ("Associates"), Weizhen Tang Corp. ("Corp.") and Weizhen Tang (collectively the "Respondents"):

1. that all trading in securities of Oversea, Associates and Corp. shall cease;

2. that all trading by the Respondents shall cease; and

3. that the exemptions contained in Ontario securities law do not apply to the Respondents.

AND WHEREAS on March 17, 2009, pursuant to subsection 127(6) of the Act, the Commission ordered that the Temporary Order shall expire on the 15th day after its making unless extended by order of the Commission;

AND WHEREAS on March 18, 2009, the Commission issued a Notice of Hearing to consider, among other things, the extension of the Temporary Order, to be held on April 1, 2009 at 2:00 p.m.;

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

AND WHEREAS prior to the April 1, 2009 hearing date, Staff of the Commission ("Staff") served the Respondents with copies of the Temporary Order, Notice of Hearing, and Staff's supporting materials;

AND WHEREAS on April 1, 2009, counsel for the Respondents advised the Commission that the Respondents did not oppose the extension of the Temporary Order;

AND WHEREAS on April 1, 2009, the Commission considered the evidence and submissions before it and the Commission was of the opinion that it was in the public interest to extend the Temporary Order until September 10, 2009;

AND WHEREAS on April 1, 2009, the Commission ordered that the Temporary Order be extended, pursuant to subsection 127(8) of the Act, to September 10, 2009 and the hearing be adjourned to September 9, 2009;

AND WHEREAS on September 8, 2009, the Commission ordered, on consent, that the Temporary Order be extended until September 26, 2009 and the hearing be adjourned until September 25, 2009 at 10:00 a.m. as counsel for the Respondents requested that the hearing be adjourned as he required more time to file materials for the hearing;

AND WHEREAS on September 24, 2009, the Commission ordered, on consent, that the Temporary Order be extended until October 23, 2009 and the hearing be adjourned until October 22, 2009 at 10:00 a.m.;

AND WHEREAS on October 22, 2009, the Commission ordered, on consent, that the Temporary Order be extended until November 16, 2009 and the hearing be adjourned until November 13, 2009 at 10:00 a.m.;

AND WHEREAS on November 13, 2009, the Respondents brought a motion before the Commission to have the Temporary Order varied to allow Weizhen Tang to trade (the "Tang Motion") and Staff opposed this motion;

AND WHEREAS on November 13, 2009, Staff sought an extension of the Temporary Order until after the conclusion of the charges before the Ontario Court of Justice against Oversea, Associates and Weizhen Tang;

AND WHEREAS on November 13, 2009, the Commission considered the materials filed by the parties, the evidence given by Weizhen Tang, and the submissions of counsel for Staff and counsel for the Respondents;

AND WHEREAS on November 13, 2009, the Commission was of the opinion that, pursuant to subsection 127(8) of the Act, satisfactory information had not been provided to the Commission by any of the Respondents; it was in the public interest to order that the Tang Motion be denied; the Temporary Order be extended until June 30, 2010; and the hearing be adjourned to June 29, 2010 at 10:00 a.m.;

AND WHEREAS on June 29, 2010, Staff sought an extension of the Temporary Order until after the conclusion of the charges before the Ontario Court of Justice against Oversea, Associates and Weizhen Tang;

AND WHEREAS on June 29, 2010, the Respondents and Staff filed materials, including the Affidavit of Jeff Thomson, sworn on June 23, 2010;

AND WHEREAS on June 29, 2010, the Commission considered the materials filed by the parties, the submissions of counsel for Staff and counsel for the Respondents, and the submissions of Weizhen Tang;

AND WHEREAS on June 29, 2010, the Commission ordered that the Temporary Order be extended until March 31, 2011, and the hearing be adjourned to March 30, 2011, at 10:00 a.m.;

AND WHEREAS on March 30, 2011, no one appeared on behalf of the Respondents despite being given notice of this appearance;

AND WHEREAS on March 30, 2011, the Commission ordered that the Temporary Order was extended until May 17, 2011 and the hearing was adjourned to May 16, 2011 at 10:00 a.m.;

AND WHEREAS on May 16, 2011, Staff made submissions and sought an extension of the Temporary Order and the Respondent Weizhen Tang appeared on behalf of all Respondents and made submissions opposing the extension of the Temporary Order;

AND WHEREAS on May 16, 2011, pursuant to subsection 127(8) of the Act, satisfactory information had not been provided to the Commission by any of the Respondents;

AND WHEREAS on May 16, 2011, the Commission ordered that the Temporary Order be extended until November 1, 2011 and the hearing be adjourned to October 31, 2011 at 10:00 a.m.;

AND WHEREAS on October 31, 2011, Staff appeared before the Commission seeking an extension of the Temporary Order;

AND WHEREAS on October 31, 2011, Weizhen Tang appeared on behalf of all Respondents opposing the extension of the Temporary Order;

AND WHEREAS on October 31, 2011, Staff and the Respondents filed materials and made submissions before the Commission;

AND WHEREAS on October 31, 2011, the Commission considered the materials filed by the parties, the submissions of counsel for Staff and the submissions of Weizhen Tang;

AND WHEREAS on October 31, 2011, pursuant to subsection 127(8) of the Act, satisfactory information has not been provided by any of the Respondents;

AND WHEREAS on October 31, 2011, the Commission advised Weizhen Tang that the Respondents could bring a motion under section 144 of the Act to vary the Temporary Order prior to the next hearing date;

AND WHEREAS on October 31, 2011, the Commission is of the opinion that it is in the public interest to make this order;

IT IS HEREBY ORDERED that the Temporary Order is extended until September 24, 2012; and

IT IS FURTHER ORDERED that the hearing in this matter is adjourned to September 21, 2012, at 10:00 a.m.

DATED at Toronto this 31st day of October, 2011.

"Mary G. Condon"

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

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

AND

IN THE MATTER OF
CICCONE GROUP, MEDRA 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

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

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

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

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

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

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

AND WHEREAS on January 25, 2011, the Commission extended the Temporary Order as against Ciccone Group, Medra, 990509, Cachet, Tadd, Ciccone,

Malinowski, Brubacher and Martin to May 11, 2011 and adjourned the Hearing to May 10, 2011;

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

AND WHEREAS 990509 (now named Ciccone Group Inc.) made an assignment into bankruptcy on November 30, 2010;

AND WHEREAS on August 10, 2011, the Commission extended the Temporary Order as against Ciccone Group, Medra, 990509 (now named Ciccone Group Inc.), Ciccone, Tadd, Brubacher and Martin to September 30, 2011 and adjourned the hearing to September 29, 2011;

AND WHEREAS on September 29, 2011, the Commission extended the Temporary Order as against Ciccone Group, Medra, 990509 (now named Ciccone Group Inc.), Ciccone, Tadd, Brubacher and Martin to November 2, 2011 and adjourned the hearing to November 1, 2011;

AND WHEREAS Staff advised the Commission that it was no longer seeking a continuation of the Temporary Order as against 990509 (now named Ciccone Group Inc.), which is in bankruptcy and Ciccone Group;

AND WHEREAS Staff advised the Commission that Ciccone's proper name appears to be Vincent Ciccone, rather than Vince Ciccone as it appears in the Temporary Order and that, according to corporate filings, Medra's name is Medra Corp. rather than Medra Corporation as it appears in the Temporary Order and that Staff seeks to amend the title of proceedings of the Temporary Order to refer to Vincent Ciccone (a.k.a. Vince Ciccone) and Medra Corp. (a.k.a Medra Corporation);

AND WHEREAS Staff advised the Commission that Brubacher, Martin and Tadd consent to an extension of the Temporary Order until February 2, 2012;

AND WHEREAS Ciccone's counsel advised the Commission that Ciccone does not oppose an extension of the Temporary Order until February 2, 2012;

AND WHEREAS Staff advised the Commission that Medra Corp. (a.k.a. Medra Corporation) was served notice of this Hearing;

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

IT IS HEREBY ORDERED pursuant to subsections 127 (7) and (8) of the Act that:

(i) the title of the proceedings of the Temporary Order is amended to replace Vince Ciccone with Vincent Ciccone (a.k.a Vince Ciccone) and to replace Medra Corporation with Medra Corp. (a.k.a. Medra Corporation);

(ii) the Temporary Order is extended as against Vincent Ciccone (a.k.a Vince Ciccone), Medra Corp. (a.k.a. Medra Corporation), Tadd, Brubacher and Martin to February 2, 2012; and

(iii) the Hearing is adjourned to February 1, 2012 at 10:00 a.m. or such other date or time as may be set by the Secretary's office.

DATED at Toronto this 1st of November, 2011.

"Paulette L. Kennedy"

2.2.5 Vincent Ciccone and Medra Corp. – s. 127

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

AND

IN THE MATTER OF
VINCENT CICCONE AND MEDRA CORP.

ORDER
(Section 127)

WHEREAS on October 3, 2011, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing (the "Notice of Hearing") pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), accompanied by a Statement of Allegations dated September 30, 2011 filed by Staff of the Commission ("Staff") with respect to Vincent Ciccone ("Ciccone") and Medra Corp. ("Medra") (the "Statement of Allegations");

AND WHEREAS the Notice of Hearing set a hearing in this matter for November 1, 2011 at 10:00 a.m.;

AND WHEREAS counsel for Ciccone attended the hearing and no-one attended for Medra although the Notice of Hearing and Statement of Allegations were served on an individual who represented himself to third parties as being an officer of Medra and who Staff believes is currently residing in Mexico ("Medra's representative");

AND WHEREAS Staff advised that it intends to deliver the first tranche of disclosure to counsel for Ciccone by November 4, 2011 and to deliver any remaining disclosure at the time to counsel for Ciccone by November 14, 2011;

AND WHEREAS Staff advised that it intends to advise Medra's representative that disclosure will be available for inspection at the Commission's offices by November 4, 2011 in respect of the first tranche of disclosure and by November 14, 2011 in respect of any remaining disclosure at that time;

AND WHEREAS Staff and counsel for Ciccone consent that a confidential pre-hearing conference be scheduled in this matter for December 16, 2011;

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

IT IS ORDERED that the hearing is adjourned to a confidential pre-hearing conference in this matter shall take place on December 16, 2011 at 10:00 a.m.

DATED at Toronto this 1st of November, 2011.

"Paulette L. Kennedy"

2.2.6 Shallow Oil & Gas Inc. 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
SHALLOW OIL & GAS INC., ERIC O'BRIEN,
ABEL DA SILVA, GURDIP SINGH GAHUNIA
also known as MICHAEL GAHUNIA,
ABRAHAM HERBERT GROSSMAN
also known as ALLEN GROSSMAN,
MARCO DIADAMO, GORD McQUARRIE,
KEVIN WASH, and WILLIAM MANKOFSKY

ORDER
(Subsections 127(1) & 127(8))

WHEREAS on January 16, 2008, the Ontario Securities Commission ("the Commission") issued a Temporary Order pursuant to subsections 127(1) and (5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") that: (i) all trading in securities by Shallow Oil & Gas Inc. ("Shallow Oil") shall cease and that all trading in Shallow Oil securities shall cease; and (ii) Eric O'Brien ("O'Brien"), Abel Da Silva ("Da Silva"), Gurdip Singh Gahunia, also known as Michael Gahunia ("Gahunia"), and Abraham Herbert Grossman, also known as Allen Grossman ("Grossman"), cease trading in all securities (the "Temporary Order");

AND WHEREAS on January 16, 2008, the Commission ordered that the Temporary Order shall expire on the 15th day after its making unless extended by order of the Commission;

AND WHEREAS on January 18, 2008, the Commission issued a Notice of Hearing to consider, among other things, the extension of the Temporary Order, such hearing to be held on January 30, 2008 commencing at 2:00 p.m.;

AND WHEREAS hearings to extend the Temporary Order were held on January 30 and 31, and March 31, 2008. The Temporary Order was extended by the Commission on each date;

AND WHEREAS on June 11, 2008, the Commission issued a Notice of Hearing for June 18, 2008 to consider, among other things:

(a) the issuance of a temporary cease trade order against Diadamo, McQuarrie, Wash, and Mankofsky; and,

(b) the extension of the original Temporary Order dated January 16, 2008.

AND WHEREAS on June 18, 2008, a hearing was held commencing at 10:00 a.m. and Staff and Grossman appeared, presented evidence and made submissions, and

Diadamo, McQuarrie, and Mankofsky appeared before the panel of the Commission and made submissions as to the issuance of a temporary cease trade order against them;

AND WHEREAS on June 18, 2008, the panel of the Commission considered the evidence and submissions of Staff and Grossman, and the submissions of Diadamo, McQuarrie, and Mankofsky;

AND WHEREAS on June 19, 2008, a panel of the Commission ordered, pursuant to subsection 127(8) of the Act, that the Temporary Order as against Shallow Oil, O'Brien, Da Silva, and Grossman be extended until the conclusion of the hearing on the merits in this matter;

AND WHEREAS on June 19, 2008, a panel of the Commission ordered, pursuant to subsection 127(8) of the Act, that the Temporary Order as against Gahunia be extended until November 26, 2008;

AND WHEREAS on June 19, 2008, a panel of the Commission ordered, pursuant to subsection 127(5) of the Act, that Diadamo, McQuarrie, Wash, and Mankofsky cease trading in any securities (the "Second Temporary Order"), with the following exception:

> Diadamo shall be permitted to trade in securities that are listed on a public exchange recognized by the Commission and only in his own existing trading accounts. Furthermore, any such trading by Diadamo shall be for his sole benefit and only through a dealer registered with the Commission.

AND WHEREAS on June 19, 2008, a panel of the Commission ordered, pursuant to subsection 127(8) of the Act, that the Second Temporary Order be extended until November 26, 2008 and that the hearing with respect to the Second Temporary Order in this matter be adjourned to November 25, 2008, at 2:30 p.m.;

AND WHEREAS on November 25, 2008, a hearing was held and the panel of the Commission ordered, pursuant to subsection 127(8) of the Act, that:

- the Temporary Order is extended as against Gahunia until the conclusion of the hearing on the merits in this matter and the Second Temporary Order is extended as against Diadamo, McQuarrie, Wash, and Mankofsky until the conclusion of the hearing on the merits in this matter; and,

- the hearing with respect to the Notice of Hearing dated June 11, 2008 and Staff's Statement of Allegations dated June 10, 2008 is adjourned to June 4, 2009 at 10:00 a.m. for a status hearing.

AND WHEREAS on May 12, 2009, the Commission approved a settlement agreement between McQuarrie and Staff of the Commission, and on July 24, 2009, the Commission approved a settlement agreement between Mankofsky and Staff of the Commission;

AND WHEREAS on June 4th and September 10th, 2009, and January 12th, 2010 status hearings were held before the Commission and, on each date, a panel of the Commission ordered that the hearing with respect to the Notice of Hearing dated June 11, 2008 and Staff's Statement of Allegations dated June 10, 2008 be adjourned;

AND WHEREAS on June 28th, 2010, a status hearing was held commencing at 10:00 a.m. and Staff appeared before the panel of the Commission and provided the panel of the Commission with a status update with respect to this matter;

AND WHEREAS on June 28th, 2010, none of the respondents attended and a panel of the Commission considered the submissions of Staff;

AND WHEREAS on June 28th, 2010, the Commission ordered that the hearing with respect to the Notice of Hearing dated June 11, 2008 and Staff's Statement of Allegations dated June 10, 2008 be adjourned to February 11, 2011 at 10:00 a.m. for the purpose of a status hearing;

AND WHEREAS on February 11, 2011, a status hearing was held and Staff appeared before the panel of the Commission and provided the panel of the Commission with a status update with respect to this matter;

AND WHEREAS on February 11, 2011, none of the respondents attended and a panel of the Commission considered the submissions of Staff;

AND WHEREAS on February 11, 2011, the Commission ordered that the hearing with respect to the Notice of Hearing dated June 11, 2008 and Staff's Statement of Allegations dated June 10, 2008 be adjourned to May 24, 2011 at 2:30 p.m., for the purpose of a status hearing and to consider setting dates for the hearing on the merits in this matter;

AND WHEREAS on May 24, 2011, a status hearing was held, and Staff and Diadamo attended and no other respondents attended, although properly served with notice of the hearing;

AND WHEREAS on May 24, 2011, Staff appeared before the panel of the Commission and provided the panel of the Commission with a status update with respect to this matter;

AND WHEREAS on May 24, 2011, scheduling of the hearing on the merits was discussed, and Diadamo consented to setting the dates for the hearing on the merits;

AND WHEREAS on May 24, 2011, it was ordered that the hearing on the merits shall commence on

September 6, 2011, and shall continue on September 7, 9, and 12, 2011;

AND WHEREAS on May 24, 2011, it was further ordered that the parties attend before the Commission on July 26, 2011 at 2:00 p.m. for a pre-hearing conference;

AND WHEREAS on July 26, 2011, Staff appeared before the Commission for the pre-hearing conference, and no one appeared on behalf of the Respondents;

AND WHEREAS the Commission was satisfied that all parties had been properly served with notice of the hearing;

AND WHEREAS on July 26, 2011, it was ordered that the hearing be adjourned to August 16, 2011 at 3:30 p.m. for the purpose of continuing the pre-hearing conference;

AND WHEREAS on August 16, 2011, Staff appeared before the Commission for the pre-hearing conference, and no one appeared on behalf of the Respondents, although properly served with notice of the hearing;

AND WHEREAS on August 16, 2011, Staff informed the panel that Da Silva and O'Brien will be sentenced on October 19, 2011 in the related section 122 proceedings before the Ontario Court of Justice, and Staff requested that the hearing on the merits be adjourned until after the sentencing decision is rendered in the section 122 proceedings;

AND WHEREAS on August 16, 2011, it was ordered that the dates set down for the hearing on the merits be vacated;

AND WHEREAS on August 16, 2011, it was further ordered that the hearing be adjourned to November 4, 2011 at 10:00 a.m. for the purpose of continuing the pre-hearing conference;

AND WHEREAS on November 4, 2011, Staff appeared before the Commission for the pre-hearing conference, and no one appeared on behalf of the Respondents, although properly served with notice of the hearing;

AND WHEREAS Staff informed the panel that the sentencing hearing for Shallow Oil, Da Silva and O'Brien in the related section 122 proceedings before the Ontario Court of Justice was adjourned to November 15, 2011;

AND WHEREAS Staff requested that the pre-hearing conference be adjourned to December 15, 2011, pending the sentencing decision for Shallow Oil, Da Silva and O'Brien to be rendered in the section 122 proceedings;

IT IS ORDERED that the hearing be adjourned to December 15, 2011 at 9:30 a.m. for the purpose of continuing the pre-hearing conference.

DATED at Toronto this 4th day of November, 2011.

"Paulette L. Kennedy"

2.2.7 Maitland Capital Ltd. et al. – s. 127

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

AND

IN THE MATTER OF
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

ORDER
with respect to Leonard Waddingham,
Ron Garner, Gord Valde and Dianna Cassidy
(Section 127 of the Securities Act)

WHEREAS on January 24, 2006, the Commission ordered pursuant to subsection 127(5) of the Act that (i) all trading by Maitland Capital Ltd. ("Maitland") and its officers, directors, employees and/or agents in securities of Maitland cease; (ii) Allen Grossman ("Grossman"), Hanouch Ulfan ("Ulfan"), Leonard Waddingham ("Waddingham"), Ron Garner ("Garner"), Gord Valde ("Valde"), Marianne Hyacinthe, Dianna Cassidy ("Cassidy"), Ron Catone, Steven Lanys, Roger Mckenzie, Tom Mezinski, William Rouse and Jason Snow cease trading securities; and (iii) any exemptions in Ontario securities law not apply to the respondents (the "Temporary Order");

AND WHEREAS on May 19, 2006, the Commission authorized the commencement of a quasi-criminal proceeding under section 122 of the Act against Maitland, Grossman and Ulfan (the "Section 122 Proceeding");

AND WHEREAS on September 12, 2006, the Commission ordered that (i) the Temporary Order remain in effect until the conclusion of the hearing on the merits, (ii) proceedings against the remaining respondents be adjourned pending completion of the Section 122 Proceeding, and (iii) within four to eight weeks of judgement being rendered in the Section 122 Proceeding, a hearing be scheduled before the Commission in connection with the section 127 proceeding;

AND WHEREAS on May 4, 2011, the Section 122 Proceeding was concluded;

AND WHEREAS on June 28, 2011, the Commission ordered that the hearing on the merits in respect of Cassidy, Garner, Waddingham, and Valde (collectively, the "Respondents") be adjourned to September 2, 2011 to consider whether agreed statements of fact and appropriate sanctions could be agreed to by Staff and the Respondents;

AND WHEREAS on September 2, 2011, the Commission conducted a hearing with respect to the sanctions to be imposed on the Respondents;

AND WHEREAS as set out in the reasons of the Commission dated November 4, 2011, the Commission is satisfied that the Respondents participated as salespersons in a fraudulent investment scheme, have not complied with Ontario securities law and have acted contrary to the public interest;

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) pursuant to clause 2 of subsection 127(1) of the Act, each of the Respondents shall cease trading in any securities for a period of three years, with the exception that a Respondent shall be permitted to trade securities for the account of the Respondent's registered retirement savings plans (as defined in the *Income Tax Act* (Canada)) in which the Respondent and/or the spouse of the Respondent have sole legal and beneficial ownership, provided that:

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

(ii) the Respondent does not own legally or beneficially (in the aggregate, together with the Respondent's spouse) more than one percent of the outstanding securities of the class or series of the class in question;

(iii) the Respondent carries out any permitted trading through a registered dealer (who has been given a copy of this Order) and in accounts opened in the Respondent's name only, and the Respondent must close any accounts that are not in the Respondent's name only; and

(iv) no such trading shall be permitted unless and until the Respondent has paid in full the disgorgement order against the Respondent set out in subparagraph (e) of this Order;

(b) pursuant to clause 2.1 of subsection 127(1) of the Act, the acquisition of any securities by any of the Respondents is prohibited for a period of three years, subject to the same exception set out in subparagraph (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 any of the Respondents for a period of three years, subject to the same exception set out in subparagraph (a) of this Order;

(d) pursuant to clause 6 of subsection 127(1) of the Act, each of Cassidy, Garner, Waddingham and Valde are reprimanded;

(e) pursuant to clause 10 of subsection 127(1) of the Act, the following amounts shall be disgorged by each of the Respondents, respectively:

(a) Cassidy $10,000;

(b) Garner $27,791.25;

(c) Waddingham $32,857.59; and

(d) Valde $12,307.50;

(f) pursuant to section 37 of the Act, each of the Respondents shall be prohibited permanently from calling or telephoning from a location in Ontario to any residence located in or out of Ontario for the purpose of trading in any security or in any class of securities; and

(g) the amounts set out in subparagraph (e) of this Order shall be allocated by the Commission to or for the benefit of third parties, including investors who lost money as a result of investing in the Maitland shares, as permitted under subsection 3.4(2)(b) of the Act.

DATED at Toronto, Ontario this 4th day of November, 2011.

"James E. A. Turner"

2.2.8 Taras Hucal – ss. 127(1), 127.1

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

AND

**IN THE MATTER OF
TARAS HUCAL**

**ORDER
(Subsection 127(1) and section 127.1)**

WHEREAS the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") in respect of Taras Hucal (the "Respondent");

AND WHEREAS the Respondent and Staff of the Commission ("Staff") entered into a Settlement Agreement (the "Settlement Agreement") in which they agreed to a settlement subject to the approval of the Commission;

AND UPON reviewing the Settlement Agreement and upon hearing submissions from counsel for Staff and counsel for the Respondent;

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) the Respondent is prohibited from being registered under the Act in any capacity for one year and until the Respondent completes all proficiency requirements and the Conduct and Practices Handbook Course (the "CPH") and upon such registration, the Respondent will be subject to close supervision for 6 months;

(c) the Respondent cease trading in securities for one year except for trading on his own behalf in his own account and on behalf of his father in his father's own account;

(d) the Respondent is prohibited from acquiring securities for one year except for acquisitions on his own behalf in his own account and on behalf of his father in his father's own account;

(e) any exemptions contained in Ontario securities law do not apply to the Respondent for one year except as permitted under this order respecting the trading of securities in his own account on his own behalf and on behalf of his father in his father's own account;

(f) the Respondent is reprimanded;

(g) the Respondent resign any position he holds as a director or as a chief executive officer, a chief operating officer or a president of any issuer;

(h) the Respondent is prohibited from becoming or acting as a director or as a chief executive officer, a chief operating officer or a president of any issuer for three years;

(i) the Respondent resign any position he holds as a director or as an ultimate designated person of a registrant;

(j) the Respondent is prohibited from becoming or acting as a director or as an ultimate designated person of a registrant for three years and until he completes the PDO exam as defined in Part 3.1 of National Instrument 31-103 (the "PDO exam");

(k) the Respondent resign any position he holds as a director or as an ultimate designated person of an investment fund manager;

(l) the Respondent is prohibited from becoming or acting as a director or as an ultimate designated person of an investment fund manager for three years and until he completes the PDO exam;

(m) the Respondent is prohibited from becoming or acting as a promoter for one year;

(n) the Respondent pay an administrative penalty of $5,000.00 to be allocated under section 3.4(2)(b) of the Act to or for the benefit of third parties; and

(o) the Respondent pay the costs of the Commission's investigation in the amount of $10,000.00.

DATED at Toronto this 7th day of November, 2011.

"James E. A. Turner"

2.2.9 Coventree 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
COVENTREE INC.,
GEOFFREY CORNISH AND DEAN TAI**

**ORDER
(Sections 127 and 127.1 of the Securities Act)**

WHEREAS on December 7, 2009, a Statement of Allegations and a Notice of Hearing were issued by 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") in respect of Coventree Inc. ("Coventree"), Geoffrey Cornish ("Cornish") and Dean Tai ("Tai") (collectively, the "Respondents");

AND WHEREAS the hearing on the merits of this matter took place over 45 hearings days from May 12, 2010 to December 9, 2010;

AND WHEREAS by reasons for decision dated September 28, 2011, the Commission determined that:

(a) Coventree contravened subsection 75(1) of the Act by failing to forthwith issue and file a news release disclosing a material change with respect to Coventree that occurred on January 22, 2007;

(b) Coventree contravened subsection 75(2) of the Act by failing to file a material change report in respect of the material change referred to in paragraph (a) above in accordance with that subsection;

(c) Coventree contravened subsection 75(1) of the Act by failing to forthwith issue and file a news release disclosing the material changes with respect to Coventree that occurred by the close of business on August 1, 2007;

(d) Coventree contravened subsection 75(2) of the Act by failing to file a material change report in respect of the material changes referred to in paragraph (c) above in accordance with that subsection;

(e) each of Cornish and Tai authorized, permitted or acquiesced in Coventree's non-compliance with Ontario securities law referred to in paragraphs (a) to (d) above and were deemed also to have not complied with Ontario securities law in accordance with section 129.2 of the Act; and

(f) the conduct of Coventree in contravening Ontario securities law as provided in paragraphs (a) to (d) above, and the conduct of each of Cornish and Tai in contravening Ontario securities law as provided in paragraph (e) above, was contrary to the public interest;

AND WHEREAS the allegations of Staff that Coventree breached section 56 and subsection 126.2(1) of the Act were dismissed;

AND WHEREAS on October 26 and 27, 2011, a hearing was held before the Commission to consider pursuant to sections 127 and 127.1 of the Act whether it is in the public interest to make an order imposing sanctions on, and the payment of costs of the hearing by, Coventree, Cornish or Tai;

AND WHEREAS Coventree is in the process of winding up its affairs and distributing its property and assets to shareholders (referred to in this Order as "winding-up");

AND WHEREAS in coming to its conclusions on sanctions the Commission carefully considered the submissions of all the parties, the principle of proportionality, and the numerous other factors and circumstances that the Commission considered relevant;

AND WHEREAS it is the intention of the Commission to issue, in due course, reasons for imposing the sanctions and costs set forth in this Order;

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

1. IT IS HEREBY ORDERED WITH RESPECT TO COVENTREE THAT:

(a) pursuant to clause 2 of subsection 127(1) of the Act, trading in any securities by Coventree cease until such time as Coventree completes its winding-up;

(b) pursuant to clause 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Coventree until such time as Coventree completes its winding-up;

(c) pursuant to clause 9 of subsection 127(1) of the Act, Coventree pay an administrative penalty of $1,000,000; and

(d) pursuant to section 127.1 of the Act, Coventree pay $250,000 of the costs incurred by the Commission in

connection with the hearing of this matter;

2. IT IS HEREBY ORDERED WITH RESPECT TO EACH OF CORNISH AND TAI THAT:

(e) pursuant to clause 6 of subsection 127(1) of the Act, each of Cornish and Tai be reprimanded;

(f) pursuant to clause 7 of subsection 127(1) of the Act, each of Cornish and Tai resign any positions he may hold as a director or officer of a reporting issuer, other than Coventree;

(g) pursuant to clause 8 of subsection 127(1) of the Act, each of Cornish and Tai are prohibited from becoming or acting as a director or officer of a reporting issuer, other than Coventree, for a period of one year; and

(h) pursuant to clause 9 of subsection 127(1) of the Act, each of Cornish and Tai shall pay an administrative penalty of $500,000;

3. IT IS FURTHER ORDERED THAT:

(i) the Commission's orders in paragraphs (a) and (b) above shall not prevent the winding-up of Coventree or any trade in securities reasonably related to the winding-up;

(j) for greater certainty, this Order is not intended to prevent Cornish or Tai making any claim for indemnity from Coventree in respect of the amounts payable by them pursuant to paragraph (h) of this Order;

(k) the amounts referred to in paragraphs (c) and (h) above of this Order shall be allocated by the Commission to or for the benefit of third parties in accordance with subsection 3.4(2)(b) of the Act; and

(l) Staff or any of the Respondents shall be entitled to apply to the Commission with respect to any issue or question that may arise related to the interpretation or application of this Order.

DATED at Toronto this 8th day of November, 2011.

"James E. A. Turner"

"Mary G. Condon"

"Paulette L. Kennedy"

2.2.10 Zungui Haixi Corporation – ss. 127(7), 127(8)

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

AND

IN THE MATTER OF
ZUNGUI HAIXI CORPORATION

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

WHEREAS on September 16, 2011, the Ontario Securities Commission (the "Commission") issued a temporary cease trade order pursuant to subsections 127(1) and 127(5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") ordering that all trading in the securities of Zungui Haixi Corporation ("Zungui"), whether direct or indirect, cease (the "Temporary Order");

AND WHEREAS the Commission ordered that the Temporary Order take effect immediately and expire on the fifteenth day after its making unless extended by order of the Commission;

AND WHEREAS on September 19, 2011 the Commission issued a Notice of Hearing to consider whether, in the opinion of the Commission, it is in the public interest for the Commission (i) to extend the Temporary Order, pursuant to subsections 127(7) and (8) of the Act, until November 10, 2011, or until such further time as is ordered by the Commission; and (ii) to make such further orders as the Commission considers appropriate (the "Notice of Hearing");

AND WHEREAS Staff of the Commission ("Staff") served Zungui and the Special Committee of the Board of Directors of Zungui with copies of the Temporary Order and the Notice of Hearing;

AND WHEREAS Staff served Zungui with copies of the Affidavit of Peter Cho sworn September 26, 2011 and Staff's Written Submissions dated September 26, 2011;

AND WHEREAS on September 28, 2011, Staff appeared before the Commission and no one appeared for Zungui;

AND WHEREAS Staff presented evidence of conduct that may be harmful to the public interest;

AND WHEREAS no one appeared before the Commission to oppose the extension of the Temporary Order;

AND WHEREAS the Commission ordered that pursuant to subsections 127(7) and (8) of the Act that the Temporary Order be extended until November 10, 2011 and that the hearing to consider a further extension of the

Temporary Order be scheduled for November 9, 2011 at 10:00 a.m.;

AND WHEREAS on November 7, 2011, the Commission issued a Notice of Hearing to announce that it will hold a hearing pursuant to sections 127 and 127.1 of the Act to consider whether, in the opinion of the Commission, it is in the public interest, to make certain orders against Zungui, Yanda Cai and Fengyi Cai (the "November 7th Notice of Hearing");

AND WHEREAS the November 7th Notice of Hearing was issued in connection with a Statement of Allegations of Staff dated November 7, 2011;

AND WHEREAS the first appearance pursuant to the November 7th Notice of Hearing will be held at the offices of the Commission on November 23, 2011 at 11:00 a.m.;

AND WHEREAS on November 9, 2011, Staff appeared before the Commission and no one appeared for Zungui;

AND WHEREAS the Commission is satisfied that Staff has provided Zungui with notice of the hearing and the Supplemental Affidavit of Peter Cho sworn November 2, 2011;

AND WHEREAS Staff has presented evidence of conduct that may be harmful to the public interest;

AND WHEREAS no one appeared before the Commission to oppose the extension of the Temporary Order;

AND WHEREAS satisfactory information that the Temporary Order should not be extended has not been provided to the Commission by any party, including the respondent, pursuant to subsection 127(8);

AND WHEREAS the Commission, having considered the evidence and submissions before it, is of the opinion that it is in the public interest to extend the Temporary Order;

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

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

"Christopher Portner"

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

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

AND

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

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

WHEREAS the hearing on the merits in this matter (the "**Merits Hearing**") commenced on March 21, 2011;

AND WHEREAS further to the orders issued in this matter dated May 5, 2011 and May 10, 2011;

AND WHEREAS on June 16, 2011, the sixteenth day of the Merits Hearing, pursuant to Rule 3.1 of the Ontario Securities Commission *Rules of Procedure* (2010), 33 O.S.C.B. 8017 (the "**Rules**"), George Schwartz ("**Schwartz**") filed and served a request that a time and date be scheduled for the hearing of a motion before the Ontario Securities Commission (the "**Commission**") for (i) an order for the exclusion from the evidence admitted at the Merits Hearing of his compelled evidence and any other compelled evidence obtained by Staff of the Commission ("**Staff**") in the investigation of him; and (ii) an order that the compelled evidence admitted at the Merits Hearing be sealed by the Commission to ensure that it is not disclosed to any police force (the "**Exclusion of Evidence Motion**");

AND WHEREAS on July 20, 2011, the eighteenth day of the Merits Hearing, Schwartz advised the Commission that he would not be able to proceed with the motion until he completed the cross-examination of Wayne Vanderlaan, a Provincial Offences Officer employed as a Senior Investigator at the Commission;

AND WHEREAS on August 10, 2011, after the twenty-fourth day of the Merits Hearing, Schwartz filed and served another request that a time and date be scheduled for the hearing of the Exclusion of Evidence Motion;

AND WHEREAS on August 11, 2011, the Commission ordered that the Exclusion of Evidence Motion be heard on August 22, 2011;

AND WHEREAS on August 11, 2011, the Commission ordered that Schwartz file and serve his

Notice of Motion by August 12, 2011 in accordance with Rule 3.2 of the Rules;

AND WHEREAS on August 12, 2011, Schwartz advised the Commission that he would not be able to file and serve his Notice of Motion that day, but could do so by August 15, 2011;

AND WHEREAS on August 12, 2011, Schwartz and Staff agreed that the extension requested by Schwartz would not require an adjournment of the hearing of the Exclusion of Evidence Motion scheduled to be heard on August 22, 2011;

AND WHEREAS on August 12, 2011, pursuant subrule 1.6(2) of the Rules, the Commission ordered that Schwartz file and serve his Notice of Motion by August 15, 2011;

AND WHEREAS on August 15, 2011, Schwartz filed and served his Notice of Motion and other motion materials, including the affidavit of Schwartz sworn August 15, 2011 and a Memorandum of Fact and Law;

AND WHEREAS on August 18, 2011, Staff filed and served written submissions on the Exclusion of Evidence Motion;

AND WHEREAS the hearing of the Exclusion of Evidence Motion was held on August 22, 2011;

AND WHEREAS on August 22, 2011, Staff cross-examined Schwartz on his affidavit sworn August 15, 2011 in accordance with Rule 3.7 of the Rules;

AND WHEREAS on August 22, 2011, the Commission reserved its decision on the Exclusion of Evidence Motion;

AND WHEREAS on September 21, 2011, the Commission invited Schwartz and Staff to provide additional written submissions on *R. v. Wilder* (2001), 53 O.R. (3d) 519 ("***Wilder***") by September 28, 2011 (Schwartz) and September 30, 2011 (Staff);

AND WHEREAS on September 27, 2011, Schwartz filed and served his supplementary submissions with respect to *Wilder*;

AND WHEREAS on September 28, 2011, in the course of the Merits Hearing, Staff inquired whether oral submissions on *Wilder* were necessary and requested that oral submissions, if any, be heard on November 1, 2011;

AND WHEREAS on September 28, 2011, Schwartz did not appear before the Commission for the Merits Hearing but informed the Commission through Victor York that he did not wish to make oral submissions on *Wilder*;

AND WHEREAS on September 29, 2011, Schwartz submitted a request by email for an opportunity to make oral submissions on *Wilder* on November 1, 2011;

AND WHEREAS on September 30, 2011, the Commission allowed Schwartz's request for an opportunity to make oral submissions on *Wilder* on November 1, 2011;

AND WHEREAS on September 30, 2011, Staff filed and served supplementary written submissions with respect to *Wilder*;

AND WHEREAS on November 1, 2011, Schwartz and Staff appeared and made oral submissions on *Wilder*;

AND WHEREAS on November 1, 2011, the Commission reserved its decision on the Exclusion of Evidence Motion;

AND WHEREAS the Commission considered the written submissions, oral arguments and motion materials of Schwartz and Staff;

AND WHEREAS the Merits Hearing is an administrative proceeding pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "**Act**"), Staff has not commenced a quasi-criminal proceeding in the Ontario Court of Justice in relation to this matter pursuant to section 122 of the Act and there is no evidence that quasi-criminal charges will be laid in relation to this matter;

AND WHEREAS a respondent's compelled evidence is admissible against him or her in an administrative proceeding;

AND WHEREAS a respondent's compelled evidence is not admissible against him or her in a quasi-criminal or criminal proceeding;

AND WHEREAS there is no basis for holding an *in camera* hearing or sealing any compelled evidence;

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

AND FOR THE REASONS for this order which will be issued in due course;

IT IS ORDERED THAT the Exclusion of Evidence Motion is dismissed;

IT IS FURTHER ORDERED THAT the Merits Hearing will resume on December 19, 2011 at 10:00 a.m.

DATED at Toronto this 8th day of November, 2011.

"Vern Krishna"

"Edward P. Kerwin"

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Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions, Orders and Rulings

3.1.1 Maitland Capital Ltd. et al. – s. 127

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

AND

IN THE MATTER OF
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

REASONS AND DECISION ON SANCTIONS
with respect to Leonard Waddingham, Ron Garner, Gord Valde and Dianna Cassidy
(Section 127 of the Securities Act)

Sanctions Hearing:	September 2, 2011		
Reasons:	November 4, 2011		
Panel:	James E. A. Turner	–	Vice-Chair
Counsel:	Derek J. Ferris	–	For Staff of the Ontario Securities Commission
	Robert Harrison	–	For Gord Valde
	Ron Garner	–	For himself
	Dianna Cassidy	–	For herself
	David Fogel	–	For Leonard Waddingham

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REASONS AND DECISION ON SANCTIONS

I. BACKGROUND

[1] This was a hearing before the Ontario Securities Commission (the "**Commission**") to consider pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "**Act**") whether it is in the public interest to make an order imposing sanctions on Dianna Cassidy ("**Cassidy**"), Ron Garner ("**Garner**"), Leonard Waddingham ("**Waddingham**") and Gord Valde ("**Valde**") (collectively referred to as the "**Respondents**").

[2] Between November 2004 and November 2005 inclusive, Maitland Capital Ltd. ("**Maitland**") operated a boiler room from two locations in Toronto, Ontario and raised approximately $5.5 million through the sale of Maitland shares to approximately 1,200 investors across Canada and in other countries. Maitland hired salespersons to telephone investors and sell Maitland shares to them. The salespersons were paid a commission ranging from 17% to 20% of the amounts paid for the purchase of Maitland shares. The salespersons represented to investors that the Maitland shares would be listed on a stock exchange and the share price would increase as a result. All four of the Respondents admit to working as salespersons for Maitland.

[3] On January 24, 2006, the Commission ordered pursuant to subsection 127(5) of the Act that (i) all trading by Maitland and its officers, directors, employees and/or agents in securities of Maitland cease; (ii) the Respondents cease trading securities; and (iii) any exemptions in Ontario securities law not apply to the Respondents (the "**Temporary Order**").

The Section 122 Proceeding

[4] On May 19, 2006, the Commission authorized the commencement of a quasi-criminal proceeding under section 122 of the Act against Maitland, Allen Grossman ("**Grossman**"), who was the president and director of Maitland, and Hanoch Ulfan ("**Ulfan**"), who was the secretary-treasurer of Maitland (the "**Section 122 Proceeding**").

[5] On September 12, 2006, the Commission ordered that (i) the Temporary Order remain in effect until the conclusion of the hearing on the merits, (ii) proceedings against the remaining defendants be adjourned pending completion of the Section 122 Proceeding, and (iii) within four to eight weeks of judgement being rendered in the Section 122 Proceeding, a hearing be scheduled before the Commission in connection with the section 127 proceeding.

[6] On March 23, 2011, following a trial of the Section 122 Proceeding, Mr. Justice Sparrow found Maitland, Grossman and Ulfan guilty of breaches of subsections 25(1), 38(2), 38(3), 53(1), 122(1)(b) and 122(3) of the Act. On May 4, 2011, Justice Sparrow sentenced each of Grossman and Ulfan to 21 months in jail and two years of probation, and fined Maitland $1 million.

The Alberta Securities Commission Proceedings

[7] On November 8, 2005, the Alberta Securities Commission (the "**ASC**") issued a temporary cease trade order against Maitland, Grossman, Cassidy, Garner and others on the basis that ASC Staff had established a *prima facie* case that Maitland and the individual respondents breached Alberta securities law.

[8] By decision dated June 7, 2007, the ASC found that Maitland, Grossman, Garner, Cassidy and one other individual breached Alberta securities law. By decision dated November 6, 2007, the ASC imposed the following sanctions against Garner and Cassidy:

(a) Garner was ordered to cease trading in or purchasing securities for a period of five years;

(b) Cassidy was ordered to cease trading in or purchasing securities for a period of three years;

(c) Cassidy was ordered to pay an administrative penalty of $10,000 and costs in the amount of $3,000; and

(d) Garner was ordered to pay an administrative penalty of $15,000 and costs in the amount of $3,000.

[9] The Commission is entitled make reciprocal sanction orders against Garner and Cassidy pursuant to subsection 127(10) of the Act, based on the orders made by the ASC.

[10] On June 28, 2011, the Commission ordered the hearing on the merits in respect of Cassidy, Garner, Waddingham and Valde be adjourned to September 2, 2011 to consider whether agreed statements of fact and appropriate sanctions could be agreed to by Staff and the Respondents.

[11] These are my decisions and reasons with respect to the appropriate sanctions to be ordered against the Respondents. My sanctions order is attached as "Schedule A" to these reasons.

II. SANCTIONS REQUESTED BY STAFF

[12] Staff requests the following sanctions orders against the Respondents.

Cease trade and other prohibition orders

[13] Staff seeks an order:

(a) pursuant to clause 2 of subsection 127(1) of the Act, that each of the Respondents cease trading in securities for a period of three years, with a carve out for trading by each of the Respondents in their personal RRSP accounts after disgorgement is paid in full;

(b) pursuant to clause 2.1 of subsection 127(1) of the Act, that each of the Respondents be prohibited from acquiring any securities for a period of three years, with a carve out for the acquisition of securities by each of the Respondents in their personal RRSP accounts after disgorgement is paid in full; and

(c) pursuant to clause 3 of subsection 127(1) of the Act, that any exemptions contained in Ontario securities law do not apply to each of the Respondents for a period of three years, subject to the carve out set out in subparagraphs (a) and (b) above.

Reprimand

[14] Staff seeks an order pursuant to clause 6 of subsection 127(1) of the Act reprimanding each of the Respondents.

Administrative Penalties

[15] Staff seeks an order pursuant to clause 9 of subsection 127(1) of the Act requiring Waddingham to pay an administrative penalty of $15,000 and Valde to pay an administrative penalty of $5,000.

[16] Administrative penalties are not being sought against Cassidy or Garner because administrative penalties have already been imposed on them by the ASC.

Disgorgement

[17] Staff seeks an order pursuant to clause 10 of subsection 127(1) of the Act requiring the Respondents to disgorge to the Commission all amounts obtained as a result of their non-compliance with Ontario securities law, such amounts to be allocated to or for the benefit of third parties pursuant to subsection 3.4(2)(b) of the Act. Staff requests the following disgorgement orders:

(a) Cassidy $10,000;

(b) Garner $27,791.25;

(c) Waddingham $32,857.59;

(d) Valde $12,307.50.

Those are the amounts that Staff submits were obtained by each Respondent as a result of their contraventions of the Act.

Permanent Telephone Solicitation Ban

[18] Staff also seeks an order pursuant to section 37 of the Act that each of the Respondents be prohibited permanently from calling or telephoning from a location within Ontario to any residence within or outside Ontario for the purpose of trading in any security or class of securities.

Staff's Submission

[19] Staff submits that the sanctions it is requesting are proportionate to each Respondent's conduct in this matter and will serve as a specific and general deterrent. An order removing the Respondents from the capital markets for a period of three years, requiring disgorgement of all funds obtained as sales commissions, and requiring two of the four Respondents to pay administrative penalties will signal both to the Respondents and to like-minded individuals that disregard for the rules governing the sale of securities to investors will result in significant consequences and sanctions.

Costs

[20] Staff is not seeking an order for investigation and hearing costs pursuant to section 127.1 of the Act because the Respondents consented to the agreed statement of facts filed in this proceeding.

III. THE SUBMISSIONS OF THE RESPONDENTS

Cassidy

[21] Cassidy made brief oral submissions to the Commission. Cassidy submits that the Commission should consider the following factors as mitigating in the circumstances:

(a) Cassidy made commissions of less than $10,000;

(b) Cassidy testified on behalf of Staff at the Section 122 Proceeding;

(c) Cassidy has not worked in the capital markets since ceasing to be a salesperson for Maitland and does not intend to do so in the future;

(d) the ASC imposed on Cassidy an administrative penalty of $10,000 and costs of $3,000. Cassidy also submits that she has paid $8,500 toward payment of those amounts as of July 2011; and

(e) Cassidy was deliberately misled by Grossman and Ulfan and believed that the representations she was making to investors were legitimate.

Garner

[22] Garner and his representative made brief submissions. Garner submits that the Commission should consider the following factors as mitigating in the circumstances:

(a) Garner is 66 years old;

(b) Garner is currently unemployed;

(c) the ASC imposed on Garner an administrative penalty of $15,000 and costs of $3,000;

(d) Garner has advised Staff that he has no plans to work in the capital markets in the future; and

(e) Garner was deliberately misled by Grossman and Ulfan and believed that the representations he was making to investors were legitimate.

Waddingham

[23] Waddingham and his counsel provided written submissions and made oral submissions. Waddingham submits that the Commission should consider the following factors as mitigating in the circumstances:

(a) Waddingham is 70 years old;

(b) Waddingham has limited income;

(c) Waddingham declared bankruptcy in April 2005 and was discharged in January 2006;

(d) the amounts that Waddingham obtained from his conduct in this matter went to his trustee in bankruptcy;

(e) Waddingham has assets of approximately $210,000, which represents all of the monies that Waddingham and his wife have to support them and to pay his wife's medical expenses;

(f) Waddingham worked as a Maitland salesperson from his home in Brockville and had limited interaction with Grossman and Ulfan;

(g) Waddingham conducted what he believed to be appropriate due diligence prior to and during the time he was selling Maitland shares to assure himself that Maitland was a legitimate company; and

(h) Waddingham was deliberately misled by Grossman and Ulfan and believed that the representations he was making to investors were legitimate.

Valde

[24] Counsel for Valde made brief submissions. Valde submits that the Commission should consider the following factors as mitigating in the circumstances:

(a) Valde is 69 years old;

(b) Valde has limited income;

(c) Valde has no intention of participating in the capital markets in the future;

(d) Valde testified on behalf of Staff in the Section 122 Proceeding; and

(e) Valde was deliberately misled by Grossman and Ulfan and believed that the representations he was making to investors were legitimate.

IV. SANCTIONS

(i) The Law on Sanctions

[25] The Commission's dual mandate is (a) to provide protection to investors from unfair, improper or fraudulent practices; and (b) to foster fair and efficient capital markets and confidence in capital markets (section 1.1 of the Act).

[26] The Commission's objective when imposing sanctions is not to punish past conduct, but rather to restrain future conduct that may be harmful to investors or Ontario's capital markets. This objective was described in *Re Mithras Management Ltd.* as follows:

> … [T]he 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.
>
> (*Re Mithras Management Ltd.* (1990), 13 OSCB 1600 at pp. 1610-1611)

[27] Further, the Supreme Court of Canada has recognized general deterrence as an additional factor that the Commission may consider when imposing sanctions. In *Cartaway Resources Corp.*, [2004] 1 S.C.R. 672 at para. 60 the Supreme Court stated that: "… it is reasonable to view general deterrence as an appropriate and perhaps necessary consideration in making orders that are both protective and preventative".

[28] The Commission must ensure that the sanctions imposed in each case are proportionate to the circumstances and the conduct of each respondent. The Commission has identified the following as some of the factors that a panel should consider when imposing sanctions:

(a) the seriousness of the conduct and the breaches of the Act;

(b) the harm suffered by investors;

(c) the respondent's experience in the marketplace;

(d) the level of a respondent's activity in the marketplace;

(e) whether or not the respondent expresses remorse and whether the respondent has recognised the seriousness of the improprieties;

(f) whether or not the sanctions imposed may serve to deter not only those involved in the matter being considered, but any like-minded people, from engaging in similar conduct;

(g) the size of any profit obtained or loss avoided from the illegal conduct;

(h) the financial resources of a respondent;

(i) the size of any financial sanction or voluntary payment;

(j) the effect any sanctions may have on the ability of a respondent to participate without check in the capital markets; and

(k) the reputation and prestige of the respondent.

(See *Re Belteco Holdings Inc.* (1998), 21 OSCB 7743 at p. 7746; and *Re M.C.J.C. Holdings Inc. and Michael Cowpland* (2002), 25 OSCB 1133 at para. 26)

[29] Ultimately, the sanctions I impose should protect investors and the Ontario capital markets by restricting the Respondents from participating in our markets in the future and by deterring them and others from becoming involved in investment schemes that defraud and harm investors.

(ii) Findings and Conclusions as to Sanctions

Specific Factors Applicable in this Matter

[30] There is no doubt that the Respondents' involvement in the sale of Maitland shares was very serious misconduct that perpetrated a fraud on investors. Whatever the personal circumstances of each Respondent may now be, the Commission must attempt to deter similar misconduct by the Respondents and others. I do not accept that the Respondents were completely misled by Grossman and Ulfan as to the propriety and legality of the sale of Maitland shares. There were circumstances that should have led the Respondents to question their activities as salespersons on behalf of Maitland. The Respondents must suffer the consequences of having participated in a fraud that seriously harmed investors.

[31] In considering the factors referred to in paragraph 28 of these reasons, I find the following factors and circumstances to be particularly relevant:

(a) Grossman and Ulfan orchestrated the fraudulent scheme and appear to be the directing minds of Maitland;

(b) the Respondents followed the instructions of Grossman and Ulfan in selling the Maitland shares and used scripts prepared by Grossman and Ulfan when communicating with potential investors over the telephone;

(c) the Respondents made prohibited representations to vulnerable and unsophisticated investors;

(d) all of the Respondents breached key provisions of the Act which are intended to protect investors from the very conduct that occurred here; the Respondents' actions caused serious financial harm to investors and to the integrity of Ontario's capital markets, and were clearly contrary to the public interest;

(e) Cassidy and Valde both testified on behalf of Staff in the Section 122 Proceeding;

(f) Cassidy and Garner have already been sanctioned by the ASC for their conduct as salespersons of Maitland;

(g) all of the Respondents reached an agreed statement of facts with Staff with respect to their involvement in the sale of Maitland shares;

(h) all of the Respondents cooperated with Staff;

(i) the age and limited income of Garner, Waddingham and Valde;

(j) the limited financial resources of the Respondents; and

(k) the Respondents have each expressed regret and remorse for their participation in the sale of Maitland shares.

Trading and Other Prohibitions

[32] One of the Commission's principal objectives in imposing sanctions is to restrain future conduct that could be harmful to investors or Ontario capital markets. In this case, I find that the public interest requires that I restrict the Respondents' future participation in Ontario markets.

[33] I have concluded that it is in the public interest to make the following orders, on the terms requested by Staff, against each of the Respondents:

(a) a cease trade order for a period of three years, with a carve out for trading by each of the Respondents in their personal RRSP accounts after the disgorgement order set out below is paid in full;

(b) a prohibition order on the acquisition of securities for a period of three years, with a carve out on the same terms as in subparagraph (a) above;

(c) a removal of exemptions order for a period of three years, with a carve out on the same terms as in subparagraph (a) above; and

(d) a reprimand.

Disgorgement

[34] Subsection 127(1)10 of the Act provides that a person or company that has not complied with Ontario securities law can be ordered to disgorge to the Commission "any amounts obtained" as a result of the non-compliance. The disgorgement remedy is intended to ensure that respondents do not retain any financial benefit from their breaches of the Act and to provide specific and general deterrence.

[35] In considering a disgorgement order, the Commission views the following factors to be relevant:

(a) whether the amount that a respondent obtained as a result of non-compliance with the Act is reasonably ascertainable;

(b) the seriousness of the misconduct and the breaches of the Act, and whether investors were seriously harmed;

(c) whether the individuals who suffered losses are likely to be able to obtain redress by other means; and

(d) the deterrent effect of a disgorgement order on the respondents and other market participants.

(*Re Limelight Entertainment Inc.* (2008) OSCB 12030 at para. 52 ("***Re Limelight***"))

[36] The disgorgement orders being sought by Staff in this proceeding are consistent with the disgorgement orders issued in *Re York Rio Resources Inc. and Adam Sherman* (2011), 34 OSCB 5261, *Re York Rio Resources Inc. and Peter Robinson* (2010), 33 OSCB 10434 and *Re Sabourin* (2010), 33 OSCB 5299 ("***Re Sabourin***") at para. 69. In each of those decisions, the salespersons were ordered to disgorge the entire amount of the commissions they earned.

[37] In *Re Sabourin*, the Commission stated:

> In our view, the disgorgement order is appropriate in these circumstances because it ensures that none of the respondents will benefit from their breaches of the Act and because such an order will deter them and others from similar conduct.

[38] In my view, a disgorgement order is appropriate in these circumstances because it ensures that none of the Respondents benefit from their breaches of the Act and because such an order will deter them and others from similar misconduct. In my view, it is appropriate that a disgorgement order in these circumstances relate to the full amount that each Respondent received as sales commissions. The Respondents did not dispute the amounts that Staff submits were obtained by them as commissions.

[39] Accordingly, I will order that each of the Respondents disgorge the following amount:

(a) Cassidy $10,000;

(b) Garner $27,791.25;

(c) Waddingham $32,857.59;

(d) Valde $12,307.50.

Administrative Penalties

[40] Generally, I would impose an administrative penalty in addition to disgorgement. To require respondents only to pay back the amounts they illegally obtained is not generally sufficient deterrence. On balance, however, I have concluded not to impose administrative penalties on Waddingham and Valde. In each case, I have been influenced by the mitigating factors referred to in paragraphs 23 and 24 of these reasons, respectively. I find that imposing an administrative penalty on Waddingham or Valde as requested by Staff is not necessary in the circumstances as a matter of deterrence.

Telephone Solicitation Bans

[41] In *Re Limelight*, permanent bans were imposed prohibiting the respondents from calling a residence within or outside of Ontario for the purpose of trading in securities.

(Re *Limelight*, *supra*, at paras. 41-42)

[42] In my view, the same permanent prohibition should be imposed on each of the Respondents in light of their activities in this matter.

Allocation of Amounts for Benefit of Third Parties

[43] Disgorgement is not intended primarily as a means to compensate investors for their losses. However, subsection 3.4(2)(b) of the Act allows the Commission to order that amounts paid to the Commission in satisfaction of a disgorgement order or administrative penalty be allocated to or for the benefit of third parties.

[44] Any amounts paid to the Commission in compliance with my order for disgorgement shall be allocated to or for the benefit of third parties, including investors who lost money as a result of investing in the Maitland shares, in accordance with subsection 3.4(2)(b) of the Act. Such amounts are to be distributed to investors who lost money as a result of investing in the investment scheme on such basis, on such terms and to such investors as Staff in its discretion determines to be appropriate in the circumstances. A distribution to investors shall be made only if Staff is satisfied that doing so is reasonably practicable in the circumstances and only if Staff concludes that there are sufficient funds available to justify doing so. If for any reason, Staff decides at any time or from time to time not to distribute any such amounts to investors, such amounts may, by further Commission order, be allocated to or for the benefit of other third parties. Any panel of the Commission may, on the application of Staff, make any order it considers expedient with respect to the matters addressed by this paragraph.

[45] The terms of paragraph 44 shall not give rise to or confer upon any person, including any investor (i) any legal right or entitlement to receive, or any interest in, amounts received by the Commission under my disgorgement order, or (ii) any right to receive notice of any application by Staff to the Commission made in connection with that paragraph or of any exercise by the Commission of any discretion granted to it under that paragraph.

V. CONCLUSION

[46] For the reasons set out above, I have concluded that the sanctions imposed are proportionate to the respective conduct and culpability of each of the Respondents in the circumstances and are in the public interest. I will issue a sanctions order in the form attached as Schedule “A” to these reasons.

Dated at Toronto, this 4th day of November, 2011.

“James E. A. Turner”

Schedule "A"

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, DIANNA CASSIDY,
RON CATONE, STEVEN LANYS,
ROGER MCKENZIE, TOM MEZINSKI,
WILLIAM ROUSE AND JASON SNOW

ORDER
with respect to Leonard Waddingham,
Ron Garner, Gord Vale and Dianna Cassidy
(Section 127 of the Securities Act)

WHEREAS on January 24, 2006, the Commission ordered pursuant to subsection 127(5) of the Act that (i) all trading by Maitland Capital Ltd. ("Maitland") and its officers, directors, employees and/or agents in securities of Maitland cease; (ii) Allen Grossman ("Grossman"), Hanouch Ulfan ("Ulfan"), Leonard Waddingham ("Waddingham"), Ron Garner ("Garner"), Gord Valde ("Valde"), Marianne Hyacinthe, Dianna Cassidy ("Cassidy"), Ron Catone, Steven Lanys, Roger Mckenzie, Tom Mezinski, William Rouse and Jason Snow cease trading securities; and (iii) any exemptions in Ontario securities law not apply to the respondents (the "Temporary Order");

AND WHEREAS on May 19, 2006, the Commission authorized the commencement of a quasi-criminal proceeding under section 122 of the Act against Maitland, Grossman and Ulfan (the "Section 122 Proceeding");

AND WHEREAS on September 12, 2006, the Commission ordered that (i) the Temporary Order remain in effect until the conclusion of the hearing on the merits, (ii) proceedings against the remaining respondents be adjourned pending completion of the Section 122 Proceeding, and (iii) within four to eight weeks of judgement being rendered in the Section 122 Proceeding, a hearing be scheduled before the Commission in connection with the section 127 proceeding;

AND WHEREAS on May 4, 2011, the Section 122 Proceeding was concluded;

AND WHEREAS on June 28, 2011, the Commission ordered that the hearing on the merits in respect of Cassidy, Garner, Waddingham, and Valde (collectively, the "Respondents") be adjourned to September 2, 2011 to consider whether agreed statements of fact and appropriate sanctions could be agreed to by Staff and the Respondents;

AND WHEREAS on September 2, 2011, the Commission conducted a hearing with respect to the sanctions to be imposed on the Respondents;

AND WHEREAS as set out in the reasons of the Commission dated November 4, 2011, the Commission is satisfied that the Respondents participated as salespersons in a fraudulent investment scheme, have not complied with Ontario securities law and have acted contrary to the public interest;

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) pursuant to clause 2 of subsection 127(1) of the Act, each of the Respondents shall cease trading in any securities for a period of three years, with the exception that a Respondent shall be permitted to trade securities for the account of the Respondent's registered retirement savings plans (as defined in the *Income Tax Act* (Canada)) in which the Respondent and/or the spouse of the Respondent have sole legal and beneficial ownership, provided that:

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

(ii) the Respondent does not own legally or beneficially (in the aggregate, together with the Respondent's spouse) more than one percent of the outstanding securities of the class or series of the class in question;

(iii) the Respondent carries out any permitted trading through a registered dealer (who has been given a copy of this Order) and in accounts opened in the Respondent's name only, and the Respondent must close any accounts that are not in the Respondent's name only; and

(iv) no such trading shall be permitted unless and until the Respondent has paid in full the disgorgement order against the Respondent set out in subparagraph (e) of this Order;

(b) pursuant to clause 2.1 of subsection 127(1) of the Act, the acquisition of any securities by any of the Respondents is prohibited for a period of three years, subject to the same exception set out in subparagraph (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 any of the Respondents for a period of three years, subject to the same exception set out in subparagraph (a) of this Order;

(d) pursuant to clause 6 of subsection 127(1) of the Act, each of Cassidy, Garner, Waddingham and Valde are reprimanded;

(e) pursuant to clause 10 of subsection 127(1) of the Act, the following amounts shall be disgorged by each of the Respondents, respectively:

(a) Cassidy $10,000;

(b) Garner $27,791.25;

(c) Waddingham $32,857.59; and

(d) Valde $12,307.50;

(f) pursuant to section 37 of the Act, each of the Respondents shall be prohibited permanently from calling or telephoning from a location in Ontario to any residence located in or out of Ontario for the purpose of trading in any security or in any class of securities; and

(g) the amounts set out in subparagraph (e) of this Order shall be allocated by the Commission to or for the benefit of third parties, including investors who lost money as a result of investing in the Maitland shares, as permitted under subsection 3.4(2)(b) of the Act.

DATED at Toronto, Ontario this 4th day of November, 2011.

"James E. A. Turner"

3.1.2 Taras Hucal

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

AND

IN THE MATTER OF
TARAS HUCAL

SETTLEMENT AGREEMENT BETWEEN
STAFF OF THE COMMISSION
AND TARAS HUCAL

PART I – INTRODUCTION

1. The Ontario Securities Commission (the "Commission") will issue a Notice of Hearing to announce that it will hold a hearing to consider whether, pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S-5, as amended (the "Act"), it is in the public interest for the Commission to make certain orders in respect of Taras Hucal ("Hucal" or the "Respondent").

PART II – JOINT SETTLEMENT RECOMMENDATION

2. Staff of the Commission ("Staff") agree to recommend settlement of the proceeding commenced by a Notice of Hearing (the "Proceeding") against Hucal according to the terms and conditions set out in Part VI of this Settlement Agreement. Hucal agrees to the making of an order in the form attached as Schedule "A", based on the facts set out below.

PART III – AGREED FACTS

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

4. Between January 2009 and January 2010 (the "Material Time"), Hucal was the President of certain investment fund managers namely, frontierAlt Funds Management Limited ("FALT Management"), the general partner of frontierAlt 2007 Energy & Precious Metals Flow-Through Limited Partnership ("FALT 2007 LP") and the general partner of frontierAlt 2008 Precious Metals & Energy Flow-Through Limited Partnership ("FALT 2008 LP"). FALT Management, FALT 2007 LP and FALT 2008 LP were part of the frontierAlt ("FALT") financial organization.

5. FALT Management was the investment fund manager for the public mutual fund frontierAlt Resource Capital Class Fund ("FALT Resource"). FALT 2007 LP and FALT 2008 LP (collectively the "FALT LPs") were limited partnerships organized as public non-redeemable investment funds. The general partners for FALT 2007 LP and FALT 2008 LP respectively served as each FALT LP's investment fund manager. FALT Management and the general partners of the FALT LPs (collectively the "FALT Investment Fund Managers") were compensated by FALT Resource and the FALT LPs respectively (collectively the "FALT Investment Funds") for the provision of investment management services.

6. During the Material Time, a third-party investment counsel and portfolio manager (the "ICPM") had been retained and was acting as the ICPM for the FALT Investment Funds pursuant to portfolio management agreements.

7. During the Material Time, the general partners of the FALT LPs retained control over the portfolio assets of the FALT LPs, which were held in custody with third-party brokers. The general partners of the FALT LPs provided the ICPM information about the portfolio assets held by the FALT LPs through a back-office service provider affiliated with the FALT financial organization.

8. During the Material Time, Hucal failed to ensure that the FALT Investment Fund Managers kept proper books and records respecting fund manager activities for their respective FALT Investment Fund. In particular, the FALT Investment Fund Managers failed to maintain adequate documentation including a complete record of subscription agreements, trade instructions and, in the case of the FALT 2008 LP, records supporting offering costs expensed to the FALT 2008 LP. Although the FALT 2008 LP did not make public offerings during the Material Time, the expensing of such offering costs were reflected in FALT 2008 LP financial statements authorised by Hucal. Hucal failed to ensure that there was adequate supporting documentation respecting such offering costs expensed and recorded in the financial statements filed with the Commission during the Material Time.

9. During the Material Time, Hucal, as President of the general partners of the FALT LPs, failed to ensure that there were adequate internal controls respecting the safeguarding of the public assets of the FALT LPs. In particular Hucal:

   (a) failed to ensure that the records with brokers were updated when his predecessor in office resigned as President of the FALT Investment Fund Managers on or about December 12, 2008. The former President retained trading authorization for the brokers' accounts into 2009;

   (b) failed to implement effective policies and procedures to oversee the trading in the FALT LPs' brokerage accounts. There were no policies and procedures in place to monitor and document the access to and trading in the brokerage accounts by individuals who were neither officers nor directors of the FALT LPs' investment fund managers, including authority to direct brokers to issue cheques from the accounts; and

   (c) failed to implement effective policies and procedures and take adequate steps to oversee the investment process. During the Material Time, the FALT LPs' investment fund managers did not receive written trade instructions from the ICPM to conduct transactions in the FALT LPs in connection with private placement purchases of securities from issuers or in connection with secondary market purchases and sales of previously acquired securities held at brokers, and the FALT LPs' investment fund managers failed to maintain records of these instructions. Although Hucal was not actively involved in this investment process as other individuals at FALT facilitated these transactions, on a few occasions, Hucal signed private placement subscription agreements for the FALT LPs at the direction of other FALT representatives.

10. Staff asserts that, commencing in or about August 2009 and continuing through to December 2009, a principal of the FALT financial organization usurped the function of the ICPM and conducted purchases and sales of securities of reporting issuers in the FALT Investment Funds without the authorization, consent, approval or knowledge of the ICPM. Hucal denies knowledge of these trades but admits that as the President of the FALT Investment Fund Managers, he failed to ensure that there were adequate policies and procedures in place that were designed to prevent and detect unauthorized transactions.

11. During the Material Time, Hucal failed to provide adequate compliance and supervisory oversight of the FALT Investment Fund portfolios to ensure that the FALT Investment Funds adhered to their investment objectives and restrictions as disclosed in their prospectuses. In January 2009, FALT Investment Funds held over-concentrations of securities of specific issuers, exceeded early warning thresholds without reporting these to the Commission on a timely basis, and acquired a control position in the securities of a reporting issuer. Although Hucal discussed the over-concentration issue with the ICPM, Hucal failed to ensure that the FALT Investment Fund filed early warning reports as required by section 102.1 of the Act and Part 7 of Rule 62-504 *Take-Over and Issuer Bids*. Hucal also failed to ensure disclosure of the risks of high concentrations of specific issuers in the prospectuses for FALT Resource as required under Item 9 of Form 81-101F1 *Contents of Simplified Prospectus*. The FALT Investment Fund Managers filed Mutual Fund Reports on Fund Performance. Although Hucal sought approval from certain board members of the FALT Investment Fund Managers, he failed to comply with the board approval requirements respecting Mutual Fund Reports on Fund Performance for the FALT Investment Funds as required by section 4.5 of NI 81-106 *Investment Funds Continuous Disclosure*.

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

12. During the Material Time, Hucal, being a market participant, failed to ensure books, records and other documents as were necessary for the proper recording of the business transactions and financial affairs of the FALT Investment Funds were kept by the FALT Investment Fund Managers contrary to section 19(1) of the Act. Hucal also failed to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances respecting the management of the FALT Investment Funds contrary to section 116 of the Act. By engaging in this conduct as described in Part III, Hucal acted contrary to Ontario securities law and contrary to the public interest.

PART V – TERMS OF SETTLEMENT

13. The Respondent agrees to the terms of settlement listed below.

14. The Commission will make an order pursuant to section 127(1) and section 127.1 of the Act that:

   (a) the settlement agreement is approved;

   (b) the Respondent is prohibited from being registered under the Act in any capacity for one year and until the Respondent completes all proficiency requirements and the Conduct and Practices Handbook Course (the "CPH") and upon such registration, the Respondent will be subject to close supervision for 6 months;

(c) the Respondent cease trading in securities for one year except for trading on his own behalf in his own account and on behalf of his father in his father's own account;

(d) the Respondent is prohibited from acquiring securities for one year except for acquisitions on his own behalf in his own account and on behalf of his father in his father's own account;

(e) any exemptions contained in Ontario securities law do not apply to the Respondent for one year except as permitted under this order respecting the trading of securities in in his own account on his own behalf and on behalf of his father in his father's own account;

(f) the Respondent is reprimanded;

(g) the Respondent resign any position he holds as a director or as a chief executive officer, a chief operating officer or a president of any issuer;

(h) the Respondent is prohibited from becoming or acting as a director or as a chief executive officer, a chief operating officer or a president of any issuer for three years;

(i) the Respondent resign any position he holds as a director or as an ultimate designated person of a registrant;

(j) the Respondent is prohibited from becoming or acting as a director or as an ultimate designated person of a registrant for three years and until he completes the PDO exam as defined in Part 3.1 of National Instrument 31-103 (the "PDO exam");

(k) the Respondent resign any position he holds as a director or as an ultimate designated person of an investment fund manager;

(l) the Respondent is prohibited from becoming or acting as a director or as an ultimate designated person of an investment fund manager for three years and until he completes the PDO exam;

(m) the Respondent is prohibited from becoming or acting as a promoter for one year;

(n) the Respondent pay an administrative penalty of $5,000.00 to be allocated under section 3.4(2)(b) of the Act to or for the benefit of third parties; and

(o) the Respondent pay the costs of the Commission's investigation in the amount of $10,000.00.

15. With respect to paragraph 14(n) and (o), the Respondent agrees to personally make a payment of $3,500.00 by certified cheque within six (6) months of the date when the Commission approves this Settlement Agreement and the balance ($11,500.00) by certified cheque(s) within twenty-four (24) months subsequent to the $3,500.00 payment. The Respondent will not be reimbursed for, or receive a contribution toward, this payment from any other person or company.

16. The Respondent undertakes to consent to a regulatory Order made by any provincial or territorial securities regulatory authority in Canada containing any or all of the prohibitions set out in sub-paragraphs 14 (b) to (d) above. These prohibitions may be modified to reflect the provisions of the relevant provincial or territorial securities law.

PART VI – STAFF COMMITMENT

17. If the Commission approves this Settlement Agreement, Staff will not commence any proceeding under Ontario securities law in relation to the facts set out in Part III of this Settlement Agreement, subject to the provisions of paragraph 18 below.

18. If the Commission approves this Settlement Agreement and the Respondent fails to comply with any of the terms of the Settlement Agreement, Staff may bring proceedings under Ontario securities law against the Respondent. These proceedings may be based on, but are not limited to, the facts set out in Part III of this Settlement Agreement as well as the breach of the Settlement Agreement.

PART VII – PROCEDURE FOR APPROVAL OF SETTLEMENT

19. The parties will seek approval of this Settlement Agreement at a public hearing before the Commission to be scheduled on a date agreed to by Staff and the Respondent, according to the procedures set out in this Settlement Agreement and the Commission's Rules of Practice.

20. Staff and the Respondent agree that this Settlement Agreement will form all of the agreed facts that will be submitted at the settlement hearing on the Respondent's conduct, unless the parties agree that additional facts should be submitted at the settlement hearing.

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

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

23. Whether or not the Commission approves this Settlement Agreement, the Respondent will not use, in any proceeding, this Settlement Agreement or the negotiation or process of approval of this agreement as the basis for any attack on the Commission's jurisdiction, alleged bias, alleged unfairness, or any other remedies or challenges that may otherwise be available.

PART VIII – DISCLOSURE OF SETTLEMENT AGREEMENT

24. If the Commission does not approve this Settlement Agreement or does not make the order attached as Schedule "A" to this Settlement Agreement:

    (a) this Settlement Agreement and all discussions and negotiations between Staff and the Respondent before the settlement hearing takes place will be without prejudice to Staff and the Respondent; and

    (b) Staff and the Respondent will each be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing of the allegations contained in the Statement of Allegations. Any proceedings, remedies and challenges will not be affected by this Settlement Agreement, or by any discussions or negotiations relating to this agreement.

25. Both parties will keep the terms of the Settlement Agreement confidential until the Commission approves the Settlement Agreement. At that time, the parties will no longer have to maintain confidentiality. If the Commission does not approve the Settlement Agreement, both parties must continue to keep the terms of the Settlement Agreement confidential, unless they agree in writing not to do so or are required by law to disclose the terms.

PART X – EXECUTION OF SETTLEMENT AGREEMENT

26. The parties may sign separate copies of this agreement. Together, these signed copies will form a binding agreement.

27. A fax copy of any signature will be treated as an original signature.

Dated this 26th day of October, 2011

"Taras Hucal"
Taras Hucal

"Tracy Pratt"
Witness

"Tom Atkinson"
Tom Atkinson
Director
Enforcement Branch

Schedule "A"

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

AND

IN THE MATTER OF
TARAS HUCAL

ORDER
(Subsection 127(1) and section 127.1)

WHEREAS the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") in respect of Taras Hucal (the "Respondent");

AND WHEREAS the Respondent and Staff of the Commission ("Staff") entered into a Settlement Agreement (the "Settlement Agreement") in which they agreed to a settlement subject to the approval of the Commission;

AND UPON reviewing the Settlement Agreement and upon hearing submissions from counsel for Staff and counsel for the Respondent;

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) the Respondent is prohibited from being registered under the Act in any capacity for one year and until the Respondent completes all proficiency requirements and the Conduct and Practices Handbook Course (the "CPH") and upon such registration, the Respondent will be subject to close supervision for 6 months;

(c) the Respondent cease trading in securities for one year except for trading on his own behalf in his own account and on behalf of his father in his father's own account;

(d) the Respondent is prohibited from acquiring securities for one year except for acquisitions on his own behalf in his own account and on behalf of his father in his father's own account;

(e) any exemptions contained in Ontario securities law do not apply to the Respondent for one year except as permitted under this order respecting the trading of securities in his own account on his own behalf and on behalf of his father in his father's own account;

(f) the Respondent is reprimanded;

(g) the Respondent resign any position he holds as a director or as a chief executive officer, a chief operating officer or a president of any issuer;

(h) the Respondent is prohibited from becoming or acting as a director or as a chief executive officer, a chief operating officer or a president of any issuer for three years;

(i) the Respondent resign any position he holds as a director or as an ultimate designated person of a registrant;

(j) the Respondent is prohibited from becoming or acting as a director or as an ultimate designated person of a registrant for three years and until he completes the PDO exam as defined in Part 3.1 of National Instrument 31-103 (the "PDO exam");

(k) the Respondent resign any position he holds as a director or as an ultimate designated person of an investment fund manager;

(l) the Respondent is prohibited from becoming or acting as a director or as an ultimate designated person of an investment fund manager for three years and until he completes the PDO exam;

(m) the Respondent is prohibited from becoming or acting as a promoter for one year;

(n) the Respondent pay an administrative penalty of $5,000.00 to be allocated under section 3.4(2)(b) of the Act to or for the benefit of third parties; and

(o) the Respondent pay the costs of the Commission's investigation in the amount of $10,000.00.

DATED at Toronto this _____ day of November, 2011.

"James E. A. Turner"
Vice-Chair

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
GBO Inc.	03 Nov 11	15 Nov 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
09/30/2011	55	ACM Commercial Mortgage Fund - Units	4,302,445.76	37,975.47
10/03/2011	1	AE Escrow Corporation - Note	2,088,000.00	1.00
06/01/2008 to 07/01/2008	31	Ascend Partners Fund II, Ltd. - Common Shares	118,615,631.00	1,164,352.00
05/01/2011 to 06/01/2011	29	Ascend Partners Fund II, Ltd. - Common Shares	80,982,463.00	777,163.00
10/03/2011	14	Aspen Air Corporation - Common Shares	765,882.00	1,531,764.00
09/26/2011	1	Augustine Ventures Inc. - Common Shares	480,000.00	2,000,000.00
10/18/2011	3	Avrev Canada Inc. - Common Shares	74,999.70	499,998.00
10/11/2011	1	Axela Inc. - Debenture	500,000.00	1.00
10/03/2011	3	BCR Environmental Corporation - Preferred Shares	10,000,000.00	10,000,000.00
06/06/2011 to 06/15/2011	7	Brazilian Resources, Inc. - Special Warrants	3,700,000.00	3,700,000.00
10/19/2011	22	Carbon Friendly Solutions Inc. - Units	1,099,000.00	5,495,000.00
10/14/2011	5	CareVest Blended Mortgage Investment Corporation - Preferred Shares	178,152.00	178,152.00
10/14/2011	22	CareVest Capital Blended Mortgage Investment Corp. - Preferred Shares	911,283.00	911,283.00
10/14/2011	19	CareVest Capital First Mortgage Investment Corp - Preferred Shares	550,254.00	550,254.00
07/11/2011	5	CIBT Education Group Inc. - Units	309,998.00	1,033,333.00
10/03/2011	1	Cleanfield Alternative Energy Inc. - Units	96,000.00	1,600,000.00
11/06/2008	1	Copper Ridge Explorations Inc - Common Shares	16,500.00	150,000.00
12/05/2008	1	Copper Ridge Explorations Inc - Common Shares	9,000.00	100,000.00
03/26/2010	1	Copper Ridge Explorations Inc - Common Shares	23,750.00	95,000.00
11/07/2009	1	Copper Ridge Explorations Inc - Common Shares	5,333.00	13,333.00
02/28/2011	1	Copper Ridge Explorations Inc - Common Shares	4,667.00	13,333.00
04/11/2011	1	Copper Ridge Explorations Inc - Common Shares	41,000.00	100,000.00
01/24/2011	4	Copper Ridge Explorations Inc - Common Shares	46,020.00	129,633.00
04/19/2011	42	Copper Ridge Explorations Inc - Common Shares	1,079,750.00	3,085,000.00

Transaction Date	No of Purchasers	Issuer/Security	Total Purchase Price ($)	No of Securities Distributed
10/14/2011	29	Crimson Bioenergy Ltd. (Formerly Crimson Falcon Capital Corp.) - Common Shares	659,995.10	4,399,967.00
09/29/2011	6	Cynapsus Therapeutics Inc. - Common Shares	425,000.00	1,700,000.00
10/06/2011	1	Delcan Group Inc. - Common Shares	23,000,000.00	484,792.00
10/07/2011	2	Derek Oil & Gas Corporation - Units	160,000.00	2,000,000.00
09/23/2011	5	Discovery Air Inc. - Debentures	70,000,005.00	5.00
10/18/2011	18	Dolly Varden Silver Ltd. - Common Shares	2,623,000.00	10,300,000.00
10/13/2011	11	Druk Capital Partners Inc. - Special Warrants	748,925.10	1,361,682.00
09/29/2011	1	Falcon Gold Corp. - Common Shares	22,500.00	150,000.00
10/11/2011	3	Fem Med Formulas Limited Partnership - Notes	500,000.00	3.00
09/29/2011	1	First Leaside Primetime Living Limited Partnership - Units	150,000.00	150,000.00
10/04/2011 to 10/05/2011	2	First Leaside Venture Limited Partnership - Units	460,000.00	460,000.00
09/29/2011 to 10/03/2011	3	First Leaside Wealth Management Fund - Units	483,250.00	483,250.00
09/29/2011 to 10/04/2011	6	Flex Fund - Units	269,714.00	269,714.00
09/29/2011 to 10/05/2011	7	Flex Fund - Units	58,436.00	58,436.00
10/20/2011	2	Forest Gate Energy Inc. - Units	220,000.00	3,666,666.00
09/30/2011	103	Fox Resources Ltd. - Receipts	8,999,999.75	25,714,285.00
10/11/2011	4	Fuse Powered Inc. - Preferred Shares	1,000,000.69	452,489.00
10/13/2011	35	Gainey Capital Corp. - Common Shares	399,582.00	2,577,929.00
05/05/2011	46	Gale Force Petroleum Inc. - Common Shares	5,000,000.00	22,727,272.72
09/30/2011	5	Globex Mining Enterprises Inc. - Common Shares	1,300,000.00	490,566.00
01/17/2011	2	Golden Predator Corp. - Common Shares	315,000.00	450,000.00
01/04/2011	1	Golden Predator Corp. - Common Shares	7,200.00	10,000.00
06/14/2011	1	Golden Predator Corp. - Common Shares	98,000.00	100,000.00
06/02/2011	2	Golden Predator Corp. - Common Shares	33,000.00	30,000.00
06/30/2011 to 07/07/2011	3	Golden Predator Corp. - Common Shares	288,000.00	NA
03/08/2011	68	Golden Predator Corp. - Common Shares	22,566,210.00	26,784,400.00
09/26/2011	1	GoldTrain Resources Inc. - Common Shares	15,000.00	300,000.00
09/22/2011	28	Greenbriar Capital Corp. - Common Shares	2,050,000.00	4,100,000.00

Transaction Date	No of Purchasers	Issuer/Security	Total Purchase Price ($)	No of Securities Distributed
02/22/2011	3	Greenfield Financial Group Inc. - Common Shares	115,000.02	638,889.00
10/14/2011	3	IGW Real Estate Investment Trust - Notes	400,000.00	400,000.00
09/28/2011	54	Inform Resources Corp. - Common Shares	2,235,000.00	4,170,000.00
09/08/2011 to 09/19/2011	3	Iskander Energy Corp. - Special Warrants	249,997.50	166,665.00
10/07/2011	1	JB Sons Hospitality Corp. - Units	1,500,000.00	1,500,000.00
09/27/2011	4	Jeld-Wen, inc. - Notes	31,082,550.00	31,307.97
09/28/2011 to 10/06/2011	8	Kitrinor Metals Inc. - Units	135,000.00	900,000.00
10/17/2011	1	Koffman Enterprises Limited - Units	271,345.00	271,345.00
10/11/2011 to 10/12/2011	183	Kokanee Minerals Inc. - Units	7,905,000.00	50,000,000.00
09/16/2011	79	Lakota Resources Inc. - Units	2,341,020.00	78,334,000.00
07/12/2011	2	Long Harbour Exploration Corp. - Common Shares	273,000.00	1,300,000.00
10/05/2011	24	Meadow Bay Gold Corporation - Common Shares	2,057,460.00	2,286,066.00
10/13/2011 to 10/14/2011	3	Member-Partners Solar Energy Limited Partnership - Units	145,000.00	145,000.00
09/15/2011	1	Milton Hydro Distribution Inc. - Debenture	3,487,200.00	1.00
10/14/2011	41	Minera Azul Ventures Limitada - Debentures	1,500,000.00	1,500,000.00
04/15/2011 to 04/18/2011	27	Mint Technology Corp. - Units	645,000.00	645,000.00
07/08/2011 to 07/12/2011	2	Mint Technology Corp. - Units	600,000.00	4,800,000.00
05/25/2011	4	Mint Technology Corp. - Units	3,100,000.00	24,800,000.00
10/13/2011 to 10/14/2011	1	Miraculins Inc. - Common Shares	100,000.00	1,428,571.00
10/13/2011 to 10/14/2011	1	Miraculins Inc. - Note	950,000.00	1.00
09/30/2011	15	Mitomics Inc. - Notes	1,229,000.00	15.00
09/26/2011	3	Mukuba Resources Limited - Common Shares	579,999.90	3,866,666.00
10/11/2011 to 10/17/2011	2	New Solutions Financial (II) Corporation - Debentures	400,671.17	4.00
09/21/2011	23	North American Oil Trust - Trust Units	2,464,000.00	492,800.00
09/28/2011	1	Paragon Minerals Corporation - Common Shares	1,100.00	10,000.00
08/10/2011 to 08/19/2011	36	Propel Energy Corp. - Common Shares	4,054,692.80	40,546,928.00
05/04/2011	66	QRS Capital Corp. - Units	2,395,250.00	3,685,000.00

Transaction Date	No of Purchasers	Issuer/Security	Total Purchase Price ($)	No of Securities Distributed
10/07/2011	9	RDX Minerals Inc. - Common Shares	179,000.00	3,580,000.00
09/23/2011	18	Resort Television Network Inc. - Debentures	517,000.00	N/A
10/18/2011	2	Sally Beauty Holdings Inc. - Common Shares	770,000.00	350,000.00
06/30/2011	2	Silver Predator Corp. - Common Shares	288,000.00	300,000.00
10/11/2011 to 10/20/2011	3	Sinclair-Cockburn Mortgage Investment Corporation - Common Shares	475,385.48	475,385.00
10/05/2011	3	Solar Income Fund (#2) - Units	250,000.00	250.00
09/19/2011 to 09/27/2011	76	Southeast Asia Mining Corp. - Common Shares	3,669,475.00	80,389,500.00
09/29/2011 to 10/05/2011	10	Special Notes Limited Partnership - Units	2,265,001.00	2,265,001.00
10/13/2011 to 10/21/2011	3	The Newport Balanced Fund - Trust Units	21,830.22	223.00
10/13/2011 to 10/21/2011	1	The Newport Canadian Equity Fund - Trust Units	15,000.00	115.00
10/13/2011 to 10/21/2011	7	The Newport Yield Fund - Trust Units	172,399.38	1,501.00
10/17/2011	1	Time Warner Inc. - Note	997,911.14	1.00
09/30/2011	1	Timminco Limited - Note	0.00	1.00
05/05/2011	1	Trueclaim Exploration Inc. - Common Shares	70,000.00	500,000.00
05/18/2011	29	Trueclaim Exploration Inc. - Units	853,558.40	5,334,740.00
07/05/2011	2	Trueclaim Exploration Inc. - Units	770,000.00	4,529,411.00
10/06/2011	7	Vanoil Energy Ltd. - Common Shares	2,270,000.00	4,540,000.00
10/19/2011	23	Vinequest Wine Partners Limited Partnership - Units	840,000.00	28.00
10/14/2011	10	Walton Fletcher Mills Investment Corporation - Common Shares	574,680.00	57,498.00
10/14/2011	7	Walton Fletcher Mills LP - Units	1,289,980.00	128,998.00
06/17/2011	3	Woodbourne Canada Partners II (CA) LP - Limited Partnership Units	25,663,338.94	2.00
09/14/2011	2	Yarnspinner Entertainment Partners, LLC - Units	400,000.00	16.00

Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
407 International Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Base Shelf Prospectus dated November 3, 2011
NP 11-202 Receipt dated November 3, 2011
Offering Price and Description:
$800,000,000.00 - Medium-Term Notes (Secured)
Underwriter(s) or Distributor(s):
BMO NESBITT BURNS INC.
RBC DOMINION SECURITIES INC.
TD SECURITIES INC.
SCOTIA CAPITAL INC.
NATIONAL BANK FINANCIAL INC.
CASGRAIN &COMPANY LIMITED
CIBCWORLDMARKETS INC.
MERRILL LYNCH CANADA INC.
Promoter(s):
-
Project #1818899

Issuer Name:
Lachlan Star Limited
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated November 8, 2011
NP 11-202 Receipt dated
Offering Price and Description:
18,400,000 Units Issuable upon Exercise of 18,400,000 Outstanding Special Warrants For gross proceeds of $15,088,000.00 - Price: $0.82 per Special Warrant - and - 1,104,000 Compensation Options Issuable upon Exercise of 1,104,000 Outstanding Special Broker Warrants
Underwriter(s) or Distributor(s):
Dundee Securities Ltd.
Salman Partners Inc.
Promoter(s):
-
Project #1820918

Issuer Name:
Cambridge Monthly Income Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated November 8, 2011
NP 11-202 Receipt dated November 8, 2011
Offering Price and Description:
Class C units
Underwriter(s) or Distributor(s):
-
Promoter(s):
CI Investments Inc.
Project #1820899

Issuer Name:
Capital Preservation Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated October 27, 2011
NP 11-202 Receipt dated November 2, 2011
Offering Price and Description:
Series A and F Units
Underwriter(s) or Distributor(s):
Global Prosperata Funds Inc.
Promoter(s):
Global Growth Assets Inc
Project #1815750

Issuer Name:
Clear Mountain Resources Corp.
Principal Regulator - British Columbia
Type and Date:
Preliminary Long Form Prospectus dated November 8, 2011
NP 11-202 Receipt dated November 8, 2011
Offering Price and Description:
$660,000.00 - 4,400,000 Common Shares Price: $0.15 per Offered Share
Underwriter(s) or Distributor(s):
WOODSTONE CAPITAL INC.
Promoter(s):
Patrick Morris
Project #1820983

Issuer Name:
DGM Minerals Corp.
Principal Regulator - British Columbia
Type and Date:
Preliminary Long Form Prospectus dated November 4, 2011
NP 11-202 Receipt dated November 4, 2011
Offering Price and Description:
$375,000.00 - Minimum Offering 2,500,000 Common Shares $500,000.10 - Maximum Offering 3,333,334 Common Shares Price: $0.15 per Common Share
Underwriter(s) or Distributor(s):
Union Securities Ltd.
Promoter(s):
-
Project #1819833

Issuer Name:
Dynamic Dividend Advantage Class
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated November 4, 2011
NP 11-202 Receipt dated November 4, 2011
Offering Price and Description:
Series A, F, I, O and T Shares
Underwriter(s) or Distributor(s):
Goodman & Company, Investment Counsel Ltd.
Promoter(s):
Goodman & Company, Investment Counsel Ltd.
Project #1819781

Issuer Name:
Empire Life Canadian Equity Mutual Fund
Empire Life Dividend Growth Mutual Fund
Empire Life Emblem Aggressive Growth Portfolio
Empire Life Emblem Balanced Portfolio
Empire Life Emblem Conservative Portfolio
Empire Life Emblem Growth Portfolio
Empire Life Emblem Moderate Growth Portfolio
Empire Life Money Market Mutual Fund
Empire Life Monthly Income Mutual Fund
Empire Life Small Cap Equity Mutual Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectuses dated November 4, 2011
NP 11-202 Receipt dated November 4, 2011
Offering Price and Description:
Series A units, Series T6 units, Series T8 units and Series I units
Underwriter(s) or Distributor(s):
-
Promoter(s):
EMPIRE LIFE INVESTMENTS INC.
Project #1819734

Issuer Name:
Imvescor Restaurant Group Inc.
Principal Regulator - New Brunswick
Type and Date:
Preliminary Short Form Prospectus dated November 7, 2011
NP 11-202 Receipt dated November 8, 2011
Offering Price and Description:
$15,000,000.00 - Offering of 9,445,546 Rights to subscribe for up to 34,090,910 Common Shares
at a price of $0.44 per Common Share
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1820552

Issuer Name:
Mackenzie Cundill Recovery Class
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated November 4, 2011
NP 11-202 Receipt dated November 7, 2011
Offering Price and Description:
Series A, E, F, J, and O securities
Underwriter(s) or Distributor(s):
-
Promoter(s):
MACKENZIE FINANCIAL CORPORATION
Project #1819679

Issuer Name:
North American Oil Trust
Principal Regulator - Alberta
Type and Date:
Preliminary Long Form Prospectus dated November 7, 2011
NP 11-202 Receipt dated November 7, 2011
Offering Price and Description:
$ * - * Units Price: $10.00 per Unit
Underwriter(s) or Distributor(s):
TD SECURITIES INC.
RBC DOMINION SECURITIES INC.
CIBC WORLD MARKETS INC.
Promoter(s):
North American Oil Administrator Inc.
Project #1820334

Issuer Name:
PYROGENESIS CANADA INC.
Principal Regulator - Quebec
Type and Date:
Preliminary Short Form Prospectus dated November 7, 2011
NP 11-202 Receipt dated November 8, 2011
Offering Price and Description:
Up to $* - Up to * Common Shares Price: $* per Offered Share
Underwriter(s) or Distributor(s):
Versant Partners Inc.
Stonecap Securities Inc.
Promoter(s):
-
Project #1820157

Issuer Name:
Scotia Private Canadian Preferred Share Pool
Scotia Private U.S. Dividend Pool
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated November 1, 2011
NP 11-202 Receipt dated November 2, 2011
Offering Price and Description:
Manager Class units
Underwriter(s) or Distributor(s):
Scotia Securities Inc.
Promoter(s):
Scotia Asset Management L.P.
Project #1818284

Issuer Name:
Signature High Yield Bond Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated November 8, 2011
NP 11-202 Receipt dated November 8, 2011
Offering Price and Description:
Class C units
Underwriter(s) or Distributor(s):
-
Promoter(s):
CI Investments Inc.
Project #1820906

Issuer Name:
Sun Life Managed Balanced Growth Portfolio
Sun Life Managed Balanced Portfolio
Sun Life Managed Conservative Portfolio
Sun Life Managed Growth Portfolio
Sun Life Managed Moderate Portfolio
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectuses dated November 7, 2011
NP 11-202 Receipt dated November 8, 2011
Offering Price and Description:
Series A, Series T5, Series T8, Series F and Series I units
Underwriter(s) or Distributor(s):
-
Promoter(s):
SUN LIFE GLOBAL INVESTMENTS (CANADA) INC.
Project #1820630

Issuer Name:
TransAlta Corporation
Principal Regulator - Alberta
Type and Date:
Preliminary Base Shelf Prospectus dated November 7, 2011
NP 11-202 Receipt dated November 7, 2011
Offering Price and Description:
$2,000,000,000.00:
Common Shares
First Preferred Shares
Warrants
Subscription Receipts
Debt Securities
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1820387

Issuer Name:
TransCanada Corporation
Principal Regulator - Alberta
Type and Date:
Preliminary Base Shelf Prospectus dated November 4, 2011
NP 11-202 Receipt dated November 7, 2011
Offering Price and Description:
$2,000,000,000.00:
Common Shares
First Preferred Shares
Second Preferred Shares
Subscription Receipts
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1820239

Issuer Name:
Wildlaw Capital CPC 2 Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary CPC Prospectus dated November 4, 2011
NP 11-202 Receipt dated November 7, 2011
Offering Price and Description:
$500,000.00 - 5,000,000 Common Shares Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
Macquarie Private Wealth Inc.
Promoter(s):
Peter Schriber
Project #1819848

Issuer Name:
Yongsheng Capital Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary CPC Prospectus dated October 28, 2011
NP 11-202 Receipt dated November 2, 2011
Offering Price and Description:
$200,000.00 - 2,000,000 COMMON SHARES Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
JORDAN CAPITAL MARKETS INC.
Promoter(s):
Hilda Sung
Project #1818668

Issuer Name:
Investors Canadian Money Market Fund
Investors Cornerstone III Portfolio
Allegro Conservative Portfolio
Allegro Moderate Conservative Portfolio
Allegro Moderate Portfolio
Allegro Moderate Aggressive Portfolio
Allegro Aggressive Portfolio
Alto Conservative Portfolio
Alto Moderate Conservative Portfolio
Alto Moderate Portfolio
Alto Moderate Aggressive Portfolio
Alto Aggressive Portfolio
RDSP Series Units
Principal Regulator - Manitoba
Type and Date:
Final Simplified Prospectuses dated October 26, 2011
NP 11-202 Receipt dated November 4, 2011
Offering Price and Description:
RDSP Series Units
Underwriter(s) or Distributor(s):
INVESTORS GROUP FINANCIAL SERVICES INC.
INVESTORS GROUP SECURITIES INC.
Investors Group Financial Services Inc. and Investors Group Securities Inc
Promoter(s):
I.G. INVESTMENT MANAGEMENT, LTD.
Project #1799236

Issuer Name:
Canadian National Railway Company
Principal Regulator - Quebec
Type and Date:
Final Base Shelf Prospectus dated November 4, 2011
NP 11-202 Receipt dated November 4, 2011
Offering Price and Description:
CAD$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:
Final Short Form Prospectus dated November 3, 2011
NP 11-202 Receipt dated November 3, 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:
Delon Resources Corp.
Principal Regulator - British Columbia
Type and Date:
Final Long Form Prospectus dated October 31, 2011
NP 11-202 Receipt dated November 3, 2011
Offering Price and Description:
$600,000.00 - 3,000,000 Common Shares at a price of $0.20 per Common Share
Underwriter(s) or Distributor(s):
CANACCORD GENUITY CORP.
Promoter(s):
Herrick Lau
Project #1800186

Issuer Name:
Donnybrook Energy Inc.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated November 4, 2011
NP 11-202 Receipt dated November 4, 2011
Offering Price and Description:
$12,004,000.00 - $4,000,000.00 - 8,000,000 Offered Shares $8,004,000.00 - 13,800,000 Flow-Through Shares Price: $0.50 per Offered Share $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:
Dynamic Corporate Bond Strategies Fund
Dynamic Strategic Global Bond Fund
(Series A, F, FH, H, IP, O and OP Securities)
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated November 7, 2011 to the Simplified Prospectuses dated October 26, 2011
NP 11-202 Receipt dated November 8, 2011
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Goodman & Company, Investment Counsel Ltd.
Promoter(s):
Goodman & Company, Investment Counsel Ltd.
Project #1805402

Issuer Name:
Far Resources Ltd.
Principal Regulator - British Columbia
Type and Date:
Final Long Form Prospectus dated October 31, 2011
NP 11-202 Receipt dated November 3, 2011
Offering Price and Description:
$600,000.00: Minimum of 3,000,000 - Common Shares and a Maximum of 4,000,000 Common Shares at $0.15 per Common Share
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
Promoter(s):
Keith C. Anderson
Project #1785244

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:
Huntingdon Real Estate Investment Trust
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated November 3, 2011
NP 11-202 Receipt dated November 3, 2011
Offering Price and Description:
Up to $40,000,000.00 - Offering of Debt Units Comprised of 7.50% Secured Debentures and Warrants to Purchase Trust Units Price: $1,000 per Debt Unit
Underwriter(s) or Distributor(s):
CANACCORD GENUITY CORP.
RBC DOMINION SECURITIES INC.
Promoter(s):
-
Project #1813653

Issuer Name:
Vanguard Canadian Aggregate Bond Index ETF
Vanguard Canadian Short-Term Bond Index ETF
Vanguard MSCI Canada Index ETF
Vanguard MSCI EAFE Index ETF (CAD-hedged)
Vanguard MSCI Emerging Markets Index ETF
Vanguard MSCI U.S. Broad Market Index ETF (CAD-hedged)
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated November 8, 2011
NP 11-202 Receipt dated November 8, 2011
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
Vanguard Investments Canada Inc.
Project #1788883

Issuer Name:
Victoria Gold Corp.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated November 2, 2011
NP 11-202 Receipt dated November 2, 2011
Offering Price and Description:
$30,075,000.00 - 46,783,718 Common Shares 15,553,618 Flow-Through Common Shares Price: $0.46 per Offered Share $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

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Name Change	From: Skyline Asset Management Inc. To: Skyline Wealth Management Inc.	Exempt Market Dealer	October 5, 2011
New Registration	Tocqueville Asset Management, L.P.	Portfolio Manager	October 28, 2011
Suspended pursuant to paragraph 2 of subsection 29(1) of the *Securities Act.*	MF Global Canada Co.	Investment Dealer	November 1, 2011
New Registration	New World Capital Ltd.	Exempt Market Dealer	November 3, 2011
New Registration	Celernus Investment Partners Inc.	Investment Fund Manager and Portfolio Manager	November 4, 2011
Consent to Suspension (Pending Surrender)	McNulty Private Capital Inc.	Exempt Market Dealer	November 4, 2011
Consent to Suspension (Pending Surrender)	Newport Securities LP	Exempt Market Dealer	November 4, 2011
New Registration	Capital CCFL S.E.N.C.	Exempt Market Dealer	November 8, 2011

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Chapter 13

SROs, Marketplaces and Clearing Agencies

13.2 Marketplaces

13.2.1 Alpha ATS LP – Notice of Completion of Staff Review of Proposed Changes – New DAO Order Designations, Elimination of All or None Order, and Changes to Mixed Lot Order Handling

ALPHA ATS LP
NOTICE OF COMPLETION OF STAFF REVIEW OF PROPOSED CHANGES

NEW DAO ORDER DESIGNATIONS, ELIMINATION OF
ALL OR NONE ORDER, AND CHANGES TO MIXED LOT ORDER HANDLING

Alpha ATS LP (Alpha ATS) had previously announced its plans to implement changes to its Form 21-101F2 that would provide for new Directed Action Order designations, eliminate the All or Non order type, and alter the handling of mixed lot orders.

A notice describing the proposed changes was published in accordance with OSC Staff Notice 21-703 -- *Transparency of the Operations of Stock Exchanges and Alternative Trading Systems* on September 23, 2011 in the OSC Bulletin. Pursuant to OSC Staff Notice 21-703, market participants were also invited by OSC staff to provide the Commission with feedback on the proposed changes. No comment letters were received.

OSC staff have completed their review of the proposed changes and have no further comment. Alpha ATS is expected to publish a notice indicating the intended implementation date of the proposed changes.

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Chapter 25

Other Information

25.1 Consents

25.1.1 Wedge Energy International Inc. – s. 4(b) of the Regulation

Headnote

Consent given to an offering corporation under the Business Corporations Act (Ontario) to continue under Business Corporations Act (British Columbia) – Continuation is part of a plan of arrangement – Technical report filed in connection with disclosure provided in respect of the plan of arrangement contained certain technical deficiencies – Applicant provided undertaking to file revised technical report correcting the deficiencies no later than thirty days from the date of the order and the date on which the Applicant's shares resume trading.

Statutes Cited

Business Corporations Act, R.S.O. 1990, c. B.16, as am., s. 181.

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
WEDGE ENERGY INTERNATIONAL INC.

CONSENT
(Subsection 4(b) of the Regulation)

UPON the application of Wedge Energy International 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 British Columbia 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 incorporation under the OBCA on July 5, 1996 under the name 1188929 Ontario Inc. The Applicant's name was changed from 1188929 Ontario Inc. to Alyattes Resources Inc. pursuant to articles of amendment dated August 10, 1998; from Alyattes Resources Inc. to Alyattes Enterprises Inc. pursuant to articles of amendment dated February 1, 2007; and from Alyattes Enterprises Inc. to Wedge Energy International Inc. pursuant to articles of amendment dated February 1, 2007.

2. The registered office of the Applicant is located at 2746 St. Joseph Boulevard, Suite 100 Orleans, Ontario K1C 1G5.

3. The Applicant is authorized to issue an unlimited number of common shares (the "**Common Shares**") and an unlimited number of series A preference shares, of which 44,244,392 Common Shares and 70,000 series A preference shares are issued and outstanding at the close of business on September 26, 2011.

4. The Common Shares of the Applicant are listed and posted for trading on the Canadian National Stock Exchange under the symbol "WEG".

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* (British Columbia), S.B.C. 2002, c. 57 (the "**BCABC**") 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**").

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, except for certain technical deficiencies in respect of the technical report under National Instrument 43-101 *Standards of Disclosure for Mineral Projects* dated March 11, 2011 prepared by Micromine Proprietary limited in respect of the Undur Tolgoi Project, and filed by the Applicant on September 30, 2011. The Applicant has provided an undertaking to the

Commission to file a revised technical report that corrects these deficiencies no later than the date that is the earlier of (i) thirty days from the date hereof; and (ii) the date on which trading in the Applicant's shares recommences on the Canadian National Stock Exchange.

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 October 21, 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 the requisite majority of shareholders present in person or by proxy at the Meeting.

11. The management information circular of the Applicant dated September 26, 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 BCABC. The Circular was mailed to securityholders of record at the close of business on September 29, 2011 and was filed on SEDAR on September 30, 2011.

12. The Continuance has been proposed in connection with a proposed plan of arrangement of the Applicant (the "**Plan of Arrangement**") providing for among other things: (i) the consolidation of the common shares of the Applicant on a one (new) for twenty (old) basis; (ii) an acquisition of all of the issued and outstanding common shares of Undur Tolgoi Minerals Inc. ("**UTMI**") by the Applicant, in exchange for common shares of the Applicant; and (iii) the amalgamation of the Applicant and UTMI. UTMI is a corporation incorporated under the BCABC. The details of the Plan of Arrangement are further described in the Circular.

13. The Plan of Arrangement is being completed under the BCABC and an interim order of the Supreme Court of British Columbia in respect of the Plan of Arrangement is attached as Appendix "G" to the Circular. Pursuant to the Plan of Arrangement, immediately following the Continuance, the Applicant and UTMI will amalgamate to form a new corporation to be named Undur Tolgoi Minerals Inc. which will be a corporation existing under the BCABC and a reporting issuer under the Act.

14. The Continuance is required in order to facilitate the amalgamation with UTMI under the Plan of Arrangement and must be completed before the Plan of Arrangement can become effective.

15. The material rights, duties and obligations of a corporation governed by the BCABC are substantially similar to those of a corporation governed by OBCA.

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 BCABC.

DATED at Toronto, Ontario this 21st day of October, 2011.

"James Turner"

"Edward P. Kerwin"

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