The Ontario Securities Commission

OSC Bulletin

December 16, 2011

Volume 34, Issue 50

(2011), 34 OSCB

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

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

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

Published under the authority of the Commission by:
Carswell, a Thomson Reuters business
One Corporate Plaza
2075 Kennedy Road
Toronto, Ontario
M1T 3V4

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

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

THOMSON REUTERS

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

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

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

U.S.	$175
Outside North America	$400

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

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

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

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

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

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

ISSN 0226-9325

THOMSON REUTERS

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

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

Table of Contents

Chapter 1

Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

December 16, 2011

CURRENT PROCEEDINGS

BEFORE

ONTARIO SECURITIES COMMISSION

- -

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

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

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

CDS **TDX 76**

Late Mail depository on the 19th Floor until 6:00 p.m.

- -

THE COMMISSIONERS

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

SCHEDULED OSC HEARINGS

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.	**Bruce Carlos Mitchell** s. 127 C. Johnson in attendance for Staff Panel: MGC
December 19, 2011 11:00 a.m.	**York Rio Resources Inc., Brilliante Brasilcan Resources Corp., Victor York, Robert Runic, George Schwartz, Peter Robinson, Adam Sherman, Ryan Demchuk, Matthew Oliver, Gordon Valde and Scott Bassingdale** s. 127 H. Craig/C. Watson in attendance for Staff Panel: VK/EPK
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
December 21, 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
December 21, 2011 11:00 a.m.	**Carlton Ivanhoe Lewis, Mark Anthony Scott, Sedwick Hill, Leverage Pro Inc., Prosporex Investment Club Inc., Prosporex Investments Inc., Prosporex Ltd., Prosporex Inc., Prosporex Forex SPV Trust, Networth Financial Group Inc., and Networth Marketing Solutions** s. 127 and 127.1 H. Daley in attendance for Staff Panel: JDC/MCH
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 9, 2012 10:00 a.m.	**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: CP/PLK
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 11, 2012 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
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 12, March 28-30, and April 3, 2012 10:00 a.m. January 16 and March 26, 2012 11:00 a.m.	**Shaun Gerard McErlean, Securus Capital Inc., and Acquiesce Investments** s. 127 M. Britton in attendance for Staff Panel: VK/JDC
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: JEAT
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 20, 2012 10:00 a.m.	**L. Jeffrey Pogachar, Paola Lombardi, Alan S. Price, New Life Capital Corp., New Life Capital Investments Inc., New Life Capital Advantage Inc., New Life Capital Strategies Inc., 1660690 Ontario Ltd., 2126375 Ontario Inc., 2108375 Ontario Inc., 2126533 Ontario Inc., 2152042 Ontario Inc., 2100228 Ontario Inc., and 2173817 Ontario Inc.** s. 127 M. Britton in attendance for Staff Panel: EPK/PLK
January 24, 2012 10:00 a.m.	**Majestic Supply Co. Inc., Suncastle Developments Corporation, Herbert Adams, Steve Bishop, Mary Kricfalusi, Kevin Loman and CBK Enterprises Inc.** s. 37, 127 and 127.1 D. Ferris in attendance for Staff Panel: EPK/PLK
January 26-27, 2012 10:00 a.m.	**Empire Consulting Inc. and Desmond Chambers** s. 127 D. Ferris in attendance for Staff Panel: EPK
January 30, 2012 10:00 a.m.	**Firestar Capital Management Corp., Kamposse Financial Corp., Firestar Investment Management Group, Michael Ciavarella and Michael Mitton** s. 127 H. Craig in attendance for Staff Panel: JEAT
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: PLK

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 2-3, 2012 10:00 a.m.	**Zungui Haixi Corporation, Yanda Cai and Fengyi Cai** s. 127 J. Superina in attendance for Staff Panel: CP
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: EPK
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: CP
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: EPK
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 18, 2012 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: JDC

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: CP
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: EPK
June 4, June 6-18, and June 20-26, 2012 10:00 a.m.	**Peter Sbaraglia** s. 127 J. Lynch in attendance for Staff Panel: TBA
September 4-10, September 12-14, September 19-24, and September 26 – October 5, 2012 10:00 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: 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 **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	**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 **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

TBA **FactorCorp Inc., FactorCorp Financial Inc. and Mark Twerdun**

s. 127

C. Price in attendance for Staff

Panel: CP

TBA **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: TBA

TBA **MBS Group (Canada) Ltd., Balbir Ahluwalia and Mohinder Ahluwalia**

s. 37, 127 and 127.1

C. Rossi in attendance for staff

Panel: TBA

TBA **2196768 Ontario Ltd carrying on business as Rare Investments, Ramadhar Dookhie, Adil Sunderji and Evgueni Todorov**

s. 127

D. Campbell in attendance for Staff

Panel: TBA

TBA **North American Financial Group Inc., North American Capital Inc., Alexander Flavio Arconti, and Luigino Arconti**

s. 127

M. Vaillancourt in attendance for Staff

Panel: TBA

ADJOURNED SINE DIE

Global Privacy Management Trust and Robert Cranston

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

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

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

1.1.2 OSC Rule 21-501 – Deferral of Information Transparency Requirements for Government Debt Securities in National Instrument 21-101 – Marketplace Operation – Notice of Ministerial Approval

NOTICE OF MINISTERIAL APPROVAL OF
ONTARIO SECURITIES COMMISSION RULE 21-501
DEFERRAL OF INFORMATION TRANSPARENCY REQUIREMENTS
FOR GOVERNMENT DEBT SECURITIES IN
NATIONAL INSTRUMENT 21-101 – *MARKETPLACE OPERATION*

On December 8, 2011, the Minister of Finance approved OSC Rule 21-501 *Deferral of Information Transparency Requirements for Government Debt Securities in National Instrument 21-101 – Marketplace Operation* as a rule under the *Securities Act* (Ontario). The rule was made by the Commission on October 11, 2011, and was published on the Ontario Securities Commission Bulletin on October 28, 2011 at (2011) 34 OSCB 10953.

The rule extends the existing exemption from the transparency requirements for government debt securities, included in section 8.6 of National Instrument 21-101 *Marketplace Operation,* until December 31, 2014. The rule will come into force on **December 31, 2011**.

Rule 21-501 is published in Chapter 5 of this Bulletin and at www.osc.gov.on.ca. No changes have been made to the rule since publication in the Bulletin on October 28, 2011.

December 16, 2011

1.2 Notices of Hearing

1.2.1 Nuvo Research Inc. and Rebecca E. Keeler – 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
NUVO RESEARCH INC. AND
REBECCA E. KEELER

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN STAFF OF
THE ONTARIO SECURITIES COMMISSION AND
REBECCA E. KEELER

NOTICE OF HEARING
(Sections 127(1) and 127.1)

TAKE NOTICE that the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to section 127(1) and 127.1 of the *Securities Act*, R.S.O., 1990 c. S.5, as amended (the "Act") at its offices at 20 Queen Street West, 17th Floor, Toronto, Ontario, commencing on December 12, 2011, at 9:00 a.m. or as soon thereafter as the hearing can be held;

AND TAKE NOTICE that the purpose of the hearing is for the Commission to consider whether it is in the public interest to approve the settlement agreements between Staff of the Commission and Rebecca E. Keeler, signed December 1, 2011;

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 proceeding.

DATED at Toronto this 8th day of December, 2011.

"John Stevenson"
Secretary to the Commission

1.3 News Releases

1.3.1 Michael Mitton Settles with the Ontario Securities Commission

FOR IMMEDIATE RELEASE
December 9, 2011

MICHAEL MITTON SETTLES WITH
THE ONTARIO SECURITIES COMMISSION

TORONTO – The Ontario Securities Commission today approved a settlement agreement reached between Staff and Michael Mitton, who admitted to conduct contrary to the public interest relating to his trading in shares of Pender International Inc ("Pender").

Michael Mitton admitted that, in the period between July 2004 and December 2004, trading in the securities of Pender was dominated by trading that he orchestrated, and was arranged between different accounts in a way that created a misleading appearance of trading activity, and artificially increased the share price of Pender.

Under the settlement agreement, Michael Mitton is permanently prohibited from trading in or acquiring any securities. He is prohibited from becoming an officer or director of any issuer or investment fund manager, or acting as a registrant, investment fund manager or promoter. Michael Mitton agreed to cease permanently from telephoning from within Ontario, to any residence within or outside Ontario, for the purpose of trading any security or any class of securities. Mitton also agreed that any exemptions contained in Ontario securities law do not apply to him.

A copy of the Settlement Agreement and Order of the Commission in this matter are available on the OSC website at www.osc.gov.on.ca.

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

For media inquiries:
media_inquiries@osc.gov.on.ca

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

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

Dylan Rae
Media Relations Specialist
416-595-8934

For investor inquiries:

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

1.3.2 Court Dismisses Appeals of Ronald Crowe and Vernon Smith Regarding Ontario Securities Commission Rulings in XI Biofuels Inc. Matter

FOR IMMEDIATE RELEASE
December 12, 2011

COURT DISMISSES APPEALS OF RONALD CROWE AND VERNON SMITH REGARDING ONTARIO SECURITIES COMMISSION RULINGS IN XI BIOFUELS INC. MATTER

TORONTO – On December 5, 2011, the Superior Court of Justice (Divisional Court) dismissed an appeal by Ronald Crowe and Vernon Smith in respect of Commission decisions on the merits and on sanctions in the matter of XI Biofuels Inc. et al.

In ruling on the appeal, the Court upheld the Commission's finding that it had jurisdiction over the appellants' conduct and found the Commission's order as to costs to be reasonable.

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

For media inquiries:
media_inquiries@osc.gov.on.ca

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

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

Dylan Rae
Media Relations Specialist
416-595-8934

For investor inquiries:

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

1.4 Notices from the Office of the Secretary

1.4.1 Nuvo Research Inc. and Rebecca E. Keeler

FOR IMMEDIATE RELEASE
December 8, 2011

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

AND

IN THE MATTER OF
NUVO RESEARCH INC. AND
REBECCA E. KEELER

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN STAFF OF
THE ONTARIO SECURITIES COMMISSION AND
REBECCA E. KEELER

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 Rebecca Keeler. The hearing will be held on December 12, 2011 at 9:00 a.m. in Hearing Room C on the 17th floor of the Commission's offices located at 20 Queen Street West, Toronto.

A copy of the Notice of Hearing dated December 8, 2011 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

For media inquiries:
media_inquiries@osc.gov.on.ca

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

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

Dylan Rae
Media Relations Specialist
416-595-8934

For investor inquiries:

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

1.4.2 Marlon Gary Hibbert et al.

FOR IMMEDIATE RELEASE
December 9, 2011

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

AND

IN THE MATTER OF
MARLON GARY HIBBERT,
ASHANTI CORPORATE SERVICES INC.,
DOMINION INTERNATIONAL RESOURCE
MANAGEMENT INC., KABASH RESOURCE
MANAGEMENT, POWER TO CREATE WEALTH INC.
AND POWER TO CREATE WEALTH INC. (PANAMA)

TORONTO – Take notice that the previously scheduled dates of December 12 to 15, 2011 for the hearing on the merits in the above named matter are vacated. The hearing will resume on January 11, 2012 at 10:00 a.m. for closing submissions.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

For media inquiries:
media_inquiries@osc.gov.on.ca

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

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

Dylan Rae
Media Relations Specialist
416-595-8934

For investor inquiries:

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

1.4.3 Shallow Oil & Gas Inc. et al.

FOR IMMEDIATE RELEASE
December 9, 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

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN STAFF OF
THE ONTARIO SECURITIES COMMISSION AND
MARCO DIADAMO

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

A copy of the Order dated December 9, 2011 and Settlement Agreement dated November 25, 2011 are available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

For media inquiries:
media_inquiries@osc.gov.on.ca

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

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

Dylan Rae
Media Relations Specialist
416-595-8934

For investor inquiries:

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

1.4.4 Firestar Capital Management Corp. et al.

FOR IMMEDIATE RELEASE
December 9, 2011

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

AND

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

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

A copy of the Order dated December 9, 2011 and Settlement Agreement dated December 6, 2011 are available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

For media inquiries:
media_inquiries@osc.gov.on.ca

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

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

Dylan Rae
Media Relations Specialist
416-595-8934

For investor inquiries:

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

1.4.5 Nuvo Research Inc. and Rebecca E. Keeler

FOR IMMEDIATE RELEASE
December 12, 2011

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

AND

IN THE MATTER OF
NUVO RESEARCH INC. AND REBECCA E. KEELER

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN STAFF OF THE ONTARIO SECURITIES COMMISSION AND REBECCA E. KEELER

TORONTO – Following a hearing held on December 12, 2011, the Commission issued an Order in the above named matter approving the Settlement Agreement reached between Staff of the Commission and Rebecca E. Keeler.

A copy of the Order dated December 12, 2011 and Settlement Agreement dated December 1, 2011 are available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

For media inquiries:
media_inquiries@osc.gov.on.ca

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

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

Dylan Rae
Media Relations Specialist
416-595-8934

For investor inquiries:

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

1.4.6 Merax Resource Management Ltd. et al.

FOR IMMEDIATE RELEASE
December 13, 2011

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

AND

IN THE MATTER OF
MERAX RESOURCE MANAGEMENT LTD.,
carrying on business as
CROWN CAPITAL PARTNERS,
RICHARD MELLON and ALEX ELIN

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

A copy of the Reasons and Decision dated December 12, 2011 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

For media inquiries:
media_inquiries@osc.gov.on.ca

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

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

Dylan Rae
Media Relations Specialist
416-595-8934

For investor inquiries:

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

1.4.7 2196768 Ontario Ltd et al.

FOR IMMEDIATE RELEASE
December 14, 2011

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

AND

IN THE MATTER OF
2196768 ONTARIO LTD
carrying on business as RARE INVESTMENTS,
RAMADHAR DOOKHIE, ADIL SUNDERJI
and EVGUENI TODOROV

TORONTO – The Commission issued an Order in the above named matter which provides that (1) Staff shall make disclosure to the Respondents on or by January 16, 2012; and (2) a confidential pre-hearing conference will take place on March 5, 2012 at 10:00 a.m.

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

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

For media inquiries:
media_inquiries@osc.gov.on.ca

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

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

Dylan Rae
Media Relations Specialist
416-595-8934

For investor inquiries:

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

This page intentionally left blank

Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Manulife Securities Incorporated and Manulife Securities Investment Services Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Participating dealers exempted from compliance with the point of sale equity interest consent requirements of subsection 8.2(4) of NI 81-105 in respect of trades made by certain existing clients in securities of public mutual funds.

Applicable Legislative Provisions

National Instrument 81-105 Mutual Fund Sales Practices, ss. 8.2(4), 9.1.

December 7, 2011

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

AND

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

AND

IN THE MATTER OF
MANULIFE SECURITIES INCORPORATED
(MSI)

AND

MANULIFE SECURITIES INVESTMENT SERVICES INC. (MSISI) (collectively, the Filers)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filers for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) exempting the Filers from the requirement that the Filers obtain written consent from those clients who opened an account with a Filer between September 1, 2007 and October 31, 2008 (**Affected Clients**), prior to the completion of a trade in related mutual funds (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,

(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 each of British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Northwest Territories, Nunavut and Yukon (the **Passport Jurisdictions**).

Interpretation

Terms defined in MI 11-102, National Instrument 14-101 *Definitions* and National Instrument 81-105 *Mutual Fund Sales Practices* (**NI 81-105**) have the same meanings if used in this decision unless otherwise defined.

Representations

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

1. MSI is registered as an investment dealer in all provinces and territories of Canada. MSI is a member of the Investment Industry Regulatory Organization of Canada.

2. MSISI is registered as a mutual fund dealer in all provinces and territories of Canada, except Nunavut and is registered as an exempt market dealer in all provinces and territories of Canada, except Nunavut and Northwest Territories. MSISI is a member of the Mutual Fund Dealers Association of Canada.

3. Manulife Financial Corporation (**Manulife**) is a public company listed on The Toronto Stock Exchange and owns 100% of The Manufacturers Life Insurance Company. Manulife is a reporting issuer in all provinces and territories of Canada.

4. Manulife Asset Management Limited (**MAML**), is the manager of certain mutual funds, including the Manulife Mutual Funds and a group of mutual funds formerly known as the "AIC Mutual Funds" (and now rebranded as part of the Manulife Mutual Funds (collectively, the **Funds**)). The Filers and MAML are wholly owned subsidiaries of Manulife.

5. As a result of the above relationships, the Filers are "members of the organization" (within the

meaning of NI 81-105) of the Funds managed by MAML.

6. On September 25, 2009, Manulife purchased AIC Limited's Canadian retail investment fund business, which resulted in AIC Limited, the former manager of the AIC Mutual Funds, transferring its investment fund management business to MAML (the **Transaction**).

7. Unitholders of the former AIC Mutual Funds, including clients of the Filers, were informed about the change of manager of these Funds and were presented with multiple disclosure documents describing the Transaction, including the following:

   (a) A press release was issued and a material change report was filed on August 12, 2009, in respect of the former AIC Mutual Funds, providing information relating to the proposed Transaction.

   (b) Amendments dated August 13, 2009, were made to the former AIC Mutual Funds' simplified prospectus and annual information form, in order to reflect the proposed Transaction.

   (c) A notice of meeting, a form of proxy and a management information circular dated August 14, 2009, were sent to all unitholders of record of the former AIC Mutual Funds on the relevant mailing date, providing them with information about the Transaction and requesting approval of the change of manager to MAML.

   (d) Following the special meeting and once unitholder approval of the Transaction was obtained, a press release was issued and a material change report was filed on September 24, 2009, in respect of the former AIC Mutual Funds, announcing the receipt of unitholder approval for the change of manager to MAML. Similarly, a press release was issued and a material change report was filed on September 25, 2009, in respect of the former AIC Mutual Funds, stating that the Transaction had been completed.

   (e) Amendments dated September 28, 2009, were made to the former AIC Mutual Funds' simplified prospectus and annual information form, disclosing unitholder approval of the Transaction.

8. The current simplified prospectus of the Funds informs investors about the ownership of the Filers and MAML by Manulife and the relationship between the Filers and the Funds.

9. In addition, all clients of the Filers were sent a copy of a disclosure document which sets out the ownership of the Filers and MAML by Manulife and the relationship between the Filers and the Funds. In this way, all clients of the Filers have access to complete information about the relationships between the relevant parties.

10. The Filers act as participating dealers (within the meaning of NI 81-105) in respect of the Funds, as well as for mutual funds managed by unrelated fund managers.

11. The Filers act independently from MAML and have no connection with MAML, other than through their common ultimate parent company.

12. The Filers are free to choose which mutual funds to recommend to their clients and consider recommending the Funds to their clients in the same way as they consider recommending other third party mutual funds. The Filers comply with their obligations at law and only recommend mutual funds that they believe would be suitable for their clients and in accordance with their clients' investment objectives.

13. MAML provides the Filers with the compensation described in the prospectus of the Funds in the same manner as MAML does for any participating dealer selling securities of the Funds to their clients.

14. Subsections 8.2(3), (4) and (5) of NI 81-105 requires the following in respect of trades in securities of the Funds:

   (a) pursuant to subsection 8.2(3), the Filers are required to disclose to the purchasers of securities of a Fund, the amount of equity interest that Manulife, and any other member of the organization of the Funds, has in the Filers;

   (b) pursuant to subsection 8.2(4), a purchaser of securities of a Fund from the Filers must consent to the trade after he or she receives the disclosure document described under (a) before the trade can be completed; and

   (c) pursuant to subsection 8.2(5), the Filers are not required to deliver the disclosure document to obtain the consent of a purchaser of securities of the Funds if that purchaser has previously acquired such securities and received a disclosure document, if the information contained in that disclosure document has not changed.

15. For accounts opened prior to September 1, 2007, the Filers complied with the requirements of

subsection 8.2 of NI 81-105 by obtaining written consent of such clients (either at the time of account opening or through a separate disclosure document) or by relying upon exemptive relief granted to the Filers by the securities regulators for a specified group of clients. From November 1, 2008 onward, the Filers implemented a policy of obtaining written consent to the purchase of the Funds from all clients during the account opening process.

16. During the period September 1, 2007 until October 31, 2008 (the **Period**), the Filers' policy was to obtain the written consent of an investor to the purchase of securities of a Fund only at the time a client invested in such securities. As a result, the Filer typically would not have written consent from clients who opened an account during the Period and who have not purchased securities of a Fund.

17. The Filers are seeking an exemption from the requirement in subsection 8.2(4) to obtain written consent for trades in securities of the Funds for those investors who opened an account with a Filer during the Period and who have not already provided written consent to the purchase of securities of the Funds (**Affected Clients**).

18. As at February 7, 2011 the Filers have a combined total of approximately 8,004 Affected Clients. A significant number of these Affected Clients trade in mutual funds.

19. The Filers have developed a procedure for Affected Clients to obtain written consent prior to completion of trades in securities of the Funds on an "as needed" basis. However, the Filers are concerned that the procedure creates a dis-incentive for many of their clients and sales representatives from trading in securities of the Funds and potentially creates trade delays.

20. The Filers believe that its clients are aware of the relationships between the Filers and the Funds given the shared use of the name "Manulife" and that many of the Affected Clients would view the requirement to provide written consent evidencing such knowledge as administratively burdensome so as to cause them to invest in unrelated mutual funds.

21. The Filers have considered alternatives to the "as needed" approach, such as re-documenting all Affected Client's accounts. This would involve a mail-out to all Affected Clients, tracking whether or not a client has executed a consent form and following up with any client who failed to return the form prior to any such client trading in securities of the Funds. The costs of compliance with this approach are considerable with little or no benefit to clients, given that they are already aware of the relationship between the Filers and the Funds.

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
Ontario Securities Commission

"James D. Carnwath"
Commissioner
Ontario Securities Commission

2.2 Orders

2.2.1 Shallow Oil & Gas Inc. et al. – ss. 37, 127(1)

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

AND

**IN THE MATTER OF
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**

AND

**IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN STAFF OF
THE ONTARIO SECURITIES COMMISSION AND
MARCO DIADAMO**

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

WHEREAS on June 11, 2008, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to sections 37 and 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended in respect of Marco Diadamo ("Diadamo");

AND WHEREAS Diadamo entered into a Settlement Agreement with Staff of the Commission dated November 25, 2011 (the "Settlement Agreement") in which Diadamo agreed to a proposed settlement of the proceeding commenced by the Notice of Hearing, subject to the approval of the Commission;

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

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

IT IS HEREBY ORDERED THAT:

(a) the Settlement Agreement is approved;

(b) pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities by Diadamo cease permanently from the date of the approval of the Settlement Agreement;

(c) pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Diadamo is prohibited permanently from the date of the approval of the Settlement Agreement;

(d) pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Diadamo permanently from the date of the approval of the Settlement Agreement;

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

(f) pursuant to paragraphs 8, 8.2 and 8.4, respectively, of subsection 127(1) of the Act, Diadamo is prohibited permanently from the date of the approval of the Settlement Agreement from becoming or acting as a director or officer of any issuer, registrant, or investment fund manager;

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

(h) pursuant to paragraph 10 of subsection 127(1) of the Act, Diadamo shall disgorge to the Commission the amount of $11,625 obtained as a result of his non-compliance with Ontario securities law. The amount of $11,625 disgorged shall be designated for allocation to or for the benefit of third parties, including investors who lost money as a result of purchasing Shallow Oil securities, in accordance with s. 3.4(2)(b) of the Act;

(i) pursuant to paragraph 9 of subsection 127(1) of the Act, Diadamo shall pay an administrative penalty in the amount of $5,812 for his failure to comply with Ontario securities law. The administrative penalty in the amount of $5,812 shall be designated for allocation to or for the benefit of third parties, including investors who lost money as a result of purchasing Shallow Oil securities, in accordance with s. 3.4(2)(b) of the Act;

(j) any amounts paid to the Commission under the disgorgement and administrative penalty orders in this matter shall be designated for allocation to or for the benefit of third parties other than Diadamo, including investors who lost money as a result of investing in the Shallow Oil Securities, 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 Shallow Oil Securities 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;

(k) the terms of the paragraph above 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 the orders for disgorgement and administrative penalty, 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;

(l) pursuant to subsection 37(1) of the Act, Diadamo shall cease permanently, from the date of the approval of the Settlement Agreement, to telephone from within Ontario to any residence within or outside Ontario for the purpose of trading in any security or any class of securities; and

(m) Notwithstanding the provisions of this Order, once Diadamo has fully satisfied the terms of sub-paragraphs (h) and (i) above, Diadamo is permitted to trade for his own account, solely through a registered dealer or, as appropriate, a registered dealer in a foreign jurisdiction (which dealer must be given a copy of this order) in (a) any "exchange-traded security" or "foreign exchange-traded security" within the meaning of National Instrument 21-101 provided that he does not own beneficially or exercise control or direction over more than 5 percent of the voting or equity securities of the issuer(s) of any such securities; (b) any security issued by a mutual fund that is a reporting issuer; and provided that Diadamo provides Staff with the particulars of the accounts in which such trading is to occur (as soon as practicable before any trading in such accounts occurs) including the name of the registered dealer through which the trading will occur and the account numbers, and Diadamo shall instruct the registered dealer to provide copies of all trade confirmation notices with respect to trading in the accounts directly to Staff at the same time that such notices are provided to him; or (c) any shares in a "private company" as defined in section 1 of the Act.

DATED AT TORONTO this 9th day of December, 2011.

"James D. Carnwath"

2.2.2 Firestar Capital Management Corp. et al. – ss. 37, 127(1)

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

AND

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

AND

**IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN STAFF OF
THE ONTARIO SECURITIES COMMISSION AND
MICHAEL MITTON**

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

WHEREAS on December 7, 2011, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to sections 37 and 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") in respect of Michael Mitton ("Mitton");

AND WHEREAS Mitton entered into a Settlement Agreement with Staff of the Commission dated December 6, 2011 (the "Settlement Agreement") in which Mitton agreed to a proposed settlement of the proceeding commenced by the Notice of Hearing, subject to the approval of the Commission;

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

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

IT IS HEREBY ORDERED THAT:

(a) the Settlement Agreement is approved;

(b) pursuant to clause 2 of subsection 127(1) of the Act, trading in any securities by Mitton cease permanently;

(c) pursuant to clause 2.1 of section 127(1) of the Act, Mitton is prohibited permanently from the acquisition of any securities;

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

(e) pursuant to clauses 7, 8.1 and 8.3 of subsection 127(1), Mitton resign any position he may hold as an officer or director of an issuer or registrant or investment fund manager;

(f) pursuant to clauses 8 and 8.4 of subsection 127(1), Mitton be prohibited permanently from becoming or acting as a director or officer of any issuer or investment fund manager;

(g) pursuant to clause 8.5 of subsection 127(1), Mitton be prohibited permanently from becoming or acting as a registrant, as an investment fund manager or as a promoter; and

(h) pursuant to subsection 37(1), Mitton cease permanently to telephone from within Ontario to any residence within or outside Ontario for the purpose of trading in any security or any class of securities.

DATED AT TORONTO this 9th day of December, 2011.

"James D. Carnwath"

2.2.3 Nuvo Research Inc. and Rebecca E. Keeler

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

AND

IN THE MATTER OF
NUVO RESEARCH INC. AND REBECCA E. KEELER

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN STAFF OF THE ONTARIO SECURITIES COMMISSION AND REBECCA E. KEELER

ORDER

WHEREAS on April 24, 2007, the Commission issued a Notice of Hearing pursuant to section 127 of the *Securities Act* (the "Act") in respect of Rebecca Keeler ("Keeler" or the "Respondent");

AND WHEREAS on April 24, 2007, Staff of the Commission ("Staff") filed a Statement of Allegations;

AND WHEREAS the Respondent entered into a Settlement Agreement dated December 1, 2011, (the "Settlement Agreement") in relation to the matters set out in the Amended Statement of Allegations;

AND WHEREAS the Commission issued a Notice of Hearing dated December 8, 2011, announcing that it proposed to consider the Settlement Agreement;

UPON reviewing the Settlement Agreement, the Notice of Hearing and the Statement of Allegations, and upon considering submissions from the Respondent through her counsel and from Staff of the Commission;

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

IT IS HEREBY ORDERED:

1. the Settlement Agreement is hereby approved;

2. pursuant to clause 8 of subsection 127(1) of the Act, Keeler shall be prohibited from acting as a director or officer of any reporting issuer for a period of 2 years, and that prior to acting in any capacity as a director or officer of any reporting issuer in the future, Keeler shall complete an education program, acceptable to both Keeler and Staff, relating to the obligations of officers and directors of reporting issuers, and undertaken at Keeler's expense;

3. pursuant to clause 6 of subsection 127(1) Keeler is reprimanded; and,

4. pursuant to clause 9 of subsection 127(1), immediately upon this Settlement Agreement being approved, Keeler shall pay to the Commission an administrative penalty of $5,000.

DATED at Toronto this 12th day of December, 2011.

"Paulette Kennedy"

2.2.4 2196768 Ontario Ltd et al.

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

AND

IN THE MATTER OF
2196768 ONTARIO LTD
carrying on business as RARE INVESTMENTS,
RAMADHAR DOOKHIE, ADIL SUNDERJI
and EVGUENI TODOROV

ORDER

WHEREAS on November 22, 2011, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing, pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), in connection with a Statement of Allegations filed by Staff of the Commission ("Staff") on the same day with respect to 2196768 Ontario Ltd carrying on business as RARE Investments, Ramadhar Dookhie, Adil Sunderji and Evgueni Todorov (collectively, the "Respondents") for a hearing to commence on December 5, 2011;

AND WHEREAS on December 5, 2011, counsel for Staff and counsel for the Respondents appeared before the Commission and made submissions;

AND WHEREAS on December 5, 2011, counsel for Staff advised that disclosure will be made to the Respondents by Staff on or by January 16, 2012;

AND WHEREAS on December 5, 2011, counsel for Staff and counsel for the Respondents consented to the scheduling of a confidential pre-hearing conference on March 5, 2012 at 10:00 a.m.;

IT IS ORDERED THAT:

1. Staff shall make disclosure to the Respondents on or by January 16, 2012; and

2. A confidential pre-hearing conference will take place on March 5, 2012 at 10:00 a.m.

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

"Mary G. Condon"

Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions, Orders and Rulings

3.1.1 Shallow Oil & Gas Inc. et al.

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

SETTLEMENT AGREEMENT BETWEEN STAFF OF
THE ONTARIO SECURITIES COMMISSION AND
MARCO DIADAMO

PART I. – INTRODUCTION

1. By Notice of Hearing dated June 11, 2008, the Ontario Securities Commission (the "Commission") announced that it proposed to hold a hearing, commencing on June 18, 2008, to consider whether, pursuant to sections 37, 127, and 127.1 of the Ontario *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") it is in the public interest to make orders, as specified therein, against Shallow Oil & Gas Inc. ("Shallow Oil"), Eric O'Brien ("O'Brien"), Abel Da Silva ("Da Silva"), Gurdip Singh Gahunia, also known as Michael Gahunia ("Gahunia"), Abraham Herbert Grossman, also known as Allen Grossman ("Grossman"), Marco Diadamo ("Diadamo"), Gord McQuarrie ("McQuarrie"), Kevin Wash ("Wash"), and William Mankofsky ("Mankofsky"). The Notice of Hearing was issued in connection with the allegations as set out in the Statement of Allegations of Staff of the Commission dated June 10, 2008 (the "Allegations").

2. The Commission will issue a Notice of Hearing to announce that it will hold a hearing to consider whether, pursuant to sections 37 and 127 of the Act, it is in the public interest for the Commission to approve this Settlement Agreement (the "Agreement"), between Staff of the Commission ("Staff") and Diadamo, and to make certain orders in respect of Diadamo.

PART II. – JOINT SETTLEMENT RECOMMENDATION

3. Staff agree to recommend settlement of the proceeding initiated by the Notice of Hearing dated June 11, 2008 against Diadamo in accordance with the terms and conditions set out below. Diadamo consents to the making of an order against him in the form attached as Schedule "A" on the basis of the facts set out below.

PART III. – AGREED FACTS

Background

4. Diadamo is a resident of the Greater Toronto Area.

5. While trading in securities of Shallow Oil (the "Shallow Oil Securities"), Diadamo was not registered in any capacity with the Commission.

Shallow Oil & Gas Inc.

6. Between and including September, 2007 and January, 2008 (the "Material Time"), Shallow Oil and the individual respondents traded Shallow Oil Securities from premises located at Unit 224, 7181 Woodbine Avenue, Markham, Ontario (the "Premises").

7. During the Material Time, Shallow Oil Securities were traded to numerous investors located in Alberta, Manitoba, Nova Scotia, Ontario, Saskatchewan and these investors sent over $200,000 to Shallow Oil to purchase shares of Shallow Oil.

8. Throughout the Material Time, Shallow Oil was not registered in any capacity with the Commission.

9. The trades in Shallow Oil Securities were trades in securities not previously issued and were therefore distributions. No preliminary prospectus or prospectus was filed and no receipts were issued for them by the Director to qualify the trading of Shallow Oil Securities.

Diadamo and the trading of securities of Shallow Oil

10. Throughout the Material Time, Diadamo was not registered with the Commission in any capacity.

11. Diadamo commenced working at Shallow Oil in November of 2007 and worked selling Shallow Oil Securities until January 14, 2008 (the "Material Time").

12. Sometime in November, 2007, Diadamo responded to an advertisement, printed in the Toronto Star newspaper, for employment as a salesperson. Diadamo attended at the offices of Shallow Oil located at Unit 224, 7181 Woodbine Avenue, Markham, Ontario (the "Premises") were he met with Grossman who hired him.

13. Grossman informed Diadamo about the nature of the Shallow Oil business, provided him with materials and directed him to a web site. Grossman informed Diadamo that he would be paid a commission equal to 25% of his gross sales of Shallow Oil Securities.

14. Commencing in November of 2007, Diadamo began selling Shallow Oil Securities to members of the public. These sales were done over the telephone from the Premises. Diadamo was supervised by Grossman who was in charge of the office.

15. During the Material Time, Diadamo would be provided with "qualified leads" of potential investors. These leads were provided to him by persons under Grossman's control and direction.

16. The individuals and companies being contacted were being pitched on purchasing Shallow Oil Securities. The individuals would be directed to the Shallow Oil website and would be sent information with respect to Shallow Oil. Diadamo learned about Shallow Oil from looking at the Shallow Oil website and from materials about Shallow Oil provided by DaSilva and by persons working under the direction of Grossman.

17. Potential investors were sent information packages about Shallow Oil by e-mail or facsimile.

18. Diadamo advised potential investors and investors, with the intention of effecting trades, that Shallow Oil was intending to go public and that the value or price of the Shallow Oil Securities would rise significantly when Shallow Oil was listed on a stock exchange. Using scripts provided to him at the Premises, Diadamo misled investors about the underlying business of Shallow Oil and sales of Shallow Oil Securities to institutional investors.

19. After orally agreeing to invest, investors received a subscription agreement from Shallow Oil. The subscription agreement set out the quantity, unit price and total amount of investment. Investors were instructed to make cheques payable to Shallow Oil and to send the subscription agreement and cheques to 161 Bay Street, 27th floor, Toronto, Ontario.

20. When Diadamo was contacting potential investors by telephone he would identify himself as "Mark Rogers" rather than using his real name.

21. During the Material Time, Diadamo made the following sales of Shallow Oil Securities:

Initials of Investors	Province	Dollar Value of Shares Purchased	Name of Salesperson as Provided to Investor	
S.B.	ON	$2,500	Mark Rogers	Dec. 5, 2007
D.D.	AB	$1,000	Mark Rogers	Dec. 10, 2007
R.G	AB	$500	Mark Rogers	Nov. 16, 2007
B.H.	NS	$1,000	Mark Rogers	Nov. 20, 2007
P.K.	AB	$1,000	Mark Rogers	Nov. 29, 2007
G.L.	SK	$500	Mark Rogers	Dec. 3, 2007
P.M.	AB	$500	Mark Rogers	Nov. 28, 2007
P.M. #2	AB	$1000	Mark Rogers	Dec. 3, 2007
W.N.	AB	$1000	Mark Rogers	Nov. 29, 2007
J.P	ON	$5000	Mark Rogers	Dec. 11, 2007
M.P.	ON	$1000	Mark Rogers	Dec. 03, 2007
A.S.	AB	$5000	Mark Rogers	Dec. 11, 2007
C.S.	AB	$20,000	Mark Rogers	Dec. 18, 2007
Total		**$40,000**		

22. As set out above, Diadamo sold Shallow Oil Securities to 13 individuals. For his role in the illegal sale of Shallow Oil Securities, Diadamo and was paid a total of $11,625 in commissions.

23. Diadamo directed the individuals purchasing Shallow Oil Securities to send their payment and completed subscription agreement to the TD Tower, 161 Bay Street, 27th Floor, Toronto, Ontario. This address is a Regus business centre virtual office (the “Regus Address”) and packages arriving at the Regus Address would then be forwarded to the Premises.

24. Diadamo took no steps to confirm whether Shallow Oil actually had an office on Bay Street in Toronto.

25. At no point did Diadamo disclose to investors or potential investors the actual location of the Premises.

26. Payments to Diadamo for his sales of Shallow Oil Securities were made by cheques written on a bank account in the name of Shallow Oil.

27. At no point did Diadamo advise investors that he would be receiving a commission of approximately 25% of the total purchase price paid by them for Shallow Oil Securities.

28. When persuading investors to buy Shallow Oil Securities, Diadamo was not aware of any legitimate assets possessed by Shallow Oil. He did not exercise any due diligence to ensure what he was telling investors about Shallow Oil, including its alleged assets, was true.

29. In addition to the sales of shares set out above, Diadamo also made two further sales of Shallow Oil Securities in the amounts of $1,500 and $1,000 that were never completed. The courier packages containing the cheques from two investors (S.A. and E.M.) were intercepted by Staff prior to them being cashed. Again, Diadamo sold Shallow Oil Securities to S.A. and E.M. using the alias Mark Rogers.

30. On January 14, 2008, Staff conducted an inspection of the Premises when Diadamo was present. Diadamo was located in an office he occupied with Wash adjacent to the office used by Grossman.

PART IV. – CONDUCT CONTRARY TO THE PUBLIC INTEREST

31. By engaging in the conduct described above, Diadamo admits and acknowledges that he contravened Ontario securities law in the following ways:

(a) Trading securities of Shallow Oil without being registered with the Commission to trade in securities, contrary to subsection 25(1)(a) of the Act;

(b) Trading in securities of Shallow Oil in circumstances where the trading constituted a distribution and where no preliminary prospectus and prospectus in respect of such securities had been filed and receipts issued by the Director, contrary to subsection 53(1) of the Act; and

(c) Engaging or participating in acts, practices or courses of conduct relating to the securities of Shallow Oil that he knew or ought to have known perpetrated a fraud on investors in Ontario and elsewhere in Canada, contrary to subsection 126.1(b) of the Act.

32. Diadamo admits and acknowledges that he acted contrary to the public interest by contravening Ontario securities law as set out in sub-paragraphs 31(a) to (c) above .

PART V. – TERMS OF SETTLEMENT

33. Diadamo agrees to the terms of settlement listed below.

34. The Commission will make an order, pursuant to section 37 and subsection 127(1) of the Act, that:

(a) the Settlement Agreement is approved;

(b) trading in any securities by Diadamo cease permanently from the date of the approval of the Settlement Agreement;

(c) the acquisition of any securities by Diadamo is prohibited permanently from the date of the approval of the Settlement Agreement;

(d) any exemptions contained in Ontario securities law do not apply to Diadamo permanently from the date of the approval of the Settlement Agreement;

(e) Diadamo is reprimanded;

(f) Diadamo is prohibited permanently from the date of the approval of the Settlement Agreement from becoming or acting as a director or officer of any issuer, registrant, or investment fund manager;

(g) Diadamo is prohibited permanently from the date of the approval of the Settlement Agreement from becoming or acting as a registrant, as an investment fund manager or as a promoter; and,

(h) Diadamo shall disgorge to the Commission the amount of $11,625 obtained as a result of his non-compliance with Ontario securities law. The amount of $11,625 disgorged shall be designated for allocation to or for the benefit of third parties, including investors who lost money as a result of purchasing Shallow Oil securities, in accordance with s. 3.4(2)(b) of the Act;

(i) Diadamo shall pay an administrative penalty in the amount of $5,812 for his failure to comply with Ontario securities law. The administrative penalty in the amount of $5,812 shall be designated for allocation to or for the benefit of third parties, including investors who lost money as a result of purchasing Shallow Oil securities, in accordance with s. 3.4(2)(b) of the Act; and

(j) Diadamo is prohibited permanently, from the date of the approval of the Settlement Agreement, from telephoning from within Ontario to any residence within or outside Ontario for the purpose of trading in any security or any class of securities ; and

(k) Notwithstanding the provisions of this Order, once Diadamo has fully satisfied the terms of sub-paragraphs (h) and (i) above, Diadamo is permitted to trade for his own account, solely through a registered dealer or, as

appropriate, a registered dealer in a foreign jurisdiction (which dealer must be given a copy of this order) in (a) any "exchange-traded security" or "foreign exchange-traded security" within the meaning of National Instrument 21-101 provided that he does not own beneficially or exercise control or direction over more than 5 percent of the voting or equity securities of the issuer(s) of any such securities; (b) any security issued by a mutual fund that is a reporting issuer; and provided that Diadamo provides Staff with the particulars of the accounts in which such trading is to occur (as soon as practicable before any trading in such accounts occurs) including the name of the registered dealer through which the trading will occur and the account numbers, and Diadamo shall instruct the registered dealer to provide copies of all trade confirmation notices with respect to trading in the accounts directly to Staff at the same time that such notices are provided to him; or (c) any shares in a “private company” as defined in section 1 of the Act.

35. Any amounts paid to the Commission under the disgorgement and administrative penalty orders in this matter shall be allocated to or for the benefit of third parties other than Diadamo, including investors who lost money as a result of investing in the Shallow Oil Securities, 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 Shallow Oil Securities 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.

36. The terms of paragraph 35 above 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 the orders for disgorgement and administrative penalty, 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.

37. Diadamo undertakes to consent to a regulatory order made by any provincial or territorial securities regulatory authority in Canada containing any or all of the sanctions set out in sub-paragraphs 34(b) to (g) and (j) above.

PART VI. – STAFF COMMITMENT

38. If this Settlement Agreement is approved by the Commission, Staff will not initiate any other proceeding under the Act against Diadamo in relation to the facts set out in Part III herein, subject to the provisions of paragraph 39 below.

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

PART VII. – PROCEDURE FOR APPROVAL OF SETTLEMENT

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

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

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

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

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

PART VIII. – DISCLOSURE OF SETTLEMENT AGREEMENT

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

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

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

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

PART IX. – EXECUTION OF SETTLEMENT AGREEMENT

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

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

Signed in the presence of:

"Mary-Anne Diadamo"
Witness

"Marco Diadamo"
Marco Diadamo

Dated this 25th day of November, 2011

STAFF OF THE ONTARIO SECURITIES COMMISSION

per "Karen Manarin"
Tom Atkinson
Director, Enforcement Branch

Dated this _____ day of November, 2011.

Schedule "A"

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

AND

IN THE MATTER OF
SETTLEMENT AGREEMENT BETWEEN STAFF OF
THE ONTARIO SECURITIES COMMISSION AND
MARCO DIADAMO

ORDER
(Sections 37 and 127(1))

WHEREAS on June 11, 2008, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to sections 37 and 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended in respect of Marco Diadamo ("Diadamo");

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

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

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

IT IS HEREBY ORDERED THAT:

(a) the Settlement Agreement is approved;

(b) pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities by Diadamo cease permanently from the date of the approval of the Settlement Agreement;

(c) pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Diadamo is prohibited permanently from the date of the approval of the Settlement Agreement;

(d) pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Diadamo permanently from the date of the approval of the Settlement Agreement;

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

(f) pursuant to paragraphs 8, 8.2 and 8.4, respectively, of subsection 127(1) of the Act, Diadamo is prohibited permanently from the date of the approval of the Settlement Agreement from becoming or acting as a director or officer of any issuer, registrant, or investment fund manager;

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

(h) pursuant to paragraph 10 of subsection 127(1) of the Act, Diadamo shall disgorge to the Commission the amount of $11,625 obtained as a result of his non-compliance with Ontario securities law. The amount of $11,625 disgorged shall be designated for allocation to or for the benefit of third parties, including investors who lost money as a result of purchasing Shallow Oil securities, in accordance with s. 3.4(2)(b) of the Act;

(i) pursuant to paragraph 9 of subsection 127(1) of the Act, Diadamo shall pay an administrative penalty in the amount of $5,812 for his failure to comply with Ontario securities law. The administrative penalty in the amount of $5,812 shall be designated for allocation to or for the benefit of third parties, including investors who lost money as a result of purchasing Shallow Oil securities, in accordance with s. 3.4(2)(b) of the Act;

(j) pursuant to subsection 37(1) of the Act, Diadamo shall cease permanently, from the date of the approval of the Settlement Agreement, to telephone from within Ontario to any residence within or outside Ontario for the purpose of trading in any security or any class of securities; and

(k) Notwithstanding the provisions of this Order, once Diadamo has fully satisfied the terms of sub-paragraphs (h) and (i) above, Diadamo is permitted to trade for his own account, solely through a registered dealer or, as appropriate, a registered dealer in a foreign jurisdiction (which dealer must be given a copy of this order) in (a) any "exchange-traded security" or "foreign exchange-traded security" within the meaning of National Instrument 21-101 provided that he does not own beneficially or exercise control or direction over more than 5 percent of the voting or equity securities of the issuer(s) of any such securities; (b) any security issued by a mutual fund that is a reporting issuer; and provided that Diadamo provides Staff with the particulars of the accounts in which such trading is to occur (as soon as practicable before any trading in such accounts occurs) including the name of the registered dealer through which the trading will occur and the account numbers, and Diadamo shall instruct the registered dealer to provide copies of all trade confirmation notices with respect to trading in the accounts directly to Staff at the same time that such notices are provided to him; or (c) any shares in a “private company” as defined in section 1 of the Act.

Any amounts paid to the Commission under the disgorgement and administrative penalty orders in this matter shall be designated for allocation to or for the benefit of third parties other than Diadamo, including investors who lost money as a result of investing in the Shallow Oil Securities, 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 Shallow Oil Securities 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.

The terms of the paragraph above 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 the orders for disgorgement and administrative penalty, 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.

DATED AT TORONTO this _____ day of November, 2011.

_____

3.1.2 Firestar Capital Management Corp. et al.

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

AND

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

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

PART I – INTRODUCTION

1. By Notice of Hearing dated December 7, 2011, the Commission announced that it proposed to hold a hearing to consider whether, pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5 (the "Act"), it is in the public interest for the Commission to make an order approving the settlement agreement entered into between Staff of the Commission and Michael Mitton (the "Respondent").

PART II – JOINT SETTLEMENT RECOMMENDATION

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

PART III – AGREED FACTS

(a) Background

3. On March 22, 2007 before Justice Then of Superior Court of Justice (Ontario), the Respondent pled guilty to one count of fraud on the public market contrary to s.380(2) of the *Criminal Code of Canada* and one count of laundering proceeds of crime contrary to s.462.31 of the *Criminal Code of Canada*.

4. The transcript underlying the March 22, 2007 pleas of guilty and the agreed facts is attached hereto as Exhibit "A".

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

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

7. Michael Ciavarella ("Ciavarella") was an officer and director of Firestar Capital Management Corp. ("Firestar Capital").

8. Pender International Inc. ("Pender") is a company incorporated in Ontario with its head office in Thornhill, Ontario. Pender traded on the National Association of Securities Dealers Over the Counter Bulletin Board.

9. Pender had the same address and phone number as Kamposse.

10. Armistice Resources Ltd. ("Armistice") is a corporation incorporated in Ontario with its head office in Ontario.

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

12. Pender acquired IMM from KJ Holding Inc. ("KJ Holding"), an Ontario corporation. As a result of the acquisition, KJ Holding acquired 36.5% of Pender's issued and outstanding common stock. KJ Holding is wholly owned by the father of K. J.

13. The only asset of Armistice and Pender was a mine in northern Ontario near Kirkland Lake. The mine is currently flooded with water. The financial statements of Armistice for the three month period ending September 30, 2004 reveal a deficit of $29,598,630.

14. By press release dated October 27, 2004, Pender announced that it would be engaging Atlas Dewatering to dewater the mine, and it was expected that the dewatering would be completed in 4-6 weeks.

15. Pender did not release any further information about efforts to dewater the mine.

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

(b) The Accounts

17. Firestar Capital maintained accounts at HSBC Securities (Canada) Inc. ("HSBC Securities") and HSBC Bank Canada ("HSBC Bank"). Ciavarella had trading authority over the Firestar Capital account at HSBC Securities. Ciavarella was the only principal of the Firestar Capital account at HSBC Bank and K. J. also had signing authorization over the account.

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

19. Kamposse maintained accounts at HSBC Bank, RBC Dominion Securities Inc. ("RBC DS") and CIBC World Markets. Ciavarella referred Kamposse to RBC DS. K. L. and G. J. were the principals of the Kamposse account at HSBC Bank. K. L. and G. J. had trading authority over the Kamposse account at RBC DS. K. L., Ciavarella and G. J. had trading authority over the account at CIBC World Markets.

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

(c) Trading in Pender

21. In July of 2004, Pender was trading at approximately $0.08 U.S. per share. Prior to October 14, 2004, there had been no trading in the shares of Pender for some time. On October 14, 2004, the shares opened at $0.30 U.S. and closed at the same price on a volume of 12,000 shares traded. Over the next 35 trading days, the shares traded as high as $11.35 U.S. on a volume of over 2 million shares trading. This represents an increase in price of the shares of Pender of 3,783%.

22. During the Material Time, none of the news releases issued by Pender were intended to cause the dramatic increase in the price and volume of Pender shares traded. Even if the news releases did have a marginal effect on the price, Pender did not release any news after October 28, 2004. There is therefore nothing to explain the rise in the share price after that date.

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

24. This was achieved by the Respondent and others conspiring to acquire all or almost all of the free-trading shares of Pender which would then enable them to trade those shares in a circular pattern at ever increasing volume and prices.

25. This type of trading activity, known as a "pump and dump", artificially inflated the Pender share with the intention of defrauding unsuspecting investors.

26. In the summer of 2004, the Respondent orchestrated the purchase of shares of Pender by K. J. and others through a complex series of transactions using funds from private investors.

27. K. J. used about $900,000 to purchase almost all of the then outstanding shares of Pender and IMM used approximately $2,000,000 to purchase a 14.4% interest in Armistice. IMM and its interest in Armistice were subsequently vended to Pender in exchange for Pender shares. The Respondent was not involved in the gathering of these funds and did not have direct knowledge of the particulars of these investments.

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

29. However, the Respondent was aware that $890,000 was used to purchase almost all of the outstanding shares of Pender and approximately $2,000,000 was used to purchase a 14.4% interest in Armistice. This interest in Armistice was subsequently assigned to Pender in exchange for Pender shares.

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

31. In the middle of October of 2004, having acquired almost all of the free-trading shares of Pender, the Respondent and his associates orchestrated the trading in Pender shares thus manipulating the share price of Pender. Towards the end of 2004, the Respondent also caused false and misleading information about Pender to be released to the public which affected the market price of Pender shares and created a risk of deprivation of those who had acquired Pender shares.

32. This circular trading in Pender shares was conducted by the Respondent using certain of the Accounts over which the Respondent had legal authority or through other accounts held by nominee account holders whom the Respondent directed or controlled. Given the Respondent's notoriety, none of the Accounts were in his name.

33. The trading was conducted by the Respondent at ever increasing prices and volumes in order to artificially inflate the Pender share price and distorted the normal market forces as they related to the trading of Pender shares. The sophisticated trading in which the Respondent engaged in is indicative of a pump and dump scheme.

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

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

36. In November of 2004, the HSBC Bank had an outstanding debt of about $2,600,000 U.S. due to the purchase of Pender shares in accounts controlled by the Respondent and Ciavarella that had not been settled. This debt was never settled and the HSBC Bank did not sell the Pender shares into the public market as this would further perpetuate the fraud on the market. As a result, the HSBC Bank incurred a loss of at least $2,625,000 U.S. It has subsequently obtained a default judgment against Ciavarella for its losses.

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

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

39. On December 10, 2004, the Commission issued directions freezing certain accounts and issued temporary cease trade orders preventing the Respondent, Ciavarella and others from trading shares of Pender.

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

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

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

(d) The Involvement of the Respondent

43. The Respondent was permitted to provide trading instructions for the Firestar Capital account at HSBC Securities. The Respondent was present when the Kamposse account at RBC DS was opened. The Respondent claimed that the Kamposse account at HSBC Bank was his account.

44. The Firestar Capital account was funded, in part, with cheques drawn on the account of Kamposse at HSBC Bank. The Respondent was involved in the movement of funds from other sources into the Firestar Capital account but did not place his own funds into that account.

45. When dealing with the Firestar Capital account at HSBC Securities and the Kamposse account at RBC DS, the Respondent took steps to conceal his true identity, including using the alias "Michael Douglas".

46. Profits from the RBC DS account were deposited into Kamposse's bank account. Several payments were made from Kamposse's bank account to J. M., wife of the Respondent.

PART IV – CONDUCT CONTRARY TO THE PUBLIC INTEREST

47. The above conduct of the Respondent was contrary to Ontario securities law and contrary to the public interest in that, during the material time, trading in the shares of Pender was dominated by trading that was orchestrated by the Respondent and was arranged between the Accounts in a way that created a misleading appearance of trading activity and artificially increased the share price of Pender.

PART V – MITIGATING FACTORS

48. The Respondent pled guilty to the charges under the Criminal Code of Canada and has not contested Staff's allegations. On March 22, 2007, the Respondent was sentenced in the Superior Court of Justice (Ontario) to a period of incarceration for seven years in relation to the criminal charges.

PART VI – TERMS OF SETTLEMENT

49. The Respondent agrees to the following terms of settlement, to be set out in an order by the Commission pursuant to subsections 37(1) and 127(1) of the Act, as follows:

a) pursuant to clause 2 of subsection 127(1) of the Act, trading in any securities by the Respondent cease permanently from the date of the approval of this Settlement Agreement;

b) pursuant to clause 2.1 of section 127(1) of the Act, the acquisition of any securities by the Respondent is prohibited permanently from the date of the approval of the Settlement Agreement;

c) pursuant to clause 3 of subsection 127(1), any exemptions contained in Ontario securities law do not apply to the Respondent permanently from the date of the approval of the Settlement Agreement;

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

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

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

g) pursuant to subsection 37(1), the Respondent cease permanently, from the date of the approval of the Settlement Agreement, to telephone from within Ontario to any residence within or outside Ontario for the purpose of trading in any security or any class of securities.

PART VII – STAFF COMMITMENT

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

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

PART VIII – PROCEDURE FOR APPROVAL OF SETTLEMENT

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

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

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

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

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

PART IX – DISCLOSURE OF SETTLEMENT AGREEMENT

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

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

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

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

PART IX – EXECUTION OF SETTLEMENT AGREEMENT

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

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

Dated this 6th day of December, 2011

"Jacqueleen Mitton"
Witness

"Michael Mitton"
Michael Mitton

Dated this 6th day of December, 2011

STAFF OF THE ONTARIO SECURITIES COMMISSION

"Tom Atkinson"
Tom Atkinson
Director, Enforcement Branch

Schedule A

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

AND

MICHAEL MITTON

ORDER
(Sections 37 and 127(1))

WHEREAS on _____, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to sections 37 and 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") in respect of Michael Mitton ("Mitton");

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

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

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

IT IS HEREBY ORDERED THAT:

(a) the Settlement Agreement is approved;

(b) pursuant to clause 2 of subsection 127(1) of the Act, trading in any securities by Mitton cease permanently;

(c) pursuant to clause 2.1 of section 127(1) of the Act, Mitton is prohibited permanently from the acquisition of any securities;

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

(e) pursuant to clauses 7, 8.1 and 8.3 of subsection 127(1), Mitton resign any position he may hold as an officer or director of an issuer or registrant or investment fund manager;

(f) pursuant to clauses 8 and 8.4 of subsection 127(1), Mitton be prohibited permanently from becoming or acting as a director or officer of any issuer or investment fund manager;

(g) pursuant to clause 8.5 of subsection 127(1), Mitton be prohibited permanently from becoming or acting as a registrant, as an investment fund manager or as a promoter; and

(h) pursuant to subsection 37(1), Mitton cease permanently to telephone from within Ontario to any residence within or outside Ontario for the purpose of trading in any security or any class of securities.

DATED AT TORONTO this _____ day of _____, 2011.

_____

3.1.3 Nuvo Research Inc. and Rebecca E. Keeler

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

AND

IN THE MATTER OF
NUVO RESEARCH INC. AND REBECCA E. KEELER

SETTLEMENT AGREEMENT BETWEEN
STAFF OF THE ONTARIO SECURITIES COMMISSION
AND REBECCA E. KEELER

I. INTRODUCTION

1. By Notice of Hearing dated April 24, 2007, the Ontario Securities Commission (the "**Commission**") proposed to hold a hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5 (the "**Act**"), to consider whether it is in the public interest for the Commission to make certain orders against the Respondent, Rebecca E. Keeler ("**Keeler**"), by reason of the allegations set out in the Statement of Allegations dated April 24, 2007.

II. JOINT SETTLEMENT RECOMMENDATION

2. Staff recommend settlement of the proceeding initiated in respect of the Respondent in accordance with the terms and conditions set out below. The Respondent consents to the making of an order in the form attached as Schedule "A" based on the facts set out in Part III and the terms set out in Part VI of this Settlement Agreement.

3. The terms of this Settlement Agreement and the attached Schedule "A" will be released to the public only if and when the Settlement Agreement is approved by the Commission.

III. STATEMENT OF FACTS

A. Acknowledgement

4. For the purposes of this Settlement Agreement only, Keeler agrees with the facts set out in this Part III.

B. The Respondents

5. Dimethaid Research Inc. (now Nuvo Research Inc. and hereinafter referred to as "**Dimethaid**") is a reporting issuer in Ontario and in other Canadian provinces. At all relevant times, Dimethaid's shares were listed and posted for trading on the Toronto Stock Exchange under the symbol DMX.

6. Dimethaid develops and manufactures pharmaceutical products. During the relevant period, one of Dimethaid's two leading drugs was Pennsaid, a topical medication used to relieve pain and physical symptoms associated with primary knee osteoarthritis.

7. As of November 2003, Dimethaid had received regulatory approval to market Pennsaid in Canada, the United Kingdom, and certain European countries. Pennsaid was also being marketed and sold in certain Caribbean countries where approval to market was not required.

8. At all relevant times, Keeler was the President, Chief Executive Officer ("**CEO**") and Chairman of the board of directors of Dimethaid. Keeler was terminated on September 22, 2004 following the appointment of a new board of directors at Dimethaid's annual general meeting ("**AGM**") on September 21, 2004.

C. Dimethaid's New Drug Application and the Complete Response Letter

9. On August 7, 2001, Dimethaid filed a new drug application (the "**New Drug Application**") with the Food and Drug Administration ("**FDA**") to obtain approval to market Pennsaid in the United States.

10. One year later, by letter dated August 7, 2002, the FDA rejected Dimethaid's application for Pennsaid as "not approvable" under FDA legislation on the basis that the clinical data presented by Dimethaid in support of the application was

insufficient to determine if Pennsaid was safe and effective under the proposed conditions of use (the "**Complete Response Letter**").

11. The particular deficiencies, as summarized in the Complete Response Letter, were with respect to the pharmacokinetic data, and the efficacy and safety data submitted by Dimethaid.

12. Upon receipt of the Complete Response Letter, Dimethaid provided notice to the FDA of its intention to file an amended New Drug Application for consideration.

13. The Complete Response Letter expressly stated that any amendment by Dimethaid "should respond to all the deficiencies listed" and that the FDA would not process a partial reply by the company nor would the review clock be reactivated until all deficiencies had been addressed.

D. Design of Protocols and Additional Clinical Trials

14. Between August 2002 and November 2003, Keeler and others internally from Dimethaid met with representatives of the FDA to discuss and negotiate protocols for additional clinical trials.

15. In that period, two pharmacokinetic protocols and a safety and efficacy protocol were designed by Dimethaid in an effort to address the deficiencies outlined in the Complete Response Letter.

16. The pharmacokinetic protocols were submitted by Dimethaid in December 2002 to the FDA and found to be adequate. The studies were then carried out and completed by March 2003.

17. The safety and efficacy protocol, known as PEN-03-112 ("**Protocol 112**"), was provided to the FDA in July 2003 and finalized in November 2003. Two clinical trials were carried out. The first trial, designated "Study 112", began in February 2004 but was not complete until late 2005. The second trial, designated "Study 112E" began in March 2004 but was not complete until early 2006.

18. Approval of Dimethaid's amended New Drug Application was dependent upon a totality of the data submitted by Dimethaid from Study 112, data from the pharmacokinetic studies and the data from Dimethaid's original submissions under the New Drug Application.

E. Misleading Statements and Omission of Material Facts

19. On November 26, 2003, and June 24, 2004, Dimethaid filed short form prospectuses with the Commission in respect of two separate special warrant offerings (collectively referred to as the "**Prospectuses**").

20. Each of the Prospectuses, certified by Keeler and others as containing full, true and plain disclosure of all material facts relating to the securities offered by the Prospectuses, stated the following with respect to Pennsaid's status in the United States:

(a) that "Pennsaid has completed all clinical studies in Canada and the United States"; and

(b) that "the Company's marketing approval for Pennsaid in the United States is being considered by the United States Food and Drug Administration".

21. Each of the Prospectuses failed to disclose the following facts which, in isolation or in combination, constituted material facts with respect to Pennsaid's status in the United States, specifically:

(a) that, in August 2002, the New Drug Application was rejected as "not approvable" under FDA legislation;

(b) that the basis for the FDA's rejection of the New Drug Application was that the information presented by Dimethaid was insufficient to determine if Pennsaid was safe and effective under the proposed conditions of use;

(c) that the FDA would not consider an amended New Drug Application until all of the deficiencies identified by the FDA had been addressed by Dimethaid;

(d) that Dimethaid had taken steps to preserve its ability to file an amended New Drug Application for consideration by the FDA;

(e) that Dimethaid had not, as of the dates of the Prospectuses, filed an amended New Drug Application;

(f) from September 2002 to November 2003, that Dimethaid was in discussions with the FDA to develop study protocols necessary to address the deficiencies identified in the Complete Response Letter;

(g) that, by March 2003, Dimethaid had completed two studies to address the pharmacokinetic deficiencies identified by the FDA in the Complete Response Letter; and,

(h) that, in July 2003, Dimethaid had submitted Protocol 112 (which was finalized in November 2003) to address the safety and efficacy deficiencies identified by the FDA in the Complete Response Letter.

22. With respect to Dimethaid's prospectus dated June 24, 2004, Dimethaid failed to disclose additional material facts with respect to the status of Pennsaid, specifically:

(a) that Dimethaid had begun patient enrolment in February 2004 for Study 112;

(b) that Dimethaid had begun patient enrolment in March 2004 for Study 112E.

F. Non-Disclosure to Dimethaid's Board of Directors

23. Keeler did not disclose to Dimethaid's board of directors that Dimethaid had received the Complete Response Letter or the consequences of the Complete Response Letter prior to the Board's approval of each of the Prospectuses.

24. Furthermore, during the due diligence process for the offerings, Keeler made statements to Dimethaid's counsel and to counsel for the underwriters that were misleading or untrue by claiming that Dimethaid's last written communication with the FDA in respect of the New Drug Application was July 23, 2002 and, further, that Dimethaid was not aware of any unresolved issues for Pennsaid.

G. Replacement of Keeler and Board of Directors

25. At its Annual General Meeting on September 21, 2004, the shareholders of Dimethaid elected to replace Dimethaid's existing board of directors with a new slate proposed by a group of dissident shareholders who were calling for Keeler's removal on the basis of concerns regarding Keeler's leadership and management of the company.

26. On September 22, 2004, the new board of directors terminated Keeler's appointment and employment as President and CEO of Dimethaid.

H. Press Release and Corrective Disclosure by Dimethaid

27. On October 6, 2004, under direction of the new board of directors, Dimethaid issued a press release to update the market on the state of Dimethaid's business. Included in the press release were the following statements:

> The new board has learned that in August 2002, the U.S. Food and Drug Administration sent the company a complete response letter recommending additional efficacy and long-term safety data, along with an extra, pharmacokinetic study providing more information about how the drug is absorbed and eliminated from the body.
>
> Dimethaid responded within 10 days, indicating it would amend its New Drug Application (NDA). The company agreed to the pharmacokinetic study and completed the work in May 2003.
>
> However, given Dimethaid's limited financial resources and the quality of results already submitted, the company continued to negotiate with the FDA in an effort to persuade the agency that additional efficacy and safety data, or more clinical trials, were unnecessary. In November 2002, the company decided to conduct new clinical trials in accordance with the FDA's suggested design.
>
> Over the past two years, Dimethaid has continued to meet with the FDA to clarify the issues and develop the necessary clinical trials. The company submitted a protocol in November 2003 and following approval, started enrolment in March 2004.
>
> Barring unforeseen delays, we expect to complete the studies by the end of calendar 2005 and submit an amended NDA by mid 2006. According to agency guidelines, the FDA should be expected to respond by early 2007. A positive response at this stage would allow the company to begin marketing Pennsaid three-to-six months later.

IV. RESPONDENT'S POSITION

28. After Dimethaid submitted its initial New Drug Application, dated August 7, 2001, but before the FDA issued the Complete Response Letter, the FDA changed certain aspects of its method of analyzing the new drug application from what it had discussed with Dimethaid. Keeler understood that the non-approvable status given Pennsaid in the Complete Response Letter was a result of that change in the FDA's method of analysis. After receiving the Complete Response Letter, Keeler spoke to the Director of the FDA and understood from that conversation that another then-ongoing study by Dimethaid (Study 110), if successful, would be sufficient to meet the FDA's efficacy requirements. Based on these factors, Keeler treated the Complete Response Letter as an interim step in the review process. Notwithstanding what she believed at the time, Keeler acknowledges that she was not duly diligent in this matter and that it was not reasonable to treat the Complete Response Letter as an interim step.

29. Keeler did not make any profit or avoid any loss as a result of her conduct. In fact, Keeler continued to invest in Dimethaid after receiving the Complete Response Letter, and as a result incurred portfolio losses exceeding CDN $300,000 in relation to her holdings in Dimethaid, as of the date of this settlement.

30. Keeler has provided Staff with evidence that she has not acted as the director or officer of a reporting issuer since her dismissal from Dimethaid in September 2004, and that she has not acted as the director or officer of any non-reporting issuer, except acting as a director and officer for two related and now-dormant companies that never offered securities publicly or privately. The only shareholders of the two companies were two members of Keeler's immediate family and their business partner and the companies were not profitable. Keeler received no direct or indirect compensation for acting as a director and officer for those companies.

31. Keeler has provided Staff with evidence that she has been unemployed since her dismissal from Dimethaid in September of 2004.

32. Keeler has shown and continues to show remorse.

33. Keeler has co-operated with Staff in its investigation. Keeler's co-operation has assisted Staff in its review and analysis of the facts and in resolving this matter.

V. CONDUCT CONTRARY TO THE PUBLIC INTEREST

34. The facts relating to the status of Dimethaid's application with the FDA for marketing approval of Pennsaid in the United States were material facts relating to the securities proposed to be distributed by Dimethaid. The Prospectuses failed to provide full, true and plain disclosure of these facts, contrary to section 56 of the Act and contrary to the public interest.

35. Keeler's certification that the Prospectuses contained full, true and plain disclosure of all material facts relating to the securities being offered was misleading, was in breach of the Act and was contrary to the public interest.

36. Keeler's failure to provide the Complete Response Letter to Dimethaid's board of directors or to counsel for Dimethaid's underwriters was contrary to the public interest.

37. By her certification in the Prospectuses and by her further conduct as described above, Keeler authorized, permitted or acquiesced in Dimethaid's failure to provide full, true and plain disclosure in the Prospectuses, contrary to section 129.2 of the Act and contrary to the public interest.

VI. TERMS OF SETTLEMENT

38. Keeler agrees to the following terms of settlement:

(a) Keeler shall be prohibited from acting as a director or officer of any reporting issuer for a period of 2 years from the date of an order of the Commission approving this Settlement Agreement;

(b) Prior to acting in any capacity as a director or officer of any reporting issuer in the future, Keeler shall complete an education program, acceptable to both Keeler and Staff, relating to the obligations of officers and directors of reporting issuers. The education program will be undertaken at Keeler's expense;

(c) Keeler is reprimanded pursuant to s. 127(1)6 of the Act; and,

(d) Immediately upon this Settlement Agreement being approved, Keeler shall pay to the Commission an administrative penalty of $5,000 pursuant to s. 127(1)9 of the Act.

VII. STAFF'S POSITION

39. It is Staff's position, and the Respondent concurs, that the 2 year duration of the prohibition and the amount of the administrative penalty to be imposed are only appropriate in light of the period of time the Respondent has remained voluntarily absent from the capital markets while settlement negotiations were ongoing and the financial losses she suffered as a result of her own conduct.

VIII. STAFF COMMITMENT

40. If this Settlement Agreement is approved by the Commission, Staff will not initiate any proceeding under Ontario securities law in respect of any conduct or alleged conduct of the Respondent in relation to the facts set out in Part III of this Settlement Agreement, subject to the provisions of paragraph 41, below.

IX. PROCEDURE FOR APPROVAL OF SETTLEMENT

41. Approval of this Settlement Agreement shall be sought at a hearing of the Commission on December 12, 2011, or as soon thereafter as a hearing can be held by the Commission.

42. Staff and the Respondent may refer to any part, or all, of the Settlement Agreement at the Settlement Hearing. Staff and the Respondent also agree that if this Settlement Agreement is approved by the Commission, it will constitute the entirety of the evidence to be submitted respecting the Respondent in this matter, and the Respondent agrees to waive its rights to a full hearing, judicial review or appeal of the matter under the Act.

43. Staff and the Respondent agree that if this Settlement Agreement is approved by the Commission, neither Staff nor the Respondent will make any public statement inconsistent with this Settlement Agreement.

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

45. If, for any reason whatsoever, this Settlement Agreement is not approved by the Commission or an Order in the form attached as Schedule "A" is not made by the Commission, each of Staff and the Respondent will be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing of the allegations in the Statement of Allegations, unaffected by this Settlement Agreement or the settlement negotiations.

46. Whether or not this Settlement Agreement is approved by the Commission, the Respondent agrees that it will not, in any proceeding, refer to or rely upon this Settlement Agreement or the negotiation or process of approval of this Settlement Agreement as the basis for any allegation against the Commission of lack of jurisdiction, bias, appearance of bias, unfairness, or any other remedy or challenge that may otherwise be available.

X. DISCLOSURE OF AGREEMENT

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

48. Any obligations of confidentiality shall terminate upon approval of this Settlement Agreement by the Commission.

XI. EXECUTION OF SETTLEMENT AGREEMENT

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

50. A facsimile copy of any signature shall be effective as an original signature.

DATED this 30th day of November, 2011. **REBECCA E. KEELER**

"Rebecca E. Keeler"
Rebecca E. Keeler

WITNESS

"Frederick W. Keeler"

DATED this 1st day of December, 2011.

STAFF OF THE ONTARIO SECURITIES COMMISSION

"Karen Manarin"

Schedule "A"

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

AND

IN THE MATTER OF
NUVO RESEARCH INC. AND REBECCA E. KEELER

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN STAFF OF
THE ONTARIO SECURITIES COMMISSION AND
REBECCA E. KEELER

ORDER

WHEREAS on April 24, 2007, the Commission issued a Notice of Hearing pursuant to section 127 of the *Securities Act* (the "Act") in respect of Rebecca Keeler ("Keeler" or the "Respondent");

AND WHEREAS on April 24, 2007, Staff of the Commission ("Staff") filed a Statement of Allegations;

AND WHEREAS the Respondent entered into a Settlement Agreement dated ●, 2011, (the "Settlement Agreement") in relation to the matters set out in the Amended Statement of Allegations;

AND WHEREAS the Commission issued a Notice of Hearing dated December ●, 2011, announcing that it proposed to consider the Settlement Agreement;

UPON reviewing the Settlement Agreement, the Notice of Hearing and the Statement of Allegations, and upon considering submissions from the Respondent through her counsel and from Staff of the Commission;

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

IT IS HEREBY ORDERED:

1. the Settlement Agreement is hereby approved;

2. pursuant to clause 8 of subsection 127(1) of the Act, Keeler shall be prohibited from acting as a director or officer of any reporting issuer for a period of 2 years from the date of an order of the Commission approving this Settlement Agreement, and that prior to acting in any capacity as a director or officer of any reporting issuer in the future, Keeler shall complete an education program, acceptable to both Keeler and Staff, relating to the obligations of officers and directors of reporting issuers, and undertaken at Keeler's expense;

3. pursuant to clause 6 of subsection 127(1) Keeler is reprimanded; and,

4. pursuant to clause 9 of subsection 127(1), immediately upon this Settlement Agreement being approved, Keeler shall pay to the Commission an administrative penalty of $5,000.

DATED at Toronto this _____ day of December, 2011.

3.1.4 Merax Resource Management 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
MERAX RESOURCE MANAGEMENT LTD.,
carrying on business as
CROWN CAPITAL PARTNERS,
RICHARD MELLON and ALEX ELIN

REASONS AND DECISION
(Section 127 of the Act)

Hearing:	January 17 – 21, 2011 March 1, 2011		
Decision:	December 12, 2011		
Panel:	Patrick J. LeSage	–	Commissioner and Chair of the Panel
	Sinan O. Akdeniz	–	Commissioner
Appearances:	Tamara Center	–	For Staff of the Commission
	Self-represented:	–	Richard Mellon
		–	Alex Elin

No one appeared on behalf of Merax Resource Management Ltd., carrying on business as Crown Capital Partners.

TABLE OF CONTENTS

D. Did the Respondents breach subsection 38(3) of the Act?
   i. The Applicable Law
   ii. Analysis of representations made to investors

VI. CONCLUSION

REASONS AND DECISION

I. BACKGROUND

[1] This was a hearing before the Ontario Securities Commission (the "Commission") pursuant to subsection 127(1) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") to consider whether Alex Elin ("Elin") and Richard Mellon ("Mellon") (together, the "Respondents") breached the Act and acted contrary to the public interest.

[2] This proceeding was commenced by a Statement of Allegations dated November 21, 2006 and a Notice of Hearing issued on November 29, 2006. Staff of the Commission ("Staff") subsequently made amendments to their allegations and on November 10, 2010 Staff issued their final Amended Amended Statement of Allegations in this matter.

[3] The parties named in the Amended Amended Statement of allegations are Merax Resource Management Ltd., carrying on business as Crown Capital Partners ("Merax"), Mellon and Elin. During the hearing, the Panel ruled that the respondent Merax was not properly served with notice of this hearing. On January 26, 2011, Staff issued a Notice of Withdrawal which noted that on May 15, 2006, Merax was dissolved as a corporation and Staff withdrew its allegations against Merax. This decision therefore only addresses the allegations brought against Elin and Mellon.

[4] The Respondents were the sole directors of Merax, which operated as Crown Capital Partners ("CCP"). Staff alleges that the Respondents were the sole directing minds of both CCP and Crown Capital Partners Limited ("CCPL"), the company name used to market and sell securities to investors. Staff alleges that CCPL was used by the Respondents interchangeably with CCP, the trade name for Merax.

[5] Staff alleges that the Respondents, directly or through representatives, sold securities through CCPL between January 2003 and November 2004. Staff further alleges that CCPL was represented to investors as an underwriter and agent in sales of securities in Karp Mineral Resources Inc. ("Karp") and Legacy Mining Corp. ("Legacy").

[6] Staff alleges that the Respondents breached subsections 25(1)(a) of the Act (trading without registration), 38(2) (making undertakings regarding the future price of value of securities), 38(3) (making representations regarding the listing of securities on an exchange) and 53(1) of the Act (engaging in a distribution of securities without fulfilling the Act's prospectus requirements). Staff alleges the Respondents' conduct was contrary to the public interest and harmful to the integrity of the Ontario capital markets.

[7] Mellon and Elin are alleged to have been involved in a sophisticated fraudulent investment scheme. The facts relating to investments made by investors are largely undisputed by the Respondents. What they do contest, however, is their involvement in the investment scheme.

A. The CCPL Investment Scheme

[8] Individuals, mainly in Europe, were fraudulently induced to invest in shares of two companies, Karp and Legacy, as a result of solicitations from CCPL representatives. The evidence from the investors who testified at the hearing was that they were contacted over the telephone by an individual who was calling on behalf of CCPL. We were presented with evidence that investors dealt with CCPL representatives who identified themselves variously as Robert Mitchell, Stephen Fletcher, Andrew Keegan, Eric Davis, Bianca Mastracci and Isabella Marcucci. Investors were told that CCPL provided financing to smaller companies that were about to go public. Prospective investors were provided with the address for CCPL's website, which contained detailed information on the company and listed contact information for locations in Switzerland, the Isle of Man and St. Vincent and the Grenadines.

[9] Investors were generally provided with the following CCPL marketing materials:

- An eight-page CCPL brochure, which describes CCPL as "[a]n investment and capital advisory firm" with a mission to "… provide our corporate customers [with] early-stage capital to develop their business prospects and create shareholder value. International investors earn an optimum return on invested capital through prudent asset management and allocation". The CCPL brochure also describes the benefits of investing in private equity, pre-IPO investment trends and CCPL's specialty in the development of mining projects.

- "Crown Capital Partners Recent Transactions (2002-2003)", which lists six oil and gas or mining companies that commenced trading in 2002 or 2003 on the American Stock Exchange.

- A four-page CCPL article entitled "Research Report: Focus on Gold And Canada", which contains a discussion of why CCPL has "a very high level of investment confidence in ***GOLD*** as a commodity and ***CANADA*** as a country …".

[10] The CCPL website contained substantially the same information as the CCPL brochure. In addition, the website included a Managing Director's Letter, answers to frequently asked questions about the investment and Helpful Links to additional information on precious metals and commodities, oil and gas, business and financial news and private equity.

[11] Some of the investors contacted by CCPL had previously invested in shares of another company, SBS Interactive. According to one investor who testified at the hearing, the price for SBS Interactive shares had depreciated in the range of 75% from when he had purchased them. CCPL offered these investors shares in Karp in exchange for the sale of their SBS Interactive shares plus payment of additional funds. It is apparent that the CCPL salespersons had access to a list of SBS investors.

i. The Karp Investments

[12] Karp was incorporated in Canada in November 2002 as a wholly owned subsidiary of Claim Lake Resources Inc. ("Claim Lake"). Ulrich Kretschmar ("Kretschmar"), the former President of Claim Lake, testified that Karp was created to facilitate financing for gold exploration on a property located in Ontario. Kretschmar testified that the Karp marketing material provided to investors by CCPL contained wholly incorrect information. Specifically, Kretschmar testified that it was never Karp's strategy to complete a private placement offering of over $2 million with the intention of obtaining a stock exchange listing in 2004, as stated in the Karp Summary Fact Sheet. According to Kretschmar, the highlights of the Karp project described in the Karp Summary Fact Sheet were simply not correct. Kretschmar testified that he had never seen any of the marketing material before it was sent to investors and that he did not authorize it.

[13] Karp was the first stock that CCPL introduced to investors. Investors were told by CCPL salespersons that Karp was a small Canadian company with gold mining potential that was preparing for a public offering and would soon be listed on a stock exchange.

[14] Investors were provided a "Karp Summary Fact Sheet", which described Karp's strategy as including a private placement offering, issuing common shares at US $1.50 with warrants convertible at US $2.00; obtaining a stock exchange listing in 2004; and acquiring other junior exploration and production companies. The Karp Summary Fact Sheet also provided information on Project Highlights, Karp Management, Minimum Target Criteria and other background information on the company and the property.

[15] Some investors also received additional documents containing information about Karp. These included:

- a document entitled "Karp Mineral Resources Inc." with information on Karp's strategy, the Karp property, gold mineralization and Karp management, minimum target criteria, technology and business risks.

- "Karp Mineral Resources Update", which discusses Karp's recent work activity, looking ahead at Karp's entry into the public markets and investments in gold.

- "Karp Corporate Fact Sheet", which contains largely the same information as the "Karp Mineral Resources Inc." document referred to above. The Karp Corporate Fact Sheet lists CCPL as Karp's "Advisory Agent".

[16] Investors believed they were purchasing shares in Karp through CCPL at prices ranging from US $1.00 to CAD $3.00 per share in exchange for payments wired to a bank account in Toronto held by CCP (the "CCP Account"). Investors filled out Priority Applications for shares in Karp, with CCPL acting as Agent, and were provided with Statements of Account and Transaction Statements confirming their purchase of Karp shares.

[17] Their initial Karp investment included warrants that could be converted to common shares in Karp, usually at US $2.00 per share. A number of investors subsequently exercised the warrants and purchased additional shares through CCPL at prices from US $1.50 to US $2.00 per share.

ii. The Legacy Investments

[18] Investors who purchased shares in Karp were later contacted by CCPL and offered another pre-IPO investment in a second Ontario mining company, Legacy. Investors were told that Karp shares had increased in value. They were not given the option of selling their Karp shares in exchange for cash. Rather, they were offered to have their Karp shares exchanged for

shares in Legacy at a price of US $2.50 per share. The sales pitch in almost every case required the investor to provide additional investor funds to purchase a larger quantity of Legacy shares.

[19] Investors were sent a Legacy Private Placement Term Sheet, printed on CCPL letterhead. The Term Sheet notes that the offering price is US $2.50 per unit, with Series "A" warrants exercisable at US $2.75 and Series "B" warrants exercisable at US $3.00. According to the Term Sheet, the proceeds of the offering would be used:

> To fund the continued exploration and development of Legacy's gold projects in China, United States and Canada. A portion of the capital raised may be allocated for additional property acquisition.

[20] Investors also received a CCPL Bulletin on Legacy, which contains overviews of the company and its strategy and provides details on projects which CCPL claims Legacy is involved with in China, the United States and Canada. Some investors were given copies of a Legacy press release dated June 7, 2004 with the title: "Significant Gold Values Encountered in Several Holes: Legacy Mining Corp. Provides Update on Drill Program for Gilchrist Project at Red Lake".

[21] The Legacy website, www.legacyminingcorp.com, claimed that Legacy was a mining company in existence for a number of years with gold mines in Ontario, Nevada and China.

[22] As with their investments in Karp, investors were asked to wire funds to the CCP Account in Toronto and were generally provided with Transaction Statements and Statements of Account confirming their purchases of Legacy shares at US $2.50 per share. A few investors who had not previously invested in Karp also purchased Legacy shares, but most investors whom Staff were able to contact invested in both Karp and Legacy.

[23] Scott Boyle ("Boyle"), Manager of Investigations with Staff, testified that a great portion of the text of the Legacy website and other Legacy documents was taken from the websites and press releases of other public corporations. This included the information on all three Legacy projects described on the website (in Ontario, Nevada and China). Boyle also testified that he was unable to identify any of Legacy's listed officers and directors as having any history in the mining industry whatsoever, but, rather, he found that the bulk of the curriculum vitae information for two of the individuals was copied from curriculum vitae for officers or directors of another, publicly traded corporation.

[24] In total, Staff submit that $513,000.29 was transferred into the CCP Account through 138 wire transfers that apparently were for investments in Legacy and Karp. Of this, Mellon submits we should consider only the amount sent by the 34 investors with whom Staff has been in contact. We have considered the evidence and we find that at least $353,229.19 was transferred into the CCP Account. This total includes wire transfers from the 34 investors who responded to Staff's inquiries and other wire transfers that reference investments in Karp or Legacy.

[25] Investors have been and are unable to sell or redeem their shares in Karp or Legacy. As a result they have lost the entirety of their investments.

B. CCPL's Investment in Karp and the Exploration of the Karp Property

[26] As noted, Karp is a Canadian corporation, a wholly-owned subsidiary of Claim Lake. At the relevant times, Claim Lake was an Ontario reporting issuer that traded on the Canadian Unlisted Board. Claim Lake was established by Kretschmar as a vehicle to raise funds to finance exploration of inactive mine sites. In November 2002, Claim Lake optioned the rights to a property in Northern Ontario and assigned those exploration rights to Karp.

[27] On January 6, 2003, Karp entered into a subscription agreement with CCPL, a purported Swiss entity, for a $50,000 private placement investment in Karp. In exchange for the $50,000 investment, CCPL received 2 million Karp shares or .025 cents per share which represented, depending on which witness was correct, 20 or 25% of the outstanding shares, plus 1 million warrants to be executed after one year.

[28] Karp received $45,000 of the $50,000. Karp's lawyer, John O'Donnell ("O'Donnell") retained the remaining $5,000. The evidence establishes that Karp was paid in three tranches:

- a $5,000 bank draft from Cahara Corp. ("Cahara") to secure the private placement in Karp. Richard Mellon is the sole director of Cahara Corp.;
- a $2,000 draft from O'Donnell's trust account to Karp. O'Donnell received a $2,000 cash deposit from Mellon to secure the private placement. O'Donnell then provided Karp with a draft for $2,000 from his trust account; and
- a draft for $43,000 received by O'Donnell in trust that came from the CCP Account.

[29] The Karp property had previously been the site of gold mining. According to Kretschmar, $50,000 "was the minimum which would allow us to drill a couple of holes to see whether there was anything there" on the Karp property. After receiving funding from CCPL, a geological evaluation was done on the Karp property. Kretschmar testified that "[w]e found the vein. It didn't carry particularly high assay values. So, it was a technical success but it was not a success in terms of trying to raise further finances". After the initial drilling, CCPL did not exercise their option to further finance the Karp project.

[30] Kretschmar testified that he never corresponded or spoke directly with any representatives of CCPL. All communication regarding the Karp Subscription Agreement was through O'Donnell.

[31] Kretschmar testified that he knew nothing about any intention by CCPL to resell the Karp units it purchased through the Subscription Agreement.

C. Evidence at the Hearing

[32] We heard testimony from ten witnesses during the hearing.

[33] Boyle, a Manager of Investigations in the Enforcement branch of the Commission testified regarding the results of Staff's investigation in this matter.

[34] Kretschmar was the founder and president of Claim Lake and Karp. He testified about the creation of Karp and the Subscription Agreement between Karp and CCPL. Kretschmar also provided evidence regarding how he became aware of the Karp sales scheme.

[35] We heard from three investors who testified via videoconference from Europe. To protect their privacy, we refer to these investors throughout this Decision as "Investor A", "Investor B" and "Investor C". These investors testified as to their communications with CCPL representatives, the investments they made in Karp and Legacy and the impact their investments have had on their lives.

[36] Two of the Respondents' former employees testified. Sandra Vitulli ("Vitulli") was a receptionist with Mellon's company, Cahara during the material time. She testified regarding her work for the Respondents and her knowledge of CCPL. Robert Boss ("Boss"), a former telemarketer for CCP testified regarding his work for Elin at CCP marketing Karp and Legacy securities.

[37] O'Donnell, a lawyer, testified regarding his work for Claim Lake, Karp, Mellon and CCPL. His evidence included testimony regarding Karp's incorporation and particulars regarding the preparation and completion of the Subscription Agreement between Karp and CCPL.

[38] Two witnesses testified regarding the creation and hosting of websites and other marketing material. Jouari Santiago ("Santiago") testified regarding his web design and marketing work for Mellon on behalf of a number of companies, including CCPL and Legacy. Vladimir Graveran ("Graveran")'s company, NACTWS, hosted a number of websites, including the CCPL and Legacy websites, on instructions from Mellon.

[39] Neither Respondent called any witnesses to give evidence at the hearing. We draw no adverse inference, finding or conclusion from their decision not to testify or call witnesses.

II. THE ALLEGATIONS

[40] The allegations as summarized by Staff in their written submissions, are as follows:

(a) the Respondents traded in securities without registration or acted as underwriters, and in circumstances where no exemptions were available to them, contrary to subsection 25(1)(a) of the Act, and contrary to the public interest;

(b) the Respondents made:

(i) undertakings to potential investors regarding the future value or price of Karp and Legacy shares;

(ii) representations to potential investors regarding Karp and Legacy shares being listed on a stock exchange,

with the intention of effecting trades in those securities, contrary to subsections 38(2) and (3) of the Act, and contrary to the public interest; and

(c) the Respondents distributed securities of Karp and Legacy when a preliminary prospectus and a prospectus had not been filed and receipts had not been issued by the Director to qualify the sale of these securities, contrary to subsection 53(1) of the Act, and contrary to the public interest.

III. PRELIMINARY ISSUES

A. The Commission's Jurisdiction in this Matter

[41] The purposes of the Act are (i) to provide protection to investors from unfair, improper or fraudulent practices, and (ii) to foster fair and efficient capital markets and confidence in capital markets (Act, *supra*, s. 1.1).

[42] The Karp and Legacy securities sold by CCPL were purchased by investors outside of Ontario. Notwithstanding this, there is a sufficient nexus to Ontario for the Commission to have jurisdiction over the CCPL investment scheme.

[43] Previous decisions have held that the Commission has jurisdiction over sales to investors located outside Ontario where respondents have engaged in acts in furtherance of trades in Ontario, particularly when their conduct negatively impacts upon the reputation of Ontario's capital markets. For example, the Commission has held that operating out of offices in Ontario, sending promotional investment material from Ontario, instructing investors to send payments to locations in Ontario and depositing funds in Ontario bank accounts provide sufficient nexus to Ontario for the Commission to have jurisdiction (see *Re Xi Biofuels Inc.* (2010), 33 O.S.C.B. 3077 at para. 204, *Re Al-Tar Energy Corp.* (2010), 33 O.S.C.B. 5535 at para. 52, and *Re Lett* (2004), 27 O.S.C.B. 3215).

> Where the Commission becomes aware of distributions abroad by Ontario issuers that bring the reputation of Ontario's capital markets into disrepute, the Commission is of the view that it has the jurisdiction, for the due administration of the Act and in order to preserve the integrity of the Ontario capital markets, to exercise its cease trade powers or to take other appropriate actions against issuers, underwriters and other participants so distributing abroad.
>
> (*Re Xi Biofuels Inc.*, *supra* at para. 215 citing Interpretation Note 1 to Former Commission Policy 1.5, "Distributions of Securities Outside of Ontario", s. 5)

[44] In this case, investors from outside Ontario were sold securities in Karp, an Ontario corporation, and Legacy, which was held out to investors as a private company located in Toronto. Investors in Karp and Legacy wired money to the CCP Account in Toronto. CCP was the operating name for Merax, a federally incorporated company with its head office and principal place of business in Toronto. The majority of the investment funds were then transferred to bank accounts in Ontario, held by Ontario residents or corporations located in Ontario.

[45] The Commission also has jurisdiction over the individual Respondents in this matter, Elin and Mellon, both of whom reside in Ontario and worked in Toronto at the material time.

B. The Standard of Proof

[46] The standard of proof in this hearing is the civil standard of proof on a balance of probabilities. Evidence must be sufficiently clear, convincing and cogent to satisfy this standard (*F.H. v. McDougall*, [2008] 3 S.C.R. 41 at paras. 40, 46).

C. Hearsay Evidence

[47] As we noted at the hearing, we have the discretion to admit relevant evidence that might not otherwise be admissible as evidence in a court, including hearsay evidence, under subsection 15(1) of the *Statutory Powers Procedure Act*, R.S.O. 1990 c. S.22.

[48] In determining what weight, if any, to assign to evidence in this matter, we have considered the source of the evidence and whether the parties had an opportunity to cross-examine on that evidence.

IV. SUBMISSIONS OF THE PARTIES

A. Staff's Submissions

Breaches of subsection 25(1)(a)

[49] Staff submits that the Respondents traded in securities and/or, through CCPL, acted as underwriters in selling Karp and Legacy securities. Staff submits that although the Legacy securities sold to investors were fictitious, they were held out as

genuine, and should therefore be treated as securities – or *de facto* securities; the Respondents should not be able to avoid liability under the Act by perpetrating a fraud.

[50] With respect to Mellon, Staff submits that he engaged in acts in furtherance of trades in Karp and Legacy securities, and therefore breached subsection 25(1)(a) of the Act. Staff submits that Mellon's acts in furtherance of trades included incorporating and acting as a director of Merax, which operated as CCP, opening the CCP Account, setting up a virtual office in Switzerland, using his company Cahara to lease office space and set up a mailbox with Mail Boxes Etc., arranging for the creation and design of the Karp and Legacy websites and providing Karp and Legacy materials to the Regus business centre in Switzerland. Staff also submits that Mellon received $103,127.27 in funds that were originally deposited into the CCP Account and that his companies, Cahara, Melrich Investments ("Melrich"), and Forum Financial Group ("FFG"), received $94,360, $42,500 and $12,000, respectively.

[51] With respect to Elin, Staff submits that he also breached subsection 25(1)(a) of the Act through his acts in furtherance of trades in Karp and Legacy securities. Staff submits Elin engaged in acts in furtherance of trades by incorporating Merax, which operated as CCP, and was one of its directors, opening the CCP Account, setting up virtual offices for CCPL, directing that Karp and Legacy materials be sent to the Regus business centre in Switzerland and providing Boss with a call script and the names and telephone numbers of potential investors. Staff submits that Elin received $128,746 in funds that originated in the CCP Account and that his girlfriend at the time, Nicolle Allocca received $17,000.

[52] Staff further alleges that Mellon and Elin used the aliases "Robert Mitchell", "Eric Davis", "Andrew Keegan" and "Stephen Fletcher" to sell Karp and Legacy securities, or that they directed these individuals, or individuals using these names as aliases, to sell Karp and Legacy securities.

Breaches of subsection 53(1)

[53] Staff alleges that the Respondents also breached subsection 53(1) of the Act by participating in trades in Karp and Legacy securities which were distributions for which no prospectus was issued and no exemptions were available.

[54] Staff submits that the Respondents, personally and through CCPL, acted as underwriters in the distribution of Karp securities. Staff submits that the Respondents purchased shares in Karp through the Subscription Agreement with a view to distribution, and therefore that transaction was exempt from the prospectus requirement, pursuant to subsection 76(1)(r) of the Act. According to Staff's submissions, the sales of Karp securities by CCPL to investors would qualify as distributions pursuant to subsection 72(6), and would therefore require a prospectus to be filed.

[55] Staff submits that the Respondents also breached subsection 53(1) through their trades in Legacy securities. In the case of Legacy, Staff submits there is no evidence that its securities were previously issued, so trades in Legacy qualify as a "distribution".

Breaches of subsections 38(2) and 38(3)

[56] Staff submits that investors were given undertakings regarding the future value of Karp and Legacy securities. Staff specifically refers to telephone conversations between investors and representatives of CCPL regarding exercising warrants and acquiring further shares in Karp, during which CCPL representatives gave undertakings to investors that the shares would increase in value above the cost of exercising the warrants. Staff submits that as a result of these undertakings, the Respondents breached subsection 38(2) of the Act.

[57] Staff submits that the Respondents also breached subsection 38(3) of the Act by making prohibited representations to investors in Karp and Legacy. Staff submits that investors were told that Karp and Legacy would be going public in the near future and that some investors were specifically told that their shares would be listed on a particular exchange within a specific timeframe.

B. Elin's Submissions

[58] Elin's submissions are just that, submissions. He did not testify nor did he tender exhibits at the hearing. One must recognize his submissions are not evidence. In his submissions he, in summary, states that he was hired by CCPL in 2003 to run its telemarketing department to generate leads, but never spoke with any clients and was not involved in sales. Elin stresses that there were never any sales of securities made at the 2323 Yonge St. premises, out of which he operated. Nor were any phone records produced by Staff that would suggest, let alone substantiate that sales were made. Further, Staff's witnesses Boss and Vitulli testified that they never saw, heard or knew of any such sales taking place in the offices of either Elin or Mellon.

[59] Elin submits he was informed of this job opportunity with CCPL by O'Donnell, and had no reason to question O'Donnell's actions or ethics since O'Donnell was a securities lawyer he had done business with previously.

[60] Elin submits that, to the best of his knowledge, the written marketing materials were provided by O'Donnell and stresses that no marketing materials were ever sent to investors. According to Elin, any mail that was sent out went in bulk to Europe, to be picked up by Trevor Baines ("Baines").

[61] Elin further submits that Staff has not proven that the aliases Robert Mitchell, Eric Davis or Andrew Keegan were used.

[62] In his submissions, Elin notes that he was registered with the Commission from 1987 though 2000. Elin also notes that his ability to respond to Staff's allegations has been limited as a result of issues with his health.

[63] Elin refers to the decision of the Commission in *Re Mithras Management Ltd.* (1990), 13 O.S.C.B. 1600, which states that the role of the Commission is not to punish past conduct, but to restrain future conduct that is likely to be prejudicial to the public interest. Elin submits that for the past eight years, since 2003, he has had no contact in any way, shape or form, with anything to do with the capital markets in Ontario.

C. Mellon's Submissions

[64] Mellon did not testify. He tendered six exhibits. Like Elin, Mellon's submissions are a mixture of submissions, heavily interspersed with purported evidence he tenders on his behalf. His submissions are given full consideration in this decision, but his 'evidence' other than the exhibits will be given no weight. Mellon submits that the Commission has failed to deal with this matter in a fair and timely way. At the time of the hearing, it was eight years since Staff alleges the activity commenced and four-and-a-half years since the Statement of Allegations was filed on November 21, 2006.

[65] Mellon submits that he has never sold securities to the public, nor has he made representations that he acted personally or through any corporate entity as an underwriter or agent for Legacy, Karp or any other company.

[66] Mellon submits that the tendered evidence establishes he did not attempt to hide his identity in any way, but used his name and signature on corporate and bank documents. Mellon submits that he acted as directed by the directing minds of CCPL.

[67] Specifically, Mellon submits that the email address provided to Graveran, crowncapital2003@yahoo.co.uk, was established by someone in the United Kingdom. Mellon submits that the only website domain name he had control over was that of his company Cahara, and Baines was the registrant and beneficial owner of the CCPL website, www.crowncapitalpartners.com. Mellon submits that the work he did regarding these websites, including instructing Graveran and Santiago to host and design the websites, providing the text for the websites and approving their design, was at the request of others, and that Mellon was merely acting as a "salesperson" or "middleman".

[68] Mellon also submits that the CCP accounts were set up at the request of Baines and O'Donnell. Mellon submits that he never instructed investors to send funds to these accounts.

[69] Mellon denies that he created brochures, pamphlets, web pages, offering documents or other printed materials and submits that he merely passed on these documents and information on behalf of O'Donnell and Baines, neither of whom was capable of dealing with internet issues and technology.

[70] With regards to CCPL's initial investment in Karp, Mellon submits that O'Donnell accepted funds from the Respondents because he was wary of accepting offshore funds from Baines.

[71] Mellon submits that all three investor witnesses testified that they dealt with Robert Mitchell and that one witness, Investor C, confirmed that Mellon is not Robert Mitchell.

[72] Mellon suggests that although Staff was unable to confirm the existence of CCPL and Legacy, a more thorough search, beyond solely Canadian records, and a more robust international investigation may well have provided other information.

[73] He submits Staff provided no evidence linking him to Claim Lake, Karp or Legacy. Further, O'Donnell listed himself as Transfer Agent for Karp. Although Staff alleges that over $500,000 was improperly admitted to the CCP Account, Mellon submits that their witnesses established it was, at most, $263,931.14.

[74] Mellon also points out that Staff's own witnesses established that he worked on the second floor of 2323 Yonge St., not the sixth floor, where staff alleges the activity in question occurred.

[75] Mellon submits that his only involvement was acting as a consultant on the instructions of Trevor Baines, Wendy Baines and/or O'Donnell.

V. ANALYSIS

A. Did the Respondents breach subsection 25(1)(a) of the Act?

i. The Law

[76] Staff alleges that the Respondents' conduct violated subsection 25(1)(a) of the Act. Subsection 25(1)(a) of the Act states:

> 25. (1) No person or company shall,
>
> > (a) trade in a security or act as an underwriter unless the person or company is registered as a dealer, or is registered as a salesperson or as a partner or as an officer of a registered dealer and is acting on behalf of the dealer;

[77] Under subsection 1(1) of the Act:

> "trade" or "trading" includes,
>
> > (a) any sale or disposition of a security for valuable consideration, whether the terms of payment be on margin, instalment or otherwise, …
> >
> > …
> >
> > (e) any act, advertisement, solicitation, conduct or negotiation directly or indirectly in furtherance of any of the foregoing.

[78] An act is an 'act in furtherance of a trade' if it has a sufficiently proximate connection to an actual trade (*Re Costello* (2003), 26 O.S.C.B. 1617 at para. 47). Activities that have been cited as examples of 'acts in furtherance of trades' include (a) distributing promotional materials concerning potential investments; (b) issuing and signing share certificates; (c) preparing and disseminating materials describing investment programs; (d) preparing and disseminating forms of agreements for signature by investors; (e) receiving consideration or other benefit from an eventual sale; (f) setting up a website that offers securities to investors over the internet or that is designed to excite the reader about the company's prospects; and (g) accepting investor funds for the purpose of an investment (see *Re Momentas Corp.* (2006), 29 O.S.C.B. 7408 at paras. 80, 87-88; *Re First Federal Capital (Canada) Corp.* (2004), 27 O.S.C.B. 1603 at para. 45; *Re American Technology Exploration Corp.* (1998), L.N.B.C.S.C. 1 (QL) at 9; *Re Limelight Entertainment Inc.* (2008), 31 O.S.C.B. 1727 at para. 133).

[79] Staff alleges that the Respondents traded in securities and/or, using CCPL, acted as underwriters in the sale of Karp and Legacy securities.

ii. Analysis

Investments in Karp and Legacy securities

[80] We were provided with evidence that more than 70 individuals transferred funds into the CCP Account to purchase shares in Karp and Legacy through CCPL. Staff received responses from 34 investors, most of whom invested in both Legacy and Karp. The evidence shows that over $500,000 was deposited into the CCP Account through wire transfers from individuals between late 2003 and early 2004.

[81] During the hearing, we heard from three investors who testified that they were contacted by CCPL representatives who offered them investment opportunities in Karp and Legacy.

[82] Investor A testified that he made two investments in Karp after he was contacted by Robert Mitchell of CCPL. He purchased 3000 Karp shares at US $1.50 per share for a total of US $4,500 in October 2003. In January 2004, he exercised "warrants" he received with his first investment and purchased a further 3000 shares in Karp at a price of US $2.00 per share, totalling US $6,000. In connection with these investments, Robert Mitchell provided Investor A with Karp marketing materials, including the Karp Summary Fact Sheet and the list of Crown Capital Partners Recent Transactions.

[83] Investor A testified that after his second Karp investment, Robert Mitchell contacted him again about another investment opportunity in Legacy shares. Investor A was told he was making a US $25,000 investment in Legacy shares when he invested through CCPL in March 2004. This investment in Legacy came from the sale of his Karp shares, which he understood to then be at a value of US $18,000, plus an additional investment of US $7,000.

[84] In total, Investor A wired US $17,500 to the CCP Account.

[85] Investor B testified that he was initially contacted by Eric Davis in October 2003 about an investment in Karp securities. Investor B had previously invested in shares in SBS Interactive, which had decreased in value substantially since his initial investment. He testified that Eric Davis told him that he could get his money back and offered him an investment opportunity in Karp. After this initial conversation, Eric Davis sent Investor B marketing material that included the CCPL Research Report: Focus on Gold in Canada and the Karp Summary Fact Sheet.

[86] Investor B made his first investment in Karp in November 2003. He understood that CCPL sold 10,000 units of the shares he held in SBS Interactive at a price of US $1.10 per unit, for a total of US $11,000. Investor B then applied the US $11,000 from the sale of the SBS Interactive securities plus an additional payment of US $1,750 to his purchase of 8,500 shares in Karp at US $1.50 per share.

[87] In February 2004, Investor B made a second investment in Karp. CCPL confirmed with Investor B that it sold his remaining 5,000 shares in SBS Interactive for US $12,500. Investor B then sent an additional US $4,500 to fund the purchase of 8,500 Karp shares at US $2.50 per share.

[88] Later, in April 2004, Eric Davis convinced Investor B to exchange his Karp shares for shares in Legacy. Investor B was told that Karp shares had gone up in value to US $2.50 per share and his investment was now worth US $42,500. Without making any additional payment, Investor B understood that his shares in Karp were sold through CCPL and the proceeds of that sale were used to fund a US $42,500 investment in Legacy shares.

[89] Investor B's payments for his investment in Karp shares were made through wire transfers to the CCP Account in amounts of US $1,750 for his first investment and US $4,500 for his second investment.

[90] Investor C testified that he was contacted in late 2003 or early 2004 by Robert Mitchell of CCPL. Investor C testified that he dealt almost completely with Robert Mitchell regarding his investments through CCPL, but spoke with two others at CCPL on separate occasions, Andrew Keegan and a woman (he testified that the name "Isabella Marcucci" sounded right). Robert Mitchell sent Investor C information on Karp and CCPL, including the Karp Summary Fact sheet and a list of Crown Capital Partners Recent Transactions, 2002-2003.

[91] Investor C made his first investment in Karp securities in January 2004, when he purchased 1,000 Karp shares at US $1.50 per share for a total of US $1,500. Investor C understood that 'warrants' were included in this investment, but he was not sure of what that meant when he first invested.

[92] In March 2004, Investor C received a call from Robert Mitchell, who informed him that Karp was going to be taken over by Legacy and that he should take advantage of this by converting his warrants to common shares before the take-over. Investor C converted his Karp warrants to shares and purchased 1,000 additional Karp shares at US $2.00 for US $2,000.

[93] Subsequently, Robert Mitchell sent Investor C materials and website information for Legacy, and Investor C decided to make an additional investment in Legacy shares. Investor C believed he had made a profit through his Karp shares, which was told were now worth US $3.25 per share (up from the US $1.50 and US $2.00 per share values at which he bought the securities). He testified that he used savings and took out a small loan to make an investment in Legacy. After his Karp shares were sold by CCPL for an apparent US $6,500, Investor C understood he owed an additional US $31,000 to fund the purchase of 15,000 Legacy shares at US $2.50 per share. Investor C testified that he made one payment of US $13,000 and authorized a second payment for the balance owed, but had second thoughts and stopped payment on the balance due.

[94] In total, Investor C transferred US $16,500 to the CCP Account for investments in Karp and Legacy.

[95] In addition to the testimony from the three investor witnesses, Staff received information and documentation from 31 other investors in Karp and Legacy who invested through CCPL. Investors provided copies of email discussion with representatives of CCPL, wire transfer instructions, transaction statements, statements of account and copies of CCPL, Karp and Legacy marketing material which were provided to investors by CCPL.

[96] We were presented with evidence of additional wire transfers into the CCP Account, mostly from individuals located in Europe. Other than for the 34 investors who responded to Staff, we were not provided with evidence that these other wire transfers were investments in Karp and Legacy. The only materials in evidence with respect to these individuals are the banking documentation regarding their wire transfers. We accept that the wire transfers that make references to Karp or Legacy were intended to be investments in those securities through CCPL. We have considered the evidence and have determined that, in total, at least $353,229.19 was invested in the Karp and Legacy schemes through wire transfers into the CCP Account. This total includes investments made by the 34 investors with whom Staff was in contact as well as the wire transfers from individuals that make specific reference to Karp or Legacy securities.

[97] The evidence shows that none of CCP, CCPL, Karp or Legacy was registered with the Commission, and there were no registration exemptions available for the issuance of Karp and Legacy shares.

[98] Investors were fraudulently induced to make payments in return for securities in Karp and Legacy that were issued through CCPL in the absence of any registration exemptions available under Ontario securities law.

[99] The question now is whether the Respondents' traded in the securities of Karp and Legacy.

The Respondents' involvement in trades in Karp and Legacy securities

[100] The CCPL payment instructions form provided to investors directs them to send funds by wire transfer to the CCP Account, held at TD Canada Trust in Toronto. Elin and Mellon opened the CCP Account on May 29, 2003 in the name of Merax, operating as CCP. Mellon is listed as the business contact for this account and the address associated with the account is 204-2323 Yonge St., Toronto. The Respondents are the only two CCP directors listed in the account documentation.

[101] Both Mellon and Elin incorporated Merax, which operated as CCP, and were the two directors of the company. "CCP" was used interchangeably with "CCPL" in communications with investors. Merax's address was 2323 Yonge St., Suite 204, Toronto, the same address out of which Mellon worked.

[102] The evidence shows that Mellon and Elin were involved in setting up virtual offices, mailboxes and websites associated with Karp, Legacy and CCPL.

[103] Regus business centre, located in Switzerland, provided virtual office services for CCPL in Geneva. Documents from Regus list "Alex Elin & Richard Mellon" as the client names associated with CCPL. Included in the documentation setting up the account with Regus are photocopies of Elin's and Mellon's passports.

[104] A Mail Boxes Etc. mailbox was set up for CCP at an address not far from the Respondents' offices in Toronto. Elin is named as the customer in the agreement setting up the mailbox and the address listed for contact information is "2323 Yonge St., #204". A copy of Elin's driver's licence is included in the Mail Boxes Etc. documentation.

[105] Santiago testified that Mellon provided him with instructions regarding the creation and design of websites, including for CCPL, Legacy and Karp. Santiago designed the CCP website for Mellon, who provided him with the text to be used on the website. He testified that Mellon communicated that the purpose of the CCP website design was to present it as a wealth management company. There was a focus on European investors, so the images were targeted at them (for example, the image of a US dollar bill was replaced with other currency). Santiago testified that Mellon provided him with the address information and that Mellon also gave subsequent instructions to remove or edit the address information.

[106] Santiago also designed the Legacy website based on instructions from Mellon. He testified that he understood the website was being designed for one of Mellon's clients. Mellon provided all the content for the website to Santiago, including press releases. After the initial website was created, Santiago then instructed Mellon and Vitulli on how to upload press releases to the website on their own.

[107] In addition to websites, Santiago also designed the CCPL brochure. Mellon provided him instructions on the content of the CCPL brochure and directed that it be created on European stock paper, rather than paper with dimensions commonly used in North America. All payments for Santiago's design services were made by Mellon, by cash or cheque.

[108] The websites designed by Santiago for Mellon were hosted by Graveran's company, NACTWS. Graveran testified that Mellon provided him with a list of names and asked Graveran to provide email addresses for those names, which would be associated with CCP. He asked that the five emails (andrew@crowncapitalpartners.com, robert@crowncapitalpartners.com, alex@ crowncapitalpartners.com, richard@crowncapitalpartners.com and inquiries@crowncapital partners.com) be forwarded to the email address crowncapital2003@yahoo.co.uk.

[109] Mellon provided Graveran with the username and password information for the domain name "crowncapitalpartners.com". The registrant of the domain name was "Molyneux Roche Corporation" and the administrative contact was "J T R Baines".

[110] Graveran testified that only Mellon provided him with instructions regarding the websites for Cahara, CCP, Legacy and FFG. All invoices for hosting services were billed to Mellon's company, Cahara, and Graveran testified that he was always paid by Cahara.

[111] Mellon and Elin worked out of offices on the second and sixth floors of 2323 Yonge St., Toronto during the relevant time. We heard from two witnesses who worked out of the office space used by Mellon and Elin at 2323 Yonge St., Vitulli and Boss.

[112] Sandra Vitulli was employed by Mellon as a receptionist for Cahara on the second floor of 2323 Yonge St. Other than Mellon, she was the only person employed by Cahara. Vitulli testified that she sent out emails from the email address inquiries@crowncapitalpartners.com. She testified that she never spoke with investors over the phone, but would send them emails on behalf of CCP on instructions from Elin or Mellon and would provide them with attachments that she received from Mellon or Elin.

[113] Vitulli testified that she did not know where Elin worked, but that she would sometimes drop things off on the sixth floor of 2323 Yonge St. and would see him there. She testified that Elin provided her with instructions to send emails or brochures. Elin, and sometimes Mellon, instructed her to send boxes of CCPL brochures to an address in Switzerland. According to Vitulli, she would probably send 25 to 50 brochures in one month.

[114] Vitulli recalled telemarketers working for CCP. She did not know their names, or who they were calling, but remembers that they worked in the mornings. Vitulli did not recognize any of the names of the CCPL representatives that investors listed as contacts when they were put to her during her examination by Staff. She testified that she recalled that Mellon or Elin would give instructions to send emails on behalf of other people, such as Robert Mitchell. We were presented in evidence with an email signed by "Isabella Marcucci the Assistant to Robert Mitchell", which was sent to a CCPL investor.

[115] Vitulli admitted to using the aliases "Isabella Marcucci and Bianca Mastracci". She testified that she used these aliases because she was not comfortable giving her real name to people she did not know and that she told Mellon and Elin she was using these aliases.

[116] Vitulli testified that the cheques she received from CCP were reimbursements for supplies she purchased.

[117] Robert Boss was hired by Elin in 2003 to work as a telemarketer for CCP. Boss testified that he worked as a "qualifier" calling potential investors to see if they were interested in investing. Boss worked directly for Elin and took instructions from him.

[118] Boss worked out of the sixth floor of 2323 Yonge St. He was paid a salary by CCP, which he would pick up from the sixth floor office, or on occasion, from the office on the second floor at 2323 Yonge St. Boss testified that he generally worked mornings because they were primarily calling people in Europe.

[119] Elin provided Boss with the names and telephone numbers for the people in Europe whom he was to call. Boss was also provided with a script outlining what he was to say over the telephone. Boss would tell investors that CCP was a private equity firm doing private placements for junior mining companies and that there was an opportunity for investors to make money with Karp, a junior mining company affiliated with Claim Lake. He would direct people he spoke with on the phone to the website, if asked. If investors held shares in SBS Interactive, Boss would tell them that CCP might be able to help them out. After getting leads from potential investors, Boss would send them information or call them again.

[120] The names Boss used when speaking on the telephone changed with every call, and he assumed that others at CCP also used aliases. Boss testified that he did not recall using the specific names provided by investors for the CCPL representatives with whom they dealt.

[121] Funds from investors in Karp and Legacy were initially received into the CCP Account, over which the Respondents had control. Investor funds from the CCP Account were then generally transferred to a Merax bank account, also under the control of the Respondents, before being finally distributed. The Respondents benefitted from the funds raised from investors in Karp and Legacy in a number of ways. Cheques distributing the bulk of the proceeds of funds from investors were written from the Merax bank account to Mellon and Elin personally, to Mellon's companies, Cahara, Melrich and FFG, and to Elin's girlfriend at the time.

[122] As discussed in the Background section, above, the Respondents were also involved in the Karp subscription agreement between CCPL and Karp. The Respondents provided money on behalf of CCPL to purchase the Karp shares. Of the $50,000 that went towards the purchase of Karp shares, $5,000 came from a bank draft from Cahara and $43,000 came from the CCP Account. O'Donnell testified that he received the remaining $2,000 as a cash deposit from Mellon.

[123] Although there is some evidence regarding the involvement of a Trevor Baines and Wendy Baines in this scheme, we conclude that if he/they were involved, it does not change our analysis of the involvement of Mellon and Elin.

[124] The Respondents were not registered with the Commission during the relevant time when investors were sold Karp and Legacy securities.

[125] The evidence, both direct and circumstantial, is overwhelming. It clearly establishes on a balance of probabilities, that each of Mellon and Elin were not only involved, but were the directing minds of this fraudulent scheme to trade, sell and distribute the Karp and Legacy securities (or in the case of Legacy securities, it could well be that they were purported securities) contrary to section 25(1).

B. Did the Respondents breach subsection 53(1) of the Act?

i. The Law

[126] Subsection 53(1) of the Act states:

> 53. (1) Prospectus required – No person or company shall trade in a security on his, her or its own account or on behalf of any other person or company if the trade would be a distribution of the security, unless a preliminary prospectus and a prospectus have been filed and receipts have been issued for them by the Director.

ii. Analysis

[127] No prospectus was issued for the trades in Karp and Legacy securities through CCPL.

[128] The trades in Karp and Legacy securities, as described above, were distributions for which no prospectus exemptions were available. The Respondents were involved in an initial purchase of Karp securities by CCPL through the January 2003 subscription agreement, however their trades in Karp securities through sales to investors were nonetheless distributions.

[129] We find the evidence does not clearly establish on a balance of probabilities that the Respondents acted as underwriters as alleged by Staff. Investors were led to believe they were making pre-IPO investments in Karp and Legacy securities through CCPL, both in their initial purchases and their exercises of warrants. Investors were told that CCPL was a private equity firm involved in private placements for junior mining companies. Although fraudulent, sales of Karp and Legacy securities were marketed to investors as being distributions in substance.

[130] We find that the trades in Legacy and Karp securities were distributions made without a prospectus and without a prospectus exemption, and that the Respondents therefore breached subsection 53(1) of the Act.

C. Did the Respondents breach subsection 38(2) of the Act?

i. The Law

[131] Subsection 38(2) of the Act states:

> (2) Future value – No person or company, with the intention of effecting a trade in a security, shall give any undertaking, written or oral, relating to the future value or price of a security.

[132] In *Re Limelight Entertainment Inc.* (2008), 31 O.S.C.B. 1727, the Commission considered subsection 38(2) and stated at paras. 167-170:

> … the ASC stated [in *Re National Gaming Corp.* (2000), 9 A.S.C.S. 3570] that in determining whether a representation amounted to an undertaking, the context of the statement must be considered, and the "undertaking" must be given a "functional interpretation" in keeping with the objective of protecting investors. Accordingly, the ASC held it was not necessary to show that all the elements of an enforceable contract existed. …
>
> In *Securities Law and Practice* (Borden Ladner Gervais LLP, *Securities Law and Practice*, 3rd ed., looseleaf (Toronto: Thomson Canada Limited, 2007) (WLeC)), it is stated that: "the prohibition in s. 38(2) appears to be justifiably narrow since trading in securities is necessarily based on statements concerning the future value or price of securities; as long as they are not construed as undertakings, s. 38(2) would not be breached."
>
> We agree with the approach of the ASC in *National Gaming* and the statement of the law from *Securities Law and Practice*.
>
> In our view, a mere representation as to future value is not an "undertaking" within the meaning of subsection 38(2) of the Act. Prohibiting all representations as to the future value of securities would ignore the reality of the marketplace.

ii. Analysis of undertakings made to investors

[133] Boss testified that during his phone calls to potential investors in Europe, he told them that Legacy and Karp were looking to go public.

[134] Investor A testified that Robert Mitchell induced him to purchase units in Karp in October 2003 by telling him it would go public in the next two to four months and as soon as it happened he could sell the stock for a "nice profit". We also heard evidence that Robert Mitchell told Investor A to exercise his Karp warrants because "it was already clear that the IPO would happen at $3" (Hearing Transcript, January 19, 2011 at p. 3).

[135] Investor B testified that Eric Davis told him that Karp was involved in a project that had a very high rate of success and that "these shares will climb up" (Hearing Transcript, January 20, 2011 at p. 20).

[136] Investor C also testified that Robert Mitchell told him that "they were going to make an initial public offering and the share prices [of Karp] were expected to rise from $1.50 to $4" within three to four months (Hearing Transcript, January 20, 2011 at p. 54-55). In March 2004, Robert Mitchell told Investor C that "they had a takeover offer of $3.25 for the shares in Karp" (Hearing Transcript, January 20, 2011 at p. 58). Investor C told Staff that CCPL was "recommending that investor take advantage of their option to buy an additional equal number of shares at $2.00 before the takeover".

[137] Investor C testified that Robert Mitchell told him "the shares were expected to rise from $2.50 to $7 or $8" (Hearing Transcript, January 20, 2011 at p. 71). Further, in a conversation on October 15, 2004, Robert Mitchell told Investor C that "there is something going on right now with Legacy that is quite positive, as I mentioned to you earlier, there's rumours out there regarding a takeover".

[138] In addition to the testimony we heard from investor witnesses, we were presented evidence in the documents Staff obtained from investors that they were given representations as to the future value of Karp and Legacy securities.

[139] Further, the Karp Summary Fact Sheet states that:

> … Karp Minerals has adopted the following target criteria for the property:
>
> - A payback of capital investment in two years
> - Double digit returns on investment (minimum)

[140] We are not satisfied that the representations as to the future value of Karp and Legacy securities by CCPL representatives constituted undertakings as to the future value of securities as alleged by Staff.

D. Did the Respondents breach subsection 38(3) of the Act?

i. The Applicable Law

[141] Subsection 38(3) of the Act states:

> (3) Listing – Subject to the regulations, no person or company, with the intention of effecting a trade in a security, shall, except with the written permission of the Director, make any representations, written or oral, that such security will be listed on any stock exchange or quoted on any quotation and trade reporting system, or that application has been or will be made to list such security upon any stock exchange or quote such security on any quotation and trade reporting system, unless,
>
> (a) application has been made to list or quote the securities being traded, and securities of the same issuer are currently listed on any stock exchange or quoted on any quotation and trade reporting system; or
>
> (b) the stock exchange or quotation and trade reporting system has granted approval to the listing or quoting of the securities, conditional or otherwise, or has consented to, or indicated that it does not object to the representation.

ii. Analysis of representations made to investors

[142] Robert Mitchell told Investor A and Investor C when they made their initial investments that Karp would go public within two to four months. They and other investors were provided the Karp Summary Fact Sheet, which states under the heading "Strategy": "Company to Obtain a Stock Exchange Listing 2004".

[143] Boyle provided evidence that other investors contacted by Staff were given further representations that Karp would go public.

[144] The evidence does not support a claim that there was ever any actual intention that Karp would go public. On the contrary, Kretschmar testified that there was no plan for Karp to go public. O'Donnell testified that:

> … the company would have had to have financing. If the company had financing, it could go forward. There was no way that a company could go forward with an IPO or going public without having financing in place. You must have, in order to get a prospectus cleared, you must have a business plan and you must have financing in place to carry out the business plan. This company had no financing. So, once the financing stopped, then there was no possibility of this company going public.
>
> (Hearing Transcript, January 21, 2011 at p. 61-62)

[145] Regarding Legacy shares, Investor C testified that Robert Mitchell told him Legacy shares would be listed on the New York Stock Exchange in the first quarter of 2005.

[146] Investor A similarly testified that Robert Mitchell represented to him that Legacy was "a successful company … which would go public very soon" (Hearing Transcript, January 19, 2011 at p. 17). Further documentary evidence was provided of similar representations made to investors that Legacy would go public.

[147] We are satisfied that the evidence clearly establishes that representations were made as to the stock being 'listed on a recognized stock exchange'. This is part of the whole fraudulent scheme which Mellon and Elin directed or at the very least played a very significant active role and from which they directly or indirectly received the bulk of the proceeds of the sale of securities.

VI. CONCLUSION

[148] Accordingly, we find that the Respondents acted contrary to the public interest and contravened Ontario securities law through the following breaches of the Act:

(a) the Respondents traded in securities without being registered, contrary to subsection 25(1)(a) of the Act;

(b) the Respondents made illegal distributions of securities, contrary to subsection 53(1) of the Act; and

(c) the Respondents made illegal representations that securities would be listed on a stock exchange, contrary to subsection 38(3) of the Act.

[149] The Respondents are directed to contact the Office of the Secretary within 15 days to set a date for a sanctions and costs hearing, failing which a date will be set by the Office of the Secretary.

Dated at Toronto this 12th day of December, 2011.

"Patrick J. LeSage"
Patrick J. LeSage

"Sinan O. Akdeniz"
Sinan O. Akdeniz

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

THERE ARE NO ITEMS FOR THIS WEEK.

4.2.1 Temporary, Permanent & Rescinding Management Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/ Expire	Date of Issuer Temporary Order

THERE ARE NO ITEMS FOR THIS WEEK.

4.2.2 Outstanding Management & Insider Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/ Expire	Date of Issuer Temporary Order

THERE ARE NO ITEMS FOR THIS WEEK.

This page intentionally left blank

Chapter 5

Rules and Policies

5.1.1 OSC Rule 21-501 – Deferral of Information Transparency Requirements for Government Debt Securities in National Instrument 21-101 – Marketplace Operation

ONTARIO SECURITIES COMMISSION RULE 21-501
DEFERRAL OF TRANSPARENCY REQUIREMENTS FOR GOVERNMENT DEBT SECURITIES
IN NATIONAL INSTRUMENT 21-101 — *MARKETPLACE OPERATION*

Extension of existing exemption for government debt securities

1. In Ontario, the reference to "January 1, 2012" in section 8.6 of National Instrument 21-101 *Marketplace Operation* shall be read as a reference to "January 1, 2015".

Effective Date

2. This rule comes into force on December 31, 2011.

Expiration

3. This rule expires on January 1, 2015.

This page intentionally left blank

Chapter 7

Insider Reporting

This chapter is available in the print version of the OSC Bulletin, as well as as in Carswell's internet service 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
11/16/2011	2	American Greetings Corporation - Notes	7,144,200.00	2.00
11/16/2011	5	AMERIGROUP Corporation - Notes	3,427,174.80	5.00
11/22/2011	1	Antvibes Inc. - Common Shares	400,000.00	1,600,000.00
11/15/2011	2	Appia Energy Corp. - Flow-Through Units	13,500.00	9,000.00
11/15/2011	21	Appia Energy Corp. - Units	25,900.00	20,720.00
11/21/2011	15	Archean Star Resources Inc. - Units	1,040,000.00	13,000,000.00
11/21/2011	2	Atlas Pipline Partners, L.P. and Atlas Pipeline Finance Corporation - Notes	3,120,300.00	1,500.14
11/25/2011	1	Axela Inc. - Debenture	500,000.00	1.00
11/10/2011	4	Azimuth Resources Limited - Common Shares	8,791,681.00	18,500,000.00
11/15/2011	1	BlackBerry Partners Fund II L.P. - Units	15,000,000.00	15,000.00
11/25/2011	27	Blackdog Resources Ltd. - Flow-Through Shares	1,061,726.88	2,211,931.00
11/15/2011	1	BNP Paribas Arbitrage Issuance B.V - Certificates	30,289.25	29,000.00
11/14/2011 to 11/16/2011	13	Bravada Gold Corporation - Common Shares	940,000.00	18,800,000.00
11/10/2011	13	Canadian Horizons Blended Mortgage Investment Corporation - Preferred Shares	313,366.00	313,366.00
11/10/2011	35	Canadian Horizons First Mortgage Investment Corporation - Preferred Shares	1,300,199.00	1,300,199.00
11/14/2011	14	Cara Operations Limited - Receipts	75,240,000.00	76,000.00
11/10/2011	5	CareVest Second Mortgage Investment Corporation - Preferred Shares	24,695.00	24,695.00
11/16/2011	15	Cdn Oilfield Technologies & Solutions Corp. - Debentures	453,000.00	15.00
11/16/2011	26	Celeste Copper Corporation - Units	6,079,920.00	33,777,332.00
11/09/2011	10	Celtic Minerals Ltd. - Common Shares	200,000.00	4,000,000.00
11/22/2011	2	Cigna Corporation - Common Shares	811,114.56	18,300.00
11/08/2011	1	Cinemark Holdings, Inc. - Common Shares	1,632,134.40	80,000.00
11/17/2011	1	Citigroup Funding Inc. - Notes	20,000,000.00	200.00
11/16/2011	2	Colwood City Centre Limited Partnership - Notes	45,000.00	45,000.00

Transaction Date	No of Purchasers	Issuer/Security	Total Purchase Price ($)	No of Securities Distributed
11/24/2011	1	Compass Gold Corporation - Units	338,500.00	3,385,000.00
11/12/2011	27	Cordillera Gold Ltd. - Units	456,500.00	9,130,000.00
12/17/2010	9	Cordillera Gold Ltd. - Units	257,500.00	2,575,000.00
12/23/2010	14	Cordillera Gold Ltd. - Units	779,500.00	7,795,000.00
01/21/2011	19	Cordillera Gold Ltd. - Units	230,700.00	2,307,000.00
01/25/2011	17	Cordillera Gold Ltd. - Units	270,650.00	2,706,500.00
02/14/2011	7	Cordillera Gold Ltd. - Units	90,000.00	900,000.00
03/22/2011	2	Cordillera Gold Ltd. - Units	25,000.00	250,000.00
05/03/2011	6	Cordillera Gold Ltd. - Units	320,079.92	1,778,220.00
11/28/2011	1	Dios Exploration Inc. - Common Shares	19,125.00	75,000.00
11/25/2011	2	Embotics Corporation - Preferred Shares	200,000.00	16,000.00
09/23/2011	22	Eurocontrol Technics Group Inc. - Common Shares	1,486,000.00	14,840,000.00
10/06/2010	1	Farallon Asia Special Situations, L.P. - Limited Partnership Interest	170,000,000.00	1.00
03/10/2011	1	Farallon Special Situation Partners III, L.P. - Limited Partnership Interest	100,500,000.00	1.00
11/18/2011	15	Fongo Inc. - Common Shares	1,649,994.60	1,288,392.00
11/22/2011	47	Geodex Minerals Ltd. - Units	660,000.00	6,600,000.00
11/14/2011	6	Happy Creek Minerals Ltd. - Units	1,612,100.00	5,707,000.00
11/02/2011	22	iCo Therapeutics Inc. - Units	1,115,000.00	5,575,000.00
11/14/2011 to 11/18/2011	26	IGW Real Estate Retail Investment Trust - Units	803,503.46	N/A
11/21/2011	5	InvenSense, Inc. - Common Shares	234,479.00	30,100.00
11/28/2011	22	Investicare Seniors Housing Corp. - Mortgage	525,000.00	525.00
11/08/2011	45	Kaminak Gold Corporation - Flow-Through Shares	9,999,750.00	2,985,000.00
11/08/2011	18	Kaminak Gold Corporation - Common Shares	5,000,800.00	1,786,000.00
11/30/2011	2	Kingwest Avenue Portfolio - Units	256,785.52	9,118.84
11/30/2011	1	Kingwest Canadian Equity Portfolio - Units	6,171.55	544.36
11/30/2011	1	Kingwest U.S. Equity Portfolio - Units	2,740.96	199.87
11/18/2011	1	Koffman Enterprises Limited - Loans	158,122.00	158,122.00
11/18/2011	1	Koffman Enterprises Limited (London) - Loans	26,767.00	26,767.00
11/23/2011	1	LiveReel Media Corporation - Debenture	50,000.00	1.00

Transaction Date	No of Purchasers	Issuer/Security	Total Purchase Price ($)	No of Securities Distributed
07/21/2011	2	LiveReel Media Corporation - Debentures	50,001.00	2.00
11/04/2011	2	LyondellBasell Industries N.V. - Notes	2,259,960.00	2,220.00
11/18/2011	36	Masuparia Gold Corporation - Common Shares	1,343,600.00	5,905,900.00
11/21/2011 to 11/24/2011	7	Member-Partners Solar Energy Capital Inc. - Bonds	186,000.00	18,600.00
11/14/2011 to 11/17/2011	5	Member-Partners Solar Energy Limited Partnership - Units	260,000.00	260,000.00
11/23/2011	2	Michael-Angelo's - Loans	16,700,000.00	16,700,000.00
11/21/2011	3	MOVE Trust - Notes	5,665,554.01	3.00
11/16/2011	26	New Gulf Resources, LLC - Units	21,425,000.00	8,570,000.00
11/14/2011 to 11/23/2011	7	Newport Balanced Fund - Trust Units	103,014.00	1,043.00
11/14/2011 to 11/23/2011	2	Newport Canadian Equity Fund - Trust Units	75,000.00	576.00
11/14/2011 to 11/23/2011	3	Newport Fixed Income Fund - Trust Units	350,000.00	3,291.00
11/14/2011 to 11/23/2011	4	Newport Global Equity Fund - Trust Units	324,000.00	5,539.00
11/14/2011 to 11/23/2011	2	Newport Real Estate LPU - Trust Units	196,029.37	19,977.00
11/14/2011 to 11/23/2011	15	Newport Yield Fund - Trust Units	767,900.00	6,601.00
11/30/2011	3	Nordic Oil and Gas Ltd. - Units	112,500.00	1,500,000.00
11/15/2011	56	Petroleum Geo-Services ASA - Notes	307,050,000.00	N/A
11/14/2011	230	Petrus Resources Ltd. - Common Shares	35,594,100.00	17,797,050.00
11/14/2011	42	Petrus Resources Ltd. - Flow-Through Shares	7,130,318.40	2,970,966.00
11/16/2011	3	Plains Exploration & Production - Notes	3,316,950.00	3.00
11/15/2011	36	Prism Resources Inc. - Units	669,974.80	8,932,997.00
11/08/2011	1	Providence Equity Partners VII-A L.P. - Limited Partnership Interest	37,757,167.11	1.00
03/17/2011 to 11/24/2011	111	Quadrexx Asset Management Inc. - Preferred Shares	2,657,000.00	2,657.00
09/09/2010 to 02/07/2011	81	Quadrexx Asset Management Inc. - Preferred Shares	4,210,000.00	842.00
11/16/2011	30	Roxgold Inc. - Common Shares	11,357,500.00	10,325,000.00
11/22/2011	4	Royal Bank of Canada - Notes	3,125,952.00	30,150.00
11/03/2011	1	Sally Holdings LLC and Sally Capital Inc. - Notes	3,544,450.00	3,500.00

Transaction Date	No of Purchasers	Issuer/Security	Total Purchase Price ($)	No of Securities Distributed
11/21/2011	1	SESI, L.L.C. - Note	3,115,500.00	1.00
11/07/2011	1	Sinclair Cockburn Mortgage Investment Corporation - Common Shares	150,000.00	150,000.00
11/15/2011	75	Skyline Apartment Real Estate Investment Trust - Trust Units	11,754,009.00	1,068,546.27
11/14/2011	32	Sono Resources, Inc. - Units	1,262,072.00	2,480,000.00
11/18/2011	14	Superior Mining International Corporation - Units	583,500.00	5,835,000.00
11/15/2011	2	Swift Energy Company - Notes	2,283,438.74	2.00
11/23/2011	1	Teine Energy Ltd. - Common Shares	168,555,671.63	204,309,905.00
11/18/2011	127	Tembo Gold Corp. (Formerly Lakota Resources Inc.) - Units	6,900,000.00	6,900,000.00
11/04/2011	4	Tenet Healthcare Corporation - Notes	11,198,000.00	11,000.00
11/18/2011	7	Terrapro Mat Investors Group Limited Partnership #1 - Limited Partnership Units	900,000.00	900.00
11/17/2011	5	TimePlay Inc. - Debentures	5,400,000.00	5.00
11/17/2011	65	Traverse Energy Ltd. - Common Shares	2,921,260.00	3,725,450.00
10/30/2011 to 11/18/2011	80	UBS AG, Jersey Branch - Certificates	28,111,398.28	N/A
11/21/2011 to 11/25/2011	25	UBS AG, Jersey Branch - Certificates	6,388,000.07	25.00
11/22/2011 to 11/25/2011	3	UBS AG, Zurich - Certificates	459,840.81	3.00
08/31/2011	3	Vouchfor! Inc. - Common Shares	465,000.00	3,874,999.00
11/17/2011	3	VSS Communications Parallel Partners IV, L.P. - Limited Partnership Interest	132,884.00	N/A
11/18/2011	25	Walton AG Crossroads Investment Corporation - Common Shares	541,420.00	54,142.00
11/18/2011	39	Walton Fletcher Mills Investment Corporation - Common Shares	1,061,380.00	106,138.00
11/25/2011	16	Walton Fletcher Mills Investment Corporation - Common Shares	629,030.00	62,903.00
11/18/2011	13	Walton Fletcher Mills LP - Units	1,456,380.00	145,638.00
11/25/2011	25	Walton GA Crossroads Investment Corporation - Common Shares	678,070.00	67,807.00
11/18/2011	22	Walton MD Gardner Ridge Investment Corporation - Common Shares	388,410.00	38,841.00
11/18/2011	12	Walton MD Gardner Ridge LP - Units	721,528.25	70,393.00
11/18/2011	8	Walton MD Potomac Crossing LP - Units	440,750.00	43,000.00
11/25/2011	2	Walton Silver Crossing LP - Units	122,449.77	11,673.00

Transaction Date	No of Purchasers	Issuer/Security	Total Purchase Price ($)	No of Securities Distributed
11/22/2011	15	West Kirkland Mining Inc. - Flow-Through Shares	2,000,250.00	1,575,000.00
11/22/2011	28	West Kirkland Mining Inc. - Units	5,755,750.00	5,232,500.00

This page intentionally left blank

Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
CI Financial Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary Base Shelf Prospectus dated December 7, 2011
NP 11-202 Receipt dated December 8, 2011
Offering Price and Description:
$1,500,000,000.00:
Debt Securities (unsecured)
Subscription Receipts
Preference Shares
Common Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1838202

Issuer Name:
Cominar Real Estate Investment Trust
Principal Regulator - Quebec
Type and Date:
Preliminary Short Form Prospectus dated December 8, 2011
NP 11-202 Receipt dated December 8, 2011
Offering Price and Description:
$125,001,200.00 - 5,734,000 Units Price: $21.80 per Unit
Underwriter(s) or Distributor(s):
NATIONAL BANK FINANCIAL INC.
BMO NESBITT BURNS INC.
DESJARDINS SECURITIES INC.
RBC DOMINION SECURITIES INC.
CIBC WORLD MARKETS INC.
SCOTIA CAPITAL INC.
CANACCORD GENUITY CORP.
MACQUARIE CAPITAL MARKETS CANADA LTD.
Promoter(s):
-
Project #1838295

Issuer Name:
Crocotta Energy Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated December 7, 2011
NP 11-202 Receipt dated December 7, 2011
Offering Price and Description:
$25,002,850 -5,971,000 Common Shares and 1,250,000 Flow-through Shares
Price: $3.35 per Common Share and $4.00 per Flow-through Share
Underwriter(s) or Distributor(s):
GMP SECURITIES L.P.
CANACCORD GENUITY CORP.
ACUMEN CAPITAL FINANCE PARTNERS LIMITED
HAYWOOD SECURITIES INC.
CORMARK SECURITIES INC.
PARADIGM CAPITAL INC.
MACQUARIE CAPITAL MARKETS CANADA LTD.
RAYMOND JAMES LTD.
Promoter(s):
-
Project #1837978

Issuer Name:
DELPHI ENERGY CORP.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated December 8, 2011
NP 11-202 Receipt dated December 8, 2011
Offering Price and Description:
$27,115,000.00 - 8,700,000 Common Shares at $2.20 Per Common Share and 2,900,000 Flow-Through Common Shares at $2.75 Per Flow-Through Common Share
Underwriter(s) or Distributor(s):
STIFEL NICOLAUS CANADA INC.
NATIONAL BANK FINANCIAL INC.
PETERS & CO. LIMITED
SCOTIA CAPITAL INC.
CIBC WORLD MARKETS INC.
Promoter(s):
-
Project #1838365

Issuer Name:
Fortress Paper Ltd.
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated December 12, 2011
NP 11-202 Receipt dated December 12, 2011
Offering Price and Description:
$35,000,000.00 - 6.50% Convertible Unsecured Subordinated Debentures Price: $1,000.00 per Debenture
Underwriter(s) or Distributor(s):
RAYMOND JAMES LTD.
CANACCORD GENUITY CORP.
DUNDEE SECURITIES LTD.
RBC DOMINION SECURITIES INC.
SCOTIA CAPITAL INC.
TD SECURITIES INC.
CORMARK SECURITIES INC.
ACUMEN CAPITAL FINANCE PARTNERS LIMITED
Promoter(s):
-
Project #1839294

Issuer Name:
Gimus Resources Inc.
Principal Regulator - Quebec
Type and Date:
Preliminary Long Form Prospectus dated December 7, 2011
NP 11-202 Receipt dated December 8, 2011
Offering Price and Description:
$300,000.00 to $525,000.00 - 2,000,000 to 3,500,000 Common Shares Price: $0.15 per Common Share
Underwriter(s) or Distributor(s):
Jones Gable & Company Limited
Promoter(s):
Jourdan Resources Inc.
Project #1832864

Issuer Name:
Greater Toronto Airports Authority
Principal Regulator - Ontario
Type and Date:
Preliminary Based Shelf Prospectus dated December 7, 2011
NP 11-202 Receipt dated December 7, 2011
Offering Price and Description:
$1,500,000,000 .00 - Medium-Term Notes (Secured)
Underwriter(s) or Distributor(s):
BMO NESBITT BURNS INC.
CIBCWORLD MARKETS INC.
NATIONAL BANK FINANCIAL INC.
RBC DOMINION SECURITIES INC.
SCOTIA CAPITAL INC.
TD SECURITIES INC.
Promoter(s):
-
Project #1837879

Issuer Name:
InterRent Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated December 9, 2011
NP 11-202 Receipt dated December 9, 2011
Offering Price and Description:
$25,421,199.00 - Treasury Offering (8,473,733 Trust Units)
$19,578,801 Secondary Offering (6,526,267 Trust Units)
Price: $3.00 per Unit
Underwriter(s) or Distributor(s):
GMP SECURITIES L.P.
DUNDEE SECURITIES LTD.
CANACCORD GENUITY CORP.
DESJARDINS SECURITIES INC.
SCOTIA CAPITAL INC.
Promoter(s):
-
Project #1838752

Issuer Name:
Nebo Capital Corp.
Principal Regulator - British Columbia
Type and Date:
Preliminary CPC Prospectus dated December 9, 2011
NP 11-202 Receipt dated December 12, 2011
Offering Price and Description:
$240,000.00 - 1,200,000 COMMON SHARES Price: $0.20 per Common Share
Underwriter(s) or Distributor(s):
Haywood Securities Inc.
Promoter(s):
Quest Capital Management Corp.
Project #1839200

Issuer Name:
Palliser Oil & Gas Corporation
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated December 9, 2011
NP 11-202 Receipt dated December 9, 2011
Offering Price and Description:
$5,700,051.00 - 9,047,700 Common Shares and $800,030 - 1,039,000 Offered Flow-Through Shares Price: $0.63 per Common Share and $0.77 per Offered Flow-Through Share
Underwriter(s) or Distributor(s):
PI FINANCIAL CORP.
CASIMIR CAPITAL LTD.
DUNDEE SECURITIES LTD.
JENNINGS CAPITAL INC.
FRASER MACKENZIE LIMITED
PARADIGM CAPITAL INC.
Promoter(s):
-
Project #1838854

Issuer Name:
Russell LifePoints Balanced Income Class Portfolio
Russell LifePoints Conservative Income Class Portfolio
Russell LifePoints Fixed Income Class Portfolio
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectuses dated December 6, 2011
NP 11-202 Receipt dated December 7, 2011
Offering Price and Description:
Series B, F, F-5 and I-5 shares
Underwriter(s) or Distributor(s):
Russell Investments Canada Limited
Promoter(s):
Russell Investments Canada Limited
Project #1837829

Issuer Name:
5Banc Split Inc.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated December 8, 2011
NP 11-202 Receipt dated December 9, 2011
Offering Price and Description:
$25,801,350.00 - 2,580,135 Class C Preferred Shares, Series 1 $10.00 per Class C Preferred Share, Series 1
Underwriter(s) or Distributor(s):
TD SECURITIES INC.
SCOTIA CAPITAL INC.
BMO NESBITT BURNS INC.
NATIONAL BANK FINANCIAL INC.
Promoter(s):
TD SPONSORED COMPANIES INC.
Project #1833188

Issuer Name:
AltaGas Ltd.
Principal Regulator – Alberta
Type and Date:
Final Based Shelf Prospectus dated December 7, 2011
NP 11-202 Receipt dated December 7, 2011
Offering Price and Description:
$2,000,000,000.00:
Common Shares
Preferred Shares
Debt Securities
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1836465

Issuer Name:
Amica Mature Lifestyles Inc.
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated December 7, 2011
NP 11-202 Receipt dated December 7, 2011
Offering Price and Description:
$29,800,000.00 - 4,000,000 Subscription Receipts, each representing the right to receive one Common Share Price Per Subscription Receipt: $7.45
Underwriter(s) or Distributor(s):
CANACCORD GENUITY CORP.
NATIONAL BANK FINANCIAL INC.
GMP SECURITIES L.P.
BMO NESBITT BURNS INC.
CIBC WORLD MARKETS INC.
TD SECURITIES INC.
DUNDEE SECURITIES LTD.
Promoter(s):
-
Project #1834064

Issuer Name:
Templeton Asian Growth Corporate Class
(Series A, F, I and O Shares)
(of Franklin Templeton Corporate Class Ltd.)
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated December 7, 2011 to the Simplified Prospectus and Annual Information Form dated June 20, 2011
NP 11-202 Receipt dated December 9, 2011
Offering Price and Description:
Series A, F, I and O Shares @ Net Asset Value
Underwriter(s) or Distributor(s):
Franklin Templeton Investments Corp.
Franklin Templeton Investments Corp.
Bissett Investment Management, a division of Franklin Templeton Investments Corp.
Franklin Templeton Investments Corp.
Promoter(s):
Franklin Templeton Investments Corp.
Project #1734590

Issuer Name:
Phillips, Hager & North High Yield Bond Fund
(Series D, Series C, Advisor Series, Series F, Series O and Series B units)
Principal Regulator - Ontario
Type and Date:
Amendment #2 dated November 30, 2011 to the Simplified Prospectus and Annual Information Form dated June 29, 2011
NP 11-202 Receipt dated December 7, 2011
Offering Price and Description:
Series D, Series C, Advisor Series, Series F, Series O and Series B units of PHN High Yield Bond Fund @ net asset value
Underwriter(s) or Distributor(s):
Phillips, Hager & North Investment Funds Ltd.
Promoter(s):
RBC Global Asset Management Inc.
Project #1748053

Issuer Name:
C Level III Inc.
Principal Regulator - Ontario
Type and Date:
Final CPC Prospectus dated November 30, 2011
NP 11-202 Receipt dated December 9, 2011
Offering Price and Description:
Minimum Offering: $200,000.00 or 1,000,000 Common Shares; Maximum Offering: $1,000,000.00 or 5,000,000 Common Shares Price: $0.20 per Common Share
Underwriter(s) or Distributor(s):
Portfolio Strategies Securities Inc.
Promoter(s):
-
Project #1813996

Issuer Name:
Crown Point Ventures Ltd.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated December 9, 2011
NP 11-202 Receipt dated December 9, 2011
Offering Price and Description:
$13,000,750.00 - 13,685,000 Common Shares Price: $0.95 per Common Share
Underwriter(s) or Distributor(s):
CASIMIR CAPITAL LTD.
CANACCORD GENUITY CORP.
CORMARK SECURITIES INC.
Promoter(s):
-
Project #1836796

Issuer Name:
DGM Minerals Corp.
Principal Regulator - British Columbia
Type and Date:
Final Long Form Prospectus dated December 7, 2011
NP 11-202 Receipt dated December 8, 2011
Offering Price and Description:
$375,000.00 (Minimum Offering) ; $500,000.10 (Maximum Offering) - A Minimum of 2,500,000 Common Shares and a Maximum of 3,333,334 Common Shares
Underwriter(s) or Distributor(s):
Union Securities Ltd.
Promoter(s):
-
Project #1819833

Issuer Name:
Dundee Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated December 12, 2011
NP 11-202 Receipt dated December 12, 2011
Offering Price and Description:
$125,105,000.00 - 3,820,000 REIT Units, Series A PRICE: $32.75 per Unit
Underwriter(s) or Distributor(s):
TD SECURITIES INC.
SCOTIA CAPITAL INC.
CIBC WORLD MARKETS INC.
RBC DOMINION SECURITIES INC.
BMO NESBITT BURNS INC.
CANACCORD GENUITY CORP.
DUNDEE SECURITIES LTD.
HSBC SECURITIES (CANADA) INC.
BROOKFIELD FINANCIAL CORP.
GMP SECURITIES L.P.
NATIONAL BANK FINANCIAL INC.
Promoter(s):
-
Project #1837090

Issuer Name:
Innovative Composites International Inc.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated December 9, 2011
NP 11-202 Receipt dated December 9, 2011
Offering Price and Description:
$10,050,000.00 - 13,400,000 Common Shares Price: $0.75 per Common Share
Underwriter(s) or Distributor(s):
CANACCORD GENUITY CORP.
CLARUS SECURITIES INC.
RAYMOND JAMES LTD.
CORMARK SECURITIES INC.
UNION SECURITIES LTD.
Promoter(s):
-
Project #1836665

Issuer Name:
Marquis Institutional Balanced Portfolio (Series A, Series G, Series I, Series O, Series T and Series V units)
Marquis Institutional Balanced Growth Portfolio (Series A, Series G, Series I, Series O, Series T and Series V units)
Marquis Institutional Growth Portfolio (Series A, Series I, Series O, Series T and Series V units)
Marquis Institutional Equity Portfolio (Series A, Series I, Series O, Series T and Series V units)
Marquis Institutional Canadian Equity Portfolio (Series A, Series I, Series O, Series T and Series V units)
Marquis Institutional Global Equity Portfolio (Series A, Series I, Series O, Series T and Series V units)
Marquis Institutional Bond Portfolio (Series A, Series I, Series O and Series V units)
Marquis Balanced Portfolio (Series A, Series G, Series I, Series O and Series T units)
Marquis Balanced Growth Portfolio (Series A, Series I, Series O and Series T units)
Marquis Growth Portfolio (Series A, Series G, Series I, Series O and Series T units)
Marquis Equity Portfolio (Series A, Series I, Series O and Series T units)
Marquis Balanced Income Portfolio (Series A, Series I and Series O units)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated December 7, 2011
NP 11-202 Receipt dated December 12, 2011
Offering Price and Description:
Series A, Series G, Series I, Series O, Series T and Series V units
Underwriter(s) or Distributor(s):
Goodman & Company, Investment Counsel Ltd.
Promoter(s):
-
Project #1818180

Issuer Name:
Peyto Exploration & Development Corp.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated December 9, 2011
NP 11-202 Receipt dated December 9, 2011
Offering Price and Description:
$100,110,000.00 - 4,260,000 Common Shares Price: $23.50 per Common Share
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
Peters & Co. Limited
Scotia Capital Inc.
Stifel Nicolaus Canada Inc.
FirstEnergy Capital Corp.
TD Securities Inc.
HSBC Securities (Canada) Inc.
Haywood Securities Inc.
Promoter(s):
-
Project #1836653

Issuer Name:
Phillips, Hager & North High Yield Bond Fund
(Series D, Series C, Advisor Series, Series F, Series O and Series B units)
Principal Regulator - Ontario
Type and Date:
Amendment #2 dated November 30, 2011 to the Simplified Prospectus and Annual Information Form dated June 29, 2011
NP 11-202 Receipt dated December 7, 2011
Offering Price and Description:
Series D, Series C, Advisor Series, Series F, Series O and Series B units of PHN High Yield Bond Fund @ net asset value
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1748036; 1748053

Issuer Name:
Ridgewood Canadian Investment Grade Bond Fund
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated December 8, 2011
NP 11-202 Receipt dated December 9, 2011
Offering Price and Description:
$50,000,000 Maximum
(4,359,197 Units)
Underwriter(s) or Distributor(s):
TD SECURITIES INC.
CIBC WORLD MARKETS INC.
RBC DOMINION SECURITIES INC.
BMO NESBITT BURNS INC.
GMP SECURITIES L.P.
NATIONAL BANK FINANCIAL INC.
SCOTIA CAPITAL INC.
RAYMOND JAMES LTD.
CANACCORD GENUITY CORP.
MACQUARIE PRIVATE WEALTH INC.
MANULIFE SECURITIES INCORPORATED
Promoter(s):
-
Project #1831501

Issuer Name:
SCITI Trust
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated December 7, 2011
NP 11-202 Receipt dated December 7, 2011
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
TD Securities Inc.
Canaccord Genuity Corp.
GMP Securities L.P.
Raymond James Ltd.
Desjardins Securities Inc.
Mackie Research Capital Corporation
Macquarie Private Wealth Inc.
Manulife Securities Incorporated
HSBC Securities (Canada) Inc.
Industrial Alliance Securities Inc.
Laurentian Bank Securities Inc.
Union Securities Ltd.
Promoter(s):
-
Project #1830121

Issuer Name:
Utility Split Trust
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated December 9, 2011
NP 11-202 Receipt dated December 12, 2011
Offering Price and Description:
1,203,576 Class B Preferred Securities @ $10.00 per Class B Preferred Security
Underwriter(s) or Distributor(s):
CIBC WORLD MARKETS INC.
BMO NESBITT BURNS INC.
NATIONAL BANK FINANCIAL INC.
RBC DOMINION SECURITIES INC.
SCOTIA CAPITAL INC.
TD SECURITIES INC.
Promoter(s):
-
Project #1836268

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Consent to Suspension	Consolidated Risk Management Solutions Inc.	Restricted Portfolio Manager	November 25, 2011
New Registration	Transition Financial Advisors Group, Inc.	Portfolio Manager	December 7, 2011
Consent to Suspension (Pending Surrender)	Global Exempt Market Solutions Ltd.	Exempt Market Dealer	December 12, 2011
Voluntary Surrender	Magnolia Capital Corp.	Exempt Market Dealer	December 12, 2011
Consent to Suspension (Pending Surrender)	Harbourcastle Capital Inc.	Exempt Market Dealer	December 12, 2011
Consent to Suspension (Pending Surrender)	Van Arbour Asset Management Ltd.	Portfolio Manager and Exempt Market Dealer	December 13, 2011

This page intentionally left blank

Chapter 13

SROs, Marketplaces and Clearing Agencies

13.2 Marketplaces

13.2.1 Notice of Approval – Recognition of Alpha Trading Systems Limited Partnership and Alpha Exchange Inc. as an Exchange

NOTE: The full text of the following notice was posted to the OSC website on December 8, 2011 at http://www.osc.gov.on.ca/documents/en/Marketplaces/ats_20111208_alpha-noa-exchange.pdf, and has not been reproduced in the OSC Bulletin below. Specifically, Appendices B through M referred to in the below notice are only available on the OSC website.

RECOGNITION OF
ALPHA TRADING SYSTEMS LIMITED PARTNERSHIP AND ALPHA EXCHANGE INC.
AS AN EXCHANGE

NOTICE OF APPROVAL

The Commission has approved the recognition of each of Alpha Trading Systems Limited Partnership (Alpha LP) and Alpha Exchange Inc. (Alpha Exchange) as an exchange. The recognition of Alpha LP and Alpha Exchange is effective as at the later of: (a) February 1, 2012; or (b) the date the operations of Alpha ATS Limited Partnership have been legally transferred to Alpha Exchange. Commission staff will publish a notice confirming the effective date.

The recognition order sets out the terms and conditions of recognition and includes the review process to be followed for the rules, policies and other similar instruments of Alpha Exchange (Rules). The order is attached at Appendix A.

Pursuant to various terms and conditions of recognition, the Commission has also approved the following:

- The Rules of Alpha Exchange, those being Alpha Exchange's Trading Policies, Member Agreement, Market Maker Agreements, the Alpha Main Listing Handbook and related Forms, and the Alpha Venture Plus Listing Handbook and related Forms;
- The interests in Alpha LP and Alpha Trading Systems Inc. (Alpha GP) in excess of a 10% threshold held by each of CIBC World Markets Inc. (20.404%), TD Securities Inc. (19.233%), RBC Dominion Securities Inc. (13.787%), and National Bank Financial Inc. (11.977%);[1]
- Alpha Exchange's independence standards, which is part of the *Independence Standards, Code of Conduct and Conflicts Policy* applicable to the board of Alpha Exchange;[2] and
- the regulation services to be performed by IIROC for Alpha Exchange.

Previous publication of application

The application for recognition was published for comment on April 15, 2011 (the April Notice).[3] Alpha Group subsequently proposed substantive revisions to the market maker program contemplated for Alpha Exchange, and published its revised program for comment on September 9, 2011 (the September Notice).[4] Five comment letters were received for the April Notice, and three were received for the September Notice. Summaries of the comments and responses prepared by Alpha Group for each of the April Notice and September Notice are attached at Appendix B and Appendix C, respectively.

---

1 Any further increase in the ownership interest held by any one of these entities will require prior Commission approval.

2 The *Independence Standards, Code of Conduct and Conflicts Policy* is to be made publicly available on the website of Alpha Exchange.

3 The April Notice was published in the OSC Bulletin at (2011) 34 OSCB 4555. On May 13, 2011, a comparison chart pertaining to listing requirements that was published as part of the April 15, 2011 Notice was republished with amendments to take into account some changes to the TSX Venture Exchange listing requirements not reflected in the chart. The revised chart was published in the OSC Bulletin at (2011) 34 OSCB 5645.

4 The September Notice was published in the OSC Bulletin at (2011) 34 OSCB 9427.

There have been a number of changes to the Rules since they were published in the April Notice, and republished to a certain extent in the September Notice, to address the comments of the public and Commission staff. Alpha Group has prepared a summary of the significant changes made to the Rules, which is attached at Appendix D. The Rules of Alpha Exchange that have been approved by the Commission are also attached at Appendices E through M.

Other matters which may impact the oversight of recognized exchanges

The Commission has received an application from Maple Group Acquisition Corporation (Maple) for recognition as an exchange in connection with its proposed acquisition of TMX Group Inc. A notice was published for comment which raises a number of questions regarding the governance structure and mechanisms to address conflicts of interest that would be appropriate in the context of the Maple application.[5] The outcome of the Commission's review of the policy issues associated with the Maple application may have implications with respect to the continued appropriateness of the governance structures and conflicts of interest mechanisms in place for other exchanges recognized in Ontario, including Alpha LP and Alpha Exchange.

In addition, the Commission continues with its Emerging Markets Issuer Review (EMIR). The outcome of this review may have implications for listed issuer regulation, generally, which includes the listing standards and requirements of recognized exchanges in Ontario.

Notwithstanding that there are currently issues under consideration that may affect the Commission's views and expectations of Alpha LP, Alpha Exchange and other recognized exchanges in Ontario, the Commission has determined that it is not contrary to the public interest to recognize each of Alpha LP and Alpha Exchange as an exchange at this time. The recognition of Alpha LP and Alpha Exchange and the terms and conditions attached to that recognition are not intended to establish precedent with respect to the Maple application.

Pending the outcome of the policy issues being considered in the context of the Maple application and EMIR, the Commission may determine that changes are required to the terms and conditions of recognition for Alpha LP and Alpha Exchange, which includes the terms and conditions pertaining to governance structure and conflicts of interest, and to its listing standards and requirements.

[5] The Maple application was published in the OSC Bulletin on October 7, 2011 at (2011) 34 OSCB 10439.

APPENDIX A

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

AND

IN THE MATTER OF
ALPHA TRADING SYTEMS LIMITED PARTNERSHIP,
ALPHA TRADING SYSTEMS INC.,
ALPHA SERVICES INC.
AND ALPHA EXCHANGE INC.

RECOGNITION ORDER
(Section 21 of the Act)

WHEREAS Alpha Trading Systems Limited Partnership (Alpha LP), Alpha Trading Systems Inc. (Alpha GP), Alpha Services Inc. (Alpha Services) and Alpha Exchange Inc. (Alpha Exchange) (collectively, the Applicants) have filed an application dated April 4, 2011, and amended as at November 18, 2011 to include Alpha Services as an applicant, with the Ontario Securities Commission (Commission) requesting recognition of each of Alpha LP and Alpha Exchange as an exchange pursuant to section 21 of the Act (Application);

AND WHEREAS Alpha Exchange intends to operate two separate and distinct listing markets referred to as "Alpha Main" and "Alpha Venture Plus";

AND WHEREAS the Commission has received certain representations from the Applicants in connection with the Application;

AND WHEREAS the Applicants represent that Alpha LP and Alpha Exchange satisfy the criteria for recognition as an exchange set out in Schedule 1 to this order;

AND WHEREAS based on the Application and the representations that the Applicants have made to the Commission, the Commission has determined that Alpha LP and Alpha Exchange satisfy the criteria set out in Schedule 1 and that the granting of recognition of Alpha LP and Alpha Exchange as exchanges, subject to the terms and conditions set out in Schedule 2, would be in the public interest;

AND WHEREAS the exemptive relief granted to Alpha ATS LP by order of the Commission dated October 16, 2008 exempting Alpha ATS LP from the requirement to be recognized as an exchange (Exemption Order) will no longer be applicable as at the effective date of the recognition of each of Alpha LP and Alpha Exchange as an exchange, given that certain terms and conditions of the Exemption Order will no longer be met;

THE COMMISSION recognizes each of Alpha LP and Alpha Exchange as an exchange pursuant to section 21 of the Act, effective the later of: (a) February 1, 2012; or (b) the date the operations of Alpha ATS Limited Partnership have been legally transferred to Alpha Exchange, and subject to the terms and conditions attached at Schedule 2.

Dated December 8, 2011, and effective as at the later of: (a) February 1, 2012; or (b) the date the operations of Alpha ATS Limited Partnership have been legally transferred to Alpha Exchange.

"Howard Wetston"

"James D. Carnwath"

SCHEDULE 1

CRITERIA FOR RECOGNITION

PART 1 COMPLIANCE WITH NI 21-101 AND NI 23-101

1.1 Compliance with NI 21-101 and NI 23-101

The exchange complies with the requirements set out in National Instrument 21-101 *Marketplace Operation* and in National Instrument 23-101 *Trading Rules*, each as amended from time to time, including, but not limited to, the requirements relating to:

(a) Access Requirements;

(b) Public Interest Rules;

(c) Compliance Rules;

(d) Information Transparency;

(e) Trading Fees for Marketplaces;

(f) Record Keeping Requirements for Marketplaces; and

(g) Capacity, Integrity and Security of Marketplace Systems.

PART 2 GOVERNANCE

2.1 Governance

The governance structure and governance arrangements of the exchange ensure:

(a) effective oversight of the exchange;

(b) that business and regulatory decisions are in keeping with the exchange's public interest mandate;

(c) fair, meaningful and diverse representation on the governing body (Board) and any committees of the Board, including:

(ii) appropriate representation of independent directors, and

(ii) a proper balance among the interests of the different persons or companies using the services and facilities of the exchange;

(d) the exchange has policies and procedures to appropriately identify and manage conflicts of interest, and

(e) there are appropriate qualifications, remuneration, limitation of liability and indemnity provisions for directors, officers and employees of the exchange.

2.2 Fitness

The exchange has policies and procedures under which it will take reasonable steps, and has taken such reasonable steps, to ensure that each director and officer is a fit and proper person.

PART 3 ACCESS

3.1 Fair Access

(a) The exchange has established appropriate written standards for access to its services including requirements to ensure participants are appropriately registered under Ontario securities laws, or exempted from these requirements.

(b) The access standards and the process for obtaining, limiting and denying access are fair, transparent and applied reasonably.

PART 4 REGULATION OF PARTICIPANTS AND ISSUERS ON THE EXCHANGE

4.1 Regulation

The exchange has the authority, resources, capabilities, systems and processes to allow it to perform its regulation functions, whether directly or indirectly through a regulation services provider, including setting requirements governing the conduct of participants and issuers, monitoring their conduct, and appropriately disciplining them for violations of exchange requirements.

PART 5 RULES AND RULEMAKING

5.1 Rules and Rulemaking

(a) The exchange has rules, policies, and other similar instruments (Rules) that are designed to appropriately govern and regulate the operations and activities of participants and issuers.

(b) In addition to meeting the requirements of NI 21-101 relating to Public Interest Rules and Compliance Rules as referred to in paragraphs 1.1(b) and (c), respectively, the Rules are also designed to

(i) ensure a fair and orderly market; and

(ii) provide a framework for disciplinary and enforcement actions.

PART 6 DUE PROCESS

6.1 Due Process

For any decision made by the exchange that affects a participant or issuer, or an applicant to be a participant or issuer, including a decision in relation to access, listing, exemptions, or discipline, the exchange ensures that:

(a) parties are given an opportunity to be heard or make representations, and

(b) it keeps a record of, gives reasons for and provides for appeals or reviews of its decisions.

PART 7 CLEARING AND SETTLEMENT

7.1 Clearing and Settlement

The exchange has appropriate arrangements for the clearing and settlement of trades.

PART 8 SYSTEMS AND TECHNOLOGY

8.1 Information Technology Risk Management Procedures

The exchange has appropriate risk management procedures in place including those that handle trading errors, trading halts and circuit breakers.

PART 9 FINANCIAL VIABILITY

9.1 Financial Viability

The exchange has sufficient financial resources for the proper performance of its functions and to meet its responsibilities.

PART 10 FEES

10.1 Fees

(a) All fees imposed by the exchange are equitably allocated and are consistent with the Access Requirements referred to in paragraph 1.1(a) and the Trading Fees for Marketplaces requirements referred to in paragraph 1.1(e).

(b) The process for setting fees is fair and appropriate, and the fee model is transparent.

PART 11 OUTSOURCING

11.1 Outsourcing

Where the exchange has outsourced any of its key functions, it has appropriate and formal arrangements and processes in place that permit it to meet its obligations and that are in accordance with industry best practices.

PART 12 INFORMATION SHARING AND REGULATORY COOPERATION

12.1 Information Sharing and Regulatory Cooperation

The exchange has mechanisms in place to enable it to share information and otherwise co-operate with the Commission and its staff, recognized self-regulatory organizations, other recognized exchanges, investor protection funds, and other appropriate regulatory bodies.

SCHEDULE 2

TERMS AND CONDITIONS

PART I – DEFINITIONS

1. Definitions

For the purposes of this Schedule:

"affiliated entity" has the meaning ascribed to it in section 1.3 of National Instrument 21-101 *Marketplace Operation*;

"accounting principles" means accounting principles as defined in National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards;

"audited consolidated financial statements" means financial statements that

(a) are prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises, including that they adhere to the standards specified for consolidated financial statements in International Accounting Standard 27 *Consolidated and Separate Financial Statements*,

(b) include notes to the financial statements that identify the accounting principles used to prepare the financial statements, and

(c) are audited in accordance with Canadian GAAS and are accompanied by an auditor's report;

"criteria for recognition" means all of the criteria for recognition set out in Schedule 1;

"IIROC" means the Investment Industry Regulatory Organization of Canada;

"Alpha Issuer" means a person or company whose securities are listed on either of the two listing markets of Alpha Exchange, referred to as "Alpha Main" and "Alpha Venture Plus";

"Alpha Member" means a person or company that has been granted direct trading access rights by Alpha Exchange and is subject to regulatory oversight by Alpha Exchange, and the person or company's representatives;

"Rule" means a rule, policy, or other similar instrument of Alpha Exchange;

"subsidiary entity" has the meaning ascribed to it in section 1.3 of National Instrument 21-101 *Marketplace Operation*;

"unaudited consolidated financial statements" means financial statements that are prepared in the same manner as audited consolidated financial statements, except that they are not audited; and

"unaudited non-consolidated financial statements" means financial statements that are prepared in the same manner as audited consolidated financial statements, except that

(a) they are not audited; and

(b) investments in subsidiary entities, jointly controlled entities and associates are accounted for as specified for separate financial statements in International Accounting Standard 27 *Consolidated and Separate Financial Statements*.

PART II – ALPHA LP AND ALPHA GP

2. CRITERIA FOR RECOGNITION

Alpha LP must continue to meet the criteria for recognition.

3. OWNERSHIP AND CONTROL OF ALPHA LP, ALPHA GP AND ALPHA EXCHANGE

(a) For the purposes of paragraphs (b) and (c), a limited partner in Alpha LP shall not be considered to be acting jointly or in concert solely by reason of:

(i) being a limited partner in Alpha LP.

(ii) entering into an agreement, or being party to an understanding, the parties to which comprise all partners or limited partners in Alpha LP, or

(iii) any combination of circumstances referred to in subparagraphs (i) and (ii).

(b) Alpha LP must obtain the Commission's approval before any person or company, or any combination of persons or companies acting jointly or in concert, can

(i) hold an interest in the income or capital of Alpha LP of more than 10%, or

(ii) beneficially own, or exercise control or direction over, more than 10% of any class or series of voting shares of Alpha Exchange.

(c) Alpha GP must obtain the Commission's approval before any person or company, or any combination of persons or companies acting jointly or in concert, can

(i) beneficially own, or exercise control or direction over, more than 10% of any class or series of voting shares of Alpha GP, or

(ii) exercise control or direction over the right to nominate or elect more than 10% of the directors of the board of Alpha GP.

4. FITNESS

(a) Alpha LP must take reasonable steps to ensure that Alpha GP, and each limited partner of Alpha LP that holds more than a 10% interest in the income or capital of Alpha LP, is a fit and proper person. As part of those steps, Alpha LP must consider whether the past conduct of Alpha GP and each such limited partner affords reasonable grounds for belief that the business of Alpha LP and Alpha Exchange will be conducted with integrity and that the business of Alpha Exchange will be conducted in a manner that is consistent with the public interest.

(b) Alpha GP must take reasonable steps to ensure that each person or company, or any combination of persons or companies acting jointly or in concert, that owns or can exercise control or direction over more than 10% of any class or series of voting shares of Alpha GP, and each director and officer of Alpha GP, is a fit and proper person. As part of those steps, Alpha GP must consider whether the past conduct of each such person, company, director and officer affords reasonable grounds for belief that the business of Alpha LP and Alpha Exchange will be conducted with integrity and that the business of Alpha Exchange will be conducted in a manner that is consistent with the public interest.

5. CONFLICTS OF INTEREST AND CONFIDENTIALITY

(a) Alpha LP and Alpha GP must establish, maintain, and ensure compliance with policies and procedures that:

(i) identify and manage any conflicts of interest arising from their interest in Alpha Exchange, and from the involvement of any partner, director, officer or employee of a limited partner of Alpha LP in the management or oversight of the exchange operations or regulation functions of Alpha Exchange and the services it provides; and

(ii) require that information regarding exchange operations or regulation functions, or regarding an Alpha Member or Alpha Issuer, that is obtained by a partner, director, officer or employee of a limited partner of Alpha LP through their involvement in the management or oversight of exchange operations or regulation functions:

(A) be kept separate and confidential from the business or other operations of the limited partner of Alpha LP, except with respect to information regarding exchange operations where disclosure is necessary to carry out the individual's responsibilities for the management or oversight of exchange operations and the individual can and does exercise due care in its disclosure of the information, and

(B) not be used to provide an advantage to the limited partner of Alpha LP or to any of the limited partner's affiliated entities.

(b) Alpha LP and Alpha GP must regularly review compliance with the policies and procedures established in accordance with paragraph (a), and must document each review of compliance.

(c) The policies established in accordance with paragraph (a) must be made publicly available on the website of Alpha Exchange.

6. ALLOCATION OF RESOURCES

(a) Alpha LP must, for so long as Alpha Exchange carries on business as an exchange, allocate sufficient financial and other resources to Alpha Exchange to ensure that Alpha Exchange can carry out its functions in a manner that is consistent with the public interest, and in compliance with Ontario securities law.

(b) Alpha LP must notify Commission staff immediately upon becoming aware that it is or will be unable to allocate sufficient financial and other resources, as required under paragraph (a), to Alpha Exchange.

7. FINANCIAL REPORTING

(a) Within 90 days of its financial year end, Alpha LP must deliver to Commission staff audited consolidated financial statements for its latest financial year.

(b) Within 60 days of each quarter end, Alpha LP must deliver to Commission staff unaudited consolidated financial statements for its latest financial quarter.

8. COMPLIANCE

(a) Alpha LP must do everything within its control to cause Alpha Exchange to carry out its activities as an exchange recognized under section 21 of the Act and in compliance with Ontario securities law.

(b) Alpha GP must do everything within its control to cause Alpha Exchange to carry out its activities as an exchange recognized under section 21 of the Act and in compliance with Ontario securities law, and to ensure that Alpha LP meets the terms and conditions of recognition applicable to it under this Part II.

9. ACCESS TO INFORMATION

Each of Alpha LP and Alpha GP must and must cause its subsidiary entities to permit the Commission and its staff to have access to and inspect all data and information in its or their possession that is required for the assessment by the Commission of the compliance of Alpha LP, Alpha GP, Alpha Exchange and Alpha Services with Ontario securities law, and the performance of Alpha Exchange of its exchange operations and regulation functions.

PART III – ALPHA SERVICES

10. COMPLIANCE

(a) Alpha Services must do everything within its control to ensure that any and all exchange operations it performs for or on behalf of Alpha Exchange, whether carried out under the terms of an outsourcing agreement or otherwise, are conducted in a manner that is consistent with the public interest and in compliance with the terms and conditions of this Part III, and to also cause Alpha Exchange to carry out its activities as an exchange recognized under section 21 of the Act and in compliance with Ontario securities law.

(b) For any and all exchange operations performed by Alpha Services for or on behalf of Alpha Exchange, whether carried out under the terms of an outsourcing agreement or otherwise, Alpha Services must comply with any requirements applicable to a recognized exchange set out in National Instrument 21-101 *Marketplace Operation* and National Instrument 23-101 *Trading Rules,* each as amended from time to time, and any of the criteria for recognition, relating to:

(i) Access Requirements;

(ii) Restrictions on Trading on Another Marketplace;

(iii) Fair and Orderly Markets;

(iv) Discriminatory Terms;

(v) Confidential Treatment of Trading Information;

(vi) Order Protection;

(vii) Information Transparency;

(viii) Transparency of Marketplace Operations;

(ix) Recordkeeping Requirements for Marketplaces; and

(x) Marketplace Systems and Business Continuity Planning.

(c) For any and all exchange operations performed by Alpha Services for or on behalf of Alpha Exchange, whether carried out under the terms of an outsourcing agreement or otherwise, Alpha Services will comply with the Form 21-101F1 initial and change filing requirements, and change implementation requirements, set out in National Instrument 21-101 *Marketplace Operation* as if it were itself a recognized exchange, unless the information to be filed in connection with this paragraph had already been filed in the Form 21-101F1 of Alpha Exchange and subject to the related change filing and change implementation requirements.

11. ACCESS TO INFORMATION

Alpha Services must provide the Commission and its staff with:

(a) access to all data and information in its possession that is required for the assessment by the Commission of the compliance of Alpha Services and Alpha Exchange with Ontario securities law, and the performance of Alpha Exchange of its exchange operations and regulation functions;

(b) a quarterly list of all functions performed and services provided by Alpha Services, together with a description of the nature of those functions and services, separately identifying those that are performed or provided under an agreement or arrangement with Alpha Exchange, Alpha GP or Alpha LP; and

(c) any additional information the Commission or its staff may require from time to time.

PART IV – ALPHA EXCHANGE

12. RESPONSIBILITIES FOR THE PUBLIC INTEREST

The business of Alpha Exchange must be conducted with integrity and in a manner that is consistent with the public interest.

13. CRITERIA FOR RECOGNITION

Alpha Exchange must continue to meet the criteria for recognition.

14. OWNERSHIP AND CONTROL OF ALPHA EXCHANGE

Alpha Exchange must obtain the Commission's approval before any person or company other than Alpha LP, or any combination of persons or companies acting jointly or in concert, can beneficially own or exercise control or direction over more than 10% of any class or series of voting shares of Alpha Exchange.

15. FITNESS

Alpha Exchange must take reasonable steps to ensure that each person or company, or combination of persons or companies acting jointly or in concert, that owns or can exercise control or direction over more than 10% of any class or series of voting shares of Alpha Exchange, and each director and officer of Alpha Exchange, is a fit and proper person. As part of those steps, Alpha Exchange must consider whether the past conduct of each such person, company, director and officer affords reasonable grounds for belief that the business of Alpha Exchange will be conducted with integrity and in a manner that is consistent with the public interest.

16. INDEPENDENT REPRESENTATION

(a) Alpha Exchange must ensure that, at all times, at least 50% of its board of directors are independent directors, as that term is defined in the standards referred to in paragraph (b). In the event that at any time Alpha Exchange fails to meet such requirement, it must promptly advise Commission staff and take appropriate measures to remedy such situation.

(b) The board of directors of Alpha Exchange must adopt standards setting out criteria to determine whether individuals are independent, including criteria to determine whether an individual has a material relationship with Alpha Exchange and is therefore considered not to be independent. These standards will indicate that a "material relationship" exists if the relationship

could, in the view of Alpha Exchange's board of directors, be reasonably expected to interfere with the exercise of the individual's independent judgment. The following individuals will be identified in these standards as having a material relationship with Alpha Exchange, unless otherwise provided for in the standards:

(i) a partner, director, officer or employee of an Alpha Member, or an associate of a partner, director, officer or employee of an Alpha Member;

(ii) a partner, director, officer or employee of an affiliated entity of an Alpha Member, who is responsible for or is actively or significantly engaged in the Alpha Member's day-to-day operations or activities;

(iii) an officer or employee of Alpha Exchange or an affiliated entity of Alpha Exchange, or a partner or director of an affiliated entity, presently or within the last three years;

(iv) a partner, director, officer or employee of Alpha GP, presently or within the last three years;

(v) a person who is, or has been within the last three years, an associate of a partner, director, officer or employee of Alpha Exchange, Alpha GP, or an affiliated entity of Alpha Exchange or Alpha GP;

(vi) a partner, director, officer or employee of a limited partner of Alpha LP, or of an affiliated entity of a limited partner of Alpha LP;

(vii) a person that received, or a partner, director, officer or employee of a company that received, more than $75,000 in direct compensation from Alpha Exchange or an affiliated entity of Alpha Exchange during any twelve month period within the last three years (other than director or board committee fees and retirement plan payments or other deferred compensation for prior service, provided the compensation is not contingent in any way on continued service).

(c) The standards referred to in paragraph (b) and any amendments thereto, will be subject to the prior approval of the Commission, and must also be made publicly available on the Alpha Exchange website.

17. CONFLICTS OF INTEREST AND CONFIDENTIALITY

(a) Alpha Exchange must establish, maintain and ensure compliance with policies and procedures that:

(i) identify and manage any conflicts of interest arising from the operation of the marketplace or the services it provides. The conflicts of interest to be addressed must include those that arise from the involvement of any partner, director, officer or employee of a limited partner of Alpha LP in the management or oversight of the exchange operations or regulation functions of Alpha Exchange and the services it provides; and

(ii) require that information regarding exchange operations or regulation functions, or regarding an Alpha Member or Alpha Issuer, that is obtained by a partner, director, officer or employee of a limited partner of Alpha LP through their involvement in the management or oversight of exchange operations or regulation functions:

(A) be kept separate and confidential from the business or other operations of the limited partner of Alpha LP, except with respect to information regarding exchange operations where disclosure is necessary to carry out the individual's responsibilities for the management or oversight of exchange operations and the individual can and does exercise due care in its disclosure of the information, and

(B) not be used to provide an advantage to the limited partner of Alpha LP or to any of the limited partner's affiliated entities.

(b) Prior to the listing on Alpha Exchange of any security of a limited partner of Alpha LP or any security of an affiliated entity of a limited partner of Alpha LP, Alpha Exchange must develop and maintain appropriate conflicts of interest policies, and such conflicts of interest policies, and any amendments, will be subject to the prior approval of the Commission.

(c) Alpha Exchange will require each Alpha Member that is a limited partner of Alpha LP, or that is an affiliated entity of a limited partner of Alpha LP, to disclose the Alpha Member's relationship to Alpha Exchange to:

(i) clients whose orders might be, and clients whose orders have been, routed to Alpha Exchange; and

(ii) clients for whom the Alpha Member is acting or proposing to act as lead underwriter in connection with the issuance of securities to be listed on either of the "Alpha Main" or "Alpha Venture Plus" listing markets of Alpha Exchange.

(d) Alpha Exchange must regularly review compliance with the policies and procedures established in accordance with paragraphs (a) and (b), and must document each review of compliance.

(e) The policies established in accordance with paragraphs (a) and (b) must be made publicly available on the website of Alpha Exchange.

18. ACCESS

Alpha Exchange's requirements must only permit properly registered investment dealers that are members of IIROC and satisfy the access requirements established by Alpha Exchange to access the facilities of Alpha Exchange.

19. REGULATION OF ALPHA MEMBERS AND ALPHA ISSUERS

(a) Alpha Exchange must carry out appropriate procedures to ensure the effective monitoring and enforcement of compliance by Alpha Issuers and Alpha Members with the Rules, whether directly or indirectly through a regulation services provider.

(b) Alpha Exchange has retained and must continue to retain IIROC as a regulation services provider to provide, as agent for Alpha Exchange, certain regulation services which have been approved by the Commission. Alpha Exchange must provide to Commission staff, on an annual basis, a list outlining the regulation services performed by IIROC and the regulation functions performed by Alpha Exchange. All amendments to those listed services are subject to the prior approval of the Commission.

(c) Alpha Exchange must perform all other regulation functions not performed by IIROC, and will maintain adequate staffing, systems and other resources in support of those functions. Alpha Exchange must not perform such regulation functions through any other party, including affiliated entities or associates of Alpha Exchange, without prior Commission approval.

(d) Alpha Exchange must at least annually assess the performance by IIROC of the regulation services it provides to Alpha Exchange, and self-assess the performance by Alpha Exchange of any regulation functions not performed by IIROC, and provide a report to the board of directors, together with any recommendations for improvements. Alpha Exchange must provide Commission staff with copies of such reports and advise Commission staff of any proposed actions arising therefrom.

(e) Alpha Exchange must provide notice to Commission staff of any violations of Ontario securities law of which it becomes aware in the ordinary course of its business.

20. RULES AND RULEMAKING

Alpha Exchange must comply with the rule review process set out in Appendix A, as amended from time to time, concerning Commission approval of changes in its Rules.

21. DUE PROCESS

Alpha Exchange must, within six months of the effective date of recognition as an exchange, establish written procedural requirements governing the process for appeals or reviews of decisions referred to in paragraph 6.1(b) of the criteria for recognition. For clarity, these will be considered to be Rules and therefore subject to the rule review process established in accordance with section 20 of this Schedule 2.

22. CLEARING AND SETTLEMENT

Alpha Exchange must maintain appropriate arrangements for the clearing and settlement of trades through a clearing agency recognized by the Commission under the Act.

23. FINANCIAL VIABILITY MONITORING AND REPORTING

(a) Within 90 days of its financial year end, Alpha Exchange must deliver to Commission staff audited consolidated financial statements and unaudited non-consolidated financial statements for its latest financial year.

(b) Within 60 days of each quarter end, Alpha Exchange must deliver to Commission staff unaudited consolidated financial statements and unaudited non-consolidated financial statements for its latest financial quarter.

(c) Alpha Exchange must deliver to Commission staff its annual financial budget, together with the underlying assumptions, that has been approved by its board of directors, within 30 days after the commencement of each fiscal year. Such financial budget should include monthly projected revenues, expenses and cash flows.

(d) Alpha Exchange must calculate monthly the following financial ratios:

(i) a current ratio, being the ratio of current assets to current liabilities;

(ii) a debt to cash flow ratio, being the ratio of total debt (including any line of credit draw downs, and the current and long-term portions of any loans, but excluding accounts payable, accrued expenses and other liabilities) to adjusted EBITDA (i.e., earnings before interest, taxes, stock based compensation, depreciation and amortization) for the most recent 12 months, except that for the first 12 months subsequent to the transfer of the current marketplace operations of Alpha ATS LP to Alpha Exchange, where any of the previous 12 months' adjusted EBITDA does not reflect the results from the operations of a marketplace, the adjusted EBITDA of Alpha ATS LP for those month will serve as a substitute for the purposes of determining what constitutes the most recent 12 months of adjusted EBITDA; and

(iii) a financial leverage ratio, being the ratio of total assets to shareholders' equity,

in each case calculated based on financial statements for the latest month that are prepared in the same manner as its unaudited non-consolidated financial statements.

(e) Alpha Exchange must report quarterly to Commission staff, along with the financial statements required to be delivered pursuant to paragraphs (a) and (b), the monthly calculations for the previous quarter of the financial ratios as required to be calculated under paragraph (d).

(f) Depending on the results of the calculations under paragraph (d), Alpha Exchange may be required to provide additional reporting as set out below.

(i) If Alpha Exchange determines that it does not have, or anticipates that, in the next twelve months, it will not have:

(A) a current ratio of greater than or equal to 1.1/1,

(B) a debt to cash flow ratio of less than or equal to 4.0/1, or

(C) a financial leverage ratio of less than or equal to 4.0/1,

it must immediately notify Commission staff of the above ratio(s) that it is not maintaining, the reasons, along with an estimate of the length of time before the ratio(s) will be maintained.

(ii) Upon receipt of a notification made by Alpha Exchange pursuant to subparagraph (i), the Commission or its staff may, as determined appropriate, impose terms or conditions on Alpha Exchange, which may include any of the terms and conditions set out in subparagraphs (g)(ii) and (iii).

(g) If Alpha Exchange's current ratio, debt to cash flow ratio or financial leverage ratio falls below the levels outlined in subparagraphs (f)(i)(A), (B) and (C) above for a period of more than three months, Alpha Exchange must:

(i) immediately deliver a letter advising Commission staff of the reasons for the continued ratio deficiencies and the steps being taken to rectify the situation;

(ii) deliver to Commission staff, on a monthly basis, within 30 days of the end of each month:

(A) unaudited non-consolidated financial statements, prepared for the latest month, and a status update on any pending capital raising transaction(s) including the amount, terms and name(s) of individuals/entities that have committed to providing funding and their commitment,

(B) a comparison of the monthly revenues and expenses incurred by Alpha Exchange against the projected monthly revenues and expenses included in Alpha Exchange's most recently updated budget for that fiscal year,

(C) for each revenue item whose actual was significantly lower than its projected amount, and for each expense item whose actual was significantly higher than its projected amount, the reasons for the variance, and

(D) a calculation of the current ratio, debt to cash flow ratio and financial leverage ratio for the month;

(iii) prior to making any type of payment to any director, officer, related company or shareholder that is in excess of the amount included in the most recent annual financial budget delivered to Commission staff, demonstrate to the satisfaction of Commission staff that it will have sufficient financial resources to continue its operations after the payment; and

(iv) adhere to any additional terms or conditions imposed by the Commission or its staff, as determined appropriate, on Alpha Exchange,

until such time as Alpha Exchange has maintained each of its current ratio, debt to cash flow ratio and financial leverage ratio at the levels outlined in subparagraphs (f)(i)(A), (B) and (C) for a period of at least 6 consecutive months.

24. OUTSOURCING

(a) If Alpha Exchange outsources any of its key services or systems to a service provider, which includes affiliated entities or associates of Alpha Exchange, Alpha Exchange must:

(i) establish and maintain policies and procedures for the selection of service providers to whom key services and systems may be outsourced and for the evaluation and approval of such outsourcing arrangements;

(ii) identify any conflicts of interest between Alpha Exchange and the service provider to whom key services and systems are outsourced, and establish and maintain policies and procedures to mitigate and manage such conflicts of interest;

(iii) enter into a contract with the service provider to whom key services and systems are outsourced that is appropriate for the materiality and nature of the outsourced activities and that provides for adequate termination procedures;

(iv) maintain access to the books and records of the service providers relating to the outsourced activities;

(v) ensure that the Commission and Commission staff have access to all data, information and systems maintained by the service provider on behalf of Alpha Exchange, for the purposes of determining Alpha Exchange's compliance with Ontario securities law and Alpha Exchange's performance of its exchange operations and regulation functions;

(vi) take appropriate measures to determine that service providers to whom key services or systems are outsourced establish, maintain and periodically test an appropriate business continuity plan, including a disaster recovery plan;

(vii) take appropriate measures to ensure that the service providers protect Alpha Exchange's proprietary, order, trade or any other confidential information; and

(viii) establish processes and procedures to regularly review the performance of the service provider under any such outsourcing arrangement.

(b) For any and all exchange operations performed by Alpha Services for or on behalf of Alpha Exchange, whether carried out under the terms of an outsourcing agreement or otherwise, Alpha Exchange is responsible for the compliance of those operations with Ontario securities law, notwithstanding Alpha Services' responsibilities for the performance of those operations and its obligations under Part III of this Schedule 2.

25. SEPARATION OF LISTING MARKETS

Alpha Exchange must take all steps necessary to differentiate and distinguish the listing markets operated by Alpha Exchange, referred to as "Alpha Main" and "Alpha Venture Plus", so that the separate and distinct nature of each listing market and the listing standards applicable to each listing market is clear.

26. ADDITIONAL INFORMATION

(a) Alpha Exchange must provide the Commission or its staff with:

(i) the information set out in Appendix B, as amended from time to time;

(ii) any information required to be provided by Alpha Exchange to IIROC, including any and all order and trade information, as requested by the Commission or its staff;

(iii) any additional information the Commission or its staff may require from time to time.

(b) Alpha Exchange must comply with the reporting program set out in the *Automation Review Program For Market Infrastructure Entities in the Canadian Capital Markets*, as amended from time to time, and published on the Commission website.

Appendix A

Rule Review Process

1. Each new or amended Rule will be approved by the Alpha Exchange board of directors.

2. Alpha Exchange will file with the Commission each new or amended Rule approved by its board of directors.

3. More specifically, Alpha Exchange will file the following information:

(a) the Rule;

(b) notice of publication including:

(i) a description of the Rule and its impact;

(ii) a concise statement, together with supporting analysis, of the nature, purpose and intended effect of the Rule;

(iii) the possible effects of the Rule on marketplace participants, competition and the costs of compliance;

(iv) a description of the rule-making process, including a description of the context in which the Rule was developed, the process followed, the issues considered, the consultation process undertaken, the alternative approaches considered and the reasons for rejecting the alternatives;

(v) where the Rule requires technological changes to be made by Alpha Exchange, Alpha Members or Alpha Issuers, Alpha Exchange will provide a description of the implications of the Rule and, where possible, an implementation plan, including a description of how the Rule will be implemented and the timing of the implementation;

(vi) a reference to other jurisdictions including an indication as to whether another regulator in Canada, the United States or another jurisdiction has a comparable rule or has made or is contemplating making a comparable rule and, if applicable, a comparison of the Rule to the rule of the other jurisdiction;

(vii) whether the Rule is classified as "public interest" or "housekeeping"; and

(viii) where the Rule is classified as "housekeeping", the effective date of the Rule.

4. For the purposes of this rule review process, a Rule may be classified as "housekeeping" if it does not affect the meaning, intent or substance of an existing rule and involves only:

(a) the correction of spelling, punctuation, typographical or grammatical mistakes or inaccurate cross-referencing;

(b) stylistic formatting, including changes to headings or paragraph numbers;

(c) amendments required to ensure consistency with an existing approved rule; or

(d) changes in routine procedures and administrative practices of Alpha Exchange provided that such changes do not impose any significant burden or any barrier to competition that is not appropriate.

Any rule falling outside of this definition would be categorized as a "public interest" Rule. Prior to proposing a Rule that is of a "public interest" nature, as defined above, the Alpha Exchange board of directors shall have determined that the entry into force of such Rule would be in the public interest. The material filed with the Commission in relation to "public interest" Rules shall be accompanied by a statement to that effect.

5. Where a Rule has been classified as "public interest", the Commission will publish for a 30 day comment period in its bulletin or on its website the notice filed by Alpha Exchange and the Rule. If amendments to the Rule are necessary as a result of comments received, Commission staff shall have discretion to determine whether the Rule should be re-published for comment. If the Rule is re-published, the request for comment shall include Alpha Exchange’s summary of comments and responses thereto together with an explanation of the revisions to the Rule and the supporting rationale for the amendments.

6. A "public interest" Rule will be effective as of the date of Commission approval or on a date determined by Alpha Exchange, whichever is later. A "housekeeping" Rule shall be deemed to have been approved upon being filed with the Commission, unless staff of the Commission communicate to Alpha Exchange, within five business days of receipt of the Rule, their disagreement with Alpha Exchange's classification of the Rule as "housekeeping" and the reasons for their disagreement. Where staff of the Commission disagree with Alpha Exchange's classification, Alpha Exchange shall re-file the Rule as a "public interest" Rule. A "housekeeping" Rule shall be effective on the date indicated by Alpha Exchange in the filing.

7. The Commission shall publish a Notice of Commission Approval of both "public interest" and "housekeeping" Rules in its bulletin or on its website. All such notices relating to "public interest" Rules shall also include Alpha Exchange's summary of comments and responses thereto. All such notices relating to "housekeeping" Rules shall be accompanied by the notice filed by Alpha Exchange and the Rule itself.

8. If Alpha Exchange is of the view that there is an urgent need to implement a Rule, Alpha Exchange may make a Rule effective immediately upon approval by Alpha Exchange's board of directors provided that Alpha Exchange:

(a) provides the Commission with written notice of the urgent need to implement the Rule prior to the submission of the Rule to Alpha Exchange's board of directors; and

(b) includes in the notice referenced in 3(b) an analysis in support of the need for immediate implementation of the Rule.

9. If the Commission does not agree that immediate implementation is necessary, Commission staff will advise Alpha Exchange that the Commission disagrees and provide the reasons for its disagreement. If no notice is received by Alpha Exchange within 5 business days of the Commission receiving Alpha Exchange's notification, Alpha Exchange shall assume that the Commission agrees with its assessment.

10. A Rule that is implemented immediately shall be published, reviewed and approved in accordance with the procedure set out above. Where the Commission subsequently disapproves a Rule that was implemented immediately, Alpha Exchange shall repeal the Rule and publish a notice informing its marketplace participants.

11. The terms, conditions and procedures set out in this section may be varied or waived by Commission staff. A waiver or variation may be specific or general and may be made for a time or for all time. The waiver or variation must be in writing by Commission staff.

Appendix B

Information to be provided

1. Quarterly Reporting on Exemptions or Waivers Granted

On a quarterly basis, Alpha Exchange must submit to Commission staff a report summarizing all exemptions or waivers granted pursuant to the Rules to any Alpha Member or Alpha Issuer during the period. This summary must include the following information:

(a) The name of the Alpha Member or Alpha Issuer;

(b) The type of exemption or waiver granted during the period

(c) Date of the exemption or waiver, and

(d) A description of Alpha Exchange staff's reason for the decision to grant the exemption or waiver.

2. Quarterly Reporting on Listing Applications

On a quarterly basis, Alpha Exchange must submit to Commission staff a report containing the following information:

(a) The number of listing applications filed;

(b) The number of listing applications that were accepted;

(c) The number of listing applications that were rejected and the reasons for rejection, by category;

(d) The number of listing applications that were withdrawn or abandoned and, if known, the reasons why the application was withdrawn or abandoned, by category;

In each of the foregoing cases, the numbers must be broken down by industry category and in any other manner that a Director of the Commission requests.

3. Notification of Suspensions and Disqualifications

If an Alpha Issuer has been suspended or disqualified from qualification for listing, Alpha Exchange must immediately issue a press release setting out the reasons for the suspension and deliver this information to Commission staff.

13.2.2 TSX Inc. – Notice of Approval – Amendments to the Rules of the TSX to Permit Trading of Securities Listed on Other Canadian Exchanges

TSX INC.

NOTICE OF APPROVAL

AMENDMENTS TO THE RULES OF THE TORONTO STOCK EXCHANGE TO PERMIT TRADING OF SECURITIES LISTED ON OTHER CANADIAN EXCHANGES

Introduction

In accordance with the Protocol for Commission Oversight of Toronto Stock Exchange Rule Proposals between the Ontario Securities Commission (OSC) and TSX Inc. (TSX), the OSC has approved amendments (Amendments) to the Rules of the Toronto Stock Exchange (TSX Rules) which are attached at **Appendix A**. The Amendments are public interest amendments to the TSX Rules. The Amendments were published for public comment in a request for comments on May 20, 2011 (Request for Comments).

Reasons for the Amendments

Clarifying the TSX Rules to permit trading in securities that are not listed by Toronto Stock Exchange allows TSX to leverage its trade execution strength in the event that it determines to trade securities that are listed by another Canadian exchange. For example, TSX may determine that it would be appropriate and beneficial to Participating Organizations (POs), investors and other stakeholders to trade securities on TSX that are listed by Alpha Exchange Inc. If such decision is taken by TSX, appropriate notice will be given to market participants so that there is no confusion in the market regarding the securities being traded on TSX. The Amendments clarify the application of the TSX Rules in such an instance.

Summary of the Amendments

Definitions

Definitions have been modified to capture the distinction between “listed security” (a security that is listed by Toronto Stock Exchange and traded on TSX), and “security” (a security that trades on TSX and includes both a security that is listed by Toronto Stock Exchange, and a security that is listed by another recognized exchange in Canada).

General Trading Rules

Terms are updated throughout the TSX Rules to confirm that most provisions apply to all securities. However, terminology in the market making section has not been revised as TSX will provide market-making functionality only for securities listed by Toronto Stock Exchange. Terminology in the issuer bid section of the TSX Rules also has not changed as our normal course issuer bid and debt issuer bid rules only apply to trading of issuers whose securities are listed by Toronto Stock Exchange. The buy-in provisions have been modified to confirm that buy-in procedures are provided only at TSX’s discretion.

New TSX Rule 4-1201

A new section is inserted in the TSX Rules to confirm that TSX is permitted to trade securities that are not listed by Toronto Stock Exchange. TSX Rule 4-1201 includes clarifying provisions describing TSX’s ability to remove a posted security from trading and to halt a posted security.

Comment Letters

TSX received one comment letter in response to the Request for Comments. A summary of the comment together with TSX’s response is attached at **Appendix B**.

Text of the Amendments

The Amendments are attached at **Appendix A**.

Effective Date

TSX intends to make the Amendments effective in early 2012. A notice to POs will be published prior to the effective date.

Appendix A

AMENDMENTS TO PERMIT TRADING OF SECURITIES LISTED ON OTHER CANADIAN EXCHANGES

RULES (AS AT ●)	POLICIES
PART 1 - INTERPRETATION **1-101 Definitions (Amended)** (1) In all Exchange Requirements, unless the subject matter or context otherwise requires: (a) defined or interpreted in section 1 of the *Securities Act* has the meaning ascribed to it in that section; (b) defined in subsection 1(2) of the Regulation has the meaning ascribed to it in that subsection; (c) defined in subsection 1.1(3) of National Instrument 14-101 Definitions has the meaning ascribed to it in that subsection; (d) defined in subsection 1.1(2) of Ontario Securities Commission Rule 14-501 has the meaning ascribed to it in that subsection; and (e) defined or interpreted in UMIR has the meaning ascribed to it in that document. **Amended (April 1, 2002)**	
(2) In all Exchange Requirements, unless the subject matter or context otherwise requires: *****	
"ask price" or **"offer price"** means the lowest price of a committed order to sell at least one board lot of a particular ~~listed~~ security. **Amended (●)**	
***** **"better-priced limit order"** means a limit order entered prior to the opening of trading of a ~~listed~~ security to buy at a price that is higher than the opening price, or to sell at a price that is lower than the opening price. **Amended (●)**	
"bid price" means the highest price of a committed order to buy at least one board lot of a particular ~~listed~~ security. **Amended (●)**	
*****	
"board lot" means: ~~(a)~~ (a) 1,000 units of a ~~listed~~ security trading at less than $0.10 per unit;	

RULES (AS AT ●)	POLICIES
~~(b)~~ (b) 500 units of a ~~listed~~ security trading at $0.10 or more per unit and less than $1.00 per unit; ~~(c)~~ (c) 100 units of a ~~listed~~ security trading at more than $1.00 per unit; and ~~(d)~~ (d) such other number of units of a ~~listed~~ security as may be specified by the Exchange from time to time in respect of a particular ~~listed~~ security or class of ~~listed~~ securities. **Amended (●)**	
"Book" means the electronic file of committed orders for ~~listed~~ securities but does not include the MOC Book. **Amended (~~March 29, 2004~~●)**	
*****	
"calculated opening price" or **"COP"** is the price of opening trades in a ~~listed~~ security calculated in the manner prescribed by the Board. **Amended (●)**	
*****	
"committed order" means an offer to buy or sell a specific number of shares or units of a ~~listed~~ security at a specific price that is entered in the Book and that is open for acceptance by any other Participating Organization. **Amended (●)**	
*****	
"Exchange Contract" means any contract: (a) to buy or sell any ~~listed~~ security, if such contract is made through the facilities of the Exchange; or (b) for delivery of and payment for any ~~listed security (or security which was a listed security~~security that was posted for trading on the Exchange when the contract was made~~),~~ arising from settlement through the Clearing Corporation. **Amended (●)**	
*****	
"Last Sale Price" means: (a) in respect of a MOC Security, the calculated closing price; and (b) in respect of any other ~~listed~~ security, the last board lot sale price of the security on the Exchange in the Regular Session.	

RULES (AS AT ●)	POLICIES
Amended (~~March 10, 2006~~●)	
*****	
"listed company" or "listed issuer" means an issuer which has one or more classes of its securities listed for trading by the Exchange. Amended (●)	
"listed security" means a security listed by the Exchange and posted for trading on the Exchange. Amended (●)	
*****	
"program trade" means one of a series of market orders in ~~listed~~ securities, including Index Participation Units, underlying an Index that is being undertaken in conjunction with a trade in derivatives the underlying interest of which is the Index that is traded in accordance with Exchange Requirements governing such trades. Amended (●)	
"Proprietary Electronic Trading System" or **"PETS"** means an electronic trading system operated or sponsored by a Participating Organization which matches buy and sell orders in ~~listed~~ securities, but does not include a system which solely matches orders of one Participating Organization and the clients of that Participating Organization. Amended (●)	
*****	
"security" when used to describe a security that trades on the Exchange means: (a) a listed security (as such term is defined herein); and (b) a security that is posted for trading on the Exchange, but not listed by the Exchange. Added (●)	
"settlement day" means any Trading Day on which settlements in ~~listed~~ securities may occur through the facilities of the Clearing Corporation. Amended (●)	
*****	
"Special Trading Session" means a Session during which trading in a ~~listed~~ security is limited to the execution of transactions at a single price.	

RULES (AS AT ●)	POLICIES
Amended (●)	
*****	
"trading system" includes all facilities and services provided by the Exchange to facilitate trading, including, but not limited to: electronic systems for trading ~~listed~~ securities; data entry services; any other computer-based trading systems and programs; communications facilities between a system operated or maintained by the Exchange and a trading or order routing system operated or maintained by a Participating Organization, another market or other person approved by the Exchange; and price quotations and other market information provided by or through the Exchange. Amended (●)	
*****	
PART 2 – ACCESS TO TRADING ***** **DIVISION 4– SUPERVISION OF TRADING** ***** **2-405 Confirmation** (1) A Participating Organization that has acted in the purchase or sale of a ~~listed~~ security on the Exchange shall promptly send or deliver to its client, if any, a written confirmation of the purchase or sale setting forth the following: ***** Amended (●)	
PART 3 – GOVERNANCE OF TRADING SESSIONS **DIVISION 1 – SESSIONS** ***** **3-102 Trades Outside of Hours for Sessions** Except as approved by a Market Surveillance Official, no trade in a ~~listed~~ security shall be made on the Exchange at a time prior to the dissemination by the Exchange on the trading system of a message opening the Session or at a time after the dissemination by the Exchange on the trading system of a message closing the Session. Amended (●) *****	

RULES (AS AT ●)	POLICIES
3-205 General Prescriptive Power The Board may prescribe such other terms and conditions, as the Board considers appropriate in the circumstances, related to: (a) trading in ~~listed~~ securities, including trading in listed securities either on or off the Exchange; and (b) settlement of ~~trades in listed~~ securities traded on the Exchange. Amended (●) *****	
PART 4 – TRADING OF ~~LISTED~~ SECURITIES **DIVISION 1 - MARKET FOR ~~LISTED~~ SECURITIES** ***** **4-104 Proprietary Electronic Trading Systems** (1) A Participating Organization may operate or sponsor a PETS provided the Participating Organization has provided to the Exchange reasonable prior notice of: (a) the intention of the Participating Organization to operate or sponsor a PETS; (b) the functionality of the PETS; and (c) any material modifications to the operation or functionality of the PETS. (2) The operation of a PETS shall be: (a) limited to orders for more than: (i) 1,200 units of a ~~listed~~ security other than a debt security, and (i) $10,000 in principal amount of a ~~listed security that is a~~ debt security; (b) subject to Exchange Requirements; and (c) integrated with the Exchange's market. Amended (●)	
***** **DIVISION 4 – GENERAL TRADING RULES** **4-401 Trading in the Book** (1) The Book shall contain and display all committed orders to buy or sell a ~~listed~~ security that are made on the Exchange, unless otherwise provided by the Exchange. (2) Only committed orders shall participate in trading, except for trading in the special terms market. (3) All trades ~~in listed securities~~ on the Exchange shall be executed in the Book, unless otherwise provided by the Exchange. **Amended (~~March 10, 2006~~●)**	

RULES (AS AT ●)	POLICIES
***** **4-404 Minimum Ticks** Until otherwise fixed by the Board, orders for ~~listed~~ securities shall only be entered on the Exchange at the following price increments: Increment Selling under $0.50…..... $0.005 Selling at $0.50 and over ..... $0.010 Amended (●)	
4-405 Approved Traders (Sub (4) Deleted) (1) Except as permitted by the Exchange, no person shall enter orders or trade ~~listed~~ securities for or on behalf of a Participating Organization (whether as principal or agent) on the Exchange by any means unless that person has been approved for access to the equities market as an Approved Trader by the Exchange. (2) The Exchange may delegate the authority to approve persons to enter orders and trade ~~listed~~ securities on the Exchange to another self-regulatory organization designated by the Board. Amended (●)	*****
4-406 Trades on a "When Issued" Basis (1) The Exchange may post any security to trade on a when issued basis if such security is conditionally approved for listing ~~on the Exchange~~by a recognized exchange. (2) Unless otherwise specified, trades on a when issued basis are subject to all applicable Exchange Requirements relating to trading in a ~~listed~~ security, notwithstanding that the security is not listed. (3) All trades on a when issued basis shall be cancelled if the Exchange determines that the securities subject to such trades will not be issued. Amended (●)	
4-407 Advantage Goes with Securities Sold (1) Except as provided in Rule 4-407(2), in all trades of ~~listed~~ securities on the Exchange, all entitlements to receive dividends or any other distribution made or right given to holders of that security shall pass with the security and shall belong to the purchaser, unless otherwise provided by the Exchange or the parties to the trade by mutual agreement. (2) In all sales of ~~listed~~ bonds and debentures on the Exchange, all accrued interest shall belong to the seller unless otherwise provided by the Exchange or parties to the trade by mutual agreement. (3) Claims for dividends, rights or any other benefits to be distributed to holders of record of ~~listed~~these securities on a certain date shall be made in accordance with the procedures established by the Clearing Corporation. Amended (●)	

RULES (AS AT ●)	POLICIES
*****	
DIVISION 7 – OPENING **4-701 Execution of Trades at the Opening** (1) Subject to Rule 4-702, ~~listed~~ securities shall open for trading at the opening time, and any opening trades shall be at the calculated opening price. Amended (●) *****	
4-702 Delayed Openings (Amended) (1) A security shall not open for trading if, at the opening time: (a) orders that are guaranteed to be filled pursuant to Rule 4-701 cannot be completely filled by offsetting orders; or (b) the COP exceeds price volatility parameters set by the Exchange. (2) The Market Maker or Market Surveillance Official may delay the opening of a security for trading on the Exchange if: (a) the COP differs from the previous closing price for the security or from the anticipated opening price on any other recognized stock exchange where the security is listed by an amount greater than the greater of 5% of the previous closing price for the security and $0.05; (b) the opening of another recognized ~~stock~~ exchange where the security is ~~interlisted~~listed for trading has been delayed; or (c) the COP is less than the permitted difference from the previous closing price for the security, but is otherwise unreasonable. (3) **Repeal proposed August 9, 2002 (pending regulatory approval)** (4) If the opening of the ~~listed~~ security is delayed, the Market Maker or Market Surveillance Official, as the case may be, shall open the security for trading according to Exchange Requirements. **Amended (~~July 23, 2004~~●)**	
***** **DIVISION 9 – SPECIAL TRADING SESSION** **4-901 General Provisions (Amended)** (1) All ~~listed~~ securities shall be eligible for trading during the Special Trading Session, provided that a MOC Security shall not be eligible for trading until the completion of the Closing Call in respect of that MOC Security. **Amended (●)** *****	

RULES (AS AT ●)	POLICIES
DIVISION 10 – PROGRAM TRADING **4-1001 Short Sale Exemption** A program trade is exempt from Rule 4-301 providing the short position is entered into within 30 minutes of the establishment of the corresponding long position and the sale is a reasonable hedge of the long position.	**4-1001 Short Sale Exemption** (1) Definition of Program Trading for Short Sale Exemption For purposes of Rule 4-1001, a program trade is: (a) a simultaneous trade in ~~listed~~ securities comprising at least 80 percent of the component share weighting of an Index that offsets a pre-existing position in: (i) a future, the underlying interest of which is the Index, (ii) an option, the underlying interest of which is the Index, or (iii) an option, the underlying interest of which is the Index Participation Unit in respect of the Index; (b) a trade in Index Participation Units that offsets a pre-existing position in: (i) a future, the underlying interest of which is the Index in respect of the Index Participation Unit, (ii) an option, the underlying interest of which is the Index in respect of the Index Participation Unit, or (iii) ~~listed~~ securities comprising at least 80 percent of the component share weighting of the Index Participation Unit; or (c) a trade in units of a trust which is a mutual fund trust for the purposes of the *Income Tax Act* (Canada) where substantially all of the assets of the fund are the same as the underlying interest of an option or future listed on an exchange that offsets a pre-existing position in: (i) the applicable future, (ii) the applicable option, or (iii) ~~listed~~ securities comprising at least 80 percent of the component share weighting of the portfolio of the mutual fund. **Amended (●)** *****
***** **4-1003 Offsetting Orders on Expiry** Orders in ~~listed~~ securities that offset an expiring Index derivatives	**4-1003 Offsetting Orders on Expiry** (1) Definition of Program Trading for Must-Be-

RULES (AS AT ●)	POLICIES
position, or that substitute an equities position for an expiring Index derivatives position, shall be entered as prescribed by the Exchange. **Amended (●)**	Filled Orders For purposes of Rule 4-1003, a program trade is a simultaneous trade undertaken on the expiry date of an option or future in ~~listed~~ securities comprising at least 70 percent of the component share weighting of an Index where such trade offsets a pre-existing position in a future or an option the underlying interest of which is the Index. (2) Must-Be-Filled Order Reporting Requirements The following requirements apply to Must-Be-Filled Orders: (a) *Entry of Orders* – A Must-Be-Filled Order shall be entered on the day prior to the expiry date (normally a Thursday) during the Special Trading Session or at such other times as may be required or permitted by the Exchange (the "reporting time"). An order for a program trade may be entered at a time other than the reporting time only with the consent of the Exchange. A Must-Be-Filled Order may be cancelled prior to the end of the reporting time through normal cancellation and correction procedures. After the end of the reporting time, each Must-Be-Filled Order is committed and may be withdrawn from the trading system only with the consent of the Exchange. The Exchange may release a ticker notice regarding material imbalances in orders for a particular ~~listed~~ security after the end of the reporting time. **Amended (~~September 12, 2008~~●)** (b) *Prearranged Trades* – A Participating Organization with both sides of a program trade arranged may enter the orders at a time other than during the reporting time. The trading system will seek out such orders and will cross them automatically where possible. (c) *Automatic matching* – The trading system will automatically match all program trades, market orders and better-priced limit orders where possible. Any imbalance after matching of these orders will be included in the regular opening following the normal allocation rules and receive the calculated opening price. Market orders and better-priced limit orders will be filled first against an imbalance of large program trades.

RULES (AS AT ●)	POLICIES
***** **DIVISION 11 — SPECIAL TERMS** **4-1103 Exchange for Physicals and Contingent Option Trades** Orders which are conditional upon a simultaneous trade in a derivative on another exchange shall be special terms trades and shall be traded in accordance with the prescribed procedures and conditions.	**4-1103 Exchange for Physicals and Contingent Option Trades** (1) Application This Policy applies to each person who has been granted trading access to the Exchange and who seeks to enter an order on the Exchange for a ~~listed~~ security which is contingent upon the execution of one or more trades in an option on the Montreal Exchange or who seeks to exchange an index futures contract that is ~~listed for trading~~traded on the Exchange for the equivalent number of ~~listed~~ securities underlying the futures contract (including an equivalent number of index participation units) on a contingent basis. (2) Procedure for Contingent Option Trade If a person to whom this Policy applies seeks to enter an order on the Exchange for a ~~listed~~ security which is contingent upon the execution of one or more trades in an options market, the following rules shall apply: (a) the trade in the ~~listed~~ security and the offsetting option trades must be for the same account; (b) the option portion of the trade must be approved by a floor governor or other exchange official of the stock exchange on which the option is listed and such approval shall be evidenced by the initials of the governor or official on the options trade ticket; (c) the options trade ticket shall be time stamped; (d) the person shall telephone Trading and Client Services of the Exchange at (416) 947-4440 and provide the details of the contingent trade including the name of the person with trading access to the Exchange with whom the contingent trade has been made; (e) the trade in the ~~listed~~ security must be within the existing market for the ~~listed~~ security on the Exchange at the time of the telephone call to Trading and Client Services; (f) a copy of the options trade ticket as initialled by a floor governor or exchange official and time stamped shall be provided by facsimile transmission to Trading and Client Services at (416) 947-4280 within ten minutes following the time stamp on the ticket; and

RULES (AS AT ●)	POLICIES
	(g) provided the trade has been made and reported in accordance with the above rules, the Exchange shall manually execute the trade in the ~~listed~~ security as a special terms trade with the marker "MS" effective as of the time stamped on the option trade ticket. (3) Procedure for Exchange for Physicals If a person to whom this Policy applies seeks to exchange a futures contract for the equivalent number of ~~listed~~ securities underlying the futures contract (including an equivalent number of units of the applicable Index Participation Fund or mutual fund), the following provisions shall apply: (a) the trade in the ~~listed~~ security and the trade in the futures contract must be for the same account; (b) the equities component may be made as a cross or as a trade between persons with trading access on the Exchange; (c) the futures portion of the trade must be approved by a floor governor or other exchange official of the stock exchange on which the future is listed and such approval shall be evidenced by the initials of the governor or official on the futures trade ticket; (d) the futures trade ticket shall be time stamped; (e) the person shall telephone Trading and Client Services of the Exchange at (416) 947-4440 and provide the details of the exchange including the name of the person with trading access to the Exchange with whom the exchange has been made; (f) the trade in the listed securities made during the Regular Session will be at the bid price of the listed securities on the Exchange at the time of the telephone call to Trading and Client Services and the trade in ~~listed~~ securities made after the end of the Regular Session will be at the last sale price of the ~~listed~~ securities on the Exchange provided that where the last sale price is outside of the closing quotes for any ~~listed~~ security the price for that ~~listed~~ security shall be the bid or offer which is closest to the last sale price; (g) a copy of the futures trade ticket as initialled by a floor governor or exchange official and time stamped shall be provided by facsimile transmission to Trading and

RULES (AS AT ●)	POLICIES
	Client Services at (416) 947-4280 within ten minutes following the time stamp on the ticket; and provided the trade has been made and reported in accordance with the above rules, the Exchange shall manually execute the trade in the ~~listed~~ securities as a special terms trade with the marker "MS" effective as of the time stamped on the futures trade ticket. **Amended (~~September 12, 2008)~~●)**
DIVISION 12 – TRADING OF SECURITIES NOT LISTED BY THE EXCHANGE **4-1201 Requirements** (1) The Exchange, in its discretion, may post for trading securities that are listed by another exchange recognized in a jurisdiction in Canada. (2) The Exchange may remove a posted security from trading at any time without prior notice. (3) The Exchange will halt the trading of a posted security if: (a) the security is subject to a regulatory halt; or (b) the security is no longer listed by a recognized exchange or is suspended from trading by the recognized exchange. **Added (●)**	
PART 5 – CLEARING AND SETTLEMENT OF TRADES IN ~~LISTED~~ SECURITIES **DIVISION 1 – GENERAL SETTLEMENT RULES** **5-101 Definitions** In this Part: **"Buy-In Notice"** means the written notice in the form required by the Exchange to be delivered by a Participating Organization which has failed to receive ~~listed~~ securities to which it is entitled from another Participating Organization. **"delivery"** or **"delivered"** means the transfer of ~~listed~~ securities through physical transfer of certificates evidencing the ~~listed~~ security, or by transfer of a book-based position in accordance with the rules of the Clearing Corporation. **"delivering Participating Organization"** means a Participating Organization obligated to make settlement by delivering ~~listed~~ securities against payment. **"depository eligible transaction"** means a transaction in securities for which affirmation and settlement can be performed through the facilities of a securities depository by book entry settlement or certificate based settlement. **"first settlement cycle"** means the settlement cycle through the Clearing Corporation for ~~listed~~ securities as prescribed in the	

RULES (AS AT ●)	POLICIES
written procedures of the Clearing Corporation. Amended (●)	
5-102 Clearing and Settlement (1) All Exchange trades in ~~listed~~ securities shall be reported, confirmed and settled through the Clearing Corporation pursuant to the Clearing Corporation's rules and procedures, unless otherwise authorized or directed by the Exchange, or unless the rules of the Clearing Corporation do not permit settlement of that trade through its facilities. (2) ~~Trades~~Exchange trades that are not confirmed and settled through the Clearing Corporation shall be governed by the Rules in Division 2 in addition to the Rules in this Division. Amended (●)	
5-103 Settlement of Exchange Trades (1) Exchange trades in ~~listed~~ securities shall settle on the third Settlement Day after the trade date, unless otherwise provided by the Exchange or the parties to the trade by mutual agreement. (2) Notwithstanding Rule 5-103(1), unless otherwise provided by the Exchange or the parties to the trade by mutual agreement: (a) trades on a when issued basis made: (i) prior to the second Trading Day before the anticipated date of issue of the security shall be settled on the anticipated date of issue of such security, and (ii) on or after the second Trading Day before the anticipated date of issue of the security shall settle on the third settlement day after the trade date, provided if the security has not been issued on the date for settlement such trades shall be settled on the date that the security is actually issued; (b) trades for rights, warrants and □nstalment receipts made: (i) on the third Trading Day before the expiry or payment date shall be for special settlement on the Settlement Day before the expiry or payment date, (ii) on the second and first Trading Day before the expiry or payment date, shall be cash trades for next day settlement, and (iii) on expiry or payment date shall be cash trades for immediate settlement and trading shall cease at 12:00 Noon (unless the expiry or payment time is set prior to the close of business in which case trading shall cease at the close of business on the first Trading Day preceding the expiry or	

RULES (AS AT ●)	POLICIES
payment), provided selling Participating Organizations must have the securities that are being sold in their possession or credited to the selling account's position prior to such sale; (c) cash trades in ~~listed~~ securities for next day delivery shall be settled through the facilities of the Clearing Corporation on the first settlement cycle following the date of the trade or, if applicable, over-the-counter, by noon of the first settlement day following the trade; and (d) cash trades in ~~listed~~ securities that have been designated by the Exchange for same day settlement shall be settled by over-the-counter delivery no later that than 2:00 p.m. on the trade day. (3) Notwithstanding Rule 5-103(1), an Exchange Contract may specify delayed delivery which shall provide the seller with the option to deliver at any time within the period specified in the contract, and, if no time is specified, delivery shall take place at the option of the seller within thirty days from the date of the trade unless the parties by mutual agreement specify a delivery date more than thirty days from the date of the trade. Amended (●)	
***** **5-108 When Security Delisted, Suspended or No Fair Market** (1) The Exchange may postpone the time for delivery on Exchange Contracts if: (a) the listed security is delisted; (b) trading is suspended in the ~~listed~~ security; or (c) the Exchange is of the opinion that there is not a fair market in the ~~listed~~ security. (2) If the Exchange is of the opinion that a fair market in the ~~listed~~ security is not likely to exist the Exchange may provide that the Exchange Contracts be settled by payment of a fair settlement price and if the parties to the Exchange Contract can not agree on the amount, the Exchange shall fix the fair settlement price after providing each party with an opportunity to be heard. Amended (●)	
DIVISION 2 – OVER-THE-COUNTER SETTLEMENT **5-201 Delivering Participating Organization Responsible for Good Delivery Form** (1) Delivering Participating Organization Responsible for Form of Certificate The delivering Participating Organization is responsible for the genuineness and complete regularity of the ~~listed~~ security, and a certificate that is not in proper negotiable form shall be replaced forthwith by one which is valid and in prior negotiable form, or by a certified lieu cheque, if a replacement certificate is not available.	

RULES (AS AT ●)	POLICIES
(2) Where Certificates Delivered Not Acceptable to Transfer Agents A Participating Organization that has received delivery of a certificate that is not acceptable as good transfer by the transfer agent shall return it to the delivering Participating Organization, which shall make delivery of a certificate that is good delivery or of a certified lieu cheque in place thereof. Amended (●)	
***** **DIVISION 3 – CLOSING OUT CONTRACTS** **5-301 Buy-ins (Amended)** (1) Failed trade In the event that a Participating Organization fails to: (a) carry out an Exchange Contract within the time provided in the Exchange Requirements; or (b) settle a loan of securities as provided in Rule 5-301(2); or (c) deliver securities as provided in Rule 5-301(3), such Participating Organization is in default of the Exchange Contract and the trade may be closed out, at the discretion of the Exchange, through the buy-in procedure set out in this Division. (2) Security Loans In the absence of any agreement to the contrary, a loan of ~~listed~~ securities between Participating Organizations may be called through service of notice in writing of termination of the loan to the borrowing Participating Organization and the borrowing Participating Organization shall return securities of the same class as those loaned in the specified quantity by the close of business on the third Settlement Day following the date of receipt of such notice. (3) Other Failed Positions In the absence of any agreement to the contrary, a Participating Organization shall deliver ~~listed~~ securities to another Participating Organization pursuant to an obligation to deliver that results from a reorganization of the issuer, an allocation of securities or any other obligation considered applicable by the Exchange. Amended (April 3, 2000)	
5-302 Special Provisions for Buy-Ins from Securities Loans and Other Failed Positions In connection with a buy-in that is the result of a default pursuant to Rules 5-301(2) or (3), the following rules shall apply in addition to the provisions of Rule 5-301: 1. If the Participating Organization in default wishes to dispute the claim, the Participating Organization shall file a dispute in writing with the Exchange before 1:00 p.m. on the day that the Notice is effective and if the dispute is not resolved by	

RULES (AS AT ●)	POLICIES
agreement between the Participating Organizations or the buy-in is disapproved by a Market Surveillance Official, the dispute shall be determined by arbitration in accordance with Rule 2-308. 2. Where the Participating Organization in default delivers the ~~listed~~ securities subject to the Buy-In Notice prior to execution of the buy-in, the Participating Organization in default shall notify the Exchange and the buy-in will be cancelled upon confirmation by the Exchange of the delivery of the listed securities. 3. The Participating Organization which has issued a Buy-In Notice may extend the buy-in by delivering a notice of extension in writing to the Exchange before 3:00 p.m. on the day the buy-in is to be executed. 4. Failure to settle a trade that is the result of a buy-in that is the result of a default in accordance with the terms of the buy-in, if not resolved by the Participating Organizations concerned, shall be resolved by cancellation of the buy-in contract and issuance of a further buy-in and, in such case, the Participating Organization selling to the original buy-in shall be liable for any loss or damage resulting from failure to deliver. 5. Following execution of a buy-in, the Participating Organization that issued the Buy-In Notice shall notify the Participating Organization in default in writing of the amount of the difference between the amount to be paid on the Exchange Contract closed out, and the amount paid on the buy-in, if any, and such difference shall be paid to the Participating Organization entitled to receive the same within 24 hours of receipt of such notice. 6. Where more than one buy-in has been arranged in connection with the same ~~listed~~ securities, the Market Surveillance Official may combine any number of the trades. Amended (●)	
***** **5-304 Restrictions on Participating Organizations' Involvement in Buy-ins** (1) No Participating Organization shall knowingly permit any person on whose behalf a Buy-In Notice has been issued to fill all or any part of such order by selling the securities for the account of that person or an associated account and prior to selling to a buy-in, the Participating Organization, shall receive written or verbal confirmation that the order to sell is not being placed on behalf of the account of the person on whose behalf the Buy-In Notice was issued or an associated account. (2) A Participating Organization that issued a Buy-In Notice and the Participating Organization against whom a Buy-In Notice has been issued may supply all or a part of the ~~listed~~ securities provided that the principal supplying the ~~listed~~ securities is not: (a) the Participating Organization; (b) an Approved Person or employee of the Participating	

RULES (AS AT ●)	POLICIES
Organization; or (c) an associate of any person described in Rules 5-304(2)(a) or (b). (3) If ~~listed~~ securities are supplied by the Participating Organization that issued the Buy-In Notice, delivery shall be made in accordance with the terms of the contract thus created, and the Participating Organization shall not, by consent or otherwise, fail to make such delivery. Amended (●)	

Appendix B

SUMMARY OF COMMENTS

One comment letter from CNSX Market Inc. (CNSX) was submitted in response to the Request for Comments published on May 20, 2011.

Summary of Comment	TSX Response
CNSX has no objection to the proposal. CNSX currently has restrictions in its recognition order that require visible separation between its listed securities and trading of securities listed by other exchanges. To be consistent with the Amendments and with the proposal of Alpha Exchange Inc. (which permits Alpha exchange to trade both its own listed securities and those securities listed on Toronto Stock Exchange and TSX Venture Exchange), these restrictions should be removed from the CNSX recognition order.	TSX agrees that regulators should apply principles consistently across all marketplaces.

13.3 Clearing Agencies

13.3.1 CDS – Notice of Effective Date – Technical Amendments to CDS Procedures – Housekeeping Items

TECHNICAL AMENDMENTS TO CDS PROCEDURES

HOUSEKEEPING ITEMS – DECEMBER 2011
UPDATE TO CNS SETTLEMENT HOLD PROCEDURE; REMOVAL OF ENTITLEMENT RESTRICTION LIST REFERENCE

NOTICE OF EFFECTIVE DATE

A. DESCRIPTION OF THE PROPOSED CDS PROCEDURE AMENDMENTS

The proposed procedure amendments are available for review and download on the User Documentation page on the CDS website at www.cds.ca/cdsclearinghome.nsf/Pages/-EN-UserDocumentation?Open.

Description of the proposed amendments

The proposed amendments are housekeeping changes made in the ordinary course of review of CDS's participant procedures:

- Trade and Settlement Procedures, Chapter 8 'Settlement of Trades'

  In July 2011, the CDSX CNS settlement function was changed from a batch-driven facility to a real-time settlement function (Proposed Material Amendments to Real-time CNS Settlement and CNS Settlement Hold). A CNS Settlement Hold feature was also introduced that allowed participants to temporarily stop settlement of a specific security in CNS so that they could accumulate their position and target a TFT (trade-for-trade) transaction for settlement.

  At the time of implementation, participants were advised during training sessions that the new CNS Settlement Hold could not be applied to an outstanding to-deliver CNS position if there was a buy-in present on the position. This restriction allows the buy-in transaction to take settlement priority over a TFT trade.

  This item is to add that clarification to the "Trade and Settlement Procedures" manual.

- CDSX Procedures and User Guide, Chapter 8 'Entitlement Activities'

  A reference to a list of default restriction dates triggered by an entitlement has been removed as there is no such table in the manual.

CDS procedure amendments are reviewed and approved by CDS's strategic development review committee (SDRC). The SDRC determines or reviews, prioritizes and oversees CDS-related systems development and other changes proposed by participants and CDS. The SDRC's membership includes representatives from the CDS participant community and it meets on a monthly basis.

These amendments were reviewed and approved by the SDRC on November 24, 2011.

B. REASONS FOR TECHNICAL CLASSIFICATION

The amendments proposed pursuant to this Notice are considered technical amendments as they are matters of a technical nature in routine operating procedures and administrative practices relating to the settlement service.

C. EFFECTIVE DATE OF THE CDS PROCEDURE AMENDMENTS

Pursuant to Appendix A ("Rule Protocol Regarding The Review And Approval Of CDS Rules By The OSC") of the Recognition and Designation Order, as amended on November 1, 2006, and Annexe A ("Protocole d'examen et d'approbation des Règles de Services de Dépot et de Compensation CDS Inc. par l'Autorité des marchés financiers") of AMF Decision 2006-PDG-0180, made effective on November 1, 2006, CDS has determined that the proposed amendments will become effective on December 30, 2011.

D. QUESTIONS

Questions regarding this notice may be directed to:

Laura Ellick
Manager, Business Systems
CDS Clearing and Depository Services Inc.
85 Richmond Street West
Toronto, Ontario M5H 2C9

Telephone: (416) 365-3872
Fax: (416) 365-0842
Email: lellick@cds.ca

This page intentionally left blank

Chapter 25

Other Information

25.1 Exemptions

25.1.1 Imperial Pools – NI 81-101 Mutual Fund Prospectus Disclosure, General Instruction 8

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Exemption from general instruction 8 of the Form to include fund codes in the Fund Facts document.

Applicable Legislative Provisions

National Instrument 81-101 Mutual Fund Prospectus Disclosure, Part 6.
General Instruction 8 to Form 81-101F3 Contents of Fund Facts Document.

November 28, 2011

Canadian Imperial Bank of Commerce
20 Bay Street, Suite 1402
Toronto, ON M5J 2N8

Attention: Valerie Lockerbie

Dear Sirs/Mesdames:

Re: Imperial Pools (the "Funds")

Exemptive Relief Application under Part 6 of National Instrument 81-101 *Mutual Fund Prospectus Disclosure* (NI 81-101)

Application No. 2011/0839; SEDAR Project No. 1814429

By letter dated October 26, 2011 (the Application), Canadian Imperial Bank of Commerce, on behalf of the Funds, applied to the Director of the Ontario Securities Commission (the Director) under Part 6 of NI 81-101 for relief from General Instruction 8 to Form 81-101F3 *Contents of Fund Facts* (the Form), which prohibits an issuer from including any information not specifically prescribed by the Form, to include fund codes in the Fund Facts document.

This letter confirms that, based on the information and representations made in the Application, and for the purposes described in the Application, the Director intends to grant the requested exemption to be evidenced by the issuance of a receipt for the Funds' prospectus.

Yours very truly,

"Sonny Randhawa"
Manager, Investment Funds Branch
Ontario Securities Commission

This page intentionally left blank

Index