The Ontario Securities Commission

OSC Bulletin

February 10, 2012

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

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Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

February 10, 2012

CURRENT PROCEEDINGS

BEFORE

ONTARIO SECURITIES COMMISSION

- -

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

The Harry S. Bray Hearing Room
Ontario Securities Commission
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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

February 14, 2012 3:00 p.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 C. Rossi in attendance for Staff Panel: MGC
February 15-17, February 22-23, February 27, 29 and March 2, 5, 6 and 23 2012 10:00 a.m. February 21, 2012 11:00 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 D. Campbell in attendance for Staff Panel: VK
February 15, 2012 10:00 a.m.	**Jowdat Waheed and Bruce Walter** s. 127 J. Lynch in attendance for Staff Panel: MGC

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 16, 2012 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: MGC
February 16, 2012 10:00 a.m.	**Sandy Winick, Andrea Lee McCarthy, Kolt Curry, Laura Mateyak, Gregory J. Curry, American Heritage Stock Transfer Inc., American Heritage Stock Transfer, Inc., BFM Industries Inc., Liquid Gold International Inc., and Nanotech Industries Inc.** s. 127 J. Feasby in attendance for Staff Panel: MGC
February 21, 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 C. Watson in attendance for Staff Panel: PLK/JNR
February 22-23, 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
February 27, 2012 10:00 a.m. April 10, 2012 2:30 p.m.	**North American Financial Group Inc., North American Capital Inc., Alexander Flavio Arconti, and Luigino Arconti** s. 127 M. Vaillancourt in attendance for Staff Panel: MGC
February 27, February 29, March 2 and March 5, 2012 10:00 a.m. March 6, 2012 1:00 p.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
March 5-12 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 C. Rossi in attendance for Staff Panel: CP
March 6, 2012 10:00 a.m.	**Lyndz Pharmaceuticals Inc., James Marketing Ltd., Michael Eatch and Rickey McKenzie** s. 127(1) and (5) J. Feasby in attendance for Staff Panel: MGC/SOA

March 7, 2012 10:00 a.m.	**Systematech Solutions Inc., April Vuong and Hao Quach** s. 127 R. Goldstein/S. Schumacher in attendance for Staff Panel: JEAT
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 21, 2012 10:00 a.m.	**Eda Marie Agueci, Dennis Wing, Santo Iacono, Josephine Raponi, Kimberley Stephany, Henry Fiorillo, Giuseppe (Joseph) Fiorini, John Serpa, Ian Telfer, Jacob Gornitzki and Pollen Services Limited** s. 127 J, Waechter/U. Sheikh in attendance for Staff Panel: JEAT
March 22, 2012 9:00 a.m.	**Empire Consulting Inc. and Desmond Chambers** s. 127 D. Ferris in attendance for Staff Panel: EPK
March 26, 2012 11:00 a.m. March 28 and March 30-April 3, 2012 10:00 a.m.	**Shaun Gerard McErlean, Securus Capital Inc., and Acquiesce Investments** s. 127 M. Britton in attendance for Staff Panel: VK/JDC
March 27, 2012 9:00 a.m. June 18 and June 20-22, 2012 10:00 a.m.	**Shallow Oil & Gas Inc., Eric O'Brien, Abel Da Silva, Gurdip Singh Gahunia aka Michael Gahunia and Abraham Herbert Grossman aka Allen Grossman** s. 127(7) and 127(8) H. Craig in attendance for Staff Panel: PLK
April 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
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 23, 2012 10:00 a.m.	**Lehman Brothers & Associates Corp., Greg Marks, Kent Emerson Lounds and Gregory William Higgins** s. 127 C. Rossi in attendance for Staff Panel: CP/CWMS

April 30, 2012 11:00 a.m. May 1-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 1, 2012 10:00 a.m.	**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: MGC/SOA
May 3, 2012 10:00 a.m.	**Ciccone Group, Medra Corp. (a.k.a. Medra Corporation), 990509 Ontario Inc., Tadd Financial Inc., Cachet Wealth Management Inc., Vincent Ciccone (a.k.a. Vince Ciccone), Darryl Brubacher, Andrew J Martin, Steve Haney, Klaudiusz Malinowski, and Ben Giangrosso** s. 127 M. Vaillancourt in attendance for Staff Panel: TBA
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
May 29-June 1, 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
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
June 21, 2012 10:00 a.m.	**M P Global Financial Ltd., and Joe Feng Deng** s. 127 (1) M. Britton in attendance for Staff Panel: MCH
June 22, 2012 10:00 a.m.	**New Hudson Television Corporation, New Hudson Television L.L.C. & James Dmitry Salganov** s. 127 C. Watson in attendance for Staff Panel: 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
September 24, September 26 – October 5 and October 10-19, 2012 10:00 a.m.	**New Found Freedom Financial, Ron Deonarine Singh, Wayne Gerard Martinez, Pauline Levy, David Whidden, Paul Swaby and Zompas Consulting** s. 127 A. Heydon in attendance for Staff Panel: TBA
October 19, 2012 10:00 a.m.	**Global Energy Group, Ltd., New Gold Limited Partnerships, Christina Harper, Howard Rash, Michael Schaumer, Elliot Feder, Vadim Tsatskin, Oded Pasternak, Alan Silverstein, Herbert Groberman, Allan Walker, Peter Robinson, Vyacheslav Brikman, Nikola Bajovski, Bruce Cohen and Andrew Shiff** s. 127 H. Craig in attendance for Staff Panel: PLK
October 22 and October 24 – November 5, 2012 10:00 a.m.	**MBS Group (Canada) Ltd., Balbir Ahluwalia and Mohinder Ahluwalia** s. 37, 127 and 127.1 C. Rossi in attendance for staff Panel: 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	**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

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	**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	**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	**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: TBA
TBA	**Innovative Gifting Inc., Terence Lushington, Z2A Corp., and Christine Hewitt**	s. 127 M. Vaillancourt in attendance for Staff Panel: TBA
TBA	**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: TBA
TBA	**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: TBA

TBA

Simply Wealth Financial Group Inc.,
Naida Allarde, Bernardo Giangrosso,
K&S Global Wealth Creative Strategies Inc., Kevin Persaud, Maxine Lobban and Wayne Lobban

s. 127 and 127.1

C. Johnson in attendance for Staff

Panel: TBA

TBA

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: TBA

TBA

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

s. 127

H. Craig in attendance for Staff

Panel: TBA

TBA

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: TBA

TBA

Zungui Haixi Corporation, Yanda Cai and Fengyi Cai

s. 127

J. Superina in attendance for Staff

Panel: TBA

TBA

David M. O'Brien

s. 37, 127 and 127.1

B. Shulman in attendance for Staff

Panel: TBA

TBA

Bernard Boily

s. 127 and 127.1

M. Vaillancourt/U. Sheikh 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

B. Shulman 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 **Sage Investment Group, C.A.D.E Resources Group Inc., Greenstone Financial Group, Fidelity Financial Group, Antonio Carlos Neto David Oliveira, and Anne Marie Ridley**

s. 127

C. Watson 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 Notice of Ministerial Approval of Amendments to NI 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations

NOTICE OF MINISTERIAL APPROVAL OF AMENDMENTS TO

NATIONAL INSTRUMENT 31-103 *REGISTRATION REQUIREMENTS, EXEMPTIONS AND ONGOING REGISTRANT OBLIGATIONS*

On January 19, 2012, the Minister of Finance approved amendments made by the Ontario Securities Commission to National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (NI 31-103).

The NI 31-103 amendments were made by the Commission on November 22, 2011, and were published in Chapter 5 of the Bulletin on November 25, 2011. The NI 31-103 amendments come into force on February 28, 2012. The text of these amendments is reproduced in Chapter 5 of this Bulletin.

The Commission also adopted corresponding amendments to Companion Policy 31-103CP *Registration Requirements, Exemptions and Ongoing Registrant Obligations* on November 22, 2011. They also become effective on February 28, 2012. These amendments were likewise published in the Bulletin of November 25, 2011.

February 10, 2012

1.2 Notices of Hearing

1.2.1 Sage Investment Group et al. – ss. 127, 127.1

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

AND

IN THE MATTER OF
SAGE INVESTMENT GROUP,
C.A.D.E. RESOURCES GROUP INC.,
GREENSTONE FINANCIAL GROUP,
FIDELITY FINANCIAL GROUP,
ANTONIO CARLOS NETO DAVID OLIVEIRA,
AND ANNE MARIE RIDLEY

NOTICE OF HEARING
(Sections 127 and 127.1)

TAKE NOTICE THAT the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to sections 127, and 127.1 of the Ontario *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") at the offices of the Commission at 20 Queen Street West, 17th Floor Hearing Room on Thursday February 9th, 2012 at 10 a.m., or as soon thereafter as the hearing can be held, to consider:

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

(a) trading in any securities by Sage Investment Group (“Sage”), C.A.D.E. Resources Group Inc. (“C.A.D.E.”), Greenstone Financial Group (“Greenstone”), Fidelity Financial Group (“Fidelity”), Antonio Carlos Neto David Oliveira (“Oliveira”), and Anne Marie Ridley (“Ridley”), (collectively the "Respondents") cease permanently or for such period as is specified by the Commission;

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

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

(d) each of the Respondents disgorge to the Commission any amounts obtained as a result of non-compliance by that respondent with Ontario securities law;

(e) the Respondents be reprimanded;

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

(g) the Individual Respondents be prohibited from becoming or acting as a director or officer of any issuer, registrant, and investment fund manager;

(h) the Respondents be prohibited from becoming or acting as a registrant, as an investment fund manager and as a promoter;

(i) the Respondents each pay an administrative penalty of not more than $1 million for each failure by that respondent to comply with Ontario securities law; and,

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

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

BY REASON OF the allegations as set out in the Statement of Allegations of Staff of the Commission dated January 27th, 2012 and such further additional allegations as counsel may advise and the Commission may permit;

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

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

DATED at Toronto this 1st day of February, 2012

"John Stevenson"
Secretary to the Commission

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

AND

IN THE MATTER OF
SAGE INVESTMENT GROUP,
C.A.D.E. RESOURCES GROUP INC.,
GREENSTONE FINANCIAL GROUP,
FIDELITY FINANCIAL GROUP,
ANTONIO CARLOS NETO DAVID OLIVEIRA,
AND ANNE MARIE RIDLEY

STATEMENT OF ALLEGATIONS OF STAFF OF
THE ONTARIO SECURITIES COMMISSION

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

I. OVERVIEW

1. This proceeding involves unregistered trading and advising, a fraud on investors and misleading or untrue statements to Staff from October 2006 to May 2011 (the "Material Time").

2. Antonio Carlos Neto David Oliveira ("Oliveira") solicited Ontario residents to invest in securities directly and through Anne Marie Ridley ("Ridley") and related companies, including C.A.D.E. Resources Group Inc. ("C.A.D.E."), Sage Investment Group ("Sage"), Greenstone Financial Group ("Greenstone"), and Fidelity Financial Group ("Fidelity").

3. In soliciting investors, Oliveira falsely held himself out as an investment advisor or investment broker and falsely informed investors that he would use their funds to buy Guaranteed Investment Certificates (the "GICs"), and shares in an American oil and gas company.

4. Through this fraudulent scheme, Oliveira raised approximately $260,000 (the "Investor Funds"), from three Ontario residents (the "Investors").

5. Ridley made misleading or untrue statements to Staff during a compelled examination.

II. THE CORPORATE RESPONDENTS

6. C.A.D.E. was incorporated in Ontario on April 5, 2005. On September 11, 2006, Sage became the registered business name for C.A.D.E. C.A.D.E. and Sage have never been registered with the Ontario Securities Commission (the "Commission") in any capacity.

7. Greenstone is a sole proprietorship that was registered to Oliveira in Ontario on March 26, 2009. Greenstone has never been registered with the Commission in any capacity.

8. Fidelity is a sole proprietorship that was registered to Oliveira in Ontario on September 23, 2009. Fidelity has never been registered with the Commission in any capacity.

III. THE INDIVIDUAL RESPONDENTS

9. Oliveira is a resident of Ontario. During the Material Time, Oliveira was a directing mind of Sage, C.A.D.E., Fidelity and Greenstone. During the Material Time, Oliveira was not registered with the Commission in any capacity.

10. Ridley is a resident of Ontario. During the Material Time, Ridley was a directing mind of Sage and C.A.D.E. During the Material Time, Ridley was not registered with the Commission in any capacity.

IV. UNREGISTERED TRADING AND ADVISING IN SECURITIES CONTRARY TO SECTION 25 OF THE ACT

11. Staff allege that Oliveira traded in securities without the proper registration in circumstances in which no exemption was available, contrary to section 25(1)(a) of the *Securities Act*, R.S.O. 1990, c. S. 5, as amended (the "Act"), and its predecessor, section 25(1).

12. Staff further allege that Oliveira advised in securities without the proper registration in circumstances in which no exemption was available, contrary to section 25(1)(c) of the Act, and its predecessor, section 25(3).

13. During the Material Time, Oliveira held himself out as an investment broker offering investments through Sage, C.A.D.E., Fidelity and Greenstone. In approximately 1992, Oliveira sold M.T.'s husband a life insurance policy. In October of 2006, after M.T.'s husband passed away, Oliveira met with M.T. and her son M.C. Oliveira advised M.T. and M.C. that he had a safe investment opportunity for them that would yield an expected rate of return of 7.25% in one year. M.T. and M.C. gave Oliveira five cheques payable to Sage totalling $141,000 to invest for them. Oliveira filled out three contracts (the "Investment Contracts") and had M.T. and M.C. sign them. These Investment Contracts constituted securities as defined by s. 1 of the Act.

14. Oliveira subsequently provided M.T. with a Manulife Financial package containing a Maritime Life Investment Contract (the "Maritime Investment Contract"), in M.C.'s name, indicating he had purchased a $33,000 GIC at 7.25% interest with a Maturity Date of November 10, 2007. Oliveira provided M.T. with a second Maritime Investment Contract in M.T.'s name indicating she had purchased a $108,000 GIC at 7.25% interest with a Maturity Date of November 10, 2007.

15. Oliveira never deposited the funds with Manulife Financial. During the Material Time, Oliveira had no brokerage or advising relationship with Manulife Financial.

16. In approximately March of 2010, Oliveira met with another investor, G.D., and told G.D. that he was an investment advisor and that he had an investment opportunity through Fidelity involving an American oil and gas company (the "American Oil Investment Opportunity"). Oliveira advised G.D. that the American Oil Investment Opportunity would yield 15% interest. G.D. provided Oliveira with approximately $120,000 for the American Oil Investment Opportunity.

17. At least $77,000 of the Investor Funds were disbursed for the personal benefit of Oliveira and Ridley.

V. FRAUDULENT CONDUCT

18. Oliveira made statements to the Investors that were false, inaccurate and misleading, including, but not limited to, the following:

    (a) That Oliveira represented to at least one Investor that he was an investment broker and that he held funds totalling almost $5,000,000 for his clients;

    (b) That Oliveira represented that he was an investment advisor;

    (c) That approximately $141,000 of the Investor Funds from M.T. and M.C. was used to purchase the Maritime Investment Contracts through Manulife Financial; and,

    (d) That approximately $120,000 of the Investor Funds from G.D. was used for the American Oil Investment Opportunity.

19. These and other false, inaccurate or misleading representations and omissions were made to induce the Investors to invest the Investor Funds with Oliveira.

20. Oliveira engaged in a course of conduct relating to securities that he knew or reasonably ought to have known would result in a fraud on persons or companies contrary to s. 126.1(b) of the Act.

VI. FALSE STATEMENTS TO STAFF

21. In the course of investigating this matter, Staff conducted a compelled examination of Ridley in her capacity as officer and director of Sage and C.A.D.E. During the examination on March 25 and April 6, 2011, Ridley made inaccurate and misleading statements to Staff, including, but not limited to, the following:

    (a) That Oliveira, Sage and C.A.D.E collected no monies from the Investors;

    (b) By refusing to identify her signatures on cheques for accounts on which she was the signatory;

    (c) By stating that she did not sign cheques to Oliveira;

    (d) By denying knowledge of deposits into bank accounts on which she was the signatory;

(e) By denying that over $77,000 of the Investor Funds were disbursed for the personal benefit of Oliveira and Ridley.

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

22. The specific allegations advanced by Staff, are as follows:

(a) Oliveira traded and engaged in or held himself out as engaging in the business of trading in securities without being registered to do so in circumstances in which no exemption was available, contrary to section 25(1)(a) of the Act, as that section existed at the time the conduct at issue commenced in October, 2006, and contrary to section 25(1) of the Act, as subsequently amended on September 28, 2009.

(b) Oliveira advised and engaged in or held himself out as engaging in the business of advising members of the public with respect to investing in, buying or selling securities without being registered to do so in circumstances in which no exemption was available, contrary to section 25(1)(c) of the Act, as that section existed at the time the conduct at issue commenced in October, 2006, and contrary to section 25(3) of the Act, as subsequently amended on September 28, 2009.

(c) Oliveira directly or indirectly engaged in or participated in acts, practices or courses of conduct relating to securities, derivatives or the underlying interest of a derivative that Oliveira knew or reasonably ought to have known perpetrated a fraud on other persons or companies, contrary to section 126.1(b) of the Act and contrary to the public interest;

(d) Oliveira, did authorize, permit or acquiesce in the non-compliance with sections 25, 126.1(b) of the Act, as set out above, by C.A.D.E., Sage, Fidelity, Greenstone and Ridley, contrary to section 129.2 of the Act and contrary to the public interest; and,

(e) That Ridley did make a statement or statements to a person acting under the authority of the Commission appointed to make an investigation or examination under the Act that, in a material respect and at the time and in the light of the circumstances under which the statement or statements were made, were misleading or untrue or did not state a fact that was required to be stated or that was necessary to make the statement or statements not misleading, contrary to section 122(1)(a) of the Act and contrary to the public interest.

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

DATED at Toronto, January 27, 2012.

1.2.2 Irwin Boock et al. – ss. 127(1), 127.1

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

AND

IN THE MATTER OF
IRWIN BOOCK, STANTON DEFREITAS, JASON WONG, SAUDIA ALLIE, ALENA DUBINSKY, ALEX KHODJAIAINTS, 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

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN STAFF OF THE ONTARIO SECURITIES COMMISSION AND IRWIN BOOCK

NOTICE OF HEARING
(Subsections 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, on February 10, 2012 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 agreement between Staff of the Commission and the Respondent Irwin Boock;

BY REASON OF the allegations set out in the Amended Statement of Allegations dated January 5, 2012 and such additional allegations as counsel may advise and the Commission may permit;

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

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 February, 2012.

"Josée Turcotte"
per
John Stevenson
Secretary to the Commission

1.2.3 Eda Marie Agueci et al. – ss. 127(1), 127.1

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

AND

IN THE MATTER OF
EDA MARIE AGUECI, DENNIS WING,
SANTO IACONO, JOSEPHINE RAPONI,
KIMBERLEY STEPHANY, HENRY FIORILLO,
GIUSEPPE (JOSEPH) FIORINI, JOHN SERPA,
IAN TELFER, JACOB GORNITZKI AND
POLLEN SERVICES LIMITED

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

TAKE NOTICE that the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O., 1990, c. S.5, as amended (the "Act") at the offices of the Commission at 20 Queen Street West, 17th Floor, Toronto, Ontario, commencing on March 21, 2012 at 10:00 a.m., or as soon thereafter as the hearing can be held;

AND TAKE NOTICE that the purpose of the hearing is to consider whether it is in the public interest for the Commission to make an order, pursuant to sections 127 and 127.1 of the Act, that:

(a) trading in any securities by the Respondents cease permanently, or for such period as is specified by the Commission, pursuant to paragraph 2 of subsection 127(1) of the Act;

(b) the acquisition of any securities by the Respondents is prohibited permanently, or for such other period as is specified by the Commission, pursuant to paragraph 2.1 of subsection 127(1) of the Act;

(c) the registration granted to the Respondents Dennis Wing and Kimberley Stephany under securities law be suspended or restricted for such period as is specified by the Commission, or be terminated, or that terms and conditions be imposed on the registration, pursuant to paragraph 1 of subsection 127(1) of the Act;

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

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

(f) the Respondents resign all positions that they hold as a director or officer of any issuer or registrant, pursuant to paragraphs 7 and 8.1 of subsection 127(1) of the Act;

(g) the Respondents be prohibited permanently from becoming or acting as a director or officer of any issuer, registrant or investment fund manager, or for such period as is specified by the Commission, pursuant to paragraphs 8, 8.2 and 8.4 of subsection 127(1) of the Act;

(h) the Respondents be prohibited permanently from becoming or acting as a registrant, an investment fund manager or as a promoter, or for such period as is specified by the Commission, pursuant to paragraph 8.5 of subsection 127(1) of the Act;

(i) each Respondent pay an administrative penalty of not more than $1 million for each failure by that Respondent to comply with Ontario securities law, pursuant to paragraph 9 of subsection 127(1) of the Act;

(j) each of the Respondents disgorge to the Commission any amounts obtained as a result of non-compliance by that Respondent with Ontario securities law, pursuant to paragraph 10 of subsection 127(1) of the Act;

(k) the Respondents be ordered to pay the costs of the Commission investigation and any hearing, pursuant to section 127.1 of the Act; and,

(l) such other order as the Commission may deem appropriate.

BY REASON OF the allegations set out in the Statement of Allegations of Staff of the Commission dated February 7, 2012 and such further allegations as counsel may advise and the Commission may permit;

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

AND TAKE FURTHER NOTICE that upon the failure of any party to attend at the time and place stated above, the hearing may proceed in the party's absence and that party is not entitled to any further notice in the proceeding.

DATED at Toronto this 7th day of February, 2012.

"Josée Turcotte"
Per: John Stevenson
Secretary to the Commission

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

AND

IN THE MATTER OF
EDA MARIE AGUECI, DENNIS WING,
SANTO IACONO, JOSEPHINE RAPONI,
KIMBERLEY STEPHANY, HENRY FIORILLO,
GIUSEPPE (JOSEPH) FIORINI, JOHN SERPA,
IAN TELFER, JACOB GORNITZKI AND
POLLEN SERVICES LIMITED

STATEMENT OF ALLEGATIONS OF
STAFF OF THE ONTARIO SECURITIES COMMISSION

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

I. OVERVIEW

(a) General

1. The respondents Eda Marie Agueci ("Agueci"), Dennis Wing ("Wing"), Santo Iacono ("Iacono"), Josephine Raponi ("Raponi"), Kimberley Stephany ("Stephany"), Henry Fiorillo ("Fiorillo"), Joseph Fiorini ("Fiorini"), John Serpa ("Serpa"), Jacob Gornitzki ("Gornitzki") and Pollen Services Limited ("Pollen") engaged in an illegal insider tipping and trading scheme which occurred between April 2007 and February 2008 (the "Relevant Period").

2. The respondent Ian Telfer ("Telfer") did not participate in the scheme but he later facilitated other conduct by Agueci and Iacono including disguising the beneficial ownership of securities and circumventing the monitoring by Agueci's employer of her communications and trading, all of which was contrary to the public interest.

(b) The Insider Trading and Tipping Scheme

3. Agueci was employed as an executive assistant to the Chairman and to the mining group of the investment banking department of GMP Securities L.P. ("GMP"). She was a central figure in the trading scheme. She sought out and acquired, through her employment or from others, material non-public facts concerning pending corporate transactions, which she would communicate to other respondents. In doing so, she repeatedly engaged in unlawful tipping, contrary to subsection 76(2) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act").

4. Those respondents who received this information from Agueci would then:

   (a) trade in securities of the reporting issuers with knowledge of material facts with respect to the reporting issuers that had not generally been disclosed, thereby engaging in illegal insider trading contrary to subsection 76(1) of the Act; and/or

   (b) inform other persons, other than in the necessary course of business, of material facts with respect to the reporting issuers before the material facts were generally disclosed, contrary to subsection 76(2) of the Act; and/or

   (c) recommend investing in the reporting issuers to others, contrary to the public interest; and/or

   (d) make payments to Agueci in relation to their illicit trading, contrary to the public interest.

5. Agueci also purchased the securities of reporting issuers, in her own account and in an account in the name of her mother (the "First Secret Account"), after being advised of undisclosed material facts through her employment or (in one instance) by Gornitzki, all contrary to section 76 of the Act.

6. The illegal tipping and insider trading scheme involved trading in the securities of six reporting issuers and yielded trading profits of approximately $962,000. In addition, Agueci received direct and indirect payments totalling $25,000 from Wing in relation to this trading.

7. In order to conceal the unlawful trading activity, certain respondents engaged in the following additional conduct which was contrary to the public interest:

(a) the use of deceptive techniques, including avoiding the use of stock symbols in correspondence, in order to avoid detection by GMP's compliance department; and

(b) Agueci also impersonated her mother on the telephone in order to execute trades in the First Secret Account and did not disclose that account nor her trades to GMP, as required by its compliance policies.

(c) The Second Secret Account

8. Later, Agueci's brother-in-law Iacono assisted Agueci to access and/or trade in a brokerage account (the "Second Secret Account") that was not disclosed to GMP, as required by its compliance policies.

9. Agueci's trading in the Second Secret Account included trading in securities which she was prohibited from trading because GMP had an active mandate in respect of a related transaction. Agueci and Iacono's conduct in relation to the Second Secret Account was contrary to the public interest.

10. Telfer provided Agueci with an opportunity to purchase shares that ultimately yielded substantial profits that funded Agueci's trading in the Second Secret Account. Telfer had agreed with Agueci to keep that share purchase transaction secret and to have another name (Iacono's) associated with the private share offering. He thereby enabled a transaction in which the beneficial owner of the shares was falsified. Telfer also advised and guided Agueci in avoiding detection by GMP of her email communications. His conduct was contrary to the public interest.

(d) Other Contraventions

11. In addition to the above,

(a) Agueci and Wing each materially misled Staff during compelled examinations conducted as part of Staff's investigation, contrary to section 122 of the Act; and

(b) Agueci also divulged the nature and contents of her compelled examination by Staff to others, including other respondents, despite having repeatedly acknowledged that she understood that such disclosure was prohibited. In doing so, she provided advance knowledge of Staff's investigation to others, contrary to section 16 of the Act.

II. THE RESPONDENTS

12. Agueci is a resident of Toronto, Ontario. During the Relevant Period, she was employed as an executive assistant in the mining group of the investment banking department of GMP. She has been employed in the securities industry for over 20 years. In the normal course of her employment, Agueci regularly came in contact with material non-public facts concerning proposed corporate transactions for which GMP was retained as an advisor. She had full access to the email communications of the Chairman of GMP and occasional access to the emails of other investment bankers in the mining group at GMP. In her communications with others about trading, Agueci would refer to individuals and securities by code names, and asked others not to include stock names or symbols in emails sent to her GMP email address. These practices were designed to avoid detection by GMP's compliance department.

13. Wing is a resident of Toronto, Ontario. During the Relevant Period, Wing was the president, chief executive officer, ultimate designated person (UDP), chief compliance officer (CCO) and director of Fort House Inc. ("Fort House"), an investment dealer registered with the Commission. He is a Fellow of the Canadian Securities Institute (FCSI). Wing has been registered with the Commission since January 2002 in various categories including dealing representative, officer/director (trading), CCO and UDP. His registration ended on January 31, 2012. Wing and Agueci were close friends for many years.

14. Iacono (also known as "Tino") is a resident of Toronto, Ontario. During the Relevant Period, Iacono was a partner of S.I.R. Investment Inc. ("S.I.R. Investment"), a food services distribution company. Iacono is Agueci's brother-in-law.

15. Raponi (also known as "Josie") is a resident of Toronto, Ontario. During the Relevant Period, Raponi was a school teacher. Raponi is Agueci's cousin.

16. Stephany (also known as "Kim") is a resident of Toronto, Ontario. Stephany has been registered with the Commission since May 2004 as a dealing representative of an investment dealer or as a salesperson of an investment dealer. During the Relevant Period, Stephany worked as a trading assistant, initially at Fort House and then at Brant Securities Limited. Stephany and Agueci met while previously working together at another investment firm and were close friends. In their communications

about trading, Stephany and Agueci would refer to individuals by code names, and to the fact that they could not speak about their trading because they could be overheard.

17. Fiorillo is a resident of Toronto, Ontario. During the Relevant Period, Fiorillo was the president of Research Management Group. Fiorillo has been registered with the Commission in various capacities including as a director, officer and dealing representative at an exempt market dealer/limited market dealer in the period between August 2004 and April 2010. Fiorillo and Agueci have known each other for over 20 years and were close friends.

18. Fiorini (also known as "Joseph") is a resident of Thornhill, Ontario. During the Relevant Period, Fiorini was a vice-president and director of corporate finance / investment banking with Desjardins Securities ("Desjardins"). During the Relevant Period, Fiorini and Agueci were friends who met periodically to discuss markets and trading.

19. Pollen is a company based in the British Virgin Islands ("BVI"). During the Relevant Period, Pollen maintained a trading/bank account in Switzerland. Wing directed all relevant trades on behalf of Pollen, which held assets for his offshore family trust, The Honey Trust.

20. Serpa is a resident of Toronto, Ontario. During the Relevant Period, Serpa was the president of S.I.R. Investment. Serpa and Iacono were business partners and close friends.

21. Telfer is a resident of Vancouver, British Columbia. During the Relevant Period, Telfer served in various capacities including as chairman of Goldcorp Inc. and Uranium One Inc. Telfer also acted as an advisor to, and was a significant shareholder of Gold Wheaton Gold Corp. ("Gold Wheaton") and its predecessors. Telfer is a sophisticated businessman, with extensive involvement in corporate and securities transactions. He frequently retained GMP and other investment banking firms in connection with those transactions. Telfer and Agueci were close friends who have known each other for approximately 20 years.

22. Gornitzki is a resident of Toronto, Ontario. During the Relevant Period, Gornitzki was an advisor to various corporations seeking financing or engaging in other corporate transactions. Gornitzki frequently used the offices of GMP to carry out his business activities and was in regular contact with Agueci.

23. During the Relevant Period, the respondents were in regular and frequent contact, and communicated on a regular basis about their trading and market activity.

III. TIPPING AND INSIDER TRADING

(a) NU Energy Uranium Corp.

24. On or before April 12, 2007, in his capacity as a consultant to NU Energy Uranium Corp. ("NU"), Gornitzki became aware of material non-public facts concerning a proposed acquisition by Mega Uranium Ltd. ("Mega") of NU. Gornitzki was retained by NU as an advisor regarding financing and corporate transactions and was in a special relationship with NU by virtue of his involvement in this business or professional activity with and on behalf of NU.

25. By at least March 24, 2007, Gornitzki had agreed with senior management of Mega that Mega should acquire NU and had agreed to "*work on*" a senior representative of NU with a view to persuading NU to complete the transaction. During this period, senior management of Mega described Mega's acquisition of NU as "*inevitable*". Gornitzki was also aware that NU's senior management wanted to obtain a price of at least $5 per share in any takeover transaction.

26. Gornitzki was using the offices of GMP to carry out his business activities and was in regular contact with Agueci. On or before April 17, 2007, Gornitzki advised Agueci, other than in the ordinary course of business, of material facts related to the proposed acquisition of NU prior to that information having been generally disclosed.

27. On April 17, 2007, Agueci thanked Gornitzki for the tip related to NU to which he replied: "*You will not regret*" and "*Don't worry*". Immediately thereafter, Agueci's advice to her friends and family members included that they "*MUST BUY*" shares of NU, that they would not regret it, and that the "*action begins next week*", which were direct references to material undisclosed facts that Gornitzki had conveyed to her.

28. She further advised that the price of NU shares would imminently increase. Iacono advised Agueci that he had told Serpa about NU. Agueci impressed upon Iacono that he should advise Serpa and others to purchase the shares "*before Friday*".

29. Beginning on April 17, 2007, Agueci and her friends and family members began purchasing NU shares. In particular, the following respondents (the "NU Trading Ring") bought NU shares after communicating with Gornitzki or other NU Trading Ring members by way of in-person meetings, phone calls or emails:

Name	Date of Purchase
Agueci	April 17, 19 and 20, 2007
Iacono	April 17 and 25, 2007
Serpa	April 25, 2007
Raponi	April 18 and 25, 2007
Fiorillo	April 20, 24 and 25, 2007
Wing (personally)	April 23 and 24, 2007
Fiorini	April 25 and 26, 2007

30. Agueci provided material non-public facts concerning the proposed acquisition of NU to the members of the NU Trading Ring, except Serpa who received that information from Iacono. Agueci and Iacono were in a special relationship with NU because they learned the material non-public facts from a person in a special relationship with NU.

31. When they purchased NU shares, the members of the NU Trading Ring had knowledge of material non-public facts concerning the proposed acquisition, which was provided by Gornitzki, Agueci or Iacono prior to their respective purchases. In addition to the NU Trading Ring, at least three other friends of Agueci purchased NU shares in that same timeframe.

32. Agueci also used the same material non-public facts to purchase NU shares in a brokerage account in her mother's name (the First Secret Account). She did so without the required trading authority and impersonated her mother on the telephone while giving the trading instructions. Agueci had opened the First Secret Account and signed her mother's name on the account application form. Agueci did not, at any time, report the account or her trades in the First Secret Account to GMP, as she knew was required by its compliance policies.

33. As an employee of GMP, Agueci certified, on an annual basis, that she had read and understood GMP compliance materials, which clearly stipulated that her trading accounts would be monitored by GMP and that she was further prohibited from operating or from having any "*authority*", "*financial interest*" or "*influence*" in, any trading account undisclosed to GMP's compliance department.

34. In connection with their purchases of NU shares described above:

(a) Agueci's purchases in her own account and the First Secret Account represented an amount greater than her annual gross salary;

(b) Iacono's purchase of NU shares was the largest trade in his account since he had opened it in September 2006;

(c) the purchase of NU shares was the largest securities purchase that Serpa had made in the previous 14 months;

(d) the purchase of NU shares were Iacono, Raponi, Fiorini, Wing and Serpa's only purchases of shares in April 2007;

(e) the NU shares were Raponi's only securities investment at that time; and

(f) the profitable trades by NU Trading Ring members involved trading profits ranging from 38 percent to 54 percent.

35. The "*action*" did start the following week, as disclosed by Gornitzki and Agueci.

36. On April 27, 2007, NU announced that it had entered into a binding letter of intent whereby Mega would acquire all of the outstanding shares of NU in exchange for common shares of Mega.

37. When Raponi had earlier suggested selling in order to "*play it safe*" on April 23, 2007, Agueci advised her that she had to "*wait just a little longer*".

38. As Agueci had correctly advised others, the shares of NU also did gain in value. Several members of the NU Trading Ring sold their NU shares profitably. The total trading profits of the NU Trading Ring were approximately $212,000.

39. On May 3, 2007, Agueci told Stephany that Wing wanted to buy her dinner to thank her, and stated "*I have better ways of being thanked.....$$$$$*".

40. Agueci was unable to sell the shares in her personal account profitably because NU retained GMP shortly before the announcement to provide financial advice in relation to the transaction, and the shares were placed on GMP's restricted list.

41. Agueci complained frequently about her trading loss in NU shares and repeatedly requested that GMP take the transaction off the GMP restricted list, which was necessary in order for Agueci to sell the position in her personal account. Agueci recovered a portion of her trading losses in NU shares and other trading losses from others. Later, after reading a news article quoting Gornitzki, Agueci complained that: "*[Gornitzki] said 'never invest on tips'. I wish I would have read this before I took his stock tip....*"

42. Agueci did, however, profitably sell the NU shares in the First Secret Account before NU was taken off GMP's restricted list.

43. Gornitzki's conduct in connection with NU constituted tipping, contrary to subsection 76(2) of the Act and/or was contrary to the public interest.

44. Agueci and Iacono's conduct in connection with NU constituted tipping contrary to subsection 76(2) of the Act, insider trading contrary to subsection 76(1) of the Act and/or was contrary to the public interest.

45. Agueci's conduct in relation to the First Secret Account constituted insider trading contrary to subsection 76(1) of the Act and/or conduct contrary to the public interest.

46. Raponi, Fiorillo, Wing, Fiorini and Serpa's conduct in connection with NU constituted insider trading contrary to subsection 76(1) of the Act and/or was contrary to the public interest.

(b) Energy Metals Corporation

47. On or before May 8, 2007, in her capacity as executive assistant in the investment banking department of GMP, Agueci became aware of material non-public facts concerning a proposed acquisition of Energy Metals Corporation ("EMC") by sxr Uranium One Inc. (now, Uranium One Inc.).

48. On May 8, 2007, the proposed transaction was placed on GMP's grey list. Listing a security on the grey list indicates that GMP had an active mandate for a corporate transaction at the time and/or that GMP has inside information.

49. On Thursday, May 10, 2007, EMC's board of directors approved GMP's retainer to act as financial advisor to EMC's special committee and to provide a fairness opinion in connection with this transaction. In connection with that mandate, GMP received transactional documents and other material non-public information concerning the proposed transaction, including that it was valued at $1.2 billion.

50. On May 11, 2007, Agueci arranged for representatives of GMP to attend a May 15, 2007 EMC Board meeting in respect of the transaction.

51. Agueci also received a copy of a draft GMP fairness opinion with a share exchange ratio of 1.15 shares of sxr Uranium One Inc. for each share of EMC.

52. Agueci was in a special relationship with EMC by virtue of her involvement as an employee of GMP in this business or professional activity with and on behalf of EMC.

53. Beginning on Monday, May 14, 2007, Agueci's friends and family members began, for the first time, purchasing EMC shares. In particular, the following respondents (the "EMC Trading Ring") bought EMC shares after communicating with Agueci or other EMC Trading Ring members by way of in-person meetings, phone calls or emails:

Name	Date of Purchase
Iacono	May 14, 2007
Serpa	May 14, 2007
Stephany	May 14 and 16, 2007
Raponi	May 17, 2007
Wing (personally and via Pollen)	May 14 and 15, 2007
Fiorini	May 14 and 17, 2007
Fiorillo	May 15, 17 and 18, 2007

54. Beginning on May 8, 2007 and before the announcement described below, Agueci advised the members of the EMC Trading Ring (except Serpa), other than in the ordinary course of business, of material undisclosed facts related to the proposed acquisition of EMC.

55. Iacono conveyed that information to Serpa prior to his trade. He did so after having asked Agueci whether she was "*sure with this*", to which she responded: "*YES!*". Iacono was in a special relationship with EMC because he learned the material non-public facts from Agueci, a person in a special relationship with EMC.

56. Stephany also used the material non-public facts to recommend that one of her clients, Client A, purchase EMC shares.

57. When they purchased EMC shares, the members of the EMC Trading Ring had knowledge of material non-public facts concerning the proposed acquisition, which was provided by Agueci or Iacono prior to their respective purchases. In addition, at least two other friends of Agueci purchased EMC shares during the same period.

58. The members of the EMC Trading Ring knew or ought reasonably to have known that Agueci had access to and obtained the material non-public facts in her capacity as an executive assistant in the mining group of the investment banking department at GMP.

59. In connection with their purchases of EMC shares described above:

(a) Pollen did not purchase any shares other than EMC shares in its offshore account in May 2007. Wing's only purchase in his personal account in May 2007 was also EMC shares;

(b) Pollen's investment in EMC shares exceeded $1.2 million;

(c) Iacono, Raponi, Fiorini and Serpa did very little buying or selling of securities in May 2007, other than EMC and NU shares;

(d) Serpa's purchase of EMC shares surpassed the value of his unusually large prior purchase of NU shares;

(e) Stephany's purchase of EMC shares was her largest securities purchase in May 2007, constituting approximately 66 percent of the value of her share purchases that month;

(f) Fiorillo's purchases of EMC shares represented 72 percent of the value of his share purchases in May 2007; and

(g) the EMC Trading Ring's profits on their EMC trades ranged from 6 to 23 percent.

60. On May 18, 2007, EMC announced that it was in exclusive negotiations concerning a potential sale of the company, following which EMC's share price rose.

61. The EMC Trading Ring sold their EMC shares, with some receiving profits. Raponi took steps to immediately sell her shares on the New York Stock Exchange on a holiday when Canadian markets were closed. The total trading profits of the EMC Trading Ring were approximately $446,000.

62. Agueci's conduct in connection with EMC constituted tipping contrary to subsection 76(2) of the Act and/or was contrary to the public interest.

63. Iacono's conduct in connection with EMC constituted tipping contrary to subsection 76(2) of the Act, insider trading contrary to subsection 76(1) of the Act, and/or was contrary to the public interest.

64. Wing, Pollen, Stephany, Raponi, Fiorini, Fiorillo and Serpa's conduct in connection with EMC constituted insider trading contrary to subsection 76(1) of the Act and/or was contrary to the public interest.

65. Wing was a person who authorized, permitted or acquiesced in Pollen's breach of s. 76(1) of the Act and, as such, Wing has breached s. 129.2 of the Act and/or acted in a manner that is contrary to the public interest.

(c) <u>Yamana Gold Inc, Northern Orion Resources Inc. and Meridian Gold Inc.</u>

66. On or before May 28, 2007, in her capacity as executive assistant in the investment banking department of GMP, Agueci became aware of material non-public facts concerning a proposed three-way business combination between Yamana Gold Inc. ("Yamana"), Northern Orion Resources Inc. ("Northern Orion") and Meridian Gold Inc. ("Meridian").

67. GMP was retained to provide a fairness opinion to the board of directors of Northern Orion and, in that capacity, received transactional documents and other material non-public information concerning the proposed transaction. Each of Yamana, Northern Orion and Meridian had been placed on GMP's grey list on May 28, 2007.

68. In connection with the proposed business combination, on May 28, 2007, Agueci received a detailed presentation which had been prepared by Yamana and provided to Northern Orion. The presentation provided details of the proposed three-way business combination including a 25 percent premium to be bid by Yamana for 100 percent of the shares of each of Northern Orion and Meridian.

69. Yamana and Northern Orion then commenced negotiations of a letter agreement. GMP provided a verbal fairness opinion to the Northern Orion Board on June 13, 2007. Yamana, to the knowledge of Northern Orion and GMP, approached Meridian on June 15, 2007.

70. Agueci was in a special relationship with Northern Orion and Meridian by virtue of her involvement as a GMP employee in this business or professional activity with and on behalf of Northern Orion.

71. Beginning on June 13, 2007, Agueci's friends began purchasing securities of the above issuers. In particular, the following respondents (the "Northern Orion Trading Ring") bought Northern Orion and Meridian shares after communicating with Agueci or other Northern Orion Trading Ring members by way of in-person meetings, phone calls or emails:

Name	Security	Date of Purchase
Wing (via Pollen)	Northern Orion Meridian shares	June 13, 14, 15, 2007 June 18, 2007
Fiorini	Northern Orion shares	June 14, 2007

72. Prior to their respective purchases, Agueci advised the members of the Northern Orion Trading Ring, other than in the ordinary course of business, of material facts related to the proposed three-way business combination prior to that information having been generally disclosed.

73. When they purchased their Northern Orion and Meridian shares, the members of the Northern Orion Trading Ring had knowledge of material non-public facts concerning the proposed acquisition, which was provided by Agueci prior to their respective purchases.

74. In connection with their purchases of Northern Orion and Meridian shares described above:

(a) Pollen did not purchase any shares other than Northern Orion and Meridian shares in its offshore account in June 2007;

(b) Pollen invested almost $1.3 million in Northern Orion and Meridian shares;

(c) Fiorini purchased only three issuer's shares (including Northern Orion) in June 2007; and

(d) the percentage profits made by the Northern Orion Trading Ring ranged from 3 percent to 24 percent.

75. The members of the Northern Orion Trading Ring knew or ought reasonably to have known that Agueci had access to and obtained the material non-public facts in her capacity as an executive assistant in the mining group of the investment banking department at GMP.

76. On June 27, 2007, after the above purchases, Yamana and Northern Orion jointly announced that they had entered into a business combination agreement and a concurrent proposal had been made to Meridian with respect to the combination of the three companies.

77. Following this announcement, the share price for Northern Orion and Meridian rose and the Northern Orion Trading Ring sold their Northern Orion/Yamana and Meridian shares at a profit. The total trading profits of the Northern Orion Trading Ring were approximately $215,000.

78. Agueci's conduct in connection with Northern Orion and Meridian constituted tipping contrary to subsection 76(2) of the Act and/or was contrary to the public interest.

79. Wing, Pollen and Fiorini's conduct in connection with Northern Orion and/or Meridian constituted insider trading contrary to subsection 76(1) of the Act and/or was contrary to the public interest.

80. Wing was a person who authorized, permitted or acquiesced in Pollen's breach of s. 76(1) of the Act and, as such, Wing has breached s. 129.2 of the Act and/or acted in a manner that is contrary to the public interest.

(d) HudBay Minerals Inc.

81. On or before July 17, 2007, in her capacity as executive assistant in the investment banking department of GMP, Agueci became aware of material non-public facts concerning a proposed acquisition of HudBay Minerals Inc. ("HudBay") by Votorantim Metals Inc. ("Votorantim).

82. HudBay had received a non-binding proposal from Votorantim on July 17, 2007 to acquire 100 percent of the issued and outstanding shares of HudBay for between CAD$30 and $32. GMP was approached to advise the special committee of the board of HudBay in respect of the proposed acquisition, and the transaction was placed on GMP's grey list on July 17, 2007.

83. In connection with its mandate, GMP received transactional documents and other material non-public information concerning the proposed transaction. GMP's work on the proposed transaction continued through the summer and early fall of 2007, and included:

(a) GMP planning further negotiations on August 10, 2007;

(b) discussions between HudBay and GMP representatives on August 23 and 27, 2007; and

(c) a two-day site visit to a HudBay site in Flin Flon, Manitoba by GMP representatives on September 6 and 7, 2007. That meeting was being planned at least by mid-August 2007.

84. Agueci was in a special relationship with HudBay by virtue of her involvement as an employee of GMP in this business or professional activity with and on behalf of HudBay.

85. Beginning on July 20, 2007, Agueci's friends and family members began purchasing HudBay shares. In particular, the following respondents (the "HudBay Trading Ring") bought HudBay shares after communicating with Agueci or other HudBay Trading Ring members by way of in-person meetings, phone calls or emails:

Name	Date of Purchase
Wing (personally and via Pollen)	July 20 and 31 and August 2, 2007
Stephany	August 3, 8 and 15, 2007
Fiorini	August 13 and September 17, 2007
Fiorillo	August 20 and September 7, 11, 12, 14 and 18, 2007
Raponi	August 30, 2007
Iacono	September 6, 2007
Serpa	September 7, 2007

86. Beginning on July 17, 2007, Agueci advised the members of the HudBay Trading Ring (except Serpa), other than in the ordinary course of business, of material undisclosed facts related to the proposed acquisition of HudBay. Iacono conveyed that information to Serpa prior to his trade. Iacono was in a special relationship with HudBay because he learned the material non-public facts from Agueci, a person in a special relationship with HudBay.

87. Stephany also used the material non-public facts to recommend that one of her clients, Client A, purchase HudBay shares.

88. When they purchased the HudBay shares, the members of the HudBay Trading Ring had knowledge of material non-public facts concerning the proposed acquisition, which was provided by Agueci or Iacono prior to their respective purchases. In addition, at least one other friend of Agueci purchased HudBay shares during the same period.

89. The members of the HudBay Trading Ring knew or ought reasonably to have known that Agueci had access to and obtained the material non-public facts in her capacity as an executive assistant in the mining group of the investment banking department at GMP.

90. In connection with their purchases of HudBay shares described above:

(a) Pollen did not purchase any shares other than HudBay shares in its offshore account in July and August 2007. Pollen invested almost $1.4 million in HudBay shares;

(b) Wing's only purchases of securities in August 2007 were of HudBay shares;

(c) Iacono, Raponi and Serpa did not purchase any shares other than HudBay shares in the months of their respective trades;

(d) other than HudBay shares, Fiorini purchased few issuer's shares in August and September 2007;

(e) Stephany purchased only one security other than HudBay shares in August 2007, and her HudBay purchases represented 76 percent of the value of her total share purchases in August 2007;

(f) Fiorillo's purchases of HudBay shares in August and September 2007 represented 21 percent and 65 percent of the value, respectively, of his total share purchases for those months;

(g) the HudBay shares were Raponi's only securities investment at that time;

(h) Serpa's purchases of HudBay shares were the second largest purchases he had made in the period between February 2006 and September 2007; and

(i) Serpa's investment in HudBay was valued at over 66 percent of his total portfolio as at the end of August 2007.

91. Ultimately, the transaction did not go forward, but this was not known until September 19, 2007. Agueci was on vacation shortly after GMP learned that the transaction would not go forward.

92. Raponi and Stephany sold their HudBay shares shortly after September 19, 2007, after communicating with Agueci. The remaining members of the HudBay Trading Ring sold their shares after Agueci returned from her vacation, and most of them sold their shares profitably. The total trading profits of the HudBay Trading Ring were approximately $34,000.

93. Agueci's conduct in connection with HudBay constituted tipping contrary to subsection 76(2) of the Act and/or was contrary to the public interest.

94. Iacono's conduct in connection with HudBay constituted tipping contrary to subsection 76(2) of the Act, insider trading contrary to subsection 76(1) of the Act, and/or was contrary to the public interest.

95. Raponi, Stephany, Serpa, Wing, Pollen, Fiorini and Fiorillo's conduct in connection with HudBay constituted insider trading contrary to subsection 76(1) of the Act and/or was contrary to the public interest.

96. Wing was a person who authorized, permitted or acquiesced in Pollen's breach of s. 76(1) of the Act and, as such, Wing has breached s. 129.2 of the Act and/or acted in a manner that is contrary to the public interest.

97. Also, Agueci received payments from Wing in connection with his and Pollen's profitable trades described herein. In connection with his payment to her, Wing advised Agueci to open a bank account in England and to use her "*mother's address…not your own*", advised that "*doing smaller amounts is the right way to do it*", and advised that once that account was opened "*more can be done*". He further counselled her that "*being careful is always the top priority*". The conduct of Wing in respect of these payments was contrary to the public interest.

(e) Coalcorp Mining Inc.

98. On or before January 29, 2008, in her capacity as executive assistant in the investment banking department of GMP, Agueci became aware of material non-public facts concerning a proposed acquisition of Coalcorp Mining Inc. ("Coalcorp") by an investor group consisting of Pala Investments Holdings Limited and others (the "Pala Group").

99. In particular, Agueci was aware that the Pala Group had made a non-binding proposal to make an all-cash acquisition of 100 percent of the outstanding common shares of Coalcorp for a price of $2.75 per share plus the assumption of all of Coalcorp's existing net debt.

100. GMP was retained to advise Coalcorp in respect of the proposed transaction. In connection with that mandate, GMP received transactional documents and other material non-public facts concerning the proposed transaction.

101. Agueci was in a special relationship with Coalcorp by virtue of her involvement as an employee of GMP in this business or professional activity with and on behalf of Coalcorp.

102. Beginning on January 30, 2008, Agueci's friends and family members began purchasing Coalcorp shares. In particular, the following respondents (the "Coalcorp Trading Ring") bought Coalcorp shares after communicating with Agueci by way of in-person meetings, phone calls or emails:

Name	Date of Purchase
Raponi	January 30 and 31, 2008
Stephany	January 30, 2008
Fiorini	January 30 and 31, 2008
Fiorillo	January 30 and 31, 2008

103. On January 29 and 30, 2008, Agueci advised the members of the Coalcorp Trading Ring, other than in the ordinary course of business, of material facts related to the proposed acquisition of Coalcorp prior to that information having been generally disclosed.

104. Only Fiorillo had previously invested in Coalcorp and that investment had occurred more than one year previously. When they purchased the Coalcorp shares, the members of the Coalcorp Trading Ring had knowledge of material non-public facts concerning the proposed acquisition, which was provided by Agueci prior to their respective purchases. In addition, at least two other friends of Agueci purchased Coalcorp shares during the same period.

105. The members of the Coalcorp Trading Ring knew or ought reasonably to have known that Agueci had access to and obtained the material non-public facts in her capacity as an executive assistant in the mining group of the investment banking department at GMP.

106. In connection with their purchases of Coalcorp shares described above:

(a) Raponi did not purchase any shares other than Coalcorp in January and February 2008;

(b) the Coalcorp shares represented Raponi's only securities investment at that time;

(c) other than Coalcorp shares, Fiorini and Stephany purchased few issuer's shares in January and February 2008; and

(d) the Coalcorp Trading Ring's profits ranged from 28 percent to 49 percent.

107. On February 1, 2008, Coalcorp announced that it had received a non-binding unsolicited proposal from a third party to acquire all of the issued and outstanding common shares of Coalcorp. The undisclosed third party was the Pala Group.

108. The members of the Coalcorp Trading Ring profitably sold their Coalcorp shares on or after February 1, 2008. The total trading profits of the Coalcorp Trading Ring were approximately $55,000.

109. Agueci's conduct in connection with Coalcorp constituted tipping contrary to subsection 76(2) of the Act and/or was contrary to the public interest.

110. Raponi, Stephany, Fiorini and Fiorillo's conduct in connection with Coalcorp constituted insider trading contrary to subsection 76(1) of the Act and/or was contrary to the public interest.

IV. OTHER CONDUCT CONTRARY TO THE PUBLIC INTEREST

(a) Communicating by Blackberry (PIN) to Avoid Detection

111. Telfer and Agueci were close friends over a period of many years.

112. The GMP compliance department monitored email communications of employees, including Agueci, on a regular basis. Such communications were monitored in order to ensure compliance with regulatory and other GMP requirements, including insider trading and tipping laws.

113. Telfer and Agueci were aware that email communications were monitored by GMP. As an employee of GMP, Agueci certified, on an annual basis, that she had read and understood the following provisions from GMP compliance materials, which reminded employees of GMP's monitoring procedure and the prohibition against circumvention:

> *All e-mail is filtered when it enters or leaves the GMP network. Filtering is provided for both security and Compliance purposes …*
>
> *No employee shall attempt to circumvent any filtering system …*
>
> ***Employees are reminded that the Compliance department actively monitors all e-mail communication on a regular basis.*** *(emphasis in original)*

114. Telfer advised Agueci as to how to circumvent these policies.

115. Specifically, on January 29, 2008, Telfer advised Agueci not to use emails to communicate with him. Instead, he provided her with step-by-step instructions as to how to communicate by Blackberry PIN messages in order to ensure that: "*Messages don't go to the gmp server. They go straight to blkberry*". He advised that, "*instead of emailing*", this method of communication was to be used with him and other "*very close friends*".

116. The use of Blackberry PIN messages is a technique that Agueci subsequently used to communicate with Telfer as well as others in connection with her trading activities. Telfer would repeatedly request updated PIN numbers from Agueci. Agueci would refrain from corresponding with Telfer by email due to her concern of leaving an "*email trail*".

117. By engaging in the foregoing conduct, which consisted of advising and guiding Agueci, an individual with disclosure obligations, in avoiding detection by GMP of her email communications, Telfer engaged in conduct contrary to the public interest.

(b) 222 Pizza Express Corp.

118. A few months later, in April 2008, Telfer provided Agueci with the opportunity to purchase 500,000 common shares in a private share offering in 222 Pizza Express Corp. ("222 Pizza"). Telfer was very optimistic about the prospects for these shares.

119. Agueci arranged for her brother-in-law, Iacono, to assist her in the purchase of the 222 Pizza shares, since Agueci and Telfer had agreed that the shares should not be purchased in Agueci's name in order to ensure the secrecy of the transaction.

120. In return for a fifty percent interest in the 222 Pizza shares, Iacono facilitated the transaction for Agueci by purchasing the shares in his name for $5,000. He then deposited them in the Second Secret Account. Fifty-percent of the 222 Pizza shares were held in the Second Secret Account for the benefit of Agueci.

121. Prior to this transfer, Telfer corresponded directly with Iacono, advised him of particulars of the transfer and emphasized that Iacono should "*keep this information confidential*".

122. Given his extensive experience in corporate transactions and in retaining and instructing investment banking advisors, Telfer knew, or reasonably ought to have known, that Agueci had disclosure obligations and trading restrictions as an employee of an investment banking and brokerage firm who had regular access to material non-public information. He knew or ought to have known that she was prohibited from engaging in undisclosed securities transactions.

123. The 222 Pizza shares held in the Second Secret Account yielded a return of over $500,000 following a corporate reorganization, investment in gold stream royalty agreements, and the renaming of 222 Pizza to Kadywood Capital Corp and then Gold Wheaton.

124. Iacono subsequently sold the majority of the Gold Wheaton shares and reinvested the proceeds in various other securities in the Second Secret Account over a period of three years, on his own behalf or at Agueci's direction.

125. Using the proceeds of the sale of the Gold Wheaton shares, Agueci directed trading in the following shares in the First and Second Secret Accounts while those issuers were on either the GMP grey list or the GMP restricted list: HudBay (November 2008 and January 2009), Tahoe Resources Inc. (June 2010) and Kadywood Capital Corp. (June and July, 2008). Listing a security on the grey or restricted list indicates that GMP had an active mandate for a corporate transaction at the time and/or that GMP has inside information.

126. Further to her secrecy agreement with Telfer, Agueci did not report her beneficial ownership of the shares held in Iacono's account, nor the transactions in the account to GMP compliance. As such, GMP's compliance department was unable to monitor trading in that undisclosed account to ensure that Agueci was not conducting trades with the benefit of material non-public information.

127. Iacono transferred funds from the Second Secret Account to Agueci or on her behalf, at her request. In order to avoid regulatory detection, Iacono paid these funds to third parties on Agueci's behalf or frequently to Agueci in allotments of less than $10,000. Over the course of three years, Agueci thereby withdrew almost $200,000 from the Second Secret Account.

128. Agueci's conduct in arranging, maintaining and failing to disclose her interest and trading to GMP in the First and Second Secret Accounts was contrary to the public interest. In addition, Agueci's ongoing trading in those accounts, as well as the manner of withdrawals from those accounts, was contrary to the public interest.

129. Iacono's conduct in assisting Agueci to maintain and illicitly trade in an account that was not disclosed to GMP, as well as the manner of withdrawals from this account, was contrary to the public interest.

130. Telfer's agreement with Agueci, a person with securities transaction reporting obligations, to keep the 222 Pizza share purchase transaction secret and to have another name associated with the private share offering enabled a transaction in which the beneficial owner of the shares was falsified. His conduct was contrary to the public interest.

V. MISLEADING STATEMENTS

(a) Agueci's Misleading Statements

131. During Agueci's compelled examination during Staff's investigation, she made numerous statements that, in a material respect and at the time and in the light of the circumstances under which they were made, were misleading or untrue or did not state a fact that was required to be stated or that was necessary to make the statements not misleading.

132. In particular, Agueci misled Staff by:

(a) failing to disclose her direct or indirect interest and involvement in other brokerage accounts, including the First and Second Secret Accounts;

(b) advising Staff that Iacono did not execute trades on her behalf in the Second Secret Account;

(c) advising Staff that she did not know what investments were in the Second Secret Account;

(d) advising Staff that she assisted her mother in trading in the First Secret Account by at all times calling the brokerage firm with her mother on the line and having her mother confirm her identity; and

(e) failing to disclose the nature and source of payments received and made by her as well as others on her behalf, including payments provided to her from the Second Secret Account.

133. These statements were materially misleading and were not corrected by Agueci until she was confronted with evidence to the contrary by Staff, or at all. These statements concealed the truth, which was that Agueci had an interest in brokerage accounts in which she was trading securities, including trades in securities while such issuers were on the GMP grey or restricted list. Furthermore, her misleading statements concealed the fact that her interest and trading in the First and Second Secret Accounts were not reported to GMP in accordance with its compliance policies.

134. Agueci's conduct in making misleading statements to Staff was a breach of s. 122 of the Act and/or were contrary to the public interest.

(b) Wing's Misleading Statements

135. During Wing's compelled examination during Staff's investigation, he made numerous statements that, in a material respect and at the time and in the light of the circumstances under which they were made, were misleading or untrue or did not

state facts that were required to be stated or that were necessary to make the statements not misleading, all contrary to s. 122 of the Act.

136. In particular, Wing made misleading statements concerning his activities and involvement with offshore entities and other brokerage and bank accounts, including offshore accounts. During his first interview, Wing denied having any offshore bank or brokerage accounts, including any signing authority or beneficial interest in such accounts.

137. Staff, however, later obtained documents from other jurisdictions that revealed that Wing had power of attorney over an offshore account in the name of Pollen (the "Offshore Pollen Account"), he had directed trading and/or banking in the account, and that he also had an offshore account in his own name. The Offshore Pollen Account had 12 sub-accounts and traded securities on multiple exchanges, in numerous jurisdictions and in a variety of different currencies. The account, in particular, had also traded in several securities of concern to Staff, as noted above.

138. When Wing returned for a continued examination, he denied any knowledge of or association with Pollen, including any accounts or trades executed on its behalf. He further denied any knowledge of, association with, or role in entities (including individual representatives thereof) who created, administered, or were otherwise connected to Pollen, including Wing's family trust (The Honey Trust) and the numerous firms which provided services in relation to the Offshore Pollen Account.

139. Wing's statements were misleading and were not corrected by Wing until he was confronted with evidence to the contrary by Staff, or at all. Throughout his examinations, Wing would alter his version of events only slightly to correspond with each of the documents that he was shown, while still continuing to deny any greater involvement with the Offshore Pollen Account.

140. Wing ultimately admitted that he had established Pollen and The Honey Trust, had sole signing authority over the Offshore Pollen Account and that he had also directed trading and other activity in this account. He further admitted to having established and directed trading for Pollen in a Canadian account held at Fort House (the "Canadian Pollen Account"), despite the account having been put under a different name.

141. In making numerous misleading statements to Staff, Wing undermined Staff's ability to fulfill the Commission's statutory mandate, breached s. 122 of the Act and/or acted contrary to the public interest.

VI. CONFIDENTIALITY OF INVESTIGATION

142. During Agueci's compelled examination, she acknowledged that she understood the confidentiality of Staff's investigative process under s. 16 of the Act. However, she divulged the nature and content of her compelled examinations to others who were interviewed by Staff.

143. Agueci's disclosures to other witnesses included:

(a) particulars of the securities being reviewed by Staff,

(b) the timeframe of Staff's investigation,

(c) the documents and other information in Staff's possession, and

(d) the questions asked by Staff (together with the answers that she gave).

144. By supplying this information, Agueci provided other witnesses interviewed by Staff with an opportunity to tailor their evidence to hers. Agueci's conduct undermined Staff's ability to fulfil its statutory mandate.

145. The disclosures by Agueci concerning Staff's investigation were contrary to s. 16 of the Act and/or were contrary to the public interest.

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

DATED AT TORONTO this 7th day of February, 2012.

1.3 News Releases

1.3.1 Canadian Securities Regulators Modernize Rules Concerning Mutual Funds

FOR IMMEDIATE RELEASE
February 9, 2012

CANADIAN SECURITIES REGULATORS MODERNIZE
RULES CONCERNING MUTUAL FUNDS

Toronto – The Canadian Securities Administrators (CSA) announced today the completion of the first phase of its "Modernization Project", which seeks to update the product regulation of publicly offered investment funds.

The purpose of the Project is to modernize investment fund regulation, making it more effective and relevant in today's more diverse and increasingly innovative retail marketplace.

Specifically, the amendments introduced in the first phase recognize the proliferation of Exchange Traded Funds (ETFs) and streamline their access to the market by eliminating the need for them to apply for regulatory exemptions. This will reduce regulatory costs, which is also expected to benefit investors. The amendments are also designed to enhance the resilience of money market funds to certain short-term market risks, by introducing new liquidity requirements and term restrictions.

"By modernizing these important investment fund rules, we are responding to the rapidly evolving investment fund landscape, as well as maintaining consistency with global standards," said Bill Rice, Chair of the CSA, and Chair and Chief Executive Officer of the Alberta Securities Commission.

Subject to ministerial approval, the amendments will come into force April 30, 2012. The new requirements for money market funds will come into force following a transition period.

To view the amended rules, please refer to the CSA Notice on National Instrument 81-102 *Mutual Funds*, which is available on the websites of various CSA members.

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

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1.4 Notices from the Office of the Secretary

1.4.1 Phoenix Credit Risk Management Consulting Inc. et al.

FOR IMMEDIATE RELEASE
February 1, 2012

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

AND

IN THE MATTER OF
PHOENIX CREDIT RISK MANAGEMENT CONSULTING INC., PHOENIX PENSION SERVICES INC., PHOENIX CAPITAL RESOURCES INC., RATHORE & ASSOCIATES ASSET MANAGEMENT LTD., 2195043 ONTARIO INC., JAWAD RATHORE, VINCENZO PETROZZA AND OMAR MALONEY

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

A copy of the Order dated February 1, 2012 is available at **www.osc.gov.on.ca**.

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1.4.2 Ameron Oil and Gas Ltd. et al.

FOR IMMEDIATE RELEASE
February 1, 2012

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

AND

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

TORONTO – The Commission issued an Order in the above named matter which provides that a status hearing will be held on February 14, 2012 at 3:00 p.m. at the offices of the Commission.

A copy of the Order dated January 24, 2012 is available at **www.osc.gov.on.ca**.

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1.4.3 Firestar Capital Management Corp. et al.

FOR IMMEDIATE RELEASE
February 2, 2012

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 – The Commission issued an Order in the above named matter which provides that the hearing be adjourned to March 29, 2012 at 10:00 a.m. for the purposes of a pre-hearing conference, or such other date as agreed to by the parties and confirmed by the Office of the Secretary; and that the Temporary Orders currently in place as against Firestar Capital, Kamposse, and Firestar Investment are further continued until March 30, 2012, or until further order of the Commission.

The pre-hearing conference will be held *in camera* on March 29, 2012 at 10:00 a.m.

A copy of the Order dated January 30, 2012 is available at **www.osc.gov.on.ca**.

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1.4.4 Bernard Boily

FOR IMMEDIATE RELEASE
February 2, 2012

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

AND

IN THE MATTER OF
BERNARD BOILY

TORONTO – The Commission issued an Order in the above named matter which provides that the hearing on the merits of this matter originally scheduled to commence on April 2, 2012 at 10:00 a.m. be adjourned to a date in the fall of 2012 to be set by the Office of the Secretary in consultation with the parties.

A copy of the Order dated January 30, 2012 is available at **www.osc.gov.on.ca**.

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1.4.5 Sage Investment Group et al.

FOR IMMEDIATE RELEASE
February 3, 2012

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

AND

IN THE MATTER OF
SAGE INVESTMENT GROUP,
C.A.D.E. RESOURCES GROUP INC.,
GREENSTONE FINANCIAL GROUP,
FIDELITY FINANCIAL GROUP,
ANTONIO CARLOS NETO DAVID OLIVEIRA,
AND ANNE MARIE RIDLEY

TORONTO – The Office of the Secretary issued a Notice of Hearing setting the matter down to be heard on Thursday February 9th, 2012 at 10 a.m., or as soon thereafter as the hearing can be held in the above named matter.

A copy of the Notice of Hearing dated February 1, 2012 and Statement of Allegations of Staff of the Ontario Securities Commission dated January 27, 2012 are available at **www.osc.gov.on.ca**.

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1.4.6 David M. O'Brien

FOR IMMEDIATE RELEASE
February 3, 2012

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

AND

IN THE MATTER OF
DAVID M. O'BRIEN

TORONTO – The Commission issued an Order in the above named matter which provides that:

1. the hearing dates of March 12, 14, 15, 16, 19, 20, 21, 22, 23, 26, and 28, 2012 are vacated;

2. a further confidential pre-hearing conference shall take place on March 12, 2012 at 10:00 a.m.; and

3. t he records from both the January 11 and January 31, 2012 confidential pre-hearing conferences are sealed and treated as confidential pursuant to subsection 9(1) of the SPPA and Rule 8.1 and subrule 5.2(1) of the Rules.

A copy of the Order dated January 31, 2012 is available at **www.osc.gov.on.ca**.

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1.4.7 Zungui Haixi Corporation

FOR IMMEDIATE RELEASE
February 3, 2012

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

AND

IN THE MATTER OF
ZUNGUI HAIXI CORPORATION

TORONTO – The Commission issued an Order in the above noted matter which provides that, pursuant to subsection 127(8) of the Act, the Temporary Order is extended to the conclusion of the sanctions hearing in the matter of Zungui Haixi Corporation, Yanda Cai and Fengyi Cai.

A copy of the Order dated February 2, 2012 is available at **www.osc.gov.on.ca**.

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1.4.8 Bruce Carlos Mitchell

FOR IMMEDIATE RELEASE
February 3, 2012

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

AND

IN THE MATTER OF
BRUCE CARLOS MITCHELL

TORONTO – Following a hearing held on February 2, 2012, the Commission issued an Order in the above named matter approving the Settlement Agreement reached between Staff of the Commission and Bruce Carlos Mitchell.

A copy of the Order dated February 2, 2012 and Settlement Agreement dated January 31, 2012 are available at **www.osc.gov.on.ca**.

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1.4.9 Irwin Boock et al.

FOR IMMEDIATE RELEASE
February 3, 2012

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

AND

IN THE MATTER OF
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

TORONTO – The Commission issued an Order in the above named matter which provides that the hearing dates of February 3, 6, 7 and 13, 2012 are vacated; and the hearing on the merits shall commence on February 8, 2012 at 1:00 p.m.

A copy of the Order dated February 3, 2012 is available at **www.osc.gov.on.ca**.

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1.4.10 Global Energy Group, Ltd. et al.

FOR IMMEDIATE RELEASE
February 3, 2012

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

AND

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

TORONTO – Take notice that the hearing on the merits in the above named matter is adjourned to resume on February 8, 2012 at 10:00 a.m.

The hearing dates of February 6 and 7, 2012 are vacated.

OFFICE OF THE SECRETARY
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1.4.11 HEIR Home Equity Investment Rewards Inc. et al.

FOR IMMEDIATE RELEASE
February 6, 2012

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

AND

IN THE MATTER OF
HEIR HOME EQUITY INVESTMENT REWARDS INC.; FFI FIRST FRUIT INVESTMENTS INC.; WEALTH BUILDING MORTGAGES INC.; ARCHIBALD ROBERTSON; ERIC DESCHAMPS; CANYON ACQUISITIONS, LLC; CANYON ACQUISITIONS INTERNATIONAL, LLC; BRENT BORLAND; WAYNE D. ROBBINS; MARCO CARUSO; PLACENCIA ESTATES DEVELOPMENT, LTD.; COPAL RESORT DEVELOPMENT GROUP, LLC; RENDEZVOUS ISLAND, LTD.; THE PLACENCIA MARINA, LTD.; AND THE PLACENCIA HOTEL AND RESIDENCES LTD.

TORONTO – The Commission issued an Order in the above named matter which provides that (a) a further pre-hearing conference shall be held on Wednesday, March 14, 2012 at 9:30 a.m. for the purpose of confirming November 5, 2012 as the date for the commencement of the hearing on the merits, and the schedule for such hearing, currently expected to last approximately four weeks; and (b) a further pre-hearing conference shall be held on Friday, September 14, 2012 at 10:00 a.m. to address any pre-hearing issues.

A copy of the Order dated February 1, 2012 is available at **www.osc.gov.on.ca**.

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1.4.12 Vincent Ciccone and Medra Corp.

FOR IMMEDIATE RELEASE
February 6, 2012

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

AND

IN THE MATTER OF
VINCENT CICCONE AND MEDRA CORP.

TORONTO – The Commission issued an Order in the above named matter which provides that this matter is adjourned to a confidential pre-hearing conference to be held on March 7, 2012 at 11:00 a.m. or to such other date or time as set by the Office of the Secretary and agreed to by the parties.

A copy of the Order dated February 1, 2012 is available at **www.osc.gov.on.ca**.

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1.4.13 Ciccone Group et al.

FOR IMMEDIATE RELEASE
February 6, 2012

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

AND

IN THE MATTER OF
CICCONE GROUP, MEDRA CORP. (a.k.a. MEDRA CORPORATION), 990509 ONTARIO INC., TADD FINANCIAL INC., CACHET WEALTH MANAGEMENT INC., VINCENT CICCONE (a.k.a. VINCE CICCONE), DARRYL BRUBACHER, ANDREW J. MARTIN, STEVE HANEY, KLAUDIUSZ MALINOWSKI, AND BEN GIANGROSSO

TORONTO – The Commission issued an Order in the above named matter which provides that, pursuant to subsections 127 (7) and (8) of the Act, the Temporary Order is extended as against Vincent Ciccone (a.k.a Vince Ciccone), Medra Corp. (a.k.a. Medra Corporation), Tadd, Brubacher and Martin to May 4, 2012; and the hearing is adjourned to May 3, 2012 at 10:00 a.m. or to such other date or time as may be set by the Office of the Secretary and agreed to by the parties.

A copy of the Order dated February 1, 2012 is available at **www.osc.gov.on.ca**.

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1.4.14 M P Global Financial Ltd. and Joe Feng Deng

FOR IMMEDIATE RELEASE
February 8, 2012

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

AND

IN THE MATTER OF
M P GLOBAL FINANCIAL LTD., AND JOE FENG DENG

TORONTO – Take notice that a sanctions hearing in the above named matter is scheduled to commence on June 21, 2012 at 10:00 a.m. at the offices of the Commission, 20 Queen Street West, 17th Floor.

OFFICE OF THE SECRETARY
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1.4.15 Lyndz Pharmaceuticals Inc. et al.

FOR IMMEDIATE RELEASE
February 8, 2012

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

AND

IN THE MATTER OF
LYNDZ PHARMACEUTICALS INC.,
JAMES MARKETING LTD.,
MICHAEL EATCH AND RICKEY MCKENZIE

TORONTO – Take notice that a sanctions hearing in the above named matter is scheduled to commence on March 6, 2012 at 10:00 a.m. at the offices of the Commission, 20 Queen Street West, 17th Floor.

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1.4.16 Irwin Boock et al.

FOR IMMEDIATE RELEASE
February 8, 2012

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

AND

IN THE MATTER OF
IRWIN BOOCK, STANTON DEFREITAS, JASON WONG, SAUDIA ALLIE, ALENA DUBINSKY, ALEX KHODJAIAINTS, 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

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN STAFF OF THE ONTARIO SECURITIES COMMISSION AND IRWIN BOOCK

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 Irwin Boock. The hearing will be held on February 10, 2012 at 9:00 a.m. in Hearing Room A on the 17th floor of the Commission's offices located at 20 Queen Street West, Toronto.

A copy of the Notice of Hearing dated February 8, 2012 is available at **www.osc.gov.on.ca**.

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1.4.17 Eda Marie Agueci et al.

FOR IMMEDIATE RELEASE
February 7, 2012

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

AND

IN THE MATTER OF
EDA MARIE AGUECI, DENNIS WING,
SANTO IACONO, JOSEPHINE RAPONI,
KIMBERLEY STEPHANY, HENRY FIORILLO,
GIUSEPPE (JOSEPH) FIORINI, JOHN SERPA,
IAN TELFER, JACOB GORNITZKI AND
POLLEN SERVICES LIMITED

TORONTO – The Office of the Secretary issued a Notice of Hearing setting the matter down to be heard on March 21, 2012 at 10:00 a.m. or as soon thereafter as the hearing can be held in the above named matter.

A copy of the Notice of Hearing dated February 7, 2012 and Statement of Allegations of Staff of the Ontario Securities Commission dated February 7, 2012 are available at **www.osc.gov.on.ca**.

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1.4.18 Global Energy Group, Ltd. et al.

FOR IMMEDIATE RELEASE
February 7, 2012

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

AND

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

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

A copy of the Order dated February 7, 2012 is available at **www.osc.gov.on.ca**.

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 ING Direct Asset Management Limited and ING Direct Funds Limited

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief granted from the Securities Act to permit a dealer to send or deliver the Fund Facts instead of the simplified prospectus to satisfy current prospectus delivery requirements subject to conditions – the right of withdrawal and right of rescission under securities legislation apply to the sending and delivery of the Fund Facts – sunset clause on relief – terms and conditions consistent with CSA Staff Notice 81-321 Early Use of the Fund Facts to Satisfy Prospectus Delivery Requirements.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 71, 147.

January 31, 2012

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
ING DIRECT ASSET MANAGEMENT LIMITED

AND

IN THE MATTER OF
ING DIRECT FUNDS LIMITED

DECISION

Background

The principal regulator in the Jurisdiction has received an application from ING Direct Asset Management Limited (**Manager**) and ING Direct Funds Limited (**Dealer**, together with the Manager, the **Filers**) for a decision under the securities legislation of the Jurisdiction of the principal regulator (**Legislation**) for exemptive relief to permit the Dealer to send or deliver the most recently filed fund facts document (**Fund Facts**) to satisfy the requirement contained in the Legislation that obligates a dealer to send or deliver, within a specified time period and in a specified manner, the prospectus, and any amendment to the prospectus (**Delivery Requirement**), in respect of an order or subscription to purchase securities of a Fund (as defined below) (the **Exemption Sought**).

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

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

(b) the Filers have provided notice that subsection 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Manitoba, Québec, New Brunswick, Nova

Scotia, Prince Edward Island, Newfoundland and Labrador, the Northwest Territories, Nunavut and Yukon (together with the Jurisdiction, the **Passport Jurisdictions**).

Interpretation

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

Right of Withdrawal means the right, given to a purchaser under the Legislation, to withdraw from a purchase order for a security of a mutual fund if the dealer from which the purchaser purchases the security receives written notice evidencing the intention of the purchaser not to be bound by the purchase order within two days of receipt of the latest prospectus sent or delivered in compliance with the Delivery Requirement. In Québec, this right is called a right to rescind. Collectively, these rights are referred to as the Rights of Withdrawal.

Right of Rescission means the right of action, under the Legislation, for rescission or damages against a dealer, for failure of the dealer to send or deliver the prospectus to a purchaser of a security to whom a prospectus was required to be sent or delivered, but was not sent or delivered in compliance with the Delivery Requirement. In Québec, such a purchaser may apply to have the transaction rescinded or the price revised, at the purchaser's option, without prejudice to the purchaser's claim for damages. Collectively, these rights are referred to as the Rights of Rescission.

Representations

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

1. The Manager is registered as an investment fund manager in the Jurisdiction. The Manager is the manager of the ING Direct Streetwise Funds (the **Existing Funds**).

2. The Dealer is registered as a mutual fund dealer in each of the Passport Jurisdictions. The Dealer is a member of the Mutual Fund Dealers Association of Canada and, in Québec, is a member of the Chambre de la sécurité financière. The Dealer is the principal distributor of the Existing Funds.

3. The head office of the Filers is located in Ontario.

4. Each of the Existing Funds and any future mutual funds managed by the Manager (the **Existing Funds** together with any future funds, the **Funds**) is, or will be, offered for sale on a continuous basis in one or more of the Passport Jurisdictions pursuant to a simplified prospectus (each, a **Prospectus**) governed by National Instrument 81-101 *Mutual Fund Prospectus Disclosure* (**NI 81-101**).

5. Each Fund is, or will be, a reporting issuer in one or more of the Passport Jurisdictions.

6. Securities of the Funds are, or will be, distributed by the Dealer.

7. The Manager renewed the simplified prospectus for the Existing Funds on November 17, 2011 (the **Current Prospectus**). The Current Prospectus specified under Item 3 of Part A of Form 81-101F1 *Contents of Simplified Prospectus* that the Fund Facts is incorporated by reference into the Current Prospectus. The Dealer executed a certificate in the annual information form as principal distributor of the Existing Funds in support of that filing.

8. The Filers and the Existing Funds are not in default of securities legislation in any of the Passport Jurisdictions.

9. Pursuant to the Legislation, the Dealer has an obligation to send or deliver the Prospectus to a purchaser of a security of a Fund within two days of their purchase of the security.

10. Pursuant to the Canadian Securities Administrators' (the **CSA**) point of sale disclosure project for mutual funds (the **Project**), the CSA has determined that it is desirable to create a summary disclosure document called the Fund Facts.

11. CSA Staff Notice 81-319 *Status Report on the Implementation of Point of Sale Disclosure for Mutual Funds*, outlines the CSA's decision to implement the point of sale disclosure framework in stages.

12. Stage 1 of the Project became effective on January 1, 2011 by amending NI 81-101 and related instruments mandating a mutual fund to prepare and file a Fund Facts on the System for Electronic Document Analysis and Retrieval (**SEDAR**) for each relevant class or series of the mutual fund, and having the Fund Facts posted to the mutual fund's or its manager's website and delivered to any person upon request, at no cost.

13. Stage 2 of the Project proposes to allow delivery of the Fund Facts to satisfy the current requirement under the Legislation to send or deliver a prospectus within two days of purchasing a mutual fund.

14. The Filers have determined that it would be desirable to apply for relief consistent with the proposed requirements in Stage 2 of the Project prior to the implementation of the Stage 2 amendments and, accordingly, require an exemption to satisfy the Delivery Requirement, as contemplated by CSA Staff Notice 81-321 *Early Use of Fund Facts to Satisfy Prospectus Delivery Requirements*.

15. Investors will be able to request a copy of the Prospectus, at no cost, by contacting the Manager or the Dealer and will continue to be able to access the Prospectus on the SEDAR website and on the website of the Manager or the Fund (as applicable).

Decision

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

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

1. Prior to providing the Fund Facts to the Dealer to send or deliver in lieu of the Prospectus, the Manager:

    (a) files a Fund Facts for the applicable class or series of securities of the Fund in accordance with the requirements of NI 81-101 and in the format prescribed by Form 81-101F3 *Contents of Fund Facts Document*;

    (b) discloses in the Fund Facts for a specific class or series

        (i) if management fees, administration fees and/or other fees are payable directly by investors to the Manager in respect of holding securities of that class or series of the mutual fund, the existence of such fees and, in any Fund Facts filed after the date of this decision and no later than the next renewal of the Prospectus for such class or series, the maximum management fees, administration fees and/or other fees that may be charged by the Manager to the investor; and

        (ii) any requirement for an investor to participate in a fee-based arrangement with their dealer in order to be eligible to purchase the particular class or series of the mutual fund; and

    (c) renews or amends the Prospectus that offers such class or series of the Fund to specify under Item 3 of Part A of Form 81-101F1 *Contents of Simplified Prospectus* that the Fund Facts is incorporated by reference into the Prospectus.

2. A Fund Facts that is being sent or delivered will not be attached to, or bound with another Fund Facts unless each Fund Facts:

    (a) relates to securities of a Fund that have been purchased by the investor; and

    (b) is being sent or delivered pursuant to this decision.

3. The Manager and the Dealer relying on the ability to send or deliver Fund Facts in lieu of the Prospectus for the Funds managed by the Manager, grants to an investor purchasing the securities of a Fund a right equivalent to the Rights of Withdrawal upon the sending or delivery of the Fund Facts. The Rights of Withdrawal and the Rights of Rescission will no longer apply if the Fund Facts is sent or delivered to an investor in accordance with the time period and in the manner specified for the Prospectus under the Delivery Requirement.

4. The Dealer has in place written policies and procedures to ensure that there is compliance with the conditions of this decision.

5. In the event a Fund Facts is not sent or delivered in accordance with this decision, the Dealer will send or deliver a Prospectus and the Rights of Rescission will continue to apply to the failure to send or deliver the Prospectus.

6. Investors in the Funds managed by the Manager receive notice in a document other than the Fund Facts, at or before the time they receive the Fund Facts, indicating that they will have equivalent rights and protections otherwise applicable under securities law in their jurisdiction for the sending or delivery of the Fund Facts, which includes wording substantially similar to the following:

The Fund Facts for the securities you purchase is being sent or delivered to you instead of the simplified prospectus. You will continue to have the equivalent rights and protections otherwise applicable under securities law as if you were sent or delivered the simplified prospectus. Depending on your province or territory, you may have the right to:

- withdraw from an agreement to buy securities of mutual funds within two business days after you receive a fund facts document, or
- cancel your purchase within 48 hours after you receive confirmation of the purchase.

For more information, see the securities law of your province or territory or ask a lawyer.

7. The Manager will cause the Funds managed by it to honour any request made by an investor to exercise a right equivalent to the Rights of Withdrawal in respect of an agreement to purchase securities of a Fund managed by the Manager that the Dealer fails to honour, provided such request is made in respect of a validly exercised right.

8. The Exemption Sought terminates the earlier of (a) 6 months from any notice by the CSA that the Exemption Sought may no longer be relied upon; and (b) the coming into force of any legislation or rule relating to the sending or delivery of the Fund Facts to satisfy the Delivery Requirement.

"Margot C. Howard"
Commissioner
Ontario Securities Commission

"Vern Krishna"
Commissioner
Ontario Securities Commission

2.1.2 Ontario Power Generation Inc.

Headnote

Multilateral Instrument 11-102 Passport System and National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – National Instrument 52-107 Acceptable Accounting Principles, Auditing Standards and Reporting Currency, s. 9.1 – the Filer requests relief from the requirements under section 3.2 of National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards (NI 52-107) that financial statements be prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises (the Exemption Sought) to permit the Filer to prepare its financial statements in accordance with U.S. GAAP for its financial years that begin on or after 1 January 2012 but before 1 January 2015.

Applicable Legislative Provisions

National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards, s. 5.1.

January 24, 2012

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
ONTARIO POWER GENERATION INC.
(the Filer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction (the **Legislation**) exempting the Filer from the requirements under section 3.2 of National Instrument 52-107 – *Acceptable Accounting Principles and Auditing Standards* (**NI 52-107**) that financial statements be prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises (the **Exemption Sought**) to permit the Filer to prepare its financial statements in accordance with U.S. GAAP for its financial years that begin on or after January 1, 2012 but before January 1, 2015.

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

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

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

(c) the decision of the principal regulator automatically results in an equivalent decision in the Passport Jurisdictions.

Interpretation

Terms defined in National Instrument 14-101 – *Definitions*, MI 11-102 and NI 52107 have the same meaning if used in this decision, unless otherwise defined.

Representations

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

1. The Filer is incorporated under the *Business Corporations Act* (Ontario). The head office of the Filer is located at 700 University Avenue, Toronto, ON M5G 1X6.

2. The Filer is a reporting issuer or equivalent in the Jurisdiction and each Passport Jurisdiction and is not in default of securities legislation in any such jurisdiction.

3. The Filer is not an SEC issuer.

4. The Filer has "activities subject to rate regulation", as defined in the Handbook.

5. As a "qualifying entity" for the purposes of section 5.4 of NI 52-107, the Filer is permitted to prepare its financial statements for its financial year commencing January 1, 2011 and ending December 31, 2011 in accordance with Canadian GAAP – Part V of the Handbook.

6. Were the Filer an SEC issuer, it would be permitted by section 3.7 of NI 52-107 to file financial statements prepared in accordance with U.S. GAAP, which accords treatment of "activities subject to rate regulation" similar to that under Canadian GAAP – Part V of the Handbook.

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.

1. The decision of the principal regulator under the Legislation is that the Exemption Sought is granted provided that:

(a) for its financial years commencing on or after January 1, 2012 but before January 1, 2015 and interim periods therein, the Filer files its financial statements in accordance with U.S. GAAP; and

(b) information for comparative periods presented in the financial statements referred to in paragraph (a) is prepared in accordance with U.S. GAAP.

2. The Exemption Sought will terminate in respect of the Filer's financial statements for annual and interim periods commencing on or after the earlier of:

(a) January 1, 2015; and

(b) the date on which the Filer ceases to have "activities subject to rate regulation" as defined in the Handbook as at the date of this decision.

“Cameron McInnis”
Chief Accountant
Ontario Securities Commission

2.1.3 Vinci S.A.

Headnote

National Policy 11-203 – Process For Exemptive Relief Applications in Multiple Jurisdictions – Dual application for Exemptive Relief Applications – Application for relief from the prospectus and registration requirements for certain trades made in connection with an employee share offering by a French issuer – The issuer cannot rely on the employee exemption in section 2.24 of National Instrument 45-106 – Prospectus and Registration Exemptions as the securities are not being offered to Canadian employees directly by the issuer but rather through special purpose entities – Canadian participants will receive disclosure documents – The special purpose entities are subject to the supervision of the local securities regulator – Canadian employees will not be induced to participate in the offering by expectation of employment or continued employment – There is no market for the securities of the issuer in Canada – The number of Canadian participants and their share ownership are *de minimis* – Relief granted, subject to conditions.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am.
Securities Act (Québec).
National Instrument 45-106 – Prospectus and Registration Exemptions.
National Instrument 31-103 – Registration Requirements and Exemptions.

January 20, 2012

Translation

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

AND

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

AND

IN THE MATTER OF
VINCI S.A.
(the "Filer")

DECISION

The securities regulatory authority or regulator in each of the Filing Jurisdictions (the "**Decision Maker**") has received an application from the Filer for a decision under the securities legislation of the Filing Jurisdictions (the "**Legislation**") for:

1. an exemption from the prospectus requirements of the Legislation (the "**Prospectus Relief**") so that such requirements do not apply to

   (a) trades in

      (i) units (the "**Principal Classic Units**") of the Compartment Castor International N°1 (the "**Principal Classic Fund**") a compartment of a permanent FCPE named Castor International, a *fonds commun de placement d'entreprise* or "FCPE," a form of collective shareholding vehicle of a type commonly used in France for the conservation and custodianship of shares held by employee-investors; and

      (ii) units (the "**Temporary Classic Units**" and, together with the Principal Classic Units, the "**Units**") of a temporary FCPE named Castor International Relais 2012 (the "**Temporary Classic Fund**") which will merge with the Principal Classic Fund following the completion of the Employee Share Offering (as defined below), such merger being described below (the term "**Classic Fund**" used herein means, prior to the Merger, the Temporary Classic Fund and, following the Merger, the Principal Classic Fund);

made pursuant to the Employee Share Offering to or with Qualifying Employees (as defined below) resident in the Filing Jurisdictions and in British Columbia, Alberta, Saskatchewan, Manitoba, New Brunswick and Nova Scotia (collectively the "**Canadian Employees**") who elect to participate in the Employee Share Offering (collectively, the "**Canadian Participants**"); and

(b) trades in ordinary shares of the Filer (the "**Shares**") by the Classic Fund to or with Canadian Participants upon the redemption of Units as requested by Canadian Participants;

2. an exemption from the dealer registration requirements of the Legislation (the "**Registration Relief**") so that such requirements do not apply to the Vinci Group (as defined below), the Principal Classic Fund, the Temporary Classic Fund and the Management Company (as defined below) in respect of the following:

(a) trades in Units made pursuant to the Employee Share Offering to or with Canadian Employees; and

(b) trades in Shares by the Classic Fund to or with Canadian Participants upon the redemption of Units as requested by Canadian Participants;

(the Prospectus Relief and the Registration Relief, collectively, the "**Offering Relief"**).

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

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

(b) the Filer has provided notice that section 4.7(1) of *Regulation 11-102 respecting Passport System* ("**Regulation 11-102**") is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Manitoba, New Brunswick and Nova Scotia (the "**Other Offering Jurisdictions**" and, together with the Filing Jurisdictions, the "**Jurisdictions**"), and

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

Interpretation

Terms defined in *Regulation 14-101 respecting Definitions*, *Regulation 45-102 respecting resale of securities*, *Regulation 45-106 respecting Prospectus and Registration Exemptions* and Regulation 11-102 have the same meaning if used in this decision, unless otherwise defined.

Representations

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

1. The Filer is a corporation formed under the laws of France. It is not and has no current intention of becoming a reporting issuer under the Legislation or the securities legislation of the Other Offering Jurisdictions. The head office of the Filer is located in France and the Shares are listed on Euronext Paris.

2. The Filer has established a global employee share offering (the "**Employee Share Offering**") for Qualifying Employees of the Filer's participating affiliates that employ Canadian Employees (collectively, the "**Canadian Affiliates**" and, together with the Filer and other affiliates of the Filer, the "**Vinci Group**"), including Reinforced Earth Company Ltd., Freyssinet Canada Limitee, BA Blacktop Ltd., Construction DJL inc., Janin Atlas Inc., Geopac Inc., Northern Valet Inc., Vinci Park Services (Canada) Inc., Agra Foundations Limited and Bermingham Foundation Solution Limited. Each of the Canadian Affiliates is a direct or indirect controlled subsidiary of the Filer and is not, and has no current intention of becoming, a reporting issuer under the Legislation or the securities legislation of the Other Offering Jurisdictions. The greatest number of employees of the Vinci Group in Canada is located in Québec.

3. As of the date hereof, Canadian residents do not own (which term, for the purposes of this paragraph and the next one, is deemed to include all Shares held by the Classic Fund on behalf of Canadian Participants) more than 10% of the Shares and do not represent in number more than 10% of the total number of holders of Shares as shown on the books of the Filer.

4. After giving effect to the Employee Share Offering, Canadian residents will not beneficially own more than 10% of the Shares and will not represent in number more than 10% of the total number of holders of Shares as shown on the books of the Filer.

5. The Employee Share Offering involves an offering of Shares to be subscribed through the Temporary Classic Fund, which Temporary Classic Fund will be merged with the Principal Classic Fund following completion of the Employee Share Offering (the "**Classic Plan**").

6. Only persons who are employees of a member of the Vinci Group during the subscription period for the Employee Share Offering and who meet other minimum employment criteria (the "**Qualifying Employees**") will be allowed to participate in the Employee Share Offering.

7. The Temporary Classic Fund was established for the purpose of implementing the Employee Share Offering. The Principal Classic Fund was established for the purpose of implementing employee share offerings of the Filer generally. There is no current intention for any of the Temporary Classic Fund or the Principal Classic Fund to become a reporting issuer under the Legislation or the securities legislation of the Other Offering Jurisdictions.

8. The Temporary Classic Fund is, and the Principal Classic Fund is a compartment of, an FCPE which is a shareholding vehicle of a type commonly used in France for the conservation and custodianship of shares held by employee investors. The Temporary Classic Fund and the Principal Classic Fund are registered with, and approved by, the Autorité des marchés financiers in France (the "**French AMF**").

9. Under the Classic Plan:

   (a) Canadian Participants will subscribe for Temporary Classic Units and the Temporary Classic Fund will subscribe for Shares on behalf of the Canadian Participants, using their contribution, at a subscription price that is equal to the price calculated as the arithmetical average of the opening Share price (expressed in Euros) on Euronext Paris on the 20 trading days preceding the date of the fixing of the subscription price by the Chairman and Chief Executive Officer of the Filer, acting upon delegation of the Board of Directors of the Filer (the "**Subscription Price**").

   (b) The Shares will be held in the Temporary Classic Fund and the Canadian Participants will receive Temporary Classic Units representing the subscription of Shares.

   (c) After completion of the Employee Share Offering, the Temporary Classic Fund will be merged with the Principal Classic Fund (subject to the French AMF's approval). Temporary Classic Units held by Canadian Participants will be replaced with Principal Classic Units on a *pro rata* basis and the Shares subscribed for under the Classic Plan will be held in the Principal Classic Fund (such transaction being referred to as the "**Merger**").

   (d) The Units will be subject to a hold period of approximately three years (the "**Lock-Up Period**"), subject to certain exceptions prescribed by the International Group Share Ownership Plan of Vinci Group (such as a release on death, disability or termination of employment).

   (e) Any dividends paid on the Shares held in the Classic Fund will be contributed to the Classic Fund and used to purchase additional Shares. To reflect this reinvestment, new Units (or fractions thereof) will be issued.

   (f) At the end of the Lock-Up Period, a Canadian Participant may (i) request the redemption of his or her Units in the Classic Fund in consideration for the underlying Shares or a cash payment corresponding to the then market value of the Shares held by the Classic Fund, or (ii) continue to hold his or her Units in the Classic Fund and request the redemption of those Units at a later date in consideration for the underlying Shares or a cash payment corresponding to the then market value of the Shares.

   (g) In addition, the Filer will grant to Canadian Participants a conditional right to receive additional Shares at the end of the Lock-Up Period, free of charge ("**Bonus Shares**"). The number of Bonus Shares which a Canadian Participant is eligible to receive will be determined according to the following matching schedule:

Canadian Participant's Subscription	*Matching Ratio*
1-10 Shares	2 Bonus Shares for each Share subscribed
Next 30 Shares (i.e. the 11th to 40th Share subscribed for)	1 Bonus Share for each Share subscribed
Next 60 Shares (i.e., the 41st to 100th Share subscribed for)	1 Bonus Share for each 2 Shares subscribed

(h) Under the matching schedule, a Canadian Participant who subscribed for 100 or more Shares would receive a maximum of 80 Bonus Shares. The right to receive Bonus Shares is subject to a continued employment condition until the end of the Lock-Up Period. If this condition is satisfied, Bonus Shares granted through the matching contribution will be delivered directly to the Canadian Participant or to the Classic Fund on behalf of the Canadian Participant, or sold if requested by the Canadian Participant. The Bonus Shares may also vest and be delivered earlier in the event of the Canadian Participant's death or disability.

(i) In the event of an early unwind resulting from the Canadian Participant exercising one of the exceptions to the Lock-Up Period prescribed by French law and meeting the applicable criteria, a Canadian Participant may request the redemption of Units in the Classic Fund in consideration for a cash payment corresponding to the then market value of the Shares held by the Classic Fund. Subject to certain exemptions, the Canadian Participant will lose his or her entitlement to Bonus Shares.

10. Under French law, the Temporary Classic Fund is, and the Principal Classic Fund is a compartment of, an FCPE, which is a limited liability entity. The portfolio of each of the Temporary Classic Fund and the Principal Classic Fund will almost entirely consist of Shares and may also include, from time to time, cash in respect of dividends paid on the Shares which may be reinvested in Shares as discussed above and cash or cash equivalents pending investments in the Shares and for the purposes of Unit redemptions.

11. The manager of the Temporary Classic Fund and the the Principal Classic Fund, Amundi (the "**Management Company**"), is a portfolio management company governed by the laws of France. The Management Company is registered with the French AMF to manage French investment funds and complies with the rules of the French AMF. The Management Company is not, and has no current intention of becoming, a reporting issuer under the Legislation or the securities legislation of the Other Offering Jurisdictions.

12. The Management Company's portfolio management activities in connection with the Employee Share Offering and the Classic Fund are limited to subscribing for Shares from the Filer and selling such Shares as necessary in order to fund redemption requests.

13. The Management Company is also responsible for preparing accounting documents and publishing periodic informational documents. The Management Company's activities will not affect the underlying value of the Shares.

14. None of the Filer, the Management Company, the Canadian Affiliates or any of their employees, agents or representatives will provide investment advice to the Canadian Employees with respect to investments in the Shares or the Units or to the Canadian Participants with respect to the holding or redemption of their Units. To the best of the Filer's knowledge, the Management Company is not in default of the Legislation or the securities legislation of any jurisdiction of Canada.

15. Shares issued in the Employee Share Offering will be deposited in the Classic Fund through CACEIS BANK (the "**Depositary**"), a large French commercial bank subject to French banking legislation.

16. Under French law, the Depositary must be selected by the Management Company from among a limited number of companies identified on a list maintained by the French Minister of the Economy, Finance and Industry and its appointment must be approved by the French AMF. The Depositary carries out orders to purchase, trade and sell Shares and takes all necessary action to allow each of the Temporary Classic Fund and the Principal Classic Fund to exercise the rights relating to the Shares held in their respective portfolios.

17. Participation in the Employee Share Offering is voluntary, and the Canadian Employees will not be induced to participate in the Employee Share Offering by expectation of employment or continued employment.

18. The total amount invested by a Canadian Employee in the Employee Share Offering cannot exceed 25% of his or her estimated gross annual compensation for 2012. The value of Bonus Shares is not included in this calculation.

19. The Shares are not currently listed for trading on any stock exchange in Canada and there is no intention to have the Shares so listed. As there is no market for the Shares in Canada, and as none is expected to develop, any first trades of Shares by Canadian Participants will be effected through the facilities of, and in accordance with, the rules and regulations of Euronext Paris. The Units will not be listed for trading on any stock exchange.

20. Canadian Participants will receive an information package in the French or English language, according to their preference, which will include a summary of the terms of the Employee Share Offering, a tax notice containing a description of Canadian income tax consequences of subscribing to and holding the Units and requesting the redemption of Units at the end of the Lock-Up Period. Canadian Employees may also consult the Filer's *Document de Référence* filed with the French AMF in respect of the Shares and may request a copy of the rules of the Temporary

Classic Fund and the Principal Classic Fund. Canadian Employees will also have access to copies of the continuous disclosure materials relating to the Filer that are furnished to holders of Shares generally. Canadian Participants will receive an initial statement of their holdings under the Classic Plan together with an updated statement at least once per year.

21. There are approximately 2,191 Qualifying Employees resident in Canada, with the largest number residing in the Province of Québec. Qualifying Employees are also located in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick and Nova Scotia. Less than 6% of Qualifying Employees are located in Canada.

22. The Filer is not, and none of the Canadian Affiliates are, in default under the Legislation or the securities legislation of the Other Offering Jurisdictions.

Decision

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

The decision of the Decision Makers under the Legislation is that the Offering Relief is granted provided that:

1. the prospectus requirements of the Legislation will apply to the first trade in any Units or Shares acquired by Canadian Participants pursuant to this Decision, unless the following conditions are met:

    (a) the issuer of the security

        (i) was not a reporting issuer in any jurisdiction of Canada at the distribution date, or

        (ii) is not a reporting issuer in any jurisdiction of Canada at the date of the trade;

    (b) at the distribution date, after giving effect to the issue of the security and any other securities of the same class or series that were issued at the same time as or as part of the same distribution as the security, residents of Canada

        (i) did not own, directly or indirectly, more than 10% of the outstanding securities of the class or series, and

        (ii) did not represent in number more than 10% of the total number of owners, directly or indirectly, of securities of the class or series; and

    (c) the first trade is made

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

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

2. in Québec, the required fees are paid in accordance with Section 271.6(1.1) of the *Securities Regulation* (Québec).

"Jean Daigle"
Director, Corporate Finance
Autorité des marches financiers

2.1.4 Sprott Asset Management LP

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – relief granted from section 4.1 of NI 81-102 to permit dealer-managed mutual funds to invest in (a) private placement of equity securities where issuer is a reporting issuer in Canada, or (b) distributions of debt securities that do not have "approved rating" by "credit rating organization" as required by subsection 4.1(4), where dealer-manager acts as underwriter during the distribution period or 60 day period following the distribution – relatively specific focus of filer and related entities' business creates market necessity for relief – relief conditional on approval by the funds' independent review committee – private placement relief also conditional on funds complying with conditions under s. 4.1(4)(c)(ii), and (d) of NI 81-102 – debt offerings must have at least one independent underwriter and arm's length purchaser and related funds can collectively purchase no more than 20% of offering and pay no more than lowest price paid by arm's length purchaser(s) – debt offerings cannot be for asset backed commercial paper.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 4.1, 19.1.

February 2, 2012

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

AND

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

AND

IN THE MATTER OF
SPROTT ASSET MANAGEMENT LP
(the Filer)

AND

IN THE MATTER OF
THE FUNDS
(as defined below)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of existing mutual funds subject to National Instrument 81-102 *Mutual Funds* (**NI 81-102**) for which the Filer currently acts as the manager and the portfolio adviser, and any future mutual funds that will be subject to NI 81-102 and for which the Filer acts as the manager and/or the portfolio adviser (each, a **Fund** and collectively, the **Funds**) for a decision exempting the Funds from the restrictions in section 4.1(1) of NI 81-102 to permit the Funds to:

(a) purchase equity securities (**Equity Securities**) of a reporting issuer during the period of distribution (the **Distribution**) of such equity securities pursuant to a private placement offering (a **Private Placement**) and for the 60-day period (the **60-day Period**) following completion of the Distribution (the Distribution and the 60-day Period together are hereinafter referred to as the **Prohibition Period**), notwithstanding that the dealer manager of the Funds or an associate or affiliate thereof acts or has acted as underwriter in connection with the Distribution; and

(b) purchase debt securities (**Debt Securities**) of an issuer during the Prohibition Period, notwithstanding that the dealer manager of the Funds or an associate or affiliate thereof acts or has acted as underwriter in connection with the Distribution and notwithstanding that the debt securities do not have an "approved rating" by an "approved credit rating organization" as contemplated by section 4.1(4)(b) of NI 81-102.

(the **Exemption Sought**).

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

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

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

Interpretation

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

Representations

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

1. The Filer is a limited partnership established under the laws of the Province of Ontario and is registered as an adviser in the category of portfolio manager in Ontario, British Columbia, Alberta, Saskatchewan, Manitoba, New Brunswick, Nova Scotia and Newfoundland and Labrador and as an exempt market dealer in Ontario. The Filer is also registered an investment fund manager in Ontario.

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

3. Each Fund is or will be an open-ended mutual fund established under the laws of Canada or a jurisdiction of Canada. The securities of each Fund are or will be qualified for distribution in each of the provinces and territories of Canada pursuant to a simplified prospectus and annual information form prepared in accordance with applicable securities legislation. None of the Funds are or will be a "money market fund" as that term is defined in NI 81-102.

4. The Filer, or an affiliate of the Filer, is, or will be, the manager and/or portfolio adviser for the Funds.

5. Each of the Funds has or will have an independent review committee ("**IRC**") appointed in accordance with National Instrument 81-107 *Independent Review Committee for Investment Funds* ("**NI 81-107**").

6. The general partner of the Filer, Sprott Asset Management GP Inc., is an indirect wholly-owned subsidiary of Sprott Inc. (**Sprott**), a corporation established under the laws of the Province of Ontario. Sprott is also the sole limited partner of the Filer.

7. Sprott Private Wealth LP ("**SPW**") is an affiliate of the Filer and is a "specified dealer" as such term is defined in NI 81-102. The general partner of SPW is Sprott Private Wealth GP Inc., which is also an indirect wholly-owned subsidiary of Sprott. SPW may act as an underwriter to an offering of Equity Securities or Debt Securities from time to time.

8. Global Resource Investments Limited ("**GRIL**"), a U.S. financial services institution and an indirect wholly-owned subsidiary of Sprott, is an affiliate of the Filer and SPW. GRIL may also act as an underwriter to an offering of Equity Securities or Debt Securities from time to time. GRIL currently carries on its investment banking business in countries outside of Canada, but primarily in the United States and may in the future carry on investment banking business in Canada (SPW, GRIL and any future related dealer to the Filer as described in paragraph 11 are collectively, the "**Related Dealers**").

9. Sprott Inc., owns, directly or indirectly, 99.99% of the voting securities of the Filer, SPW and GRIL.

10. The Filer is therefore a "dealer manager" as such term is defined in NI 81-102 and accordingly, the Funds are "dealer managed mutual funds" as such term is defined in NI 81-102.

11. The Related Dealers may, from time to time, expand their investment banking businesses such that the Filer, or an affiliate of the Filer, may become an affiliate or associate of additional specified dealers (each also a Related Dealer), any of which may act as an underwriter for an offering of Equity Securities or Debt Securities from time to time.

12. To the extent that a Related Dealer participates as an underwriter in an offering, the investment prohibition contained in section 4.1(1) of NI 81-102 (the "**Prohibition**") restricts the Funds from making certain investments in Equity Securities or Debt Securities during the relevant Prohibition Period.

13. Section 4.1(1) of NI 81-102 provides an exemption from the Prohibition if the Filer or any of its associates or affiliates acts as a member of a selling group distributing 5% or less of the underwritten securities. However, this *de minimis* exemption is not available to entities that are underwriting a Distribution (as opposed to being in the selling group) and therefore the Funds cannot avail themselves of this exemption.

14. The Funds would also not be restricted by the Prohibition if, in accordance with section 4.1(4) of NI 81-102, certain conditions are met, including: (i) the IRC of the Funds has approved the transaction in accordance with section 5.2(2) of NI 81-107; (ii) for Equity Securities, a prospectus is filed with one or more securities regulatory authorities or regulators in Canada in connection with the Distribution, and during the 60-day Period the investment is made on an exchange on which the Equity Securities are listed and traded; and (iii) for Debt Securities, the securities have been given and continue to have an approved rating by an approved credit rating organization.

15. The Related Dealers may from time to time, act as an underwriter to an offering of Equity Securities made by Private Placement. The Filer may wish to cause a Fund to invest in such Equity Securities offered under the Private Placement during the Prohibition (a **Related Dealer Private Placement**).

16. The Related Dealers may from time to time, act as an underwriter to an offering of Debt Securities in which the applicable Debt Securities do not have an "approved rating" by an "approved credit rating organization". The Filer may wish to cause a Fund to invest in such offering of Debt Securities during the Prohibition Period (a **Related Dealer Debt Offering**).

17. Absent the Exemption Sought, the Prohibition would not permit the Funds to invest in such Related Dealer Private Placements or Related Dealer Debt Offerings.

18. In respect of a Related Dealer Private Placement, the Filer would not be able to rely on section 4.1(4) of NI 81-102 because a prospectus would not be filed with the applicable securities regulatory authorities in such circumstance.

19. In respect of a Related Dealer Debt Offering, the Filer would not be able to rely on section 4.1(4) of NI 81-102 because the Debt securities would not have an approved rating by an approved credit rating organization.

20. As a business objective, Sprott is committed to developing the underwriting businesses of the Related Dealers. The businesses of the Filer and the Related Dealers are heavily focused in specific sectors of the market, namely the energy and materials sectors. The Prohibition is impacting the development of the businesses of the Related Dealers due to the extensive market participation of the Filer and the Funds in the mutual fund and asset management businesses in the energy and materials sectors.

21. The Funds significantly participate in (i) offerings of Equity Securities made by Private Placement; and (ii) offerings of Debt Securities in which the applicable Debt Securities do not have an "approved rating" by an "approved credit rating organization" in the energy and materials sectors in Canada. Due to the Prohibition, the Related Dealers have been precluded by Sprott from participating in these transactions in the energy and materials sectors because their participation would trigger the Prohibition and the Funds and the Filer would no longer be able to invest in such transactions. Foregoing participation in these underwriting opportunities, particularly in the energy and materials sectors, is a significant impairment to the proposed development of the underwriting businesses of the Related Dealers as they are being denied access to these underwritings purely as a result of the coincidental participation of the Filer and the Funds in the transactions.

22. The Filer and the Funds make investment decisions independently of the Related Dealers concerning Distributions in which Related Dealers act as underwriters, and this is reflected in the policies and procedures approved by the IRCs of the Funds.

23. As a result, in almost all Distributions in respect of which the Exemption Sought is required, the details of the Distribution and a Related Dealer's involvement as an underwriter in the particular Distribution will not be known by the Filer sufficiently long enough in advance to make an application for relief on a case-by-case basis.

24. None of the Funds will be required or obligated to purchase any Equity Securities or Debt Securities pursuant to a Related Dealer Private Placement or Related Dealer Debt Offering.

25. At the time of purchase by a Fund, the Equity Securities offered under the Related Dealer Private Placement will either be (i) equity securities of a reporting issuer; or (ii) convertible securities, such as special warrants, which automatically

permit the holder to purchase, convert or exchange such convertible securities into other equity securities of the reporting issuer once such other equity securities are listed and traded on an exchange.

Decision

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

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

(a) Any purchase of Equity Securities or Debt Securities by a Fund will be consistent with the investment objectives of the Fund and represent the business judgment of the Filer uninfluenced by considerations other than the best interests of the Fund or in fact is in the best interests of the Fund.

(b) At the time of each purchase of Equity Securities or Debt Securities by a Fund during a Prohibition Period for a relevant offering:

(i) the investment will be in compliance with the investment objectives of the Fund;

(ii) the manager of the Fund complies with section 5.1 of NI 81-107 and the manager and IRC of the Fund comply with section 5.4 of NI 81-107 for any standing instructions the IRC provides in connection with the investments in the securities;

(iii) at the time of the investment, the IRC of the Fund has approved the transaction in accordance with section 5.2(2) of NI 81-107; and

(iv) the Fund complies with paragraphs 4.1(4)(c)(ii) of NI 81-102 for purchases of Equity Securities during the 60 Day Period;

(c) For a purchase of Equity Securities, each issuer of the Equity Securities in the offering is a reporting issuer under the applicable securities legislation in a Canadian jurisdiction at the time of each purchase by a Fund during the Prohibition Period for the relevant offering;

(d) if Debt Securities are acquired in a relevant offering during the Distribution:

(i) there will be at least one underwriter acting as underwriter in the Distribution that is not a Related Dealer;

(ii) at least one purchaser who is independent and arm's length to the Fund(s) and the Related Dealers must purchase at least 5% of the securities distributed under the Distribution,

(iii) the price paid for the securities by a Fund in the Distribution shall be no higher than the lowest price paid by any of the arm's length purchasers who participate in the Distribution, and

(iv) a Fund and any related Funds for which a Filer or its affiliate or associate acts as manager and/or portfolio adviser can collectively acquire no more than 20% of the securities distributed under the Distribution in which a Related Dealer acts as underwriter;

(e) if Debt Securities are acquired in a relevant offering during the 60-Day Period,

(i) the ask price of the securities is readily available as provided in Commentary 7 to section 6.1 of NI 81-107,

(ii) the price paid for the securities by a Fund is not higher than the available ask price of the security, and

(iii) the purchase is subject to market integrity requirements as defined in NI 81-107;

(f) any Debt Securities acquired by the Funds pursuant to the Exemption Sought cannot be asset-backed commercial paper;

(g) prior to the first reliance on this Decision by a Fund,

(i) the website of the Fund or Filer, as applicable, discloses, and

(ii) on the date which is the earlier of:

(1) the date when an amendment to the simplified prospectus of the Fund is filed for reasons other than this Decision; and

(2) the date on which the initial or renewal simplified prospectus of the Fund is receipted, Part A of the simplified prospectus of the Fund discloses,

that the Fund may invest in Equity Securities or Debt Securities during the Prohibition Period pursuant to this Decision, notwithstanding that a Related Dealer has acted as underwriter in the relevant offering of the same class of such securities;

(h) on the date which is the earlier of:

(i) the date when an amendment to the annual information form of the Fund is filed for reasons other than this Decision; and

(ii) the date on which the initial or renewal annual information form of the Fund is receipted,

the annual information form of the Fund discloses the information referred to in paragraph (g) above and describes the policies or procedures and standing instructions if any, that have been approved by the IRC in relation to investments that can only be made pursuant to this Decision;

(i) no later than the time a Fund files it annual financial statements, the manager of the Fund will file particulars of each investment made by the Fund pursuant to the Exemption Sought during its most recently completed financial year; and

(j) this Decision will terminate on the coming into force of any legislation or rule of the principal regulator in the Jurisdiction dealing with Related Dealer Private Placements or Related Dealer Debt Offerings in the context of section 4.1 of NI 81-102.

“Raymond Chan”
Manager, Investment Funds Branch
Ontario Securities Commission

2.1.5 Sprott Asset Management LP et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Decisions in Multiple Jurisdictions – exemption granted to (i) gold corporate class fund to invest 100% of assets in and underlying gold fund (ii) silver corporate class fund to invest 100% of assets in underlying silver fund (iii) resources fund to invest up to 10% combined in gold, silver, gold and silver certificates or specified derivatives of which the underlying interest is gold or silver and to house gold and silver bullion in and outside Canada with Brinks or ViaMat as sub-sub-custodians, and (iv) silver equities fund to invest up to 20% of net assets in silver, silver certificates and specified derivatives of which the underlying interest is gold and to house silver bullion in and outside Canada with Brinks or ViaMat as sub-sub-custodian.

Applicable Legislative Provisions

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

January 31, 2012

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

AND

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

AND

IN THE MATTER OF
SPROTT ASSET MANAGEMENT LP
(the Manager or the Filer)

AND

IN THE MATTER OF
SPROTT RESOURCE CLASS
SPROTT SILVER EQUITIES CLASS
SPROTT SILVER BULLION CLASS
SPROTT GOLD BULLION CLASS
(the Funds)

AND

IN THE MATTER OF
RBC DEXIA INVESTOR SERVICES TRUST
(the Custodian)

AND

IN THE MATTER OF
THE BANK OF NOVA SCOTIA
(the Bullion Custodian)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for an exemption, pursuant to section 19.1 of National Instrument 81-102 *Mutual Funds* (**NI 81-102**) from the following provisions of NI 81-102:

(a) clause 2.3(f) and 2.3(h) of NI 81-102 to permit Sprott Silver Bullion Class (the **Silver Top Fund**) to invest, individually through the Silver Bottom Fund (as defined below), up to 100% of its net assets in silver and/or silver certificates;

(b) clause 2.3(e) of NI 81-102 to permit Sprott Gold Bullion Class (the **Gold Top Fund**) to invest, individually through the Gold Bottom Fund (as defined below), up to 100% of its net assets in gold and/or permitted gold certificates (collectively, the Silver Top Fund and the Gold Top Fund are the **Top Funds**);

(c) subsections 2.3(f) and 2.3(h) of NI 81-102 to permit Sprott Resource Class (the **Resource Class**) to invest up to 10% in total of its net assets, taken at market value thereof at the time of the purchase, directly in gold, permitted gold certificates, silver, silver certificates and/or specified derivatives of which the underlying interest is gold or silver;

(d) clause 2.3(f) and 2.3(h) of NI 81-102 to permit Sprott Silver Equities Class (the **Silver Equities Class**) to invest up to 20% in total of its net assets, taken at the market value thereof at the time of purchase, directly in silver, silver certificates and/or specified derivatives of which the underlying interest is silver (collectively, the Resource Class and the Silver Equities Class are the **Bullion Classes**);

(e) clause 6.1(2)(b) of NI 81-102, to permit the physical silver and/or gold bullion of the Bullion Classes (the **bullion**) to be held outside of Canada by the Bank of Nova Scotia (the **Bullion Custodian**) or Brinks (as defined below) or Via Mat (as defined below) for purposes other than facilitating portfolio transactions of the Bullion Classes;

(f) clause 6.1(3)(b) of NI 81-102, to permit RBC Dexia Investor Services Trust (the **Custodian**) or the Bullion Custodian to appoint the Brinks Company, or its subsidiaries or affiliates (**Brinks**) or Via Mat International Ltd., or its subsidiaries or affiliates (**Via Mat**), which are persons or companies that are not described in sections 6.2 or 6.3 of NI 81-102, to act as sub-custodians to hold the Bullion Classes' physical bullion;

(g) section 6.2 of NI 81-102 to permit Brinks or Via Mat to be appointed as sub-custodians of the Bullion Classes to hold each Bullion Class' physical bullion in Canada; and

(h) section 6.3 of NI 81-102 to permit Brinks and Via Mat to be appointed as sub-custodians of the Bullion Classes to hold each Bullion Class' physical bullion outside Canada

(collectively, the **Exemption Sought**).

Interpretation

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

Representations

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

The Filer and the Funds

1. The Filer is a limited partnership established under the laws of the Province of Ontario and is registered as an adviser in the category of portfolio manger in Ontario, British Columbia, Alberta, Saskatchewan, Manitoba, New Brunswick, Nova Scotia and Newfoundland and Labrador and as an exempt market dealer and investment fund manager in Ontario.

2. The Filer is not in default of securities legislation in any province or territory of Canada.

3. The Filer will be the manager and portfolio adviser for the Silver Top Fund, the Gold Top Fund and the Silver Equities Class (individually, a **New Class** and collectively, the **New Classes**) and is the manager and portfolio adviser of the Resource Class.

4. Each New Class will be an open-end mutual fund. Each New Class will be a class of mutual fund shares of Sprott Corporate Class Inc., a mutual fund corporation existing under the laws of the Province of Ontario (the **Corporation**).

5. A preliminary simplified prospectus in respect of the New Classes was filed on SEDAR under project no. 1833196 on November 28, 2011. Once a final prospectus for the New Classes is filed and a receipt therefor is obtained, each New Class will be a reporting issuer under the securities legislation of each province and territory of Canada.

6. The Resource Class is an open-end mutual fund and is a class of mutual fund shares of the Corporation.

7. The Resource Class is not in default of securities legislation in any province or territory of Canada.

8. A simplified prospectus and annual information form in respect of the Resource Class each dated September 23, 2011 have been filed in each province and territory of Canada. The Resource Class is a reporting issuer under the securities legislation of each province and territory of Canada.

The Silver Top Fund

9. The Silver Top Fund will be a fund-of-fund that primarily invests in an underlying fund managed by the Filer.

10. The investment objective of the Silver Top Fund is to aim to seek to obtain exposure to silver. It seeks a similar return to its underlying fund, Sprott Silver Bullion Fund by investing substantially all of its assets in securities of that fund. The underlying fund invests primarily in unencumbered, fully allocated silver bullion and silver certificates. The underlying fund may also invest a portion of its assets in cash, money market instruments and/or treasury bills.

11. Sprott Silver Bullion Fund (the **Silver Bottom Fund**) is (a) an open-end mutual fund trust established under the laws of Ontario; (b) a reporting issuer under the securities laws of each of the provinces and territories of Canada; and (c) qualified for distribution in all provinces and territories of Canada.

12. On April 29, 2011, the Filer, on behalf of the Silver Bottom Fund, obtained relief from the restrictions contained in sections 2.3(f), 6.1(2)(b), 6.1(3)(b), 6.2 and 6.3 of NI 81-102 to permit the Silver Bottom Fund to invest 100% of its net assets, taken at market value at the time of purchase, in silver and/or silver certificates and to permit the physical silver bullion of the Silver Bottom Fund to be held inside and outside of Canada by the Bullion Custodian or Brinks or Via Mat (the **Silver Relief**).

13. The Silver Relief provides that the Filer will consider that other funds managed by it or its affiliates hold the underlying assets of the Silver Bottom Fund directly for the purposes of such other funds' compliance with sections 2.3(f) of NI 81-102 or conditions contained in a decision granting such other funds an exemption from section 2.3(f) of NI 81-102 (the **Silver Deeming Provision**).

14. Accordingly, by investing 100% of its assets in the Silver Bottom Fund, the Silver Top Fund will be deemed to hold the underlying assets of the Silver Bottom Fund directly for the purposes of section 2.3(f) of NI 81-102.

15. To implement the investment objectives and strategies of the Silver Top Fund, the Filer requires exemptive relief that would permit the Silver Top Fund to invest substantially all of its assets in securities of the Silver Bottom Fund and thereby obtain exposure to the silver.

16. The simplified prospectus of the Silver Top Fund will disclose that it invests directly in securities of the Silver Bottom Fund and that the Silver Top Fund will therefor indirectly hold the assets of the Silver Bottom Fund.

The Gold Top Fund

17. The Gold Top Fund will be a fund-of-fund that primarily invests in an underlying fund managed by the Filer.

18. The investment objective of the Gold Top Fund is to aim to seek to obtain exposure to gold. It will seek a similar return to its underlying fund, Sprott Gold Bullion Fund, by investing substantially all of its assets in securities of that fund. The underlying fund invests primarily in unencumbered, fully allocated gold bullion, permitted gold certificates, and/or closed-end funds the underlying interest of which is gold. The underlying fund may also invest a portion of its assets in cash, money market instruments and/or treasury bills.

19. Sprott Gold Bullion Fund (the **Gold Bottom Fund**) is (a) an open-end mutual fund trust established under the laws of Ontario; (b) a reporting issuer under the securities laws of each of the provinces and territories of Canada; and (c) qualified for distribution in all provinces and territories of Canada.

20. On March 10, 2009, the Filer, on behalf of the Gold Bottom Fund, obtained relief from the restrictions contained in section 2.3(e) of NI 81-102 to permit the Gold Bottom Fund to invest 100% of its net assets, taken at market value at the time of purchase, in gold and/or permitted gold certificates (the **Gold Relief**).

21. The Gold Relief provides that the Filer will include units of the Gold Bottom Fund held by other funds that it manages when assessing such other funds' compliance with section 2.3(e) of NI 81-102 or conditions contained in a decision granting such funds an exemption from section 2.3(e) of NI 81-102 (the **Gold Deeming Provision**) (collectively, the Silver Deeming Provision and the Gold Deeming Provision, are referred to herein as the **Deeming Provisions**).

22. Accordingly, by investing 100% of its assets in the Gold Bottom Fund, the Gold Top Fund will be deemed to hold the underlying assets of the Gold Bottom Fund directly for the purposes of section 2.3(e) of NI 81-102.

23. To implement the investment objectives and strategies of the Gold Top Fund, the Filer requires exemptive relief that would permit the Gold Top Fund to invest substantially all of its assets in securities of the Gold Bottom Fund and thereby obtain exposure to gold.

24. The simplified prospectus of the Gold Top Fund will disclose that it invests directly in securities of the Gold Bottom Fund and that the Gold Top Fund will therefore indirectly hold the assets of the Gold Bottom Fund.

The Bullion Classes

25. The investment objective of the Resource Class is to achieve long-term capital growth by investing primarily in equity and equity-related securities of companies in Canada and around the world that are involved directly or indirectly in the natural resource sector.

26. The investment objective of Silver Equities Class is to seek to achieve long-term capital growth. The Fund invests primarily in equity securities of companies that are directly or indirectly involved in the exploration, mining, production or distribution of silver. The Fund can also invest in silver and silver certificates.

27. All silver bullion purchased by the Bullion Classes will be in London Good Delivery bar form.

28. All gold bullion purchased by the Resource Class will be certified either London Good Delivery, COMEX Good Delivery or Zurich Good Delivery.

29. The simplified prospectus of each Bullion Class will disclose that one of the risks that a Bullion Class is exposed to is commodity risk.

30. The Filer believes that the markets in gold and silver are highly liquid, and there are no liquidity concerns with permitting (i) the Resource Class to invest up to 10% of its total net assets taken at market value at the time of the purchase, directly in gold, permitted gold certificates, silver, certain silver certificates and/or specified derivatives of which the underlying interest is gold or silver or (ii) the Silver Equities Class to invest up to 20% of its total net assets, taken at market value at the time of the purchase, directly in silver, certain silver certificates and/or specified derivatives of which the underlying interest is silver.

31. The Filer is well known in Canadian capital markets for its expertise and investment strategies involving gold and silver, and does a substantial amount of research in this area. The Filer believes this expertise and research would be beneficial to the securityholders of the Bullion Classes.

32. The Filer intends to invest in gold and silver as a defensive strategy in adverse market, economic, political or other circumstances. The Filer considers gold and silver to be a viable alternative to holding cash and cash equivalents in such markets.

33. Permitting the Resource Class to invest in gold and silver and the Silver Equities Class to invest in silver, will permit the Filer additional flexibility to increase gains for each Bullion Class in certain market conditions, which have otherwise caused each Bullion Class to have significant cash positions therefore deter from its ability to achieve its investment objective or providing long term capital growth.

34. The Filer believes that the potential volatility or speculative nature of silver (or the equivalent in certificates or specified derivatives of which the underlying interest is silver) is no greater than that of gold, or of equity securities of issuers in which the Bullion Classes invest and, in the portfolio context of the Bullion Classes, can provide additional diversification to the Bullion Classes.

Custody of Bullion Held by the Bullion Classes

35. Pursuant to a Custodian Agreement dated September 23, 2011, as amended (the **Custodian Agreement**), the Custodian acts as the custodian for each of the Funds. The Custodian will hold the property of the Funds other than each Bullion Class' physical bullion. The terms of the Custodian Agreement will comply with all requirements in Part 6 of NI 81-102.

36. The Custodian has appointed the Bullion Custodian to be a sub-custodian of the Bullion Classes and to hold each of the Bullion Class' physical bullion. The custody arrangements with respect to each of the Bullion Class' physical bullion are governed by the terms of a sub-custodian agreement between the Custodian and the Bullion Custodian (the

Bullion Custodian Agreement). Except as represented below, the terms of the Bullion Custodian Agreement will comply with all requirements in Part 6 of NI 81-102.

37. Each Bullion Class' physical bullion will be stored and held either on an allocated and segregated basis in the vault facilities of the Bullion Custodian, in Canada, London, England or New York, U.S.A, or will be stored in the vault of a sub-custodian on an allocated and segregated basis in Canada, London, England or New York, U.S.A, where in the latter case it shall be identified as the property of the Bullion Custodian. The Bullion Custodian shall at all times record and identify in the books and records maintained by the Bullion Custodian that such bullion is being held on behalf of the Custodian. The Bullion Custodian is one of the largest providers of physical precious metals trading and custodial services in the world. The Filer has determined that the Bullion Custodian is the appropriate choice to provide custodial services to each Bullion Class because the Bullion Custodian is experienced in providing gold and silver storage and custodial services, and is familiar with the requirements relating to the physical handling and storage of bullion.

38. Each Bullion Class will not insure its physical bullion. The Bullion Custodian Agreement requires that the Bullion Custodian or any sub-custodian maintain insurance on such terms and conditions as it considers appropriate against all risk of physical loss of, or damage to, bullion stored in the Bullion Custodian's or such sub-custodian's vaults except the risk of war, nuclear incident, terrorism events or government confiscation. Neither the Filer, the Bullion Classes nor the Custodian are beneficiaries of any such insurance and none of them will have the ability to dictate the existence, nature or amount of coverage.

39. The Filer has discussed such insurance coverage with the Bullion Custodian, and believes that the insurance that the Bullion Custodian or any sub-custodian has obtained will be appropriate for each Bullion Class. The Bullion Custodian Agreement provides that the Bullion Custodian shall not cancel its insurance or permit its sub-custodian to cancel such insurance except upon 30 days prior written notice to the Filer. Each Bullion Class will disclose the material details of that insurance arrangement in its final annual information form.

40. The Bullion Custodian has advised the Filer and the Custodian that due to physical storage capacity constraints and, having regard to the amount of bullion which the Bullion Classes may acquire, there may not be sufficient space in the vault facilities of the Bullion Custodian to store all of the Bullion Classes' physical bullion.

41. As a result, the Bullion Custodian may be required to use the services of sub-custodians to store some of each Bullion Class' physical bullion.

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

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

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

45. The Filer and the Bullion Custodian believe that both Brinks and Via Mat are appropriate sub-custodians for each Bullion Class' physical bullion. The Bullion Custodian has engaged in a review of the facilities, procedures, records and the level of insurance coverage of Brinks and Via Mat, and will engage in a similar review annually, to satisfy itself as to the continuing appropriateness of using Brinks and Via Mat as sub-custodians of each Bullion Class' physical bullion.

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

47. To the best of the Filer's, the Bullion Classes', the Custodian's and the Bullion Custodian's knowledge, the Custodian Agreement, the Bullion Custodian Agreement and the Bullion Sub-Custodian Agreements are consistent with industry practice.

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

49. The Bullion Custodian has advised each Bullion Class and the Filer that each of Brinks and Via Mat have arranged for sufficient insurance coverage in respect of any of its physical bullion held by the Bullion Custodian through the vault facilities of Brinks or Via Mat. The Filer has discussed the insurance coverage obtained by Brinks and Via Mat with the Bullion Custodian and believes that the insurance coverage obtained by Brinks and Via Mat is appropriate for each Bullion Class.

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

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

52. The Custodian Agreement provides that if the Bullion Classes suffer a loss as a result of any act or omission of the Custodian or of any other agent appointed by the Custodian (rather than appointed by the Filer), including the Bullion Custodian, and if such loss is directly attributable to the failure of such agent to comply with its standard of care in the provision of any service to be provided by it under the Custodian Agreement, then the Custodian shall assume liability for such loss directly, and shall reimburse each Bullion Class accordingly.

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

54. The Bullion Classes' auditors will be present during, and will verify, a physical count of all of each Bullion Class' physical bullion, whether held by the Bullion Custodian, Brinks, or Via Mat, at least once every year. Each Bullion Class and its auditors will have the ability, with sufficient advance notice to the Bullion Custodian, who shall make arrangements with Brinks or Via Mat, where required, to attend at the vaults of the Bullion Custodian, Brinks and/or Via Mat as required to verify the bullion held by the Bullion Custodian, Brinks or Via Mat on behalf of a Bullion Class, as applicable.

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

56. All bullion purchased by the Bullion Classes will be certified by the relevant vendor as bullion conforming to the good delivery standards of the London Bullion Market Association or another internationally recognized bullion trading body.

Decision

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

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

(a) the investment by each Top Fund in the applicable Bottom Fund is in accordance with the fundamental investment objectives of the respective Top Fund;

(b) the simplified prospectus of each Top Fund contains the same risk disclosure as the applicable Bottom Fund;

(c) the investment by the Silver Equities Class in silver (including silver certificates) and/or specified derivatives of which the underlying interest is silver is in accordance with the fundamental investment objectives of the Fund;

(d) the investment by the Resource Class in silver and gold (including silver certificates and permitted gold certificates) and/or specified derivatives of which the underlying interest is gold or silver is in accordance with the fundamental investment objectives of the Fund;

(e) the Manager, on behalf of the Bullion Classes, ensures that any silver certificates purchased by a Bullion Class, represent silver which is:

  (i) available for delivery in Canada, free of charge, to or to the order of the holder of the certificate;

  (ii) of minimum fineness of 999 parts per 1,000;

  (iii) held in Canada;

  (iv) in the form of either bars or wafers; and

  (v) if not purchased from a bank listed in Schedule I, II or III of the Bank Act (Canada), fully insured against loss and bankruptcy by an insurance company licensed under the laws of Canada or a jurisdiction;

(f) on the date which is the earlier of (i) the date when an amendment to the simplified prospectus of the Resource Class is filed for reasons other than this decision; and (ii) the date on which the renewal simplified prospectus of the Resource Class is receipted, the Investment Strategies section in the Resource Class' simplified prospectus will include the following disclosure:

  (i) the Fund may invest in gold and silver when deemed appropriate by the portfolio advisor;

  (ii) the Fund has received approval of the Canadian securities regulators to permit the Fund to invest directly in gold, permitted gold certificates, silver, silver certificates and/or specified derivatives of which the underlying interest is gold or silver, up to 10% in total of its net assets taken at the market value at the time of the purchase; and

  (iii) the risks section in the Fund's simplified prospectus includes disclosure explaining the risks associated with the Fund being over-weighted in certain industry sectors or asset classes, including the risks of investing directly in gold and silver;

(g) The Investment Strategies section in the Silver Equities Class' simplified prospectus will include the following disclosure:

  (i) the Fund may invest in silver when deemed appropriate by the portfolio adviser;

(ii) the Fund has received approval of the Canadian securities regulators to permit the Fund to invest directly in silver, silver certificates and/or specified derivatives of which the underlying interest is silver, up to 20% in total of its net assets taken at the market value at the time of the purchase; and

(iii) the unique risks associated with an investment in the Fund including the risk that direct purchases of silver by the Fund may generate higher transaction and custody costs than other types of investments, which may impact the performance of the Fund;

(h) in respect of the relief granted from the requirements of sections 6.1(2)(b), 6.1(3)(b), 6.2 and 6.3, the Bullion Classes, the Manager, the Custodian and the Bullion Custodian are limited to using Brinks and Via Mat as sub-custodians for the bullion of the Bullion Classes which will be held only in Canada, London or New York; and

(i) in respect of the compliance reports to be prepared by the Custodian pursuant to section 6.7 of NI 81-102, in lieu of including the information required by paragraphs 6.7(1)(a), 6.7(1)(b), 6.7(1)(c), 6.7(2)(b) and 6.7(2)(c) in respect of the Custodian's review of the sub-custodian arrangements involving Brinks and Via Mat, the Custodian shall instead be entitled to rely on a certificate of the Bullion Custodian prepared in respect of the Bullion Custodian's annual review process for Brinks and Via Mat referred to in paragraph 41 above, and whether the Bullion Custodian remains of the view that Brinks and Via Mat continue to be appropriate sub-sub-custodians to hold the Bullion Classes' physical bullion.

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

2.1.6 Hathor Exploration Limited – s. 1(10)

Headnote

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

Applicable Legislative Provisions

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

Citation: Hathor Exploration Limited, Re, 2012 ABASC 21

January 20, 2012

McCarthy Tétrault LLP
1300, 777 Dunsmuir Street
P.O. Box 10424, Pacific Centre
Vancouver, BC V7Y 1K2

Attention: Jonathan Duckles

Dear Sir:

Re: Hathor Exploration Limited (the Applicant) – Application for a decision under the securities legislation of Alberta and Ontario (the Jurisdictions) that the Applicant is not a reporting issuer

The Applicant has applied to the local securities regulatory authority or regulator (the **Decision Maker**) in each of the Jurisdictions for a decision under the securities legislation (the **Legislation**) of the Jurisdictions to be deemed to have ceased to be a reporting issuer in the Jurisdictions.

As the Applicant has represented to the Decision Makers that:

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

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

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

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

each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met and orders that the Applicant is deemed to have ceased to be a reporting issuer.

"Blaine Young"
Associate Director, Corporate Finance

2.1.7 Cenovus Energy Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Filer granted exemption from the prospectus requirement in connection with trades of commercial paper/short term debt instruments that may not meet the "approved credit rating" requirement for the purpose of the short-term debt exemption in section 2.35 of National Instrument 45-106 Prospectus and Registration Exemptions – Commercial paper/short-term debt instruments only required to obtain one prescribed credit rating from an approved credit rating organization – Relief granted subject to conditions.

Applicable Legislative Provisions

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

Citation: Cenovus Energy Inc., Re, 2012 ABASC 44

February 2, 2012

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

AND

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

AND

IN THE MATTER OF
CENOVUS ENERGY INC.
(the Filer)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the **Decision Maker**) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) that:

(a) trades of negotiable promissory notes or commercial paper, maturing not more than one year from the date of issue, of the Filer (**Commercial Paper**) be exempt from the prospectus requirements of the Legislation (the **Exemption Sought**); and

(b) the previous decision of the Alberta Securities Commission dated 19 February 2010 and cited as *Cenovus Energy Inc., Re*, 2010 ABASC 72 (the **Prior Decision**) be revoked upon the granting of the Exemption Sought.

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

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

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

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

Interpretation

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

In this decision:

"Asset-backed Short-term Debt" means short-term debt that is backed, secured or serviced by or from a discrete pool of mortgages, receivables or other financial assets or interests designed to ensure the servicing or timely distribution of proceeds to holders of that short-term debt;

"NI 31-103" means National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Relationships*;

"NI 45-106" means National Instrument 45-106 *Prospectus and Registration Exemptions*; and

"NI 81-102" means National Instrument 81-102 *Mutual Funds*.

Representations

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

1. The Filer is a corporation under the *Canada Business Corporations Act* with its executive and registered office in Calgary, Alberta.

2. The Filer is a reporting issuer in the Jurisdictions and the Passport Jurisdictions. The Filer is not in default of its reporting issuer obligations under the Legislation or the securities legislation of the Jurisdictions and Passport Jurisdictions.

3. Subsection 2.35(b) of NI 45-106 provides that the exemption from the prospectus requirement of the Legislation for short-term debt (the **Commercial Paper Exemption**) is available only where such short-term debt "has an approved credit rating from an approved credit rating organization". NI 45-106 incorporates by reference the definitions for "approved credit rating" and "approved credit rating organization" in NI 81-102.

4. The definition of "approved credit rating" in NI 81-102 requires, among other things, that (a) the rating assigned to particular debt must be "at or above" certain prescribed short-term ratings, and (b) such debt must not have been assigned a rating by any "approved credit rating organization" that is not an "approved credit rating".

5. The Commercial Paper has an "R-1(low)" rating from DBRS Limited and an "A-1(Low)" rating from Standard & Poor's Rating Services, both of which meet the prescribed threshold in NI 81-102.

6. The Commercial Paper does not meet the "approved credit rating" definition in NI 81-102 because it has a "P-2" rating from Moody's Investor Service, Inc. which is a lower rating than required by the Commercial Paper Exemption.

Decision

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

The decision of the Decision Makers is that:

1. the Exemption Sought is granted provided that:

   (a) the Commercial Paper:

      i. matures not more than one year from the date of issue;

      ii. is not convertible or exchangeable into or accompanied by a right to purchase another security other than Commercial Paper;

      iii. is not Asset-backed Short-term Debt; and

iv. has a rating issued by one of the following rating organizations, or any of their successors, at or above one of the following rating categories or a rating category that replaces a category listed below:

Rating Organization	Rating
DBRS Limited	R-1 (low)
Fitch Ratings Ltd.	F2
Moody's Investors Service	P-2
Standard & Poor's	A-2

(b) each trade of Commercial Paper to a resident in a jurisdiction in Canada by the Filer in reliance on this exemption is made: (i) through an agent who is a registered dealer, registered in a category that permits the trade; (ii) through a bank listed in Schedule I, II or III to the *Bank Act* (Canada) trading in reliance on an exemption from registration available in the circumstances in the jurisdiction or jurisdictions in which the trade occurs; or (iii) through a dealer permitted to rely on the "international dealer exemption" under section 8.18 of NI 31-103; and

(c) for each jurisdiction of Canada, the Exemption Sought will terminate on the earlier of:

i. 90 days after the coming into force of any rule, other regulation or blanket order or ruling under the securities legislation of that jurisdiction of Canada that amends the conditions of the prospectus exemption under section 2.35 of NI 45-106 or provides an alternate exemption; and

ii. June 30, 2017; and

2. the Prior Decision is revoked with effect on the date hereof.

For the Commission:

“Glenda Campbell, QC”
Vice-Chair

“Stephen Murison”
Vice-Chair

2.1.8 Credit Suisse Securities (USA) LLC

Headnote

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

Applicable Legislative Provisions

Multilateral Instrument 11-102 Passport System, s. 4.7(1).
National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, ss. 12.1, 15.1.

February 3, 2012

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
CREDIT SUISSE SECURITIES (USA) LLC
(the "Filer")

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer (the "**Application**") for a decision under the securities legislation of the Jurisdiction of the principal regulator (the "**Legislation**") that, for the purposes of sections 12.1 – *Capital Requirements* ("**Section 12.1**") of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* ("**NI 31-103**") the Filer be permitted to calculate its excess working capital using United States ("**U.S.**") Securities and Exchange Commission ("**SEC**") Form X-17a-5 (FOCUS Report) (the "**FOCUS Report**") rather than Form 31-103F1 *Calculation of Excess Working Capital* ("**Form 31-103F1**") and for the purposes of section 12.12(1)(b) – *Delivering Financial Information – Dealer* ("**Section 12.12(1)(b)**") of NI 31-103, the Filer be permitted to deliver the FOCUS Report in lieu of Form 31-103F1 for so long as the Filer is subject to SEC Rule 15c3-1 *Net Capital Requirements for Brokers or Dealers* ("**Rule 15c3-1**") and SEC Rule 17a-5 Reports to be Made by Certain Brokers and Dealers ("**Rule 17a-5**") (the "**Exemption Sought**").

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

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

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

Interpretation

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

Representations

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

1. The Filer is a limited liability corporation incorporated under the laws of the State of Delaware. Its head office is located at 11 Madison Avenue, New York, NY 10010.

2. The Filer is a wholly owned subsidiary of Credit Suisse (USA), Inc., a Delaware corporation, and an indirect wholly owned subsidiary of Credit Suisse Group AG, a Swiss corporation.

3. The Filer is registered as a broker-dealer with the SEC, and is a member of the Financial Industry Regulatory Authority ("**FINRA**"). The Filer is a member of major securities exchanges, including the NASDAQ OMX, the Chicago Stock Exchange, NYSE Euronext ("**NYSE**"), and the Philadelphia Stock Exchange.

4. The Filer is registered as a Futures Commission Merchant with the U.S. Commodity Futures Trading Commission ("**CFTC**"), and is a member of the National Futures Association ("**NFA**"). Pursuant to these registrations, the Filer is authorized to handle customer orders and receive and hold customer margin deposits, and otherwise act as a futures broker, in the U.S.

5. The Filer is a Foreign Approved Participant of the Montreal Exchange and a Trading Participant of ICE Futures Canada, Inc. The Filer is also a member of the CME Group (including the Chicago Board of Trade), ICE Futures U.S., Inc., and other principal U.S. commodity exchanges, and trades through affiliated or unaffiliated member firms on all other exchanges, including exchanges in Canada, France, Italy, Japan, Singapore, Spain, Taiwan, Mexico, Korea and the United Kingdom.

6. The Filer is registered as an exempt market dealer with the OSC, and in each province of Canada.

The Filer also relies on the international adviser exemption and the international dealer exemption.

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

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

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

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

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

Decision

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

The decision of the principal regulator under the Legislation is that the Exemption Sought is granted, as long as:

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

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

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

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

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

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

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

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

"Marrianne Bridge"
Deputy Director
Ontario Securities Commission

2.1.9 Third Canadian General Investment Trust Limited

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Closed-end investment fund granted relief to cease to be a reporting issuer under applicable securities laws.

Applicable Legislative Provisions

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

January 31, 2012

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, NEWFOUNDLAND
AND LABRADOR, ONTARIO AND QUEBEC
(the "Jurisdictions")

AND

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

AND

IN THE MATTER OF
THIRD CANADIAN GENERAL
INVESTMENT TRUST LIMITED
(the Filer)

DECISION

Background

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

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

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

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

Interpretation

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

Representations

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

1. The Filer is a closed-end investment fund company governed by the *Canada Business Corporations Act* (the **CBCA**), with its head office at 10 Toronto Street, Toronto, Ontario, M5C 2B7. The manager of the Filer is Morgan, Meighen & Associates Limited located in Toronto, Ontario.

2. The Filer's authorized share capital consists of an unlimited number of common shares (**Common Shares**) and 60,000 First Preferred Shares.

3. As of the close of business on October 5, 2011, there were issued and outstanding 4,805,910 Common Shares and nil First Preferred Shares.

4. Pursuant to a plan of arrangement under Section 192 of the CBCA (the **Plan of Arrangement**), Third Canadian Holdings #1 (**Holdings #1**) acquired all of the Common Shares of the Filer not already owned by Holdings #1 and its affiliates and associates in exchange for cash consideration of $41.07 per Common Share. The effective date of the Plan of Arrangement (the **Effective Date**) was October 5, 2011.

5. The Plan of Arrangement was approved by (i) a resolution passed by 99.3% of the votes cast at a meeting of shareholders of the Filer in person or represented by proxy and held on September 30, 2011 to consider the Arrangement, and (ii) by the affirmative vote of 99.03% of the votes cast by minority shareholders in accordance with Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions*. The Plan of Arrangement was also approved by the Ontario Superior Court of Justice on October 4, 2011.

6. The Filer's Common Shares were delisted from the Toronto Stock Exchange on October 7, 2011, and the Filer does not have any securities listed on any stock exchange.

7. The Filer is not in default of any of its obligations as a reporting issuer under the Legislation, other than the requirements under National Instrument 81-107 – *Independent Review Committee for Investment Funds* (**NI 81-107**) to fill any vacancies on its independent review committee (**IRC**). The Filer had been in compliance with such requirement of NI 81-107 until the Effective Date. Immediately following the Effective Date, the independent members of the board of directors of the Filer resigned from the board. Such directors were the sole members of the IRC. As a result, the Filer's IRC no longer has any members.

8. Notice that the members of the IRC ceased to be members of the IRC was provided by the Filer to

the Ontario Securities Commission, as principal regulator on November 21, 2011.

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

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

11. The Filer has no current intention to become a reporting issuer again in the future.

12. Should the Exemption Sought be granted, the Filer plans to continue in existence, primarily as a holding company, for its investments in Canadian General Investments, Limited and Canadian World Fund Limited, each of which are reporting issuers and non-redeemable investment funds currently listed on the Toronto Stock Exchange.

13. The Filer is not able to obtain the Exemption Sought pursuant to CSA Notice 12-307 – *Applications for a Decision that an Issuer is not a Reporting Issuer* (the **Simplified Procedure**) as it does not meet the criteria that the applicant is not in default of any of its obligations under the Legislation as a reporting issuer. Accordingly, the Filer has not filed a notice of voluntary surrender of its status as a reporting issuer in British Columbia with the British Columbia Securities Commission pursuant to British Columbia Instrument 11-502 – Voluntary Surrender of Reporting Issuer Status.

14. The Filer is a "closely held reporting issuer" as defined in BC Instrument 11-502 – *Voluntary Surrender of Reporting Issuer Status*.

15. The Filer, upon the grant of Exemption Sought, will no longer be a reporting issuer or the equivalent in any jurisdiction in Canada.

Decision

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

The decision of the Decision Makers under the Legislation is that the Exemption Sought is granted.

"James E.A. Turner"
Vice-Chair
Ontario Securities Commission

"Christopher Portner"
Commissioner
Ontario Securities Commission

2.1.10 Deans Knight Capital Management Ltd.

Headnote

National Policy 11-203 – Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief granted from paragraph 4.2(1) of NI 81-102 to permit inter-fund trades between public mutual funds, pooled funds and closed end funds – inter-fund trades will comply with conditions in subsection 6.1(2) of NI 81-107 including IRC approval.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, s. 4.2, 19.1.
National Instrument 81-107 Independent Review Committee for Investment Funds, s. 6.1(2).

January 25, 2012

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

AND

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

AND

IN THE MATTER OF
DEANS KNIGHT CAPITAL MANAGEMENT LTD.
(the Filer)

DECISION

Background

1 The securities regulatory authority or regulator in each of the Jurisdictions (Decision Maker) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) for an exemption from the restriction in section 4.2 of National Instrument 81-102 *Mutual Funds* (NI 81-102) to permit the purchase or sale of debt securities (each purchase or sale, an Inter-Fund Trade) between an NI 81-102 Fund (as defined below) and (i) a Closed-end Fund (as defined below) or (ii) a Pooled Fund (as defined below) (the Exemption Sought).

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

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

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

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

Interpretation

2 Terms defined in National Instrument 14-101 *Definitions*, MI 11-102, National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*, NI 81-102 and National Instrument 81-107 *Independent Review Committee for Investment Funds* (NI 81-107) have the same meanings if used in this decision, unless otherwise defined.

The following terms have the following meanings:

1. Closed-end Funds means the existing non-redeemable investment funds listed in Appendix A and the future non-redeemable investment funds of which the Filer, or an affiliate of the Filer, is a portfolio adviser;

2. NI 81-102 Funds means the existing mutual funds listed in Appendix A and the future mutual funds to which NI 81-102 applies, of which the Filer, or an affiliate of the Filer, is a portfolio adviser;

3. Pooled Funds means the existing investment funds listed in Appendix A and the future investment funds of which the Filer, or an affiliate of the Filer, is a portfolio adviser, the units of or shares in which are distributed pursuant to exemptions from the prospectus requirement;

4. Funds means collectively, NI 81-102 Funds, Closed-end Funds and Pooled Funds; and

5. certain other defined terms have the meanings given to them below under Representations.

Representations

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

The Filer

1. the Filer is a corporation organized under the laws of Canada, with its head office in Vancouver, British Columbia;

2. the Filer is registered under applicable securities legislation in British Columbia, Alberta, Manitoba, Ontario and Quebec as an adviser in the category of portfolio manager and as a dealer in the category of an exempt market dealer, and in British Columbia as an investment fund manager;

3. the Filer, or an affiliate of the Filer, is, or will be, the investment fund manager and/or a portfolio adviser of each of the Funds;

4. the Filer is not a reporting issuer in any jurisdiction of Canada;

5. the NI 81-102 Funds and the Public Closed-end Funds (as defined below) are reporting issuers and as a result the investment fund managers of such Funds have established independent review committees (IRCs) under NI 81-107; the NI 81-102 Funds and the Public Closed-end Funds do not use the same IRC;

6. the Filer has established, or will establish, an independent review committee (Private Funds' IRC) for each of the Pooled Funds and the Private Closed-end Funds (as defined below) as discussed further below; the Private Funds' IRC is, or will be, the same for each of the Pooled Funds and Private Closed-end Funds;

7. the Filer, the NI 81-102 Funds, the Closed-end Funds and the Pooled Funds are not in default of securities legislation in any jurisdiction of Canada;

The Pooled Funds

8. each Pooled Fund (a) is, or will be, an investment fund established as a trust or limited partnership under the laws of British Columbia or another jurisdiction of Canada or (b) is, or will be, an investment fund established as a trust or limited partnership under the laws of a jurisdiction outside of Canada;

9. the Filer, or an affiliate of the Filer, is, or will be, the investment fund manager and/or a portfolio adviser of each of the Pooled Funds;

10. the Pooled Funds are not, and will not be, reporting issuers in any jurisdiction of Canada;

11. units of or shares in the Pooled Funds are, or will be, distributed in some or all of the jurisdictions of Canada pursuant to exemptions from the prospectus requirement in those jurisdictions;

The NI 81-102 Funds

12. each NI 81-102 Fund is, or will be, an investment fund established as a trust or corporation under the laws of British Columbia or another jurisdiction of Canada;

13. the Filer, or an affiliate of the Filer, is, or will be, the investment fund manager and/or a portfolio adviser of each of the NI 81-102 Funds;

14. the NI 81-102 Funds are, and will be, reporting issuers in some or all of the jurisdictions of Canada;

15. units of or shares in the NI 81-102 Funds are, or will be, distributed pursuant to a prospectus and annual information form in some or all of the jurisdictions of Canada;

The Closed-end Funds

16. each Closed-end Fund is, or will be, a non-redeemable investment fund established as a trust or corporation under the laws of British Columbia or another jurisdiction of Canada;

17. the Filer, or an affiliate of the Filer, is, or will be, the investment fund manager and/or a portfolio adviser of each of the Closed-end Funds;

18. units of or shares in the Closed-end Funds (a) were, or will be, distributed in some or all of the jurisdictions of Canada pursuant to exemptions from the prospectus requirement in those jurisdictions (each, a Private Closed-end Fund and collectively, the Private Closed-end Funds) or (b) were, or will be, distributed pursuant to a prospectus in some or all of the jurisdictions of Canada (each, a Public Closed-end Fund and collectively, the Public Closed-end Funds);

19. the Private Closed-end Funds are not, and will not be, reporting issuers in any jurisdiction of Canada;

20. the Public Closed-end Funds are, and will be, reporting issuers in some or all of the jurisdictions of Canada;

Inter-Fund Trades

21. as a portfolio adviser, the Filer may desire to cause an NI 81-102 Fund to engage in an Inter-Fund Trade with (i) a Closed-end Fund or (ii) a Pooled Fund;

22. when the Filer, or an affiliate of the Filer, engages in an Inter-Fund Trade, it will generally follow the following procedures or other similar procedures approved by the applicable IRC(s):

    (a) the portfolio adviser of the Filer, or an affiliate of the Filer, will request the approval of the chief compliance officer of the Filer, or an affiliate of the Filer, or his or her designated alternate, or of another designated individual, to execute a purchase or a sale of a security by a Fund as an Inter-Fund Trade;

    (b) upon receipt of the required approval, the portfolio adviser of the Filer, or an affiliate of the Filer, will either place the trade directly or deliver the trade instructions to a trader on a trading desk of the Filer, or an affiliate of the Filer;

    (c) upon receipt of the trade instructions and the required approval, the trader on the trading desk will have the discretion to execute the trade as an Inter-Fund Trade in accordance with the requirements of paragraphs (c) to (g) of subsection 6.1(2) of NI 81-107;

    (d) the policies applicable to the trading desk of the Filer, or an affiliate of the Filer, will require that all orders are to be executed on a timely basis; and

    (e) the trader will advise the Filer of the price at which the Inter-Fund Trade occurred;

23. at the time of an Inter-Fund Trade, the Filer will have in place policies and procedures to enable the Funds to engage in Inter-Fund Trades;

24. Inter-Fund Trades of debt securities will be executed through a registered dealer or otherwise be subject to market integrity requirements as defined in subsection 6.1(1) of NI 81-107;

25. the Private Funds' IRC is, or will be, composed of independent members (who are not the same as the members of the IRC) in accordance with section 3.7 of NI 81-107 and will comply with the standard of care set out in section 3.9 of NI 81-107; the Private Funds' IRC is, or will be, an oversight committee, parallel to the IRC but the mandate of the Private Funds' IRC will be limited to approving, on behalf of a Pooled Fund or Private Closed-end Fund, purchases and sales of securities between a Pooled Fund or a Private Closed-end

Fund and another Fund or a managed account; the Private Funds' IRC will not approve an Inter-Fund Trade between a Pooled Fund or a Private Closed-end Fund and another Fund unless it has made the determination set out in subsection 5.2(2) of NI 81-107; the Private Funds' IRC may issue standing instructions in respect of Inter-Fund Trades in compliance with section 5.4 of NI 81-107;

26. if the Private Funds' IRC becomes aware of an instance where the Filer, as investment fund manager/and or a portfolio adviser of the Pooled Fund or Private Closed-end Fund, did not comply with the terms of this decision or a condition imposed by the Private Funds' IRC in its approval, the Private Funds' IRC will, as soon as practicable, notify in writing the securities regulatory authority or regulator in the jurisdiction under which the Pooled Fund or Private Closed-end Fund is organized;

27. each Fund may be an associate or affiliate of the investment fund manager, portfolio adviser or trustee of the Fund; accordingly, absent the granting of the Exemption Sought, the Filer, or its affiliate, would be restricted from engaging in Inter-Fund Trades; and

28. due to the various investment objectives and investment strategies utilized by the Funds, it may be appropriate for different investment portfolios to acquire or dispose of the same securities through the same trading system; the Filer has determined that there are benefits to be achieved from expanding the potential counterparties to include other Funds; these benefits include lower trading costs, reduced market disruption and quicker execution, as well as simpler and more reliable compliance procedures.

Decision

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

The decision of the Decision Makers under the Legislation is that the Exemption Sought is granted provided that:

(a) the Inter-Fund Trade is consistent with the investment objective of each of the Funds involved in the trade;

(b) the Filer refers the Inter-Fund Trade to the IRC(s), and in the case of a Pooled Fund or Private Closed-end Fund, the Private Funds' IRC, in the manner contemplated by section 5.1 of NI 81-107 and the Filer and the applicable IRC(s) or Private Funds' IRC comply with section 5.4 of NI 81-107 in respect of any standing instructions the IRC(s) or Private Funds' IRC provide in connection with the Inter-Fund Trade;

(c) the IRC(s), and in the case of a Pooled Fund or Private Closed-end Fund, the Private Funds' IRC, has approved the Inter-Fund Trade in respect of that Fund in accordance with the terms of subsection 5.2(2) of NI 81-107; and

(d) the Inter-Fund Trade of debt securities complies with paragraphs (c) to (g) of subsection 6.1(2) of NI 81-107.

"Martin Eady, CA"
Director, Corporate Finance
British Columbia Securities Commission

Appendix A

Existing NI 81-102 Funds
TDK Resource Fund Inc.

Existing Pooled Funds
Deans Knight Equity Fund
Deans Knight Equity 2 Fund
Deans Knight Income Fund
DK Capital Growth Master Fund Limited Partnership
DK Capital Strategic Yield Master Fund Limited Partnership

Existing Public Closed-end Funds
Deans Knight Income and Growth Fund
Deans Knight Income Corporation
Triax Diversified High-Yield Trust

Existing Private Closed-end Funds
DK Energy Fund II
DK Energy Fund III

2.1.11 Deans Knight Capital Management Ltd.

Headnote

National Policy 11-203 – Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief granted from paragraph 13.5(2)(b) of NI 31-103 to permit inter-fund trades between public mutual funds, pooled funds, closed end funds and managed accounts – inter-fund trades will comply with conditions in subsection 6.1(2) of NI 81-107 including IRC approval or client consent – trades involving exchange-traded securities are permitted to occur at last sale price as defined in the Universal Market Integrity Rules – relief also subject to pricing and transparency conditions – relief also granted from conflict of interest trading prohibition in paragraph 13.5(2)(b) of NI 31-103 to permit in-specie subscriptions and redemptions by separately managed accounts, public mutual funds, pooled funds and closed end funds.

Applicable Legislative Provisions

National Instrument 31-103 Registration Requirements and Exemptions, ss. 13.5(2)(b), 15.1.
National Instrument 81-107 Independent Review Committee for Investment Funds, ss. 6.1(2), 6.1(4).

January 25, 2012

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

AND

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

AND

IN THE MATTER OF
DEANS KNIGHT CAPITAL MANAGEMENT LTD.
(the Filer)

DECISION

Background

1 The securities regulatory authority or regulator in each of the Jurisdictions (each, a Decision Maker) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) for an exemption from the restriction against a registered adviser knowingly causing an investment portfolio managed by it, including an investment fund for which it acts as an adviser, to purchase or sell a security from or to the investment portfolio of: (i) a responsible person (ii) an associate of a responsible person or (iii) an investment fund for which a responsible person acts as an adviser, to permit:

1. the purchase and sale of securities of any issuer within a portfolio of an NI 81-102 Fund (defined below), a Closed-end Fund (defined below), a Pooled Fund (defined below) and a Managed Account (defined below):

   (a) between an NI 81-102 Fund and (i) another NI 81-102 Fund, (ii) a Closed-end Fund or (iii) a Pooled Fund;

   (b) between a Closed-end Fund and (i) another Closed-end Fund, (ii) an NI 81-102 Fund or (iii) a Pooled Fund;

   (c) between a Pooled Fund and (i) another Pooled Fund, (ii) a Closed-end Fund or (iii) an NI 81-102 Fund; or

   (d) between a Managed Account and (i) an NI 81-102 Fund, (ii) a Closed-end Fund or (iii) a Pooled Fund,

   (the purchases and sales in 1.(a), (b), (c) and (d) are collectively hereinafter referred to as Inter-Fund Trades);

2. the Inter-Fund Trades to occur at the last sale price, as defined in the Market Integrity Rules of the Investment Industry Regulatory Organization of Canada, prior to the execution of the trade (the Last Sale Price) or at the relevant price contemplated by the definition of "current market price" as defined in section 6.1(1) of National Instrument 81-107 *Independent Review Committee for Investment Funds* (NI 81-107) as required by paragraph (e) of section 6.1(2) of NI 81-107 (the Current Market Price);

(1.(a), (b), (c), (d) and 2. are collectively the Inter-Fund Trade Relief);

3. the purchase by a Managed Account of units of or shares in an NI 81-102 Fund, a Pooled Fund or a Closed-end Fund, and the redemption of units of or shares in an NI 81-102 Fund, a Pooled Fund or a Closed-end Fund (each a Fund and collectively, the Funds) held by a Managed Account, and as payment:

   (a) for such purchase, in whole or in part, by the Managed Account making good delivery of portfolio securities to the Fund; and

   (b) for such redemption, in whole or in part, by the Fund making good delivery of portfolio securities to the Managed Account; and

4. the purchase by an NI 81-102 Fund or a Pooled Fund of units of or shares in another NI 81-102 Fund or Pooled Fund, and the redemption of units of or shares in an NI 81-102 Fund or a Pooled Fund held by another NI 81-102 Fund or Pooled Fund, and as payment for such purchase or redemption, in whole or in part, by making good delivery of portfolio securities that meet the investment objective of that NI 81-102 Fund or Pooled Fund;

(the purchases and redemptions in 3. and 4. are collectively hereinafter referred to as In Specie Transactions);

(3. and 4. are collectively the In Specie Relief); and

(the In Specie Relief and the Inter-Fund Trade Relief, collectively, the Exemption Sought)

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

(a) the British Columbia 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 Alberta, Manitoba and Quebec; and

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

Interpretation

2 Terms defined in National Instrument 14-101 *Definitions*, MI 11-102, National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*, National Instrument 81-102 *Mutual Funds* (NI 81-102) and NI 81-107 have the same meanings if used in this decision, unless otherwise defined.

The following terms have the following meanings:

1. Closed-end Funds means the existing non-redeemable investment funds listed in Appendix A and the future non-redeemable investment funds of which the Filer, or an affiliate of the Filer, is a portfolio adviser;

2. Managed Account means an account over which the Filer, or an affiliate of the Filer, has discretionary authority for a client that is not a responsible person;

3. NI 81-102 Funds means the existing mutual funds listed in Appendix A and the future mutual funds to which NI 81-102 applies, of which the Filer, or an affiliate of the Filer, is a portfolio adviser;

4. Pooled Funds means the existing investment funds listed in Appendix A and the future investment funds of which the Filer, or an affiliate of the Filer, is a portfolio adviser, the units of or shares in which are distributed pursuant to exemptions from the prospectus requirement; and

5. certain other defined terms have the meanings given to them below under Representations.

Representations

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

The Filer

1. the Filer is a corporation organized under the laws of Canada, with its head office in Vancouver, British Columbia;

2. the Filer is registered under applicable securities legislation in British Columbia, Alberta, Manitoba, Ontario and Quebec as an adviser in the category of portfolio manager and as a dealer in the category of an exempt market dealer, and in British Columbia as an investment fund manager;

3. the Filer, or an affiliate of the Filer, is, or will be, the investment fund manager and/or a portfolio adviser of each of the Funds and is, or will be, a portfolio adviser of each of the Managed Accounts;

4. the Filer is not a reporting issuer in any jurisdiction of Canada;

5. the NI 81-102 Funds and the Public Closed-end Funds (as defined below) are reporting issuers and as a result the investment fund managers of such Funds have established independent review committees (IRCs) under NI 81-107; the NI 81-102 Funds and the Public Closed-end Funds do not use the same IRC;

6. the Filer has established, or will establish, an independent review committee (Private Funds' IRC) for each of the Pooled Funds and the Private Closed-end Funds (as defined below) as discussed further below; the Private Funds' IRC is, or will be, the same for each of the Pooled Funds and Private Closed-end Funds;

7. the Filer, the NI 81-102 Funds, the Closed-end Funds and the Pooled Funds are not in default of securities legislation in any jurisdiction of Canada;

The Pooled Funds

8. each Pooled Fund (a) is, or will be, an investment fund established as a trust or limited partnership under the laws of British Columbia or another jurisdiction of Canada or (b) is, or will be, an investment fund established as a trust or limited partnership under the laws of a jurisdiction outside of Canada;

9. the Filer, or an affiliate of the Filer, is, or will be, the investment fund manager and/or a portfolio adviser of each of the Pooled Funds;

10. the Pooled Funds are not, and will not be, reporting issuers in any jurisdiction of Canada;

11. units of or shares in the Pooled Funds are, or will be, distributed in some or all of the jurisdictions of Canada pursuant to exemptions from the prospectus requirement in those jurisdictions;

The NI 81-102 Funds

12. each NI 81-102 Fund is, or will be, an investment fund established as a trust or corporation under the laws of British Columbia or another jurisdiction of Canada;

13. the Filer, or an affiliate of the Filer, is, or will be, the investment fund manager and/or a portfolio adviser of each of the NI 81-102 Funds;

14. the NI 81-102 Funds are, and will be, reporting issuers in some or all of the jurisdictions of Canada;

15. units of or shares in the NI 81-102 Funds are, or will be, distributed pursuant to a prospectus and annual information form in some or all of the jurisdictions of Canada;

The Closed-end Funds

16. each Closed-end Fund is, or will be, a non-redeemable investment fund established as a trust or corporation under the laws of British Columbia or another jurisdiction of Canada;

17. the Filer, or an affiliate of the Filer, is, or will be, the investment fund manager and/or a portfolio adviser of each of the Closed-end Funds;

18. units of or shares in the Closed-end Funds (a) were, or will be, distributed in some or all of the jurisdictions of Canada pursuant to exemptions from the prospectus requirement in those jurisdictions (each, a Private Closed-end Fund and collectively, the Private Closed-end Funds) or (b) were, or will be, distributed pursuant to a prospectus in some or all of the jurisdictions of Canada (each, a Public Closed-end Fund and collectively, the Public Closed-end Funds);

19. the Private Closed-end Funds are not, and will not be, reporting issuers in any jurisdiction of Canada;

20. the Public Closed-end Funds are, and will be, reporting issuers in some or all of the jurisdictions of Canada;

The Managed Accounts

21. the Filer, or an affiliate of the Filer is, or will be, a portfolio adviser of each of the Managed Accounts;

22. each client of the Filer, or its affiliate, wishing to receive the investment management services of the Filer, or its affiliate, has entered into, or will enter into, a written investment management agreement (or other similar agreement) whereby the client appoints the Filer, or its affiliate, to act as portfolio adviser in connection with an investment portfolio of the client with full discretionary authority to trade in securities for the Managed Account without obtaining the specific consent of the client to execute the trade;

23. investments in individual securities may not be appropriate in certain circumstances for a client; consequently, the Filer, or its affiliate, may, where authorized under the investment management agreement (or other similar agreement), from time to time, invest the client's assets in units of or shares in any one or more of the Funds in order to give the client the benefit of asset diversification and economies of scale regarding minimum commission charges on portfolio trades, and generally to facilitate portfolio management;

24. each investment management agreement (or other similar agreement) in respect of a Managed Account contains, or will contain, the authorization of the client to engage in Inter-Fund Trades and In Specie Transactions;

Inter-Fund Trades

25. as a portfolio adviser, the Filer may desire to cause:

    (a) an NI 81-102 Fund to engage in an Inter-Fund Trade with (i) another NI 81-102 Fund, (ii) a Closed-end Fund or (iii) a Pooled Fund;

    (b) a Closed-end Fund to engage in an Inter-Fund Trade with (i) another Closed-end Fund, (ii) an NI 81-102 Fund or (iii) a Pooled Fund;

    (c) a Pooled Fund to engage in an Inter-Fund Trade with (i) another Pooled Fund, (ii) a Closed-end Fund or (iii) an NI 81-102 Fund; or

    (d) a Managed Account to engage in an Inter-Fund Trade with (i) an NI 81-102 Fund, (ii) a Closed-end Fund or (iii) a Pooled Fund;

26. when the Filer, or an affiliate of the Filer, engages in an Inter-Fund Trade, it will generally follow the following procedures or other similar procedures approved by the applicable IRC(s):

    (a) the portfolio adviser of the Filer, or an affiliate of the Filer, will request the approval of the chief compliance officer of the Filer, or an affiliate of the Filer, or his or her designated alternate, or of another designated individual, to execute a purchase or a sale of a security by a Fund or Managed Account as an Inter-Fund Trade;

    (b) upon receipt of the required approval, the portfolio adviser of the Filer, or an affiliate of the Filer, will either place the trade directly or deliver the trade instructions to a trader on a trading desk of the Filer, or an affiliate of the Filer;

    (c) upon receipt of the trade instructions and the required approval, the trader on the trading desk will have the discretion to execute the trade as an Inter-Fund Trade in accordance with the requirements of paragraphs (c) to (g) of subsection 6.1(2) of NI 81-107, provided that, for exchange-traded securities, the Inter-Fund Trade may be executed at the Last Sale Price or the Current Market Price of the security;

(d) the policies applicable to the trading desk of the Filer, or an affiliate of the Filer, will require that all orders are to be executed on a timely basis; and

(e) the trader will advise the Filer of the price at which the Inter-Fund Trade occurred;

27. at the time of an Inter-Fund Trade, the Filer will have in place policies and procedures to enable the Funds and Managed Accounts to engage in Inter-Fund Trades;

28. the Private Funds' IRC is, or will be, composed of independent members (who are not the same as the members of the IRC) in accordance with section 3.7 of NI 81-107 and will comply with the standard of care set out in section 3.9 of NI 81-107; the Private Funds' IRC is, or will be, an oversight committee, parallel to the IRC but the mandate of the Private Funds' IRC will be limited to approving, on behalf of a Pooled Fund or Private Closed-end Fund, purchases and sales of securities between a Pooled Fund or a Private Closed-end Fund and a Managed Account or between a Pooled Fund or a Private Closed-end Fund and another Fund; the Private Funds' IRC will not approve an Inter-Fund Trade between a Pooled Fund or a Private Closed-end Fund and a Managed Account or between a Pooled Fund or a Private Closed-end Fund and another Fund unless it has made the determination set out in subsection 5.2(2) of NI 81-107; the Private Funds' IRC may issue standing instructions in respect of Inter-Fund Trades in compliance with section 5.4 of NI 81-107;

29. if the Private Funds' IRC becomes aware of an instance where the Filer, as investment fund manager/and or a portfolio adviser of the Pooled Fund or Private Closed-end Fund, did not comply with the terms of this decision or a condition imposed by the Private Funds' IRC in its approval, the Private Funds' IRC will, as soon as practicable, notify in writing the securities regulatory authority or regulator in the jurisdiction under which the Pooled Fund or Private Closed-end Fund is organized;

30. as the Filer, or its affiliate, is, or will be, a portfolio adviser of a Fund and of the Managed Accounts, the Filer, or its affiliate, would be considered a "responsible person" and an "associate" of a responsible person within the meaning of the applicable provisions of the Legislation; accordingly, absent the granting of the Exemption Sought, the Filer, or its affiliate, would be restricted from engaging in Inter-Fund Trades;

31. due to the various investment objectives and investment strategies utilized by the Funds and the Managed Accounts, it may be appropriate for different investment portfolios to acquire or dispose of the same securities through the same trading system; the Filer has determined that there are benefits to be achieved from expanding the potential counterparties to include other Funds and Managed Accounts; these benefits include lower trading costs, reduced market disruption and quicker execution, as well as simpler and more reliable compliance procedures;

In Specie Transactions

32. the Filer desires to enter into In Specie Transactions between a Managed Account and a Fund or between an NI 81-102 Fund or a Pooled Fund and another NI 81-102 Fund or Pooled Fund;

33. the Filer desires to be able to enter into In Specie Transactions between a Fund and a Managed Account or between an NI 81-102 Fund or a Pooled Fund and another NI 81-102 Fund or Pooled Fund that permit payment, in whole or in part, for units of or shares in a Fund purchased by a Managed Account, or for units of or shares in an NI 81-102 Fund or a Pooled Fund purchased by another NI 81-102 Fund or Pooled Fund, to be made by making good delivery of portfolio securities held by such Managed Account to a Fund or of portfolio securities held by such NI 81-102 Fund or Pooled Fund to an NI 81-102 Fund or a Pooled Fund, in any case provided those portfolio securities meet the investment criteria of the Fund;

34. similarly, following a redemption of units of or shares in a Fund by a Managed Account or the redemption of units of or shares in an NI 81-102 Fund or a Pooled Fund by another NI 81-102 Fund or Pooled Fund, the Filer desires to be able to enter into In Specie Transactions that permit payment, in whole or in part, of redemption proceeds to be satisfied by making good delivery of portfolio securities held in the investment portfolio of a Fund to such Managed Account, or of portfolio securities held in the investment portfolio of an NI 81-102 Fund or a Pooled Fund to another NI 81-102 Fund or Pooled Fund, provided those portfolio securities meet the investment criteria of the Managed Account or other Fund;

35. the Filer, or its affiliate, will value the portfolio securities under an In Specie Transaction using the same values that are used to calculate the net asset value for the purpose of the issue price or redemption price of units of or shares in the Fund;

36. the portfolio securities transferred in an In Specie Transaction will meet the investment criteria of the Fund or Managed Account, as the case may be, acquiring the portfolio securities;

37. none of the portfolio securities which are the subject of each In Specie Transaction will be securities of related issuers of the Filer;

38. the Funds will keep written records of each In Specie Transaction, including records of each purchase and redemption of portfolio securities and the terms thereof for a period of five years commencing after the end of the financial year in which the trade occurred, the most recent two years in a reasonably accessible place;

39. the only cost which will be incurred by a Fund or a Managed Account for an In Specie Transaction is a nominal administrative charge levied by the custodian of the Fund in recording the trades and/or any commission charged by the dealer executing the trade;

40. the Filer has obtained or will obtain the prior written consent of the relevant client before it engages in any In Specie Transactions in connection with the purchase or redemption of units of or shares in the Funds for the Managed Account;

41. at the time of an In Specie Transaction, the Filer, or its affiliate, as applicable, will have in place policies and procedures to enable the Funds and Managed Accounts to engage in In Specie Transactions with Funds and Managed Accounts;

42. as the Filer, or its affiliate, is, or will be, a portfolio adviser of the Funds and a portfolio adviser of the Managed Accounts, the Filer, or its affiliate, would be considered a "responsible person" and an "associate" of a responsible person within the meaning of the applicable provisions of the Legislation; accordingly, absent the granting of the Exemption Sought, the Filer, or its affiliate, would be prohibited from engaging in In Specie Transactions;

43. the Filer has determined that effecting In Specie Transactions of securities between a Fund and a Managed Account or between an NI 81-102 Fund or a Pooled Fund and another NI 81-102 Fund or Pooled Fund will allow the Filer to manage each asset class more effectively and reduce transaction costs for the client, as applicable, and the Funds; for example, In Specie Transactions reduce market impact costs, which can be detrimental to clients and/or Funds; In Specie Transactions also allow a portfolio adviser to retain within its control institutional-size blocks of securities that otherwise would need to be broken and re-assembled.

Decision

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

The decision of the Decision Makers under the Legislation is that the Exemption Sought is granted provided that:

Inter-Fund Trades

1. in connection with Inter-Fund Trades:

   (a) the Inter-Fund Trade is consistent with the investment objective of the Fund or the Managed Account, as applicable;

   (b) the Filer refers the Inter-Fund Trade that involves a Fund to the IRC(s), and in the case of a Pooled Fund or Private Closed-end Fund, the Private Funds' IRC, in the manner contemplated by section 5.1 of NI 81-107 and the Filer and the applicable IRC(s) or Private Funds' IRC comply with section 5.4 of NI 81-107 in respect of any standing instructions the applicable IRC(s) or Private Funds' IRC provides in connection with the Inter-Fund Trade;

   (c) if the transaction is with a Fund or between two Funds, the IRC(s), and in the case of a Pooled Fund or Private Closed-end Fund, the Private Funds' IRC, has approved the Inter-Fund Trade in respect of that Fund in accordance with the terms of subsection 5.2(2) of NI 81-107;

   (d) if the transaction is with a Managed Account, the investment management agreement or other documentation in respect of the Managed Account contains the authorization of the client for the Filer to engage in Inter-Fund Trades; and

(e) for exchange-traded securities, the Inter-Fund Trade is executed at the Last Sale Price or the Current Market Price of the security and the Inter-Fund Trade complies with paragraphs (c), (d), (f) and (g) of subsection 6.1(2) of NI 81-107;

In Specie Transactions

2. in connection with an In Specie Transaction where a Managed Account acquires units of or shares in a Fund:

(a) if the transaction involves the purchase of units of or shares in an NI 81-102 Fund or a Public Closed-end Fund, the IRC of the NI 81-102 Fund or the Public Closed-end Fund has approved the In Specie Transaction on behalf of the NI 81-102 Fund or the Public Closed-end Fund in accordance with the terms of section 5.2(2) of NI 81-107;

(b) the Filer and the applicable IRC(s) comply with section 5.4 of NI 81-107 in respect of any standing instructions the applicable IRC(s) provides in connection with the In Specie Transaction;

(c) the Filer obtains the prior written consent of the client of the Managed Account before it engages in any In Specie Transaction;

(d) the Fund would, at the time of payment, be permitted to purchase the portfolio securities;

(e) the portfolio securities are acceptable to the portfolio adviser of the Fund and meet the investment criteria of the Fund;

(f) the value of the portfolio securities is equal to the issue price of the units of or shares in the Fund for which they are used as payment, valued as if the units or shares were portfolio assets of that Fund;

(g) none of the portfolio securities which are the subject of the In Specie Transaction will be securities of related issuers of the Filer;

(h) the account statement next prepared for the Managed Account will describe the portfolio securities delivered to the Fund and the value assigned to such units of or shares in the Fund; and

(i) the Fund will keep written records of each In Specie Transaction in a financial year of the Fund, reflecting details of the portfolio securities delivered to the Fund and the value assigned to such portfolio securities, for five years after the end of the financial year, the most recent two years in a reasonably accessible place;

3. in connection with an In Specie Transaction where a Managed Account redeems units of or shares in a Fund:

(a) if the transaction involves the redemption of units of or shares in an NI 81-102 Fund or a Public Closed-end Fund, the IRC of the NI 81-102 Fund or the Public Closed-end Fund has approved the In Specie Transaction on behalf of the NI 81-102 Fund or the Public Closed-end Fund in accordance with the terms of section 5.2(2) of NI 81-107;

(b) the Filer and the applicable IRC(s) comply with section 5.4 of NI 81-107 in respect of any standing instructions the applicable IRC(s) provides in connection with the In Specie Transaction;

(c) the Filer obtains the prior written consent of the client of the Managed Account before it engages in an In Specie Transaction and such consent has not been revoked;

(d) the portfolio securities meet the investment criteria of the Managed Account acquiring the portfolio securities and are acceptable to the Filer;

(e) the value of the portfolio securities is equal to the amount at which those securities were valued by the Fund in calculating the net asset value per security used to establish the redemption price;

(f) none of the portfolio securities which are the subject of the In Specie Transaction will be securities of related issuers of the Filer;

(g) the account statement next prepared for the Managed Account will describe the portfolio securities received from the Fund and the value assigned to such securities; and

(h) the Fund will keep written records of each In Specie Transaction in a financial year of the Fund, reflecting details of the portfolio securities delivered by the Fund and the value assigned to such

securities, for five years after the end of the financial year, the most recent two years in a reasonably accessible place; and

4. in connection with an In Specie Transaction where an NI 81-102 Fund or a Pooled Fund acquires portfolio securities of another NI 81-102 Fund or Pooled Fund:

   (a) if the transaction involves the purchase of units of or shares in an NI 81-102 Fund, the IRC of the NI 81-102 Fund has approved the In Specie Transaction on behalf of the NI 81-102 Fund in accordance with the terms of section 5.2(2) of NI 81-107;

   (b) the Filer and the applicable IRC comply with section 5.4 of NI 81-107 in respect of any standing instructions the applicable IRC provides in connection with the In Specie Transaction;

   (c) the NI 81-102 Fund or Pooled Fund acquiring the securities would, at the time of payment, be permitted to purchase the portfolio securities;

   (d) the portfolio securities are acceptable to the portfolio adviser of the NI 81-102 Fund or Pooled Fund and meet the investment criteria of the NI 81-102 Fund or Pooled Fund acquiring the security;

   (e) the value of the portfolio securities is equal to the issue price of the units of or shares in the NI 81-102 Fund or Pooled Fund for which they are used as payment, valued as if the portfolio securities were portfolio assets of that NI 81-102 Fund or Pooled Fund;

   (f) none of the portfolio securities which are the subject of the In Specie Transaction will be securities of related issuers of the Filer; and

   (g) the NI 81-102 Fund or Pooled Fund will keep written records of each In Specie Transaction in a financial year of the NI 81-102 Fund or Pooled Fund, reflecting details of the portfolio securities delivered to the Fund and the value assigned to such securities, for five years after the end of the financial year, the most recent two years in a reasonably accessible place;

5. in connection with an In Specie Transaction where an NI 81-102 Fund or a Pooled Fund redeems units of or shares in another NI 81-102 Fund or Pooled Fund:

   (a) if the transaction involves the redemption of units of or shares in an NI 81-102 Fund, the IRC of the NI 81-102 Fund has approved the In Specie Transaction on behalf of the NI 81-102 Fund in accordance with the terms of section 5.2(2) of NI 81-107;

   (b) the Filer and the applicable IRC comply with section 5.4 of NI 81-107 in respect of any standing instructions the applicable IRC provides in connection with the In Specie Transaction;

   (c) the portfolio securities are acceptable to the portfolio advisor of the NI 81-102 Fund or Pooled Fund and meet the investment criteria of the NI 81-102 Fund or Pooled Fund acquiring the security;

   (d) the value of the portfolio securities is equal to the amount at which those securities were valued by the NI 81-102 Fund or Pooled Fund in calculating the net asset value per security used to establish the redemption price;

   (e) none of the portfolio securities which are the subject of the In Specie Transaction will be securities of related issuers of the Filer; and

   (f) the NI 81-102 Fund or Pooled Fund will keep written records of each In Specie Transaction in a financial year of the NI 81-102 Fund or Pooled Fund, reflecting details of the portfolio securities delivered by the Fund and the value assigned to such securities, for five years after the end of the Financial year, the most recent two years in a reasonably accessible place; and

6. the Filer does not receive any compensation in respect of any In Specie Transaction and, in respect of any delivery of portfolio securities further to an In Specie Transaction, the only charges paid by the Managed Account or the applicable Fund is the commission charged by the dealer executing the trade (if any) and/or any administrative charges levied by the custodian.

“Martin Eady, CA”
Director, Corporate Finance
British Columbia Securities Commission

Appendix A

Existing NI 81-102 Funds
TDK Resource Fund Inc.

Existing Pooled Funds
Deans Knight Equity Fund
Deans Knight Equity 2 Fund
Deans Knight Income Fund
DK Capital Growth Master Fund Limited Partnership
DK Capital Strategic Yield Master Fund Limited Partnership

Existing Public Closed-end Funds
Deans Knight Income and Growth Fund
Deans Knight Income Corporation
Triax Diversified High-Yield Trust

Existing Private Closed-end Funds
DK Energy Fund II
DK Energy Fund III

2.2 Orders

2.2.1 Phoenix Credit Risk Management Consulting Inc. et al. – ss. 127, 127.1, 144 of the SA, s. 9 of the SPPA and Rule 5.2 of the OSC Rules of Procedure

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

AND

IN THE MATTER OF
PHOENIX CREDIT RISK MANAGEMENT CONSULTING INC., PHOENIX PENSION SERVICES INC., PHOENIX CAPITAL RESOURCES INC., RATHORE & ASSOCIATES ASSET MANAGEMENT LTD., 2195043 ONTARIO INC., JAWAD RATHORE, VINCENZO PETROZZA AND OMAR MALONEY

ORDER
(Sections 127, 127.1 and 144 of the Securities Act, Section 9 of the Statutory Powers Procedure Act and Rule 5.2 of the Ontario Securities Commission Rules of Procedure)

WHEREAS on December 15, 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, in respect of Phoenix Credit Risk Management Consulting Inc., Phoenix Pension Services Inc., Phoenix Capital Resources Inc., Rathore & Associates Asset Management Ltd., 2195043 Ontario Inc., Jawad Rathore, Vincenzo Petrozza ("Petrozza") and Omar Maloney (collectively, the "Respondents");

AND WHEREAS on December 15, 2011, Staff of the Commission ("Staff") filed a Statement of Allegations in respect of the same matter;

AND WHEREAS the Respondents and Staff entered into a Settlement Agreement (the "Settlement Agreement") in which they agreed to a settlement of the proceeding commenced by the Notice of Hearing dated December 15, 2011, subject to the approval of the Commission;

AND WHEREAS on December 19, 2011, the Commission issued an Order approving the Settlement Agreement (the "December 19th Order");

AND WHEREAS the Settlement Agreement and the December 19th Order provided, inter alia, that Petrozza shall not trade in or acquire securities for 15 years, except (a) Petrozza may trade in or acquire securities in his personal Registered Retirement Savings Plan ("RRSP") accounts and/or Tax-Free Savings Accounts ("TFSA") and/or for any Registered Educational Savings Plan ("RESP") accounts for which he is the sponsor; and (b) Petrozza may trade in or acquire Mortgage Instruments or securities of a Closely Held Private Company, as defined in the Settlement Agreement;

AND WHEREAS Petrozza has accounts held in his name and/or for his benefit at Canaccord Wealth Management, a division of Canaccord Genuity Corp. ("Canaccord"), numbered and identified as 41A209E1, 41A209F1, 41A209G1, 41A209H1, and 41A209S1 (collectively, the "Canaccord Accounts");

AND WHEREAS Petrozza has brought a motion to vary the December 19th Order in order to allow him to close the Canaccord Accounts by either liquidating the securities held therein or by transferring them to his spouse, Debbie Petrozza;

AND UPON reviewing the motion record filed on behalf of and the submissions from counsel for Petrozza;

AND WHEREAS the Account Statements relating to the Canaccord Accounts contain intimate financial and personal information, such that the desirability of avoiding disclosure thereof in the interests of Petrozza outweighs the desirability of adhering to the principle that hearings be open to the public;

AND WHEREAS Staff consents to this Order;

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

IT IS ORDERED THAT:

1. Paragraph 14 of the December 19th Order is varied to permit Petrozza to close the Canaccord Accounts by either liquidating the securities held therein or by transferring them to Debbie Petrozza, within thirty (30) days of the date of this Order; and

2. The Account Statements for the Canaccord Accounts in the motion record filed in this matter shall be kept confidential and sealed, and shall not form part of the public record.

DATED at Toronto this 1st day of February, 2012.

"Christopher Portner"

2.2.2 Ameron Oil and Gas Ltd. et al.

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

AND

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

ORDER

WHEREAS on April 6, 2010, the Ontario Securities Commission (the "Commission") issued a temporary cease trade order pursuant to subsections 127(1) and 127(5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") ordering: that all trading in the securities of MX-IV Ltd. ("MX-IV") shall cease; that Ameron Oil and Gas Ltd. ("Ameron"), MX-IV and their representatives cease trading in all securities; and that any exemptions contained in Ontario securities law do not apply to Ameron and MX-IV (the "Temporary Order");

AND WHEREAS on April 6, 2010, the Commission ordered that the Temporary Order shall expire on the 15th day after its making unless extended by order of the Commission;

AND WHEREAS on April 8, 2010, the Commission issued a Notice of Hearing to consider, among other things, the extension of the Temporary Order, to be held on April 20, 2010 at 2:00 p.m.;

AND WHEREAS on April 20, 2010, the Commission considered the evidence and submissions before it and the Commission was of the opinion that it was in the public interest to extend the Temporary Order to October 14, 2010 and to adjourn the hearing in this matter to October 13, 2010 at 10:00 a.m.;

AND WHEREAS on October 13, 2010, the Commission ordered that pursuant to subsections 127(7) and (8) of the Act, that the Temporary Order be extended to February 9, 2011 and that the hearing in this matter be adjourned to February 8, 2011 at 2:30 p.m.;

AND WHEREAS on December 13, 2010, Staff of the Commission ("Staff") issued a Statement of Allegations (the "Allegations") against Ameron, MX-IV, Gaye Knowles, Giorgio Knowles, Anthony Howorth ("Howorth"), Vadim Tsatskin ("Tsatskin"), Mark Grinshpun ("Grinshpun"), Oded Pasternak ("Pasternak"), and Allan Walker ("Walker") (collectively, the "Respondents");

AND WHEREAS on December 13, 2010, the Secretary of the Commission issued a Notice of Hearing, pursuant to sections 37, 127 and 127.1 of the Act, to consider whether it is in the public interest to make certain orders against the Respondents by reason of the Allegations;

AND WHEREAS on December 20, 2010, the Commission ordered that the hearing be adjourned to February 8, 2011 at 2:30 p.m. for a confidential pre-hearing conference;

AND WHEREAS on February 8, 2011, Staff appeared and filed the Affidavit of Daniela De Chellis, sworn on January 27, 2011, evidencing service of the December 20, 2010 Order and notice of the hearing on the Respondents;

AND WHEREAS on February 8, 2011, none of the Respondents attended in person, but Staff advised the Commission that Cliff Lloyd ("Lloyd"), a lawyer licensed to practice law in the state of Massachusetts in the United States, had contacted Staff and advised that he had been retained as agent by Gaye Knowles, Giorgio Knowles and Howorth but would not be attending the hearing;

AND WHEREAS on February 8, 2011, the Commission was satisfied that Staff had served each of the Respondents with notice of the hearing;

AND WHEREAS on February 8, 2011, Staff made submissions to the Commission, including requesting that the matter be adjourned to March 10, 2011 at 12:00 p.m. for the purpose of conducting a confidential pre-hearing conference and that the Temporary Order be extended to March 11, 2011;

AND WHEREAS on February 8, 2011, Staff advised the Commission that Lloyd consented to the adjournment on behalf of Gaye Knowles, Giorgio Knowles and Howorth;

AND WHEREAS on February 8, 2011, Staff advised the Commission that Staff would contact the remaining Respondents to advise them of the March 10, 2011 pre-hearing conference, either directly or through their counsel, and that it would continue its efforts to determine the current representatives of Ameron and MX-IV;

AND WHEREAS on February 8, 2011, the Commission considered the evidence and submissions before it and the Commission was of the opinion that it was in the public interest to extend the Temporary Order;

AND WHEREAS the Commission ordered that the Temporary Order be extended to March 11, 2011 and the hearing in this matter be adjourned to March 10, 2011 at 12:00 p.m.;

AND WHEREAS on March 10, 2011, a hearing was held before the Commission and Staff and Lloyd appeared before the Commission and Ameron and MX-IV did not appear before the Commission to oppose Staff's request for the extension of the Temporary Order;

AND WHEREAS the Panel was satisfied that reasonable efforts were made by Staff to serve Gaye Knowles, Giorgio Knowles, Howorth, Tsatskin, Grinshpun, Pasternak and Walker with notice of the hearing;

AND WHEREAS Staff advised the Panel that it had undertaken efforts to determine the appropriate means to serve Ameron and MX-IV and that it would continue those efforts by, *inter alia*, contacting the appropriate authorities in the Bahamas to determine the current status of Ameron;

AND WHEREAS on March 10, 2011, the Commission considered the evidence and submissions before it and the Commission was of the opinion that it was in the public interest to extend the Temporary Order;

AND WHEREAS on March 10, 2011, the Commission ordered that the Temporary Order be extended to the conclusion of the hearing on the merits in this matter and that a status hearing to confirm dates for the hearing on the merits take place on March 22, 2011 at 9:45 a.m.;

AND WHEREAS by Notice of Motion dated March 8, 2011, Staff brought a motion before the Commission to add Gaye Knowles, Giorgio Knowles, Howorth, Tsatskin, Grinshpun, Pasternak and Walker (collectively, the "Individual Respondents") to the Temporary Order;

AND WHEREAS on March 22, 2011, the Commission held a hearing to consider Staff's motion;

AND WHEREAS on March 22, 2011, the Commission considered the evidence and submissions before it and the Commission was of the opinion that it was in the public interest to add the Individual Respondents to the Temporary Order:

AND WHEREAS on March 22, 2011, the Commission ordered that:

- pursuant to clause 2 of subsection 127(1) of the Act, Gaye Knowles, Giorgio Knowles, Howorth, Tsatskin, Grinshpun, Pasternak and Walker shall cease trading in all securities;
- pursuant to clause 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Gaye Knowles, Giorgio Knowles, Howorth, Tsatskin, Grinshpun, Pasternak and Walker;
- the Temporary Order in respect of the Individual Respondents shall take effect immediately and shall expire on the fifteenth day after its making unless extended by the Commission;
- for clarity, the Temporary Order in respect of Ameron and MX-IV Ltd. is extended to the conclusion of the hearing on the merits; and
- the hearing in this matter be adjourned to April 4th, 2011 at 11:00 a.m. or on such other date or time as provided by the Secretary's Office and agreed to by the parties.

AND WHEREAS on April 4, 2011, Staff and Howorth attended before the Commission to make submissions and no other Respondents attended;

AND WHEREAS Staff advised the Panel that it had contacted the appropriate authorities in the Bahamas to determine the current status of Ameron and had served notice of the hearing on the registered agent for Ameron as listed on the corporate documents provided by the authorities in the Bahamas;

AND WHEREAS the Commission was satisfied that Staff had taken reasonable efforts to serve the Respondents with notice of the hearing;

AND WHEREAS Howorth brought a motion to oppose the extension of the Temporary Order;

AND WHEREAS the motion raised the question of the obligations of a director of a company;

AND WHEREAS Staff submitted that the public interest requires a director to, at least, monitor the activities of a company, and this is so even if there is no evidence that the director authorized, permitted or acquiesced in an act of non-compliance with Ontario securities law under section 129.2 of the Act;

AND WHEREAS Howorth submitted that he did not authorize, permit or acquiesce in an act of non-compliance with Ontario securities law and should not be the subject of the Temporary Order, but did not provide any evidence regarding this;

AND WHEREAS the Commission considered the evidence from Staff and the submissions provided by the parties;

AND WHEREAS the Panel found that Staff should be permitted to pursue the section 129.2 argument against Howorth and the other named Respondents in the hearing on the merits with a complete evidentiary foundation;

AND WHEREAS on April 4, 2011, the Commission ordered that the Temporary Order in respect of the Individual Respondents, Ameron and MX-IV be extended to the conclusion of the hearing on the merits in this matter;

AND WHEREAS on August 23, 2011, a pre-hearing conference was held before the Commission;

AND WHEREAS Staff appeared in person before the Commission and Gaye Knowles and Howorth

participated by telephone to make submissions and no other Respondents attended;

AND WHEREAS Staff requested that the Commission set the earliest available dates for the hearing on the merits in this matter;

AND WHEREAS Staff advised the Commission that counsel for Tsatskin and counsel for Grinshpun, Pasternak and Walker took no position with respect to dates;

AND WHEREAS Gaye Knowles and Howorth consented to the hearing on the merits being scheduled for the next available dates;

AND WHEREAS on August 23, 2011, the Commission ordered that the hearing on the merits commence on February 29, 2012 at 10:00 a.m. at the offices of the Commission, 20 Queen Street West, 17th Floor, Toronto, and shall continue on March 1, 2, 5, 6, 7, 8, 9, 12, 14, 15, 16, 19, 20 and 21, 2012, or such further or other dates as may be agreed to by the parties and fixed by the Office of the Secretary;

AND WHEREAS on August 23, 2011, the Commission further ordered that a status hearing take place on such date or time as provided by the Office of the Secretary and agreed to by the parties;

AND WHEREAS on October 13, 2011, the Commission approved a settlement agreement between Staff and Tsatskin;

AND WHEREAS on October 25, 2011, the Commission approved settlement agreements between Staff and each of Pasternak and Walker;

AND WHEREAS on November 29, 2011, the Commission approved a settlement agreement between Staff and Grinshpun;

AND WHEREAS by letter dated December 19, 2011, the Office of the Secretary advised the parties that the hearing dates scheduled for February 29, 2012 and March 1 and 2, 2012 were vacated and that the hearing on the merits would commence on March 5, 2012 at 10:00 a.m. and continue on March 6, 7, 8, 9, 12, 14, 15, 16, 19, 20 and 21, 2012;

AND WHEREAS on January 24, 2012, a pre-hearing conference was held before the Commission;

AND WHEREAS Staff appeared in person before the Commission and Gaye Knowles and Howorth participated by telephone to make submissions and no other Respondents attended;

AND WHEREAS Staff requested that a further status hearing be held on February 14, 2012 and Gaye Knowles and Howorth consented to this;

IT IS ORDERED THAT a status hearing will be held on February 14, 2012 at 3:00 p.m. at the offices of the Commission.

DATED at Toronto this 24th day of January, 2012.

"Mary G. Condon"

2.2.3 Firestar Capital Management Corp. et al. – s. 127

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

AND

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

TEMPORARY ORDER
(Section 127)

WHEREAS on December 10, 2004, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to s.127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") to consider whether it is in the public interest to extend the Temporary Orders made on December 10, 2004 ordering that trading in shares of Pender International Inc. by Firestar Capital Management Corp. ("Firestar Capital"), Kamposse Financial Corp. ("Kamposse"), Firestar Investment Management Group ("Firestar Investment"), Michael Mitton ("Mitton"), and Michael Ciavarella ("Ciaverella") (collectively, the "Respondents") cease until further order by the Commission;

AND WHEREAS on December 17, 2004, the Commission ordered that the hearing to consider whether to extend the Temporary Orders should be adjourned until February 4, 2005 and the Temporary Orders continued until that date;

AND WHEREAS on December 17, 2004, the Commission ordered that the Temporary Order against Michael Mitton should also be expanded such that Michael Mitton shall not trade in any securities in Ontario until the hearing on February 4, 2005;

AND WHEREAS a Notice of Hearing and Statement of Allegations were issued on December 21, 2004;

AND WHEREAS on February 2, 2005, the hearing to consider whether to continue the Temporary Orders was adjourned until May 26, 2005 and the Temporary Orders were continued until May 26, 2005;

AND WHEREAS on March 9, 2005, the hearing to consider whether to continue the Temporary Orders was adjourned until June 29 and 30, 2005 and the Temporary Orders were continued until June 30, 2005;

AND WHEREAS on June 29, 2005, the hearing to consider whether to continue the Temporary Orders was adjourned until November 23 and 24, 2005 and the Temporary Orders were continued until November 24, 2005;

AND WHEREAS on November 21, 2005, the hearing to consider whether to continue the Temporary Orders was adjourned until January 30 and 31, 2006 and the Temporary Orders were continued until January 31, 2006;

AND WHEREAS on January 30, 2006, the hearing to consider whether to continue the Temporary Orders was adjourned until July 31, 2006 and the Temporary Orders were continued until July 31, 2006;

AND WHEREAS on July 31, 2006, the hearing to consider whether to continue the Temporary Orders was adjourned until October 12, 2006 and the Temporary Orders were continued until October 12, 2006;

AND WHEREAS on October 12, 2006, the hearing to consider whether to continue the Temporary Orders was adjourned until October 12, 2007 and the Temporary Orders were continued until October 12, 2007;

AND WHEREAS on October 12, 2007, the hearing to consider whether to continue the Temporary Orders was adjourned until March 31, 2008 and the Temporary Orders were continued until March 31, 2008;

AND WHEREAS on March 31, 2008, the hearing to consider whether to continue the Temporary Orders was adjourned until June 2, 2008 and the Temporary Orders were continued until June 2, 2008;

AND WHEREAS on June 2, 2008, the hearing to consider whether to continue the Temporary Orders was adjourned until December 1, 2008 and the Temporary Orders were continued until December 1, 2008;

AND WHEREAS on December 1, 2008, the hearing to consider whether to continue the Temporary Orders was adjourned until January 11, 2010 and the Temporary Orders were continued until January 11, 2010;

AND WHEREAS on January 11, 2010, the hearing to consider whether to continue the Temporary Orders was adjourned until March 7, 2011 and the Temporary Orders were continued until March 8, 2011;

AND WHEREAS on March 7, 2011, the hearing to consider whether to continue the Temporary Orders was adjourned until April 26, 2011 and the Temporary Orders were continued until April 27, 2011;

AND WHEREAS on April 26, 2011, the hearing to consider whether to continue the Temporary Orders was adjourned until May 31, 2011 and the Temporary Orders were continued until June 1, 2011;

AND WHEREAS Ciavarella and Mitton were charged on September 26, 2006 under the Criminal Code with offences of fraud, conspiracy to commit fraud, laundering the proceeds of crime, possession of proceeds of crime and extortion for acts related to this matter;

AND WHEREAS Staff of the Commission ("Staff") advised that on March 22, 2007, Mitton was convicted of numerous charges under the Criminal Code and sentenced to a term of imprisonment of seven years;

AND WHEREAS on May 17, 2011, a settlement agreement between Staff and Ciavarella was approved by the Commission;

AND WHEREAS Staff advised that on May 18, 2011, the Criminal Code charges against Ciavarella before the Superior Court of Justice (Ontario) were stayed;

AND WHEREAS on May 31, 2011, Staff appeared before the Commission and no one appeared for any of the remaining Respondents;

AND WHEREAS on May 31, 2011, the Temporary Orders were continued until July 28, 2011 and the hearing to consider whether to continue the Temporary Orders was adjourned until July 27, 2011;

AND WHEREAS on July 27, 2011, Staff appeared before the Commission and no one appeared for any of the remaining Respondents;

AND WHEREAS Staff requested that the hearing be adjourned for one month for the purpose of exploring settlement with certain Respondents;

AND WHEREAS Staff further requested that the Temporary Orders be extended for the same period;

AND WHEREAS the Commission ordered that the Temporary Orders currently in place as against Firestar Capital, Kamposse, Firestar Investment, and Mitton be further continued until August 30, 2011 and the hearing to consider whether to continue the Temporary Orders be adjourned to August 29, 2011;

AND WHEREAS on August 29, 2011, Staff and counsel for Firestar Investment and Firestar Capital appeared before the Commission and no one appeared on behalf of the remaining Respondents;

AND WHEREAS the Commission was satisfied that Staff took reasonable efforts to serve the Respondents with notice of the hearing;

AND WHEREAS counsel for Firestar Investment and Firestar Capital advised the Panel that he had only recently been retained and requested additional time to consider his client's position;

AND WHEREAS Staff did not oppose a short adjournment;

AND WHEREAS on August 29, 2011, the Commission ordered that the Temporary Orders currently in place as against Firestar Capital, Kamposse, Firestar Investment, and Mitton be further continued until October 4, 2011 and the hearing to consider whether to continue the Temporary Orders was adjourned to October 3, 2011;

AND WHEREAS on October 3, 2011, Staff and counsel for Firestar Investment and Firestar Capital appeared before the Commission and no one appeared on behalf of the remaining Respondents;

AND WHEREAS the Commission was satisfied that Staff took reasonable efforts to serve the Respondents with notice of the hearing;

AND WHEREAS Staff requested that the hearing be adjourned to November 23, 2011, for the purpose of continuing to explore settlement with certain Respondents;

AND WHEREAS Staff further requested that the Temporary Orders be extended for the same period;

AND WHEREAS on October 3, 2011, the Commission ordered that the Temporary Orders currently in place as against Firestar Capital, Kamposse, Firestar Investment and Mitton be further continued until November 24, 2011, and the hearing to consider whether to continue the Temporary Orders was adjourned to November 23, 2011;

AND WHEREAS on November 23, 2011, Staff and counsel for Firestar Capital and Firestar Investment appeared before the Commission and no one appeared on behalf of the remaining Respondents;

AND WHEREAS the Commission was satisfied that Staff took reasonable efforts to serve the Respondents with notice of the hearing;

AND WHEREAS Staff requested that the Temporary Orders be extended to January 30, 2012 and counsel for Firestar Capital and Firestar Investment consented to this extension;

AND WHEREAS on November 23, 2011, the Commission ordered that the Temporary Orders currently in place as against Firestar Capital, Kamposse, Firestar Investment and Mitton be further continued until January 31, 2012, and the hearing to consider whether to continue the Temporary Orders was adjourned to January 30, 2012;

AND WHEREAS on December 9, 2011, a settlement agreement between Staff and Mitton was approved by the Commission;

AND WHEREAS on January 30, 2012, Staff appeared before the Commission and no one appeared on behalf of the remaining Respondents;

AND WHEREAS the Commission was satisfied that Staff took reasonable efforts to serve the Respondents with notice of the hearing;

AND WHEREAS on January 30, 2012, Staff requested that the matter be adjourned to March 29, 2012 for the purpose of conducting a confidential pre-hearing conference, and that the Temporary Orders be extended to March 30, 2012;

AND WHEREAS Staff advised the Commission that counsel to Firestar Capital and Firestar Investment consented to adjourning the hearing for a pre-hearing conference;

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

IT IS ORDERED that the hearing be adjourned to March 29, 2012 at 10:00 a.m. for the purposes of a pre-hearing conference, or such other date as agreed to by the parties and confirmed by the Office of the Secretary;

IT IS FURTHER ORDERED that the Temporary Orders currently in place as against Firestar Capital, Kamposse, and Firestar Investment are further continued until March 30, 2012, or until further order of the Commission.

DATED at Toronto this 30th day of January, 2012.

"James E. A. Turner"

2.2.4 Bernard Boily – Rule 6.7 of the OSC Rules of Procedure

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

AND

IN THE MATTER OF
BERNARD BOILY

ORDER
(Pre-Hearing Conference – Rule 6.7)

WHEREAS the Ontario Securities Commission (the "Commission") issued a Notice of Hearing and Staff of the Commission ("Staff") filed a Statement of Allegations in this matter on March 29, 2011 against Bernard Boily (the "Respondent");

AND WHEREAS on April 28, 2011, the Commission ordered that the matter be adjourned to June 29, 2011;

AND WHEREAS on July 5, 2011, the Commission ordered that the matter be adjourned to a confidential pre-hearing conference to be held on September 13, 2011 and that the following dates be reserved for the hearing on the merits in this matter: April 2, 3, 4, 5, 9, 11, 12, 13, 16, 17, 18, 19, 20, 23, 25, 26 and 27, 2012;

AND WHEREAS on September 13, 2011, the Commission ordered that the matter be adjourned to a confidential pre-hearing conference to be held on November 10, 2011 and that the hearing on the merits in this matter shall commence on April 2, 2012 at 10:00 a.m. and continue on the following dates: April 3, 4, 5, 9, 11, 12, 13, 16, 17, 18, 19, 20, 23, 25, 26 and 27, 2012;

AND WHEREAS on November 10, 2011, the Commission ordered that the matter be adjourned to a confidential pre-hearing conference to be held on December 13, 2011 at 9:00 a.m.;

AND WHEREAS on December 13, 2011, the Commission ordered that the matter be adjourned to a confidential pre-hearing conference to be held on January 30, 2012 at 2:00 p.m.;

AND WHEREAS on January 30, 2012, counsel for Staff and the Respondent appeared before the Commission for a pre-hearing conference;

AND WHEREAS on January 30, 2012, the Commission advised counsel for Staff and the Respondent that it would be necessary to postpone the hearing on the merits of this matter until the fall of 2012;

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

IT IS ORDERED that the hearing on the merits of this matter originally scheduled to commence on April 2, 2012 at 10:00 a.m. be adjourned to a date in the fall of 2012 to be set by the Office of the Secretary in consultation with the parties.

DATED at Toronto this 30th day of January, 2012.

"Vern Krishna"

2.2.5 Angus Mining (Namibia) Inc. – s. 104(2)(c)

Headnote

Multilateral Instrument 11-102 Passport System and National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Takeover Bids and Issuer Bids – Exemption from the issuer bid requirements of the Securities Act (Ontario) – Exemption from the valuation requirement applicable to issuer bids in MI 61-101 – issuer requires an exemption from issuer bid requirements to acquire its own shares and warrants in connection with a negotiated settlement – issuer will acquire securities in connection with termination of option agreement – acquisition is not an independent transaction in which the issuer is repurchasing its own securities from one security holder in preference to other shareholders – settlement was negotiated at arm's length between the issuer and the transferring security holder's legal representatives – value of the consideration being paid to the transferring security holder does not exceed the market value of the securities being acquired by the issuer

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 93 to 99.1, 104(2)(c).
Multilateral Instrument 11-102 Passport System.
National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions.
Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions.

January 31, 2012

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

AND

IN THE MATTER OF
ANGUS MINING (NAMIBIA) INC.

ORDER
(Clause 104(2)(c))

UPON the application (the "**Application**") of Angus Mining (Namibia) Inc. (the "**Applicant**") to the Ontario Securities Commission (the "**Commission**") for an order pursuant to clause 104(2)(c) of the Act exempting the Applicant from the requirements set forth in sections 93-99.1 of the Act (the "**Formal Issuer Bid Requirements**") and the regulations made thereunder and from the requirements in Part 3 of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (the "**61-101 Issuer Bid Requirements**" and, together with the Formal Bid Requirements, the "**Issuer Bid Requirements**").

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

AND UPON the Applicant having represented to the Commission that:

1. The Applicant was incorporated under the *Business Corporations Act* (Alberta) on February 12, 2007. The Applicant changed its name to "Angus Mining (Namibia) Inc." on September 23, 2010 and continued to Ontario.

2. On September 24, 2010, the Applicant completed a qualifying transaction whereby it acquired all the common shares of Angus Mining (Namibia) Ltd. ("**Angus Subco**").

3. The Applicant is a reporting issuer in Ontario, British Columbia and Alberta (the "**Jurisdictions**") and is not in default of applicable securities legislation in any of the Jurisdictions.

4. The authorized capital of the Applicant consists of an unlimited number of common shares. As of January 20, 2012, the Applicant had 41,315,098 issued and outstanding common shares (the "**Common Shares**") and 28,141,667 warrants (the "**Warrants**"), each Warrant being exercisable for one Common Share at a price of $0.50 per share.

5. The Common Shares are listed on the TSX Venture Exchange ("**TSX-V**") under the symbol "ANA". The closing price of the Common Shares on the TSX-V on January 20, 2012 was $0.15. The Warrants are not listed on any stock exchange.

6. The Applicant is a junior exploration company focused on building precious metal resources.

7. The Applicant's principal office is located at 83 Yonge Street, Suite 200, Toronto, Ontario M5C 1S8.

8. Forsys Metals Corp. ("**Forsys**") was incorporated on May 13, 1985 under the *Business Corporations Act* (Ontario) and its shares are listed on the Toronto Stock Exchange under the trading symbol "FSY".

9. Forsys is an exploration stage company engaged in the acquisition, exploration and development of mineral properties.

10. Forsys currently owns 4,600,000 Common Shares and 3,000,000 warrants of Angus, which comprises approximately 11% of the issued and outstanding shares of Angus (on a non-diluted basis) or approximately 17% (on a semi-diluted basis).

11. The Applicant, through Angus Subco, and Forsys and their respective subsidiaries are parties to an option agreement dated as of July 30, 2010 (the "**Option Agreement**"), as amended, pursuant to which Forsys granted to Angus Subco the option to earn up to a 75% undivided beneficial interest in the equity of the Omatjete Mining Applicant (Namibia)(Pty) Ltd. ("**Omatjete**"), a corporation incorporated under the laws of Namibia and wholly owned indirectly by Forsys. In addition to its interest in the Option Agreement, the Applicant has an interest in certain exploration properties located in Nevada (the "**Nevada Assets**").

12. Omatjete owns rights in Exclusive Prospecting License 3195 on the Ondundu Gold Property in west central Namibia (the **"Ondundu Gold Project"**).

13. In accordance with the Option Agreement, Angus, as the operator, has conducted exploration activities on the Ondundu Gold Property and has earned the right to a 42.6% interest in Omatjete by spending $5 million in exploration expenditures. Angus has the right to earn an additional 24.9% interest by spending an additional $6 million in exploration expenditures prior to January 30, 2013.

14. Exploration results to date with respect to the Ondundu Gold Project have not met Angus' goals for the project, and have resulted in the suspension of further exploration activities on that project. Angus has therefore entered into discussions with Forsys with respect to the future of the Ondundu Gold Project, which, subject to regulatory approvals, are anticipated to result in the entering into of a proposed option termination and settlement agreement (the "**Settlement Agreement**") with the effect of terminating the Option Agreement and releasing each other of all claims, damages and liabilities with respect to the Ondundu Gold Project.

15. Pursuant to the proposed Settlement Agreement the Applicant will relinquish its right to a 42.6% interest in the share capital and debt structure of Omatjete, its right to operatorship and its right to earn a further 24.9% interest in Omatjete as contemplated in the Option Agreement and in return Forsys will:

    a) return to the Applicant for cancellation 3,000,000 Common Shares (the "**Subject Shares**"),

    b) return to the Applicant for cancellation 3,000,000 warrants of Angus (the "**Subject Warrants**" and, together with the Subject Warrants, the "**Settlement Securities**"), and

    c) assume certain payables currently owing in respect of the Ondundu Gold Project

    (the "**Proposed Transaction**").

16. Under the Settlement Agreement, the Applicant will retain a 20% carried interest in the common shares of Omatjete. The retained carrying interest is a passive investment interest and will not require the Applicant to make any ongoing contributions related to operatorship or finance future development.

17. The board of directors of the Applicant (the "**Board**") has determined that entering into the Settlement Agreement is in the best interest of the Applicant and its securityholders. In particular, the Board is of the view that, although the Ondundu Gold Project could in the future develop into an economically viable ore body, the risk and required expenditures associated with further exploration efforts and development are not activities that the Applicant is reasonably capable of undertaking at the current time. The Board is of the view that Forsys is more likely to unlock the potential and realize value in the project because it already has the infrastructure in place in the region and also has greater financial resources. The Settlement Agreement will also allow the Applicant to focus its time and resources on its Nevada Assets, while preserving a 20% carried interest in the Ondundu Gold Project, an interest that will not require the Applicant to deploy its financial and other resources in order to maintain it.

18. The terms of the Settlement Agreement were negotiated at arm's length through legal counsel and finalized after extensive negotiations between Angus and Forsys.

19. The acquisition of the Settlement Securities by the Applicant is an integral part of the Proposed Transaction. It is not being proposed for the purpose or with the intention of providing preferential treatment to one securityholder and the Settlement Securities will be cancelled immediately after such shares are acquired by the Applicant, which will improve the equity position of the other Applicant's securityholders.

20. The terms of the Proposed Transaction have been reviewed by the independent members of the Board (the "**Independent Board Members**"). The Independent Board Members determined that the entering into and completion of the Settlement, including the acquisition of the Settlement Securities by the Applicant, is in the best interests of the Applicant and its securityholders and that the acquisition of the Settlement Securities by the Applicant will not adversely affect the financial position of the Applicant or the securityholders to whom the issuer bid is not extended.

21. In reaching its conclusion, the Independent Board Members received a fairness opinion from Haywood Securities Inc., which affirmed that the Proposed Transaction was fair from a financial point of view to the securityholders of Angus (other than Forsys).

22. The net value of the consideration paid for the Settlement Securities will not be greater in any material respect to the market price of the Common Shares on the TSX-V, as determined in accordance with section 1.3 of OSC Rule 62-504 – *Take-Over Bids and Issuer Bids*, and the value of the Warrants.

23. The Proposed Transaction does not provide greater value to Forsys for the Settlement Securities than the value Forsys paid to acquire the Settlement Securities. The acquisition of the Settlement Securities by the Applicant pursuant to the Settlement Agreement is an "issuer bid" as defined in subsection 89(1) of the Act and is not exempt from the Issuer Bid Requirements.

24. The Proposed Transaction also constitutes a "related party transaction" in accordance with paragraphs (a) and (c) of the definition of such term in Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). Sections 5.5(a) and 5.7(a) of MI 61-101 exempt related party transactions from the formal valuation and minority approval requirements contained therein, if the fair market value of the transaction is not more than 25% of the issuer's market capitalization (the "**Related Party Transaction Exemptions**"). The Proposed Transaction qualifies for the Related Party Transaction Exemptions.

25. But for the exemptive relief requested herein from the Issuer Bid Requirements, the Proposed Transaction will comply with all other applicable securities laws, including the requirements contained in section 5.2 of MI 61-10.

AND UPON the Commission being satisfied that to do so would not be prejudicial to the public interest.

IT IS ORDERED pursuant to clause 104(2)(c) of the Act that the Applicant is exempt from the Formal Issuer Bid Requirements in connection with the Proposed Transaction.

"James Turner"
Vice Chair
Ontario Securities Commission

"Mary Condon"
Vice Chair
Ontario Securities Commission

IT IS FURTHER ORDERED pursuant to subsection 9.1(2) of MI 61-101 that the Applicant is exempt from the 61-101 Issuer Bid Requirements in connection with the Proposed Transaction.

"Naizam Kanji"
Deputy Director, Mergers & Acquisitions
Ontario Securities Commission

2.2.6 David M. O'Brien

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

AND

IN THE MATTER OF
DAVID M. O'BRIEN

ORDER

WHEREAS on December 8, 2010, the Secretary of the Ontario Securities Commission (the "Commission") issued a Notice of Hearing, pursuant to sections 37, 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), for a hearing to commence at the offices of the Commission on December 20, 2010 at 10:30 a.m., or as soon thereafter as the hearing could be held;

AND WHEREAS on December 9, 2010, the Respondent ("O'Brien") was served with the Notice of Hearing and Statement of Allegations dated December 7, 2010;

AND WHEREAS the Notice of Hearing provided for the Commission to consider, among other things, whether, in the opinion of the Commission, it was in the public interest, pursuant to section 127 of the Act, to issue temporary orders against O'Brien, as follows:

(a) O'Brien shall cease trading in any securities for a prescribed period or until the conclusion of the hearing on the merits in this matter;

(b) O'Brien is prohibited from acquiring securities for a prescribed period or until the conclusion of the hearing on the merits in this matter; and

(c) any exemptions contained in Ontario securities law do not apply to O'Brien for a prescribed period or until the conclusion of the hearing on the merits in this matter;

AND WHEREAS on December 20, 2010, Staff of the Commission ("Staff") and O'Brien appeared before the Commission and made submissions and O'Brien advised the Commission that he was opposed to Staff's request that temporary orders be issued against him and that he wished to cross-examine Lori Toledano, a member of Staff, on her affidavit;

AND WHEREAS on December 20, 2010, the hearing with respect to the issuance of the temporary orders was adjourned until December 23, 2010 at 12:30 p.m.;

AND WHEREAS on December 23, 2010, a hearing with respect to the issuance of the temporary orders was held and the panel of the Commission considered the affidavit of Toledano, the cross-examination of Toledano and the submissions made by Staff and O'Brien;

AND WHEREAS on December 23, 2010, the Commission issued a temporary cease trade order pursuant to section 127 of the Act ordering that:

(a) O'Brien shall cease trading in any securities;

(b) O'Brien is prohibited from acquiring any securities; and

(c) any exemptions contained in Ontario securities law do not apply to O'Brien;

(the "Temporary Cease Trade Order");

AND WHEREAS on December 23, 2010, the Commission ordered that the Temporary Cease Trade Order shall expire on April 1, 2011;

AND WHEREAS on December 23, 2010, the Commission ordered that Staff and O'Brien shall consult with the Secretary's Office and schedule a confidential pre-hearing conference for this matter;

AND WHEREAS a confidential pre-hearing conference was scheduled for February 24, 2011;

AND WHEREAS at the confidential pre-hearing conference on February 24, 2011, Staff and O'Brien appeared and made submissions regarding the disclosure made by Staff, and Staff requested an extension of the Temporary Cease Trade Order;

AND WHEREAS on February 24, 2011, the Commission ordered that:

a) a hearing to extend the Temporary Cease Trade Order shall take place on March 30, 2011 at 11:30 a.m.;

b) a motion regarding disclosure shall take place on April 21, 2011 at 10:00 a.m., and in accordance with Rule 3.2 of the *Rules of Procedure* of the Commission, O'Brien shall serve and file a motion record, including any affidavits to be relied upon, by April 11, 2011 at 4:30 p.m.; and

c) a further confidential pre-hearing conference shall take place on May 30, 2011 at 10:00 a.m;

AND WHEREAS on March 30, 2011, a hearing with respect to the extension of the Temporary Cease Trade Order was held, and the panel of the Commission considered the evidence filed and the submissions made by Staff and O'Brien;

AND WHEREAS on March 30, 2011, the Commission ordered that:

a) the Temporary Cease Trade Order shall be extended to April 26, 2011; and

b) a further hearing to extend the Temporary Cease Trade Order shall take place on April 21, 2011 at 10:00 a.m.;

AND WHEREAS on April 21, 2011, a hearing with respect to the extension of the Temporary Cease Trade Order was held, and the panel of the Commission considered the evidence filed and the submissions made by Staff and O'Brien;

AND WHEREAS on April 21, 2011, the Commission ordered that:

a) the Temporary Cease Trade Order shall be extended until the conclusion of the hearing of the merits of this matter; and

b) O'Brien may, if he wishes to do so, apply to the Commission for an order revoking or varying this Order pursuant to s. 144 of the Act;

AND WHEREAS also on April 21, 2011, O'Brien brought a motion regarding disclosure, wherein he sought an order from the Commission requiring Staff to provide him with all additional disclosure materials without requiring him to execute a further undertaking, and the panel of the Commission considered the evidence filed and the submissions made by Staff and O'Brien;

AND WHEREAS on April 21, 2011, the Commission ordered that Staff shall provide further disclosure materials to O'Brien without requiring the signing by him of an undertaking as to the confidentiality of that disclosure. The Commission further ordered that:

1) All disclosure materials provided to O'Brien are confidential and may be used by him only for the purpose of making full answer and defence in this proceeding. The use of disclosure materials for any other purpose is strictly prohibited. All disclosure materials provided to O'Brien are subject to the strict confidentiality restrictions imposed by section 16 of the Act;

2) O'Brien is also subject to the implied undertaking that all disclosure materials provided to him are subject to the restrictions on use referred to in paragraph (1);

3) The Previous Undertaking signed by O'Brien is binding upon him and applies by its terms to all of the disclosure materials provided by Staff to O'Brien, including all disclosure materials provided by Staff to O'Brien in the future; if O'Brien wishes to challenge the validity of the Previous Undertaking he is entitled to bring a motion before the Commission to do so;

4) If O'Brien wishes to use the disclosure materials provided by Staff to him for any purpose other than as provided in paragraph (1), he must make an application to the Commission under section 17 of the Act for an order of the Commission consenting to that use;

AND WHEREAS at the confidential pre-hearing conference on May 30, 2011, Staff and O'Brien appeared and Staff sought to set dates for a hearing on the merits, while O'Brien advised the Commission that he was opposed to Staff's request. The Commission adjourned the hearing to June 20, 2011 at 10:00 a.m., for the purpose of setting the dates for the hearing on the merits;

AND WHEREAS at the confidential pre-hearing conference on June 20, 2011, Staff and O'Brien appeared and scheduling of the hearing on the merits was discussed and the Commission ordered that:

1. the hearing on the merits is to commence on March 12, 2012 at 10:00 a.m. at the offices of the Commission, and shall continue on March 14, 15, 16, 19, 20, 21, 22, 23, 26, and 28, 2012, or such further or other dates as may be agreed upon by the parties and fixed by the Office of the Secretary; and

2. a further confidential pre-hearing conference shall take place on January 11, 2012 at 10:00 a.m.;

AND WHEREAS at the confidential pre-hearing conference on January 11, 2012, Staff of the Commission appeared and Counsel on behalf of O'Brien appeared, who advised the Commission that he had just been appointed to represent O'Brien in this matter;

AND WHEREAS Counsel for O'Brien requested that the pre-hearing conference be continued in a few weeks time to permit him to address certain matters that had just been brought to his attention. The Commission ordered that a further confidential pre-hearing conference take place on January 31, 2012 at 3:30 p.m;

AND WHEREAS at the confidential pre-hearing conference on January 31, 2012, Staff and Counsel for O'Brien appeared and Counsel for O'Brien requested an adjournment of the hearing on the merits to permit interim issues to be raised before the Commission;

AND WHEREAS Counsel for O'Brien requested that the records from both the January 11 and January 31,

2012 confidential pre-hearing conferences be sealed and treated as confidential;

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

IT IS HEREBY ORDERED THAT:

1. the hearing dates of March 12, 14, 15, 16, 19, 20, 21, 22, 23, 26, and 28, 2012 are vacated;

2. a further confidential pre-hearing conference shall take place on March 12, 2012 at 10:00 a.m.; and

3. the records from both the January 11 and January 31, 2012 confidential pre-hearing conferences are sealed and treated as confidential pursuant to subsection 9(1) of the SPPA and Rule 8.1 and subrule 5.2(1) of the Rules.

DATED at Toronto this 31st day of January, 2012.

"Mary G. Condon"

2.2.7 Zungui Haixi Corporation – ss. 127(1), 127(8)

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

AND

IN THE MATTER OF
ZUNGUI HAIXI CORPORATION

TEMPORARY ORDER
(Subsections 127(1) & 127(8))

WHEREAS on September 16, 2011, the Ontario Securities Commission (the "Commission") issued a temporary cease trade order pursuant to subsections 127(1) and 127(5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") ordering that all trading in the securities of Zungui Haixi Corporation ("Zungui"), whether direct or indirect, cease (the "Temporary Order");

AND WHEREAS the Commission ordered that the Temporary Order take effect immediately and expire on the fifteenth day after its making unless extended by order of the Commission;

AND WHEREAS on September 19, 2011 the Commission issued a Notice of Hearing to consider whether, in the opinion of the Commission, it is in the public interest for the Commission (i) to extend the Temporary Order, pursuant to subsections 127(7) and (8) of the Act, until November 10, 2011, or until such further time as is ordered by the Commission; and (ii) to make such further orders as the Commission considers appropriate (the "Notice of Hearing");

AND WHEREAS Staff of the Commission ("Staff") served Zungui and the Special Committee of the Board of Directors of Zungui with copies of the Temporary Order and the Notice of Hearing;

AND WHEREAS Staff served Zungui with copies of the Affidavit of Peter Cho sworn September 26, 2011 and Staff's Written Submissions dated September 26, 2011;

AND WHEREAS on September 28, 2011, Staff appeared before the Commission and no one appeared for Zungui;

AND WHEREAS Staff presented evidence of conduct that may be harmful to the public interest;

AND WHEREAS no one appeared before the Commission to oppose the extension of the Temporary Order;

AND WHEREAS the Commission ordered that pursuant to subsections 127(7) and (8) of the Act that the Temporary Order be extended until November 10, 2011 and that the hearing to consider a further extension of the

Temporary Order be scheduled for November 9, 2011 at 10:00 a.m.;

AND WHEREAS on November 7, 2011, the Commission issued a Notice of Hearing to announce that it would hold a hearing pursuant to sections 127 and 127.1 of the Act to consider whether, in the opinion of the Commission, it would be in the public interest, to make certain orders against Zungui, Yanda Cai and Fengyi Cai (the "November 7th Notice of Hearing");

AND WHEREAS the November 7th Notice of Hearing was issued in connection with a Statement of Allegations issued by Staff on November 7, 2011;

AND WHEREAS on November 9, 2011, Staff appeared before the Commission and no one appeared for Zungui;

AND WHEREAS on November 9, 2011, the Commission ordered that, pursuant to subsections 127(7) and (8) of the Act, the Temporary Order was extended to the conclusion of the hearing on the merits in this matter;

AND WHEREAS on January 26, 2012, it was ordered that all or substantially all of the hearing on the merits in the matter of Zungui, Yanda Cai and Fengyi Cai initiated by the November 7th Notice of Hearing was to be conducted in writing;

AND WHEREAS Staff filed written submissions and evidence by way of affidavit in respect of the hearing on the merits;

AND WHEREAS on February 2, 2012, the Commission heard oral submissions on the merits from Staff, and no one appeared on behalf of the Zungui, Yanda Cai or Fengyi Cai, although they were properly notified of the hearing on the merits;

AND WHEREAS on February 2, 2012, following the hearing on the merits, the Commission delivered its oral reasons and decision with respect to Staff's Statement of Allegations;

AND WHEREAS a sanctions hearing will be held in due course;

AND WHEREAS the Commission, having considered the evidence and submissions before it, is of the opinion that it is in the public interest to extend the Temporary Order until the conclusion of the sanctions hearing in the matter of Zungui, Yanda Cai and Fengyi Cai;

IT IS HEREBY ORDERED that, pursuant to subsection 127(8) of the Act, the Temporary Order is extended to the conclusion of the sanctions hearing in the matter of Zungui, Yanda Cai and Fengyi Cai.

DATED at Toronto this 2nd day of February, 2012.

"Christopher Portner"

2.2.8 Bruce Carlos Mitchell – ss. 127, 127.1

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

AND

IN THE MATTER OF
BRUCE CARLOS MITCHELL

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN STAFF OF THE ONTARIO SECURITIES COMMISSION AND BRUCE CARLOS MITCHELL

ORDER
(Sections 127 and 127.1)

WHEREAS on November 22, 2011, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing that it proposed to hold a hearing to consider whether it is in the public interest to make orders pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") in respect of Bruce Carlos Mitchell ("Mitchell" or the "Respondent");

AND WHEREAS on November 22, 2011, Staff of the Commission ("Staff") filed a Statement of Allegations with the Commission;

AND WHEREAS the Respondent entered into a Settlement Agreement dated January 31, 2012 in relation to the matters set out in the Statement of Allegations;

AND WHEREAS the Commission issued a Notice of Hearing dated January 27, 2012, announcing that it proposed to consider the Settlement Agreement;

UPON reviewing the undertaking provided by the Respondent and attached as Schedule 1;

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

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

IT IS HEREBY ORDERED THAT:

(a) the Settlement Agreement is hereby approved;

(b) pursuant to clauses 2 and 2.1 of subsection 127(1) of the Act, the Respondent shall cease trading in, and the acquisition of, any securities for a period of two years with the exception that, once Mitchell has complied with the under-

takings contained in clauses (a), (b), (c), and (d) of Schedule "1" to this Order, attached hereto, he is permitted to trade in and acquire securities in accounts held in his name only or in the name of Forwarders Properties Ltd. ("Forwarders Properties")[1], through any account with any registered representative that is a member of the Investment Industry Regulatory Organization of Canada ("IIROC");

(c) pursuant to clause 3 of subsection 127(1) of the Act, any exemptions in Ontario securities law do not apply to the Respondent for a period of two years except for trades undertaken by the Respondent that are permitted pursuant to the exception provided for in clause (b), above;

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

(e) pursuant to clauses 8, 8.2 and 8.4 of subsection 127(1) of the Act, that the Respondent be prohibited from becoming or acting as a director or officer of any issuer, registrant, or investment fund manager for a period of ten years, with the exception of any position he holds as a director or officer in Norwall Group Inc. or Forwarders Properties, both private issuers of which Mitchell is a director or officer as at the date of this Order;

(f) pursuant to clause 8.5 of subsection 127(1) of the Act, that the Respondent is prohibited from becoming or acting as a registrant for a period of ten years;

(g) pursuant to clause 9 of subsection 127(1) of the Act, that the Respondent pay an administrative penalty in the amount of $50,000 to the Commission for his non-compliance with Ontario securities law to be allocated under subsection 3.4(2)(b) to or for the benefit of third parties and such payment will be made by certified cheque at the time of the Commission's approval of this Settlement Agreement;

(h) pursuant to section 127.1 of the Act, that the Respondent will make a payment of $20,000 to the Commission in respect of a portion of the Commission's costs with respect to this matter and such payment will be made by certified cheque at the time of the Commission's approval of this Settlement Agreement.

DATED at Toronto this 2nd day of February, 2012.

"Christopher Portner"

[1] Forwarders Properties is a private issuer of which Mitchell is the sole shareholder, officer and director.

Schedule "1"

IN THE MATTER OF
BRUCE CARLOS MITCHELL

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN
STAFF OF THE ONTARIO SECURITIES COMMISSION
AND
BRUCE CARLOS MITCHELL

UNDERTAKING TO
THE ONTARIO SECURITIES COMMISSION

I, Bruce Carlos Mitchell, undertake to the Ontario Securities Commission (the "Commission"), as a term of entering into a Settlement Agreement dated January 31, 2012 between myself and Staff of the Commission, to do the following:

(a) file[1] all outstanding insider and early warning reports or make alternative summary filings in a manner acceptable to Staff in respect of any transaction[2] undertaken by me during the period December 29, 2006 to the date of the Certification, as defined below, within 120 days of the date of this Order;

(b) make payment to the Commission with respect to any fees attributable to the filings required by clause (a), above;

(c) file with the Office of the Secretary certification, in a form acceptable to Staff, acknowledging that I have complied with the requirements of clause (a), above, (the "Certification") within 120 days of the date of this Order;

(d) retain and submit to a review by counsel from Fraser Milner Casgrain LLP, or such other consultant agreed to by Staff and I, of my trading activities and compliance practices at the sole expense of myself and I will implement such changes as are recommended by the consultant to ensure that I am in compliance with my reporting and disclosure requirements under Ontario securities law within 120 days of the date of this Order;

(e) beginning on the date that the Certification is filed, I will file additional certification, in a form acceptable to Staff, with the Office of the Secretary on a quarterly basis for a period of one year on dates to be agreed upon by Staff and the consultant acknowledging that I have complied with all applicable reporting and disclosure obligations under Ontario securities law in relation to all trading activities undertaken by me within the applicable time periods.

DATED this 31st day of January, 2012

"Bruce Carlos Mitchell"
Bruce Carlos Mitchell

"Shakir Salman"
Witness

[1] For the purposes of the Settlement Agreement, where appropriate, this could include filing on SEDAR, SEDI, or with the Commission.

[2] For the purposes of the Settlement Agreement, a "transaction" shall include any transaction resulting in a change in the Respondent's beneficial ownership of, or power to exercise control or direction over, a security of any issuer that is a reporting issuer in Ontario, or a change in the Respondent's interest in or obligation associated with a derivative of a security of an issuer that is a reporting issuer in Ontario.

2.2.9 Irwin Boock et al. – ss. 127, 127.1

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

AND

**IN THE MATTER OF
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**

**ORDER
(Section 127 and 127.1)**

WHEREAS on October 16, 2008, the Ontario Securities Commission (the "Commission") commenced the within proceeding by issuing 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");

AND WHEREAS on October 14, 2009, Staff of the Commission ("Staff") brought a disclosure motion (the "Motion") regarding the Respondent, Irwin Boock ("Boock");

AND WHEREAS the Motion was heard by the Commission on October 21, 2009, November 2 and 20, 2009 and January 8, 2010;

AND WHEREAS on December 10, 2009, the Commission ordered that the hearing on the merits of this matter (the "Merits Hearing") shall commence on February 1, 2010;

AND WHEREAS on January 29, 2010, the Commission ordered that the Merits Hearing be adjourned sine die pending the release of the Commission's decision on the Motion;

AND WHEREAS on February 9, 2010, the Commission issued a decision on the Motion (the "Disclosure Decision");

AND WHEREAS Boock commenced an Application for Judicial Review before the Superior Court of Justice (Divisional Court) of the Disclosure Decision ("JR Application");

AND WHEREAS counsel for Boock advised the Commission at an attendance on February 24, 2010 that the Divisional Court had advised that it was expected that the JR Application could be heard in advance of the dates scheduled for the commencement of a hearing into the merits of this matter;

AND WHEREAS on February 24, 2010, the Commission made an order that:

a) the Disclosure Decision be stayed on an interim basis until the earlier of the date of a decision on the merits in the JR Application or September 13, 2010, or until such further date as ordered by the Commission;

b) the parties shall attend at the offices of the Commission on September 13, 2010 at 9:00 a.m. to advise the Commission of the status of the determination of the JR Application (the "Status Hearing"); and

c) the Merits Hearing shall commence on October 18, 2010 and, excluding October 26, 2010, shall continue for three weeks until November 5, 2010 and thereafter on such dates as may be determined by the parties and the Office of the Secretary;

AND WHEREAS Boock is no longer represented by counsel and is currently acting in person;

AND WHEREAS on June 18, 2010, pursuant to Staff's request for an earlier Status Hearing, Staff, Boock, counsel to Stanton DeFreitas ("DeFreitas"), and counsel to Jason Wong ("Wong") attended before the Commission;

AND WHEREAS on June 18, 2010 Boock and Staff provided the Commission with a status update with respect to the JR Application and the Commission made an order adjourning the Status Hearing until June 29, 2010 to give Boock an opportunity to take steps toward perfecting the JR Application;

AND WHEREAS on June 29, 2010, Staff, Boock, counsel to DeFreitas and counsel to Wong attended before the Commission;

AND WHEREAS on June 29, 2010, upon hearing submissions from Staff and Boock, the Commission adjourned the Status Hearing until Thursday, July 15, 2010 at 10:00 a.m. to give Boock an opportunity to take further steps toward perfecting the JR Application;

AND WHEREAS on July 15, 2010, the Commission was advised that the JR Application had been perfected and that a hearing date of October 27, 2010 had been set by the Superior Court of Justice (Divisional Court) for the hearing of the JR Application;

AND WHEREAS on July 15, 2010, the Commission made an order that:

a) the dates for the Merits Hearing, previously set to commence on October 18, 2010, shall be vacated;

b) the Status Hearing currently scheduled for September 13, 2010 shall be vacated;

c) the Status Hearing shall be adjourned until November 29, 2010 at 9:30 a.m. at the offices of the Commission; and

d) the Disclosure Decision shall be stayed on an interim basis until the earlier of the date of a decision on the merits in the JR Application or November 29, 2010, or until such further date as ordered by the Commission

AND WHEREAS on October 27, 2010, the JR Application was heard by the Superior Court of Justice (Divisional Court);

AND WHEREAS on that same date, the Superior Court of Justice (Divisional Court) dismissed the JR Application (the "JR Decision");

AND WHEREAS on November 29, 2010, the Commission held a Status Hearing in this matter, and Staff, Boock and counsel for Wong attended;

AND WHEREAS Boock advised that he intends to retain counsel for purposes of the Merits Hearing;

AND WHEREAS Staff submitted that the appeal period in respect of the JR Decision had expired;

AND WHEREAS Staff advised and Boock has confirmed that he had not taken steps in respect of an appeal of the JR Decision;

AND WHEREAS Boock advised that he consents to the release of the material that is subject to the Disclosure Decision;

AND WHEREAS Staff advised that it was seeking to schedule dates for the Merits Hearing and requested that the Status Hearing be adjourned to January 27, 2011 to give the parties an opportunity to agree upon such dates;

AND WHEREAS Staff advised that it would renew its efforts to contact all of the Respondents in respect of setting a date for the Merits Hearing, including those Respondents who have not participated to date in this proceeding;

AND WHEREAS on November 29, 2010, the Commission ordered that:

a) the Stay shall lapse as of that date;

b) the Status Hearing shall be adjourned until January 27, 2011 at 2 p.m. at the offices of the Commission, or such other date as may be agreed upon by the parties and fixed by the Office of the Secretary; and

c) the Status Hearing may be conducted in writing in advance of January 27, 2011, by way of a draft consent order filed with the Commission setting dates for the Merits Hearing, provided that matters that might otherwise be subject to the Status Hearing do not require an attendance before the Commission;

AND WHEREAS on January 27, 2011, the Commission held a Status Hearing in this matter attended by Staff, counsel for Wong and counsel for DeFreitas;

AND WHEREAS Boock advised Staff in advance of the Status Hearing that he would not be attending but that he intends to retain counsel in this matter in the next 30 days;

AND WHEREAS counsel to Pharm Control Ltd. advised Staff in advance of the Status Hearing that Pharm Control Ltd. would not be in attendance at the Status Hearing;

AND WHEREAS no other Respondents attended or otherwise responded to notice of the Status Hearing;

AND WHEREAS Staff confirmed to the Commission that it took steps to serve all of the Respondents with notice of the Status Hearing at the last known address(es) for each;

AND WHEREAS Staff recently obtained and disclosed new evidence in this matter;

AND WHEREAS Staff requested that the Commission convene a pre-hearing conference for the parties to give consideration to the evidentiary and other hearing related issues in this matter;

AND WHEREAS on January 27, 2011, the Commission ordered that a pre-hearing conference be held on Thursday, March 3, 2011 at 10:00 a.m.;

AND WHEREAS on March 1, 2011, the Commission ordered that a pre-hearing conference be adjourned to Tuesday, April 19, 2011 at 10:00 a.m.;

AND WHEREAS on April 19, 2011, counsel for DeFreitas, counsel for Wong and Staff attended for the purpose of having a pre-hearing conference but Boock was unable to attend;

AND WHEREAS on April 19, 2011, counsel for DeFreitas, counsel for Wong and Staff requested that the pre-hearing conference be adjourned to Tuesday, May 24, 2011 at 3:30 p.m.;

AND WHEREAS on April 19, 2011, the Commission ordered that a pre-hearing conference be held on Tuesday, May 24, 2011 at 3:30 p.m.;

AND WHEREAS on May 24, 2011, counsel for DeFreitas, counsel for Wong and Staff attended for the purpose of having a pre-hearing conference but Boock was unable to attend;

AND WHEREAS on May 24, 2011, it was ordered that the hearing on the merits shall commence on February 1, 2012 at 10:00 a.m., and shall continue on February 2, 3, 6, 7, 8, 9, 10, 13, 15, 16, 17, 21, 22, and 23, 2012;

AND WHEREAS on May 24, 2011, it was further ordered that the parties attend before the Commission on October 5, 2011 at 10:00 a.m. for a status hearing;

AND WHEREAS on October 5, 2011, the Commission held a status hearing in this matter attended by Staff and counsel for DeFreitas;

AND WHEREAS Boock advised Staff in advance of the status hearing that he would not be attending;

AND WHEREAS counsel to Wong advised Staff in advance of the status hearing that he would not be attending;

AND WHEREAS on October 5, 2011, Staff requested that another status hearing be scheduled for December 5, 2011 and counsel for DeFreitas consented to scheduling another status hearing;

AND WHEREAS on December 5, 2011, a status hearing was held;

AND WHEREAS on February 1, 2012, Boock brought a motion to adjourn the hearing on the merits for 30 days on the grounds that Staff made late disclosure of evidence and a witness list;

AND WHEREAS on the same date the respondent, Alex Khodjaiants, advised the panel of the proper spelling of his name (improperly spelled in the title of proceeding) (hereinafter, "Khodjaiants");

AND WHEREAS counsel for Khodjaiants brought a motion to adjourn the hearing on the merits until May 2012 to permit Khodjaiants to retain him for representation at the hearing on the merits;

AND WHEREAS the Commission heard submissions from Boock, counsel for Khodjaiants, and Staff and reviewed the chronology of events filed by Staff;

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

IT IS HEREBY ORDERED that the title of proceeding be amended to change "Alex Khodjiaints" to "Alex Khodjaiants";

AND IT IS FURTHER ORDERED that the hearing on the merits, previously set to commence on February 1, 2012, is adjourned until February 8, 2012;

AND IT IS FURTHER ORDERED that the hearing dates of February 3, 6, 7 and 13, 2012 are vacated;

AND IT IS FURTHER ORDERED that the hearing on the merits shall commence on February 8, 2012 at 1:00 p.m. and continue as follows:

- February 8, 2012 – 1:00 p.m. to 5.30 p.m.
- February 9, 2012 – 9:00 a.m. to 12:00 p.m. and 3:15 p.m. to 5:30 p.m.
- February 10, 15, 16, 17, 2012 – 10:00 a.m. to 4:30 a.m.
- February 21, 2012 – 11:00 a.m. to 5.30 p.m.
- February 22, 23, 27, 29, and March 2, 5, 6, and 23, 2012 – 10:00 a.m. to 4:30 p.m.

at the offices of the Commission, 20 Queen Street West, 17th floor, Toronto.

Dated at Toronto, this 3rd day of February, 2012.

"Vern Krishna"

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

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

AND

**IN THE MATTER OF
HEIR HOME EQUITY INVESTMENT REWARDS INC.; FFI FIRST FRUIT INVESTMENTS INC.; WEALTH BUILDING MORTGAGES INC.; ARCHIBALD ROBERTSON; ERIC DESCHAMPS; CANYON ACQUISITIONS, LLC; CANYON ACQUISITIONS INTERNATIONAL, LLC; BRENT BORLAND; WAYNE D. ROBBINS; MARCO CARUSO; PLACENCIA ESTATES DEVELOPMENT, LTD.; COPAL RESORT DEVELOPMENT GROUP, LLC; RENDEZVOUS ISLAND, LTD.; THE PLACENCIA MARINA, LTD.; AND THE PLACENCIA HOTEL AND RESIDENCES LTD.**

**ORDER
(Sections 127(1) and 127.1)**

WHEREAS on March 29, 2011, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended in connection with a Statement of Allegations filed by Staff of the Commission ("Staff") on March 29, 2011 in respect of HEIR Home Equity Investment Rewards Inc., FFI First Fruit Investments Inc., Wealth Building Mortgages Inc., Archibald Robertson, Eric Deschamps (collectively, the "HEIR Respondents") and Canyon Acquisitions, LLC, Canyon Acquisitions International, LLC, Brent Borland, Wayne D. Robbins, Marco Caruso, Placencia Estates Development, Ltd., Copal Resort Development Group, LLC, Rendezvous Island, Ltd., The Placencia Marina, Ltd. and The Placencia Hotel and Residences Ltd. (collectively, the "Canyon Respondents");

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

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

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

AND WHEREAS on May 17, 2011, a first appearance on this matter was held before the Commission, at which Staff attended, counsel from Borden Ladner Gervais LLP attended on behalf of all of the HEIR Respondents, and counsel from Cassels Brock & Blackwell LLP attended on behalf of all of the Canyon Respondents, and at that first attendance, Staff submitted that the hearing on the merits should be scheduled at a future pre-hearing conference or at a subsequent attendance;

AND WHEREAS on May 17, 2011, the Commission ordered that the hearing be adjourned to June 28, 2011 at 10:00 a.m., or to such other date as may be agreed to by the parties and fixed by the Office of the Secretary, for the purpose of addressing scheduling and any other procedural matters or for such other purposes as may be requested;

AND WHEREAS on June 28, 2011, Staff and counsel for the HEIR Respondents attended, and Staff advised the Commission that counsel for the Canyon Respondents, while not in attendance, had recently indicated that the Canyon Respondents would likely retain new counsel in the near future to represent them before the Commission;

AND WHEREAS on June 28, 2011, the Commission ordered that the hearing be adjourned to July 19, 2011 at 2:30 p.m., for the purpose of addressing scheduling and any other procedural matters or for such other purposes as may be requested;

AND WHEREAS on July 19, 2011, McCarthy Tétrault LLP served notice that it had been engaged to represent the Canyon Respondents as of that date;

AND WHEREAS at the attendance before the Commission on July 19, 2011, counsel from McCarthy Tétrault LLP attended on behalf of the Canyon Respondents and confirmed the firm's engagement;

AND WHEREAS at the attendance before the Commission on July 19, 2011, counsel made submissions regarding the scheduling of a further status conference or a pre-hearing conference in light of McCarthy Tétrault LLP having been retained that day and the on-going investigation by the Commission;

AND WHEREAS on July 19, 2011, the Commission ordered that the hearing be adjourned to August 22, 2011 at 10:00 a.m. for the purpose of discussing scheduling and any other procedural matters or for such other purposes as may be appropriate;

AND WHEREAS on August 22, 2011, Staff and counsel for each of the HEIR Respondents and the Canyon Respondents appeared and made submissions regarding the scheduling of a pre-hearing conference, and the Commission ordered that a pre-hearing conference be held on Tuesday, October 11, 2011 at 3:30 p.m.;

AND WHEREAS on October 11, 2011, Staff and counsel for each of the HEIR Respondents and the Canyon Respondents appeared before the Commission for a confidential pre-hearing conference and the Commission ordered that a further pre-hearing conference be held on Tuesday, December 20, 2011 at 2:30 p.m.;

AND WHEREAS on December 2, 2011, Norton Rose LLP served notice that it had been retained on behalf of Eric Deschamps ("Deschamps"), and as of that date, Deschamps is no longer included in the defined term "HEIR Respondents" used herein;

AND WHEREAS on December 20, 2011 Staff and counsel for each of the HEIR Respondents, the Canyon Respondents and Deschamps appeared before the Commission for a confidential pre-hearing conference, and the Commission ordered that a further pre-hearing conference be held on February 1, 2012 at 9:00 a.m. for the purpose of confirming September 10, 2012 as the target date for the commencement of the hearing on the merits and the schedule for such hearing;

AND WHEREAS on February 1, 2012 Staff and counsel for each of the HEIR Respondents, the Canyon Respondents and Deschamps appeared before the Commission for a confidential pre-hearing conference, and made submissions regarding the scheduling of the hearing on the merits and further pre-hearing conferences;

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

IT IS ORDERED that:

(a) A further pre-hearing conference shall be held on Wednesday, March 14, 2012 at 9:30 a.m. for the purpose of confirming November 5, 2012 as the date for the commencement of the hearing on the merits, and the schedule for such hearing, currently expected to last approximately four weeks; and

(b) A further pre-hearing conference shall be held on Friday, September 14, 2012 at 10:00 a.m. to address any pre-hearing issues.

DATED at Toronto this 1st day of February, 2012.

"Christopher Portner"

2.2.11 Vincent Ciccone and Medra Corp. – Rule 6.7 of the OSC Rules of Procedure

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

AND

IN THE MATTER OF
VINCENT CICCONE AND MEDRA CORP.

ORDER
(Pre-Hearing Conference – Rule 6.7 of the Ontario Securities Commission Rules of Procedure)

WHEREAS on October 3, 2011, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing (the "Notice of Hearing") pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), accompanied by a Statement of Allegations dated September 30, 2011 filed by Staff of the Commission ("Staff") with respect to Vincent Ciccone ("Ciccone") and Medra Corp. ("Medra") (the "Statement of Allegations");

WHEREAS on November 1, 2011, the Commission ordered that the matter be adjourned to a confidential pre-hearing conference to be held December 16, 2011 at 10:00 a.m.;

AND WHEREAS on December 16, 2011, the Commission ordered that this matter be adjourned to a confidential pre-hearing conference to be held on February 1, 2012 at 10:30 a.m.;

AND WHEREAS on February 1, 2012, counsel for Staff and counsel for the Respondent, Ciccone appeared before the Commission and no-one appeared on behalf of Medra;

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

IT IS HEREBY ORDERED THAT this matter is adjourned to a confidential pre-hearing conference to be held on March 7, 2012 at 11:00 a.m. or to such other date or time as set by the Office of the Secretary and agreed to by the parties.

DATED at Toronto this 1st day of February, 2012.

"James E. A. Turner"

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

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

AND

IN THE MATTER OF
CICCONE GROUP, MEDRA CORP. (a.k.a. MEDRA CORPORATION), 990509 ONTARIO INC., TADD FINANCIAL INC., CACHET WEALTH MANAGEMENT INC., VINCENT CICCONE (a.k.a. VINCE CICCONE), DARRYL BRUBACHER, ANDREW J. MARTIN, STEVE HANEY, KLAUDIUSZ MALINOWSKI, AND BEN GIANGROSSO

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

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

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

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

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

AND WHEREAS 990509 (now named Ciccone Group Inc.) made an assignment into bankruptcy on November 30, 2010;

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

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

AND WHEREAS on August 10, 2011, the Commission extended the Temporary Order as against Ciccone Group, Medra, 990509 (now named Ciccone Group Inc.), Ciccone, Tadd, Brubacher and Martin to September 30, 2011 and adjourned the hearing to September 29, 2011;

AND WHEREAS on September 29, 2011, the Commission extended the Temporary Order as against Ciccone Group, Medra, 990509 (now named Ciccone Group Inc.), Ciccone, Tadd, Brubacher and Martin to November 2, 2011 and adjourned the hearing to November 1, 2011;

AND WHEREAS on November 1, 2011, the Commission ordered that the title of the proceedings of the Temporary Order be amended to replace Vince Ciccone with Vincent Ciccone (a.k.a Vince Ciccone) and to replace Medra Corporation with Medra Corp. (a.k.a. Medra Corporation), that the Temporary Order as against Vincent Ciccone (a.k.a Vince Ciccone), Medra Corp. (a.k.a. Medra Corporation), Tadd, Brubacher and Martin be extended to February 2, 2012 and that the hearing be adjourned to February 1, 2012;

AND WHEREAS on February 1, 2012, Staff and counsel for Ciccone appeared before the Commission and made submissions;

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

AND WHEREAS counsel for Ciccone advised the Commission that Ciccone does not oppose an extension of the Temporary Order until May 4, 2012;

AND WHEREAS the Commission was satisfied that Staff served notice of this hearing on Medra Corp. (a.k.a. Medra Corporation);

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

IT IS HEREBY ORDERED pursuant to subsections 127 (7) and (8) of the Act that the Temporary Order is extended as against Vincent Ciccone (a.k.a Vince Ciccone), Medra Corp. (a.k.a. Medra Corporation), Tadd, Brubacher and Martin to May 4, 2012;

IT IS FURTHER ORDERED that the hearing is adjourned to May 3, 2012 at 10:00 a.m. or to such other date or time as may be set by the Office of the Secretary and agreed to by the parties.

DATED at Toronto this 1st of February, 2012.

"James E. A. Turner"

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

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

AND

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

ORDER
(Section 127 of the Securities Act)

WHEREAS on June 8, 2010, the Commission issued a Notice of Hearing pursuant to sections 37, 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") accompanied by a Statement of Allegations dated June 8, 2010, issued by Staff of the Commission ("Staff") with respect to Global Energy Group, Ltd. ("Global Energy"), New Gold Limited Partnerships, ("New Gold"), Christina Harper ("Harper"), Michael Schaumer ("Schaumer"), Elliot Feder ("Feder"), Vadim Tsatskin ("Tsatskin"), Oded Pasternak ("Pasternak"), Alan Silverstein ("Silverstein"), Herbert Groberman ("Groberman"), Allan Walker ("Walker"), Peter Robinson ("Robinson"), Vyacheslav Brikman ("Brikman"), Nikola Bajovski ("Bajovski"), Bruce Cohen ("Cohen") and Andrew Shiff ("Shiff") (collectively, the "Respondents");

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

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

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

AND WHEREAS on August 18, 2010, Harper brought a motion pursuant to Rule 3 of the Commission's *Rules of Procedure* (2009), 32 O.S.C.B. 1991 ("**Rules**"), seeking the following relief: (i) that her name be struck from the style of cause in the proceeding; (ii) that she be given immunity as a victim in this matter; and (iii) that the Commission "close the book on any potential form of future prosecution" against her in relation to this matter;

AND WHEREAS on August 27, 2010, a hearing was held before the Commission to consider the Motion;

AND WHEREAS, on August 27, 2010, after considering the oral submissions of Harper and counsel for Staff, the Commission ruled that it would not be in the public interest to grant the Motion, considering that:

(i) Harper's submissions can best be considered by the Panel dealing with the hearing on the merits in this matter, at which time Harper will have an opportunity to challenge all of Staff's allegations, to cross-examine Staff's witnesses, and to bring evidence forward about how she viewed her role in the events at issue in this matter;

(ii) should the Panel dealing with the hearing on the merits find that Staff's allegations against Harper have been sustained, Harper will have an opportunity, at a sanctions and costs hearing, to bring evidence forward about the effect of the events at issue on her subsequent health;

(iii) the Statement of Allegations and Notice of Hearing, dated June 8, 2010, do not list Harper's name first on the style of cause; and

(iv) it is not legally possible for a Panel of the Commission to grant the forward-looking immunity sought by Harper;

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

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

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

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

AND WHEREAS on February 16, 2011, upon hearing submissions from Staff, Schaumer, Shiff and counsel for Feder, it was ordered that the hearing be adjourned to May 3, 2011 at 10:00 a.m. for a pre-hearing

conference to set the dates for the hearing on the merits, and that Staff would renew efforts to obtain an effective address for service on Bajovski and Cohen;

AND WHEREAS on May 3, 2011, it was ordered that the hearing on the merits shall commence on January 18, 2012 at 10:00 a.m., and shall continue on January 19, 20, 23, 24, 25, 26, 27 and 30, 2012 and February 1, 2, 3, 6, 7, 8, 9, and 10, 2012;

AND WHEREAS on May 3, 2011, it was further ordered that the parties attend before the Commission on July 11, 2012 at 10:00 a.m., for a status hearing;

AND WHEREAS on July 11, 2011, it was ordered that the parties attend before the Commission on September 26, 2011 at 10:00 a.m. for a status hearing, and for the hearing of a proposed motion by Harper;

AND WHEREAS on September 1, 2011, the Commission approved settlement agreements between Staff and each of Pasternak, Walker and Brikman;

AND WHEREAS on September 26, 2011, Harper brought a motion pursuant to Rule 3 of the Commission's Rules, seeking substantively similar relief as that sought in her August 18, 2010, motion;

AND WHEREAS, on September 26, 2011, after considering Harper's motion materials, Staff's written submissions and the oral submissions of Harper and counsel for Staff, it was the Commission's opinion that it would not be in the public interest to grant the Motion, considering that:

(i) the Commission was not satisfied that it is in the public interest to vary or revoke the August 2010 Motion Order or the Temporary Order as requested by Harper in the September 2011 Motion; and

(ii) Harper's submissions can best be considered by the Panel dealing with the hearing on the merits, at which time Harper will have an opportunity to respond to all of Staff's allegations in this matter;

AND WHEREAS on November 28, 2011, the Commission approved a settlement agreement between Staff and Silverstein;

AND WHEREAS on November 29, 2011, the Commission approved a settlement agreement between Staff and Schaumer;

AND WHEREAS on December 15, 2011, the Commission advised the parties that the following hearing dates would be vacated: January 18 to 20, 27, and February 9 and 10, 2012;

AND WHEREAS on January 20, 2012, the Commission approved a settlement agreement between Staff and Feder;

AND WHEREAS on January 23, 2012, the hearing of the merits commenced with Shiff and counsel for Staff in attendance, no other Respondents attending despite being given notice (the "Merits Hearing");

AND WHEREAS at the commencement of the Merits Hearing Staff issued an Amended Statement of Allegations;

AND WHEREAS on February 2, 2012, Staff provided the Commission with the Affidavit of Charlene Rochman, affirmed February 2, 2012, outlining communications between Harper and Staff concerning Harper's intention to participate in the Merits Hearing;

AND WHEREAS on February 3, 2012, counsel for Staff advised that on the evening of February 2, 2012, Harper sent an email to Staff stating that she would not attend the Merits Hearing on February 3, 2012, and that she had retained counsel that day and needed to meet with counsel in the following week;

AND WHEREAS Harper did not attend the Merits Hearing on February 3, 2012;

AND WHEREAS the evidentiary portion of the Merits Hearing is not scheduled to continue beyond February 8, 2012, leaving only final legal submissions from the parties;

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

IT IS ORDERED that:

1. Harper is to provide the Office of the Secretary the name and contact information of her counsel no later than February 10, 2012;

2. Harper, or her counsel, is to provide the Office of the Secretary, no later than February 17, 2012, the dates up to April 30, 2012, on which Harper, or her counsel, would be available to attend a continuation of the Merits Hearing; and

3. If the requested information is not provided to the Office of the Secretary in accordance with this Order, the Merits Hearing will resume after February 8, 2012, for the purpose of hearing final submissions from the parties.

DATED at Toronto this 7th day of February, 2012.

"Paulette L. Kennedy"

"Judith N. Robertson"

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Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions, Orders and Rulings

3.1.1 Bruce Carlos Mitchell

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

AND

IN THE MATTER OF
BRUCE CARLOS MITCHELL

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN STAFF OF
THE ONTARIO SECURITIES COMMISSION AND
BRUCE CARLOS MITCHELL

PART I – INTRODUCTION

1. By Notice of Hearing dated November 22, 2011, the Ontario Securities Commission (the "Commission") announced that it proposed to hold a hearing to consider whether, pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), it is in the public interest for the Commission to make certain orders in respect of Bruce Carlos Mitchell (the "Respondent" or "Mitchell").

PART II – JOINT SETTLEMENT RECOMMENDATION

2. Staff of the Commission ("Staff") recommend settlement with the Respondent of the proceeding commenced by Notice of Hearing dated November 22, 2011 (the "Proceeding") according to the terms and conditions set out in Part V of this Settlement Agreement. The Respondent agrees to the making of an order in the form attached as Schedule "A", based on the facts set out below.

PART III – AGREED FACTS

3. Solely for the purposes of this proceeding, and any other regulatory proceeding commenced by securities regulatory authorities in Canada, the Respondent agrees with the facts as set out in Part III of this Settlement Agreement. Part III includes Schedule "1" to the Settlement Agreement.

A. THE RESPONDENT

4. Mitchell is a resident of Ottawa, Ontario.

B. ACQUISITION OF SHARES BY MITCHELL

5. Between December 29, 2006 and December 31, 2008 (the "material period"), Mitchell maintained at least 16 personal trading accounts at numerous brokerage firms (the "Personal Trading Accounts"). In addition, Mitchell maintained discretionary trading authority over at least 12 brokerage accounts in the names of other individuals (the "Trading Authority Accounts" and collectively with the Personal Trading Accounts, the "Trading Accounts").

6. Mitchell had beneficial ownership of and/or control or direction over the securities held in the Trading Accounts for the purposes of Ontario securities law.

7. During the material period, Mitchell directed trading in securities in the Trading Accounts in, *inter alia*, four companies (each an "Issuer Company"), namely:

(a) Imaging Dynamics Company Ltd.;

(b) Midnight Oil Exploration Ltd.;

(c) Solara Exploration Ltd.; and

(d) WIN Energy Corp.

8. During the material period, each Issuer Company was an issuer that was a reporting issuer in Ontario and the securities of each Issuer Company were voting or equity securities, within the meaning of the Act.

9. Mitchell acquired in excess of 10 percent of the outstanding securities of each Issuer Company during the material period.

C. FAILURE TO COMPLY WITH REPORTING REQUIREMENTS

10. Mitchell contravened Ontario securities law and engaged in conduct contrary to the public interest during the material period as described below and more particularly described in Schedule "1":

(a) On numerous occasions, Mitchell contravened the early warning requirements of Ontario securities law by,

(i) failing to file on a timely basis or at all, or filing a report containing inaccurate information, an early warning report and news release, contrary to former subsection 101(1) of the Act for the period prior to February 1, 2008 and subsection 102.1(1) of the Act for periods on or after February 1, 2008, in relation to the acquisition of 10 percent or more of the outstanding voting or equity securities of an Issuer Company;

(ii) failing to file on a timely basis or at all, or filing a report containing inaccurate information, an early warning report and news release, contrary to former subsection 101(2) of the Act for the period prior to February 1, 2008 and subsection 102.1(2) of the Act for periods on or after February 1, 2008, in relation to the additional acquisition of two percent or more of the outstanding voting or equity securities of an Issuer Company; and

(iii) failing to comply with the trading moratorium, imposed by former subsection 101(3) of the Act for the period prior to February 1, 2008 and subsection 102.1(3) of the Act for periods on or after February 1, 2008, in relation to the acquisition of outstanding voting or equity securities of an Issuer Company in respect of which an early warning report was required to be filed;

(b) On multiple occasions, Mitchell failed to comply with the take-over bid requirements contained in Part XX of the Act and the regulations made thereunder in relation to the acquisition of 20 percent or more of the outstanding voting or equity securities of an Issuer Company;

(c) On numerous occasions, Mitchell failed to comply with the insider reporting requirements of Ontario securities law by failing to file on a timely basis or at all, or filing a report containing inaccurate information,

(i) an insider report within 10 days of becoming an insider of an Issuer Company disclosing any direct or indirect beneficial ownership of, or control or direction over, securities of an Issuer Company and such other disclosure required by the regulations, as required by subsection 107(1) of the Act; and

(ii) an insider report within 10 days of a change in the direct or indirect beneficial ownership of, or control or direction over, securities of an Issuer Company as required by subsection 107(2) of the Act; and

(d) On multiple occasions, Mitchell traded in securities of an Issuer Company at a time when, by virtue of his holdings of securities in that Issuer Company, he was presumed to be a "control person", as defined in subsection 1(1) of the Act, in relation to that Issuer Company, with the result that any trade out of his holdings would be a "distribution" of such securities subject to the prospectus requirements of Ontario securities law. On these occasions, Mitchell failed to comply with the prospectus requirements or the conditions to the exemption from the prospectus requirements in section 2.8 of National Instrument 45-102 *Resale of Securities*, including filing a Form 45-102F1, *Notice of Intention of Distribution Securities under Section 2.8 of NI 45-102 Resale of Securities*.

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

11. By engaging in the conduct described above, Mitchell admits and acknowledges that he contravened Ontario securities law and acted contrary to the public interest.

PART V – TERMS OF SETTLEMENT

12. The Respondent agrees to the following terms set out in paragraphs 13 and 14 of this Settlement Agreement.

13. The Commission will make an order pursuant to sections 127(1) and 127.1 of the Act as follows:

    (a) the Settlement Agreement is hereby approved;

    (b) pursuant to clauses 2 and 2.1 of subsection 127(1) of the Act, the Respondent shall cease trading in, and the acquisition of, any securities for a period of two years with the exception that, once Mitchell has complied with the undertakings contained in clauses (a), (b), (c), and (d) of paragraph 14, below, he is permitted to trade in and acquire securities in accounts held in his name only or in the name of Forwarders Properties Ltd. ("Forwarders Properties")[1], through any account with any registered representative that is a member of the Investment Industry Regulatory Organization of Canada ("IIROC");

    (c) pursuant to clause 3 of subsection 127(1) of the Act, any exemptions in Ontario securities law do not apply to the Respondent for a period of two years except for trades undertaken by the Respondent that are permitted pursuant to the exception provided for in clause (b), above;

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

    (e) pursuant to clauses 8, 8.2 and 8.4 of subsection 127(1) of the Act, that the Respondent be prohibited from becoming or acting as a director or officer of any issuer, registrant, or investment fund manager for a period of ten years, with the exception of any position he holds as a director or officer in Norwall Group Inc. or Forwarders Properties, both private issuers of which Mitchell is a director or officer as at the date of this Order;

    (f) pursuant to clause 8.5 of subsection 127(1) of the Act, that the Respondent is prohibited from becoming or acting as a registrant for a period of ten years;

    (g) pursuant to clause 9 of subsection 127(1) of the Act, that the Respondent pay an administrative penalty in the amount of $50,000 to the Commission for his non-compliance with Ontario securities law to be allocated under section 3.4(2)(b) to or for the benefit of third parties and such payment will be made by certified cheque at the time of the Commission's approval of this Settlement Agreement;

    (h) pursuant to section 127.1 of the Act, that the Respondent will make a payment of $20,000 to the Commission in respect of a portion of the Commission's costs with respect to this matter and such payment will be made by certified cheque at the time of the Commission's approval of this Settlement Agreement.

14. The Respondent shall provide a written undertaking to the Commission to do the following:

    (a) file[2] all outstanding insider and early warning reports or make alternative summary filings in a manner acceptable to Staff in respect of any transaction[3] undertaken by the Respondent during the period December 29, 2006 to the date of the Certification, as defined below, within 120 days of the date of this Order;

    (b) make payment to the Commission with respect to any fees attributable to the filings required by clause (a), above;

    (c) file with the Office of the Secretary certification, in a form acceptable to Staff, acknowledging that he has complied with the requirements of clause (a), above, (the "Certification") within 120 days of the date of this Order;

---

1 Forwarders Properties is a private issuer of which Mitchell is the sole shareholder, officer and director.

2 For the purposes of the Settlement Agreement, where appropriate, this could include filing on SEDAR, SEDI, or with the Commission.

3 For the purposes of the Settlement Agreement, a "transaction" shall include any transaction resulting in a change in the Respondent's beneficial ownership of, or power to exercise control or direction over, a security of any issuer that is a reporting issuer in Ontario, or a change in the Respondent's interest in or obligation associated with a derivative of a security of an issuer that is a reporting issuer in Ontario.

(d) retain and submit to a review by counsel from Fraser Milner Casgrain LLP, or such other consultant agreed to by Staff and the Respondent, of his trading activities and compliance practices at the sole expense of the Respondent and the Respondent will implement such changes as are recommended by the consultant to ensure that he is in compliance with his reporting and disclosure requirements under Ontario securities law within 120 days of the date of this Order;

(e) beginning on the date that the Certification is filed, the Respondent shall file additional certification, in a form acceptable to Staff, with the Office of the Secretary on a quarterly basis for a period of one year on dates to be agreed upon by Staff and the consultant acknowledging that he has complied with all applicable reporting and disclosure obligations under Ontario securities law in relation to all trading activities undertaken by him within the applicable time periods;

PART VI – STAFF COMMITMENT

15. If the Commission approves this Settlement Agreement, Staff will not commence any proceeding under Ontario securities law in relation to the facts set out in Part III of this Settlement Agreement, subject to the provisions of paragraph 16 below.

16. If the Commission approves this Settlement Agreement and the Respondent fails to comply with any of the terms of the Settlement Agreement, including the undertakings found in paragraph 14, above, Staff may bring proceedings under Ontario securities law against the Respondent. These proceedings may be based on, but are not limited to, the facts set out in Part III of this Settlement Agreement as well as the breach of the Settlement Agreement.

PART VII – PROCEDURE FOR APPROVAL OF SETTLEMENT

17. The parties will seek approval of this Settlement Agreement at a public hearing before the Commission, according to the procedures set out in this Settlement Agreement and the Commission's *Rules of Procedure*.

18. Staff and the Respondent agree that this Settlement Agreement will form all of the agreed facts that will be submitted at the settlement hearing on the Respondent's conduct, unless the parties agree that additional facts should be submitted at the settlement hearing.

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

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

21. Whether or not the Commission approves this Settlement Agreement, the Respondent will not use, in any proceeding, this Settlement Agreement or the negotiation or process of approval of this agreement as the basis for any attack on the Commission's jurisdiction, alleged bias, alleged unfairness, or any other remedies or challenges that may otherwise be available.

PART VIII – DISCLOSURE OF SETTLEMENT AGREEMENT

22. If the Commission does not approve this Settlement Agreement or does not make the order attached as Schedule "A" to this Settlement Agreement:

(a) this Settlement Agreement and all discussions and negotiations between Staff and the Respondent before the settlement hearing takes place will be without prejudice to Staff and the Respondent; and

(b) Staff and the Respondent will each be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing of the allegations contained in the Statement of Allegations. Any proceedings, remedies and challenges will not be affected by this Settlement Agreement, or by any discussions or negotiations relating to this agreement.

23. All parties will keep the terms of the Settlement Agreement confidential until the Commission approves the Settlement Agreement. At that time, the parties will no longer have to maintain confidentiality. If the Commission does not approve the Settlement Agreement, all parties must continue to keep the terms of the Settlement Agreement confidential, unless they agree in writing not to do so or if required by law.

PART IX– EXECUTION OF SETTLEMENT AGREEMENT

24. The parties may sign separate copies of this agreement. Together, these signed copies will form a binding agreement.

25. A fax copy of any signature will be treated as an original signature.

DATED this 31st day of January, 2012.

STAFF OF THE ONTARIO SECURITIES COMMISSION

"Karen Manarin"
Per Director, Enforcement Branch
Ontario Securities Commission

BRUCE CARLOS MITCHELL

"Bruce Carlos Mitchell"
Bruce Carlos Mitchell

"Shakir Salman"
Witness

Schedule "A"

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

AND

IN THE MATTER OF
BRUCE CARLOS MITCHELL

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN STAFF OF
THE ONTARIO SECURITIES COMMISSION AND
BRUCE CARLOS MITCHELL

ORDER
(Sections 127 and 127.1)

WHEREAS on November 22, 2011 the Ontario Securities Commission (the "Commission") issued a Notice of Hearing that it proposed to hold a hearing to consider whether it is in the public interest to make orders pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") in respect of Bruce Carlos Mitchell ("Mitchell" or the "Respondent");

AND WHEREAS on November 22, 2011, Staff of the Commission ("Staff") filed a Statement of Allegations with the Commission;

AND WHEREAS the Respondent entered into a Settlement Agreement dated January 31, 2012 in relation to the matters set out in the Statement of Allegations;

AND WHEREAS the Commission issued a Notice of Hearing dated January 27, 2012, announcing that it proposed to consider the Settlement Agreement;

UPON reviewing the undertaking provided by the Respondent and attached as Schedule 1;

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

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

IT IS HEREBY ORDERED, THAT:

(a) the Settlement Agreement is hereby approved;

(b) pursuant to clauses 2 and 2.1 of subsection 127(1) of the Act, the Respondent shall cease trading in, and the acquisition of, any securities for a period of two years with the exception that, once Mitchell has complied with the undertakings contained in clauses (a), (b), (c), and (d) of Schedule "1" to this Order, attached hereto, he is permitted to trade in and acquire securities in accounts held in his name only or in the name of Forwarders Properties Ltd. ("Forwarders Properties")[1], through any account with any registered representative that is a member of the Investment Industry Regulatory Organization of Canada ("IIROC");

(c) pursuant to clause 3 of subsection 127(1) of the Act, any exemptions in Ontario securities law do not apply to the Respondent for a period of two years except for trades undertaken by the Respondent that are permitted pursuant to the exception provided for in clause (b), above;

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

(e) pursuant to clauses 8, 8.2 and 8.4 of subsection 127(1) of the Act, that the Respondent be prohibited from becoming or acting as a director or officer of any issuer, registrant, or investment fund manager for a period of

[1] Forwarders Properties is a private issuer of which Mitchell is the sole shareholder, officer and director.

ten years, with the exception of any position he holds as a director or officer in Norwall Group Inc. or Forwarders Properties, both private issuers of which Mitchell is a director or officer as at the date of this Order;

(f) pursuant to clause 8.5 of subsection 127(1) of the Act, that the Respondent is prohibited from becoming or acting as a registrant for a period of ten years;

(g) pursuant to clause 9 of subsection 127(1) of the Act, that the Respondent pay an administrative penalty in the amount of $50,000 to the Commission for his non-compliance with Ontario securities law to be allocated under section 3.4(2)(b) to or for the benefit of third parties and such payment will be made by certified cheque at the time of the Commission's approval of this Settlement Agreement;

(h) pursuant to section 127.1 of the Act, that the Respondent will make a payment of $20,000 to the Commission in respect of a portion of the Commission's costs with respect to this matter and such payment will be made by certified cheque at the time of the Commission's approval of this Settlement Agreement.

DATED at Toronto this _____ day of January, 2012

_____

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Chapter 4

Cease Trading Orders

4.1.1 Temporary, Permanent & Rescinding Issuer Cease Trading Orders

Company Name	Date of Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/Revoke
Gamecorp Ltd.	06 Feb 12	17 Feb 12		

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
Pacrim International Capital Inc.	30 Dec 11	11 Jan 12	11 Jan 12		

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Chapter 5

Rules and Policies

5.1.1 Notice of Amendments to NI 81-102 Mutual Funds, Companion Policy 81-102CP, NI 81-106 Investment Fund Continuous Disclosure, NI 81-101 Mutual Fund Prospectus Disclosure and NI 41-101 General Prospectus Requirements

NOTICE OF AMENDMENTS TO
NATIONAL INSTRUMENT 81-102 *MUTUAL FUNDS*
AND COMPANION POLICY 81-102CP

AND TO

NATIONAL INSTRUMENT 81-106 *INVESTMENT FUND CONTINUOUS DISCLOSURE*

AND TO

NATIONAL INSTRUMENT 81-101 *MUTUAL FUND PROSPECTUS DISCLOSURE*

AND TO

NATIONAL INSTRUMENT 41-101 *GENERAL PROSPECTUS REQUIREMENTS*

February 9, 2012

Introduction

The Canadian Securities Administrators (the CSA or we), are making amendments (the Amendments) to the following rules and policy:

- National Instrument 81-102 *Mutual Funds* (NI 81-102) and Companion Policy 81-102CP – *To National Instrument 81-102 Mutual Funds* (81-102CP);
- National Instrument 81-106 *Investment Fund Continuous Disclosure* (NI 81-106);
- National Instrument 81-101 *Mutual Fund Prospectus Disclosure* (NI 81-101);
- National Instrument 41-101 *General Prospectus Requirements* (NI 41-101).

Subject to Ministerial approval requirements, the Amendments come into force or into effect on April 30, 2012.

Adopting the Amendments completes the first phase of the CSA's project to modernize the product regulation of publicly offered investment funds (the Modernization Project). The Amendments to NI 81-101 and NI 81-102 only affect mutual funds that are reporting issuers, while the Amendments to NI 81-106 and NI 41-101 affect all investment funds that are reporting issuers.

The Modernization Project is a two-phase project whose mandate is to review the product regulation of publicly offered investment funds and to consider whether our current regulatory approach sufficiently addresses product and market developments in the Canadian investment fund industry, and continues to adequately protect investors.[1]

The Amendments for this first phase of the Modernization Project were published for comment on June 25, 2010 (the 2010 Proposal) and codify exemptive relief that has been frequently granted by the CSA to recognize market and product developments over the years, particularly the proliferation of exchange-traded mutual funds (ETFs). The Amendments also update the rules to reflect developing global standards in mutual fund product regulation, in particular, requirements related to money market funds.

[1] The two phases of the Modernization Project, along with anticipated timelines, were recently discussed in CSA Staff Notice 81-322 – *Status Report on the Implementation of the Modernization of Investment Fund Product Regulation Project and Request for Comment on Phase 2 Proposals* published on May 27, 2011.

The objective of the second phase of the Modernization Project is to identify and address any market efficiency, investor protection or fairness issues that arise out of the differing regulatory regimes that apply to different types of publicly offered investment funds. With a view to achieving fair and consistent product regulation across the retail investment fund spectrum, the CSA intend to propose new restrictions and operational requirements for non-redeemable investment funds (such as closed-end funds), that are similar to existing requirements for mutual funds and ETFs under NI 81-102.

The Amendments have been, or are expected to be, adopted by each member of the CSA.

The text of the Amendments follows this Notice and can be obtained on the websites of members of the CSA.

Substance and Purpose of the Amendments

The Amendments codify exemptive relief that we frequently grant to mutual funds and exchange-traded mutual funds under NI 81-102 and other investment fund rules. They reflect the current views of the CSA and help to modernize our investment fund rules by making the requirements more effective and relevant in today's more diverse and increasingly innovative retail fund marketplace. The Amendments also include a number of minor drafting changes generally intended to clarify and update NI 81-102.

ETFs

Since the coming into force of NI 81-102 in February 2000, the range of publicly-offered investment fund products governed by the NI 81-102 regime has expanded. ETFs in continuous distribution have proliferated, with assets under management growing from approximately $6 billion in December 2000 to approximately $40 billion in September 2011. ETFs not in continuous distribution, which are mutual funds that issue a finite number of securities under an initial public offering, have also gained popularity with retail investors.

The Amendments are intended to accommodate the different operations and distribution of ETFs within the NI 81-102 regime. They achieve this by eliminating the need for ETFs to routinely seek exemptive relief from certain prescribed purchase and redemption processes and other operational requirements designed primarily for open-end conventional mutual funds sold through the mutual fund dealer network. We anticipate the Amendments will benefit ETFs and their investors by eliminating the regulatory costs and delays associated with obtaining exemptive relief. This more expeditious access to market will promote market efficiency.

Short-selling and specified derivatives

The Amendments add new section 2.6.1 of NI 81-102 which permits mutual funds to short sell securities subject to a cap of 20% of their net asset value. The ability to use this investment strategy, previously permitted through exemptive relief, may be beneficial for mutual funds by giving them the potential to earn returns in declining markets. In connection with this change, we are adding a custodial requirement relating to short sales, and are amending the relevant prospectus forms under NI 81-101 and NI 41-101 to require disclosure of the use of short-selling strategies and of the related risks.

The Amendments also provide mutual funds with more flexibility in their use of specified derivatives by expanding what qualifies as cash cover for such purposes and by removing term limits on specified derivatives. The expanded range of cash cover, which now includes securities of money market funds and certain floating rate notes, will allow mutual funds to more effectively manage their cash cover by enabling them to hold additional instruments that are diversified, cost-effective and that potentially have a higher yield.

Fund of fund

The Amendments revise section 2.5 of NI 81-102 to now permit mutual funds to invest in underlying mutual funds that are reporting issuers in the local jurisdiction, as opposed to only those with a current offering prospectus. They also give mutual funds the ability to invest in a two-tier mutual fund provided this fund is a 'clone fund' whose objective is to track the performance of one underlying mutual fund.

Money market funds

The Amendments introduce new investment restrictions for money market funds under new section 2.18 of NI 81-102. That section includes new liquidity provisions requiring a money market fund to have at least 5% of its assets in cash or readily convertible to cash within one day and 15% of its assets in cash or readily convertible to cash within one week. It also includes a new dollar-weighted average term to maturity limit of 180 days that is to be calculated based on the actual term to maturity of all securities in a money market fund portfolio.

These new requirements are intended to respond to the 2008/2009 credit crisis and its specific impact on Canadian money market funds and also keep pace with similar regulatory changes implemented for money market funds in other major markets. We anticipate the new requirements will benefit Canadian money market funds by making them more resilient to certain short-term market risks, including interest rate risk, liquidity risk and credit risk. The CSA will continue to monitor ongoing regulatory developments impacting money market funds in other global jurisdictions and consider the need for similar changes in Canada.

Related to the new money market fund requirements is an amendment to NI 81-106 which now no longer permits an investment fund to aggregate certain types of short-term debt in the fund's statement of investment portfolio. This change will increase the transparency of investment fund portfolio holdings and allow investors to better evaluate the risks associated with an investment fund's short-term holdings.

Mutual fund dealers

The Amendments exempt principal distributors and participating dealers that are members of the MFDA, as well as mutual fund dealers in Québec, from the requirements of sections 11.1 and 11.2 of NI 81-102, which include the requirement to segregate client money relating to mutual fund transactions from sums relating to other types of investment transactions, as well as the requirement to allocate and pay out interest earned on such client money held in a trust account. Under MFDA rules however, these principal distributors and participating dealers will continue to hold client assets in a trust account and separate from their own assets. They will also have discretion as to whether to pay interest on client cash held in trust, subject to conditions.[2]

The Amendments also exempt those same principal distributors and dealers from the requirement under section 12.1 of NI 81-102 to annually report their compliance with the applicable requirements of Parts 9, 10 and 11 of NI 81-102. The MFDA will however continue to assess its members' compliance with such requirements.

Sales communications

The Amendments introduce new requirements in section 15.3 of NI 81-102 intended to ensure that mutual fund ratings and rankings used in sales communications are objective and consistent, and accompanied by disclosure intended to ensure that the sales communication will not be misleading.

Continuous disclosure

The Amendments introduce a requirement under section 14.2 of NI 81-106 that an investment fund make its net asset value and net asset value per security readily available to the public. This will boost the transparency of fund performance and make it easier for current and prospective investors to determine the net asset value/net asset value per security of an investment fund. The Amendments further require that an investment fund that short sells securities calculate its net asset value on a daily basis.

Other

Finally, the Amendments include a number of minor drafting changes generally intended to clarify and update NI 81-102.

The key changes made to the 2010 Proposal since its publication for comment are discussed in detail in the Summary of Changes at Annex A to this Notice.

Summary of Written Comments Received by the CSA

During the comment period on the 2010 Proposal, we received submissions from 24 commenters. We have considered every comment received and thank all of the commenters for their input. A summary of their comments, together with our responses, is contained in Annex B to this Notice.

Summary of Changes to the 2010 Proposal

After considering the comments received and engaging in additional consultations, we have made some revisions to the materials that were published for comment under the 2010 Proposal. Those revisions are reflected in the amending instruments we are publishing concurrently with this Notice. As these changes are not material, we are not republishing the Amendments for a further comment period. See Annex A to this Notice for a summary of the key changes made to the 2010 Proposal.

[2] See proposed amendments to MFDA Rule 3.3.2 *Segregation of Client Property – Cash* published for comment June 25, 2010. Those amendments remove the existing restrictions in Rule 3.3.2 to hold client cash for investment in mutual funds separately from client cash for other investments, and further replace the requirements in respect of the distribution of interest on client cash held in trust with a requirement that Members disclose whether interest will be paid and, if so, at what rate. These amendments are expected to be finalized upon the adoption of the Amendments to Parts 11 and 12 of NI 81-102.

Transition

Money market fund requirements

To ease money market funds' transition to the new requirements of section 2.18 of NI 81-102, we are providing a 6-month transition period during which money market funds may gradually realign their portfolios as necessary to comply with the new provisions. We refer you to section 44 of the Amendments to NI 81-102 at Annex C which provides that the new money market fund provision will come into force 6 months after the amendments to NI 81-102 come into force.

Short-selling provision

Upon the coming into force of the Amendments, mutual funds intending to short-sell securities for the first time will first have to comply with the applicable notice and prospectus disclosure requirements prescribed under the Amendments. Mutual funds that currently short-sell securities in accordance with the terms of exemptive relief granted under NI 81-102 may continue their short-selling strategies in accordance with the new short-selling provision in section 2.6.1 of NI 81-102. Mutual funds that gave prior written notice to their securityholders of their intention to short-sell in accordance with the terms of their exemptive relief are not required to again notify their securityholders. To the extent the Amendments require certain prospectus disclosure related to short-selling that may not have been required under the terms of a mutual fund's exemptive relief, we expect that the mutual fund will include the required disclosure in its current prospectus at the earlier of the next renewal or next amendment of that prospectus that is filed after the coming into force of the Amendments. A mutual fund intending to increase its current short-selling activities up to the prescribed limit in new section 2.6.1 should consider whether the increase would be a material change to the mutual fund triggering the requirement to amend its prospectus or fund facts document prior to implementing the new limit.

Materials Published

The following annexes are attached to this notice:

Annex A – Summary of Changes to the 2010 Proposal
Annex B – Summary of Public Comments Received by the CSA
Annex C – Amendments to NI 81-102 and changes to 81-102CP
Annex D – Amendments to NI 81-101
Annex E – Amendments to NI 41-101
Annex F – Amendments to NI 81-106
Annex G – Local material, where applicable

Questions

Please refer your questions to any of the following CSA staff:

Christopher Birchall
Senior Securities Analyst
Corporate Finance
British Columbia Securities Commission
Phone: 604-899-6722
E-mail: cbirchall@bcsc.bc.ca

Bob Bouchard
Director and Chief Administrative Officer
Manitoba Securities Commission
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ANNEX A

Summary of Changes to the 2010 Proposal

This Annex sets out the key changes we made to the 2010 Proposal. We have provided our rationale for the changes in the Summary of Public Comments contained in Annex B to this Notice.

1. Exchange-traded mutual funds:

ETFs in continuous distribution:

- We deleted proposed paragraphs 9.4(2)(c) and 10.4(3)(c) of NI 81-102 permitting payment of the issue or redemption price of a mutual fund to be made in a combination of cash and securities. We have instead modified the lead in language to both subsection 9.4(2) and 10.4(3) of NI 81-102 so that payment may be made in "any or a combination" of the methods of payment specified in paragraphs (a) and (b) of those respective subsections;

- We have deleted proposed paragraph 14.1(d) of NI 81-102 permitting an ETF to set its record date for distributions in accordance with the rules of the exchange. We have instead added new section 14.0.1 at the beginning of Part 14 which simply provides that Part 14 does not apply to ETFs;

- In response to comments, and consistent with prior exemptive relief, we have added new subsections 9.1(0.1) and 10.2(0.1) of NI 81-102 that provide that the process for the transmission and receipt of purchase and redemption orders contemplated in sections 9.1 and 10.2 does not apply to ETFs in continuous distribution;

- In response to comments, we have made an amendment to paragraph 10.4(3)(b) of NI 81-102 to exempt redemptions that are exchanges of a manager-prescribed number of units from the requirement for a mutual fund to obtain the prior written consent of a securityholder for each redemption in kind.

ETFs not in continuous distribution:

- The change made to Part 14 of NI 81-102 discussed above also applies here;

- In response to comments, and consistent with prior exemptive relief, we have made a new amendment to subsection 12.1(1) of NI 81-102 to exempt ETFs not in continuous distribution from the requirement to file annual compliance reports describing compliance with the applicable requirements of Parts 9, 10 and 11. We recognize that as the bulk of the requirements of Parts 9, 10 and 11 have no practical application to the purchase and redemption processes utilized by ETFs not in continuous distribution, a compliance report for such funds under subsection 12.1(1) would likely not provide meaningful information and therefore should not be required;

- In conjunction with the above change, we have added the following new provisions to NI 81-102:

    - section 9.0.1 at the beginning of Part 9 which recognizes that the requirements of Part 9 have no application to ETFs not in continuous distribution;

    - subsection 10.2(0.1) which recognizes that the process for the transmission of redemption orders contemplated in section 10.2 does not apply to ETFs not in continuous distribution.

2. Short-selling and specified derivatives:

- In response to comments, we have made a minor change to the proposed definition of "floating rate evidence of indebtedness" in NI 81-102 to require that the floating interest rate be determined by reference to a "commonly used benchmark interest rate" as opposed to a "widely accepted market benchmark interest rate", as was previously proposed.

3. Fund of fund:

- We are no longer adding index participation units traded on a stock exchange in the U.K. to the definition of "index participating unit" in NI 81-102;

- In response to comments, we are clarifying by way of a new change to section 3.4 of 81-102CP that the exemption from the mutual fund conflict of interest investment restrictions and mutual fund conflict of interest reporting requirements set out in subsection 2.5(7) of NI 81-102 may be relied on by mutual funds that have obtained exemptive relief from certain of the fund-on-fund requirements of section 2.5 of NI 81-102;

- We have renumbered proposed subsection 4.1(6) of NI 81-102, setting out the meaning ascribed to the term "approved rating" in paragraph 4.1(4)(b), as new subsection 4.1(4.1) of NI 81-102.

4. Money market funds

- We have made a minor change to new subparagraph 2.18(1)(a)(v) of NI 81-102, which allows a money market fund to hold securities of other money market funds, such that it no longer specifies that the investment in other funds must be "made in accordance with section 2.5";

- In response to comments, we have extended the new weighted average term to maturity limit of 120 days in subparagraph 2.18(1)(b)(i) of NI 81-102 to 180 days;

- In response to comments, we have added new section 3.7.1 to 81-102CP to give guidance on the meaning of "readily convertible to cash" as used in the new liquidity provision in paragraph 2.18(1)(d) of NI 81-102.

5. Mutual fund dealers:

- We have replaced the amendment proposed to subsection 11.4(1) of NI 81-102, intended to exempt members of the MFDA and mutual fund dealers in Québec from the commingling and interest determination and allocation requirements of sections 11.1 and 11.2, with new subsections 11.4(1.1) and (1.2) of NI 81-102;

- We have made a new amendment to subsection 11.4(2) of NI 81-102 that flows from, and is consistent with, the above change;

- We have replaced the amendment proposed to subsection 12.1(4) of NI 81-102, intended to exempt members of the MFDA and mutual fund dealers in Québec from the compliance report filing requirement of subsections 12.1(2) and (3), with new subsections 12.1(4.1) and (4.2) of NI 81-102.

6. Sales communications:

- We have made the following changes to the new definition of "mutual fund rating entity":

    - changed paragraph (a) to require that the mutual fund rating entity disclose its rating methodology on its website and that the methodology be based on quantitative performance measurements;

    - expanded paragraph (c) to prohibit not only the manager of a mutual fund, but also its promoter, portfolio adviser, principal distributor or participating dealer or any of their respective affiliates from procuring the services of the mutual fund rating entity to assign a rating or ranking to a mutual fund;

- We made a minor change to the new definition of "overall rating or ranking" and to new paragraphs 15.3(4)(d) and (e) of NI 81-102 to add references to "asset allocation services";

- In response to comments, we have replaced the requirement in new subparagraph 15.3(4)(e)(vi) of NI 81-102 to disclose the key elements of the methodology used by the rating entity with the requirement to disclose the criteria on which the rating or ranking is based (e.g. total return, risk-adjusted performance);

- We are substituting the requirement in new subparagraph 15.3(4)(e)(vii) to disclose the significance of a rating or ranking on the mutual fund rating entity's scale of ratings and rankings with a requirement to disclose the meaning of a rating or ranking where it is a symbol rather than a number (e.g. a five-star rating indicates the fund is in the top 10% of all mutual funds in the category).

7. Continuous disclosure:

- We are not proceeding with the new definition of "limited life fund" under NI 81-106 and the corresponding amendment proposed to section 9.2 of NI 81-106 to exempt "limited life funds" such as flow-through limited partnerships from the requirement to file an annual information form;

- We have renumbered proposed subsection 14.2(8) of NI 81-106, which requires investment funds to make their net asset values available to the public at no cost, as new subsection 14.2(6.1). That subsection now also includes the requirement for an investment fund other than a scholarship plan to make available its net asset value per security. In connection with this new requirement to make available the net asset value per security, we have made a change to proposed Item 7(2.1) of Form 81-101F2 *Contents of Annual Information Form* (Form 81-101F2) and a new amendment to Item 20.3 of Form 41-101F2 *Information Required in an Investment Fund Prospectus* to require investment funds to disclose in their annual information form and long form prospectus the manner in which the net asset value and net asset value per security of the investment fund will be made available at no cost to the public.

8. Other changes:

The comments received on the 2010 Proposal included many suggestions for additional amendments to our investment fund regulation. To the extent we have considered the suggested additional changes to be non material changes that serve to enhance the clarity of the current regulation, we have opted to make those changes now in the final publication of the Amendments.

Other amendments to NI 81-102:

- We added "European Investment Bank" to the list of financial institutions in the definition of "permitted supranational agency";
- We replaced references to "net assets" and "net assets of the mutual fund, taken at market value at the time of the transaction" throughout NI 81-102 with "net asset value";
- We have amended paragraph 5.4(2)(a) to include a reference to paragraph 5.1(a.1), consistent with the similar amendment made to section 5.3. The absence of this amendment in the 2010 Proposal was an oversight;
- We have amended the securityholder approval requirement for pre-approved mergers under subparagraph 5.6(1)(e)(i) so that it contemplates the situation where the independent review committee has approved the merger under subsection 5.3(2), in which case securityholder approval is not required;
- For greater clarity and to ensure consistency with the French version of the Instrument, we have replaced the term "redemption price" used in subsections 10.4(1), (2), (3) & (5), as well as in subsection 10.6(2) of NI 81-102, with "redemption proceeds".

Other amendments to NI 81-101:

- We have replaced references to "net assets" throughout NI 81-101 with "net asset value", consistent with the similar change to NI 81-102 discussed above;
- We have repealed Item 5(e) of Part B of Form 81-101F1 *Contents of Simplified Prospectus* (Form 81-101F1) which requires disclosure of whether the securities of a mutual fund constitute foreign property under the Income Tax Act. This disclosure item has no relevance since the removal of the foreign content limit. For the same reason, we have also repealed Items 4(4)3 and 4(5)(c) of Form 81-101F2;
- We have amended the large securityholder risk disclosure requirement in Item 9(1.1) of Part B of Form 81-101F1 such that it requires disclosure of the risk of large redemptions when a securityholder holds securities of a mutual fund representing more than 10% of the net asset value of the mutual fund;
- We have amended the disclosure requirement relating to concentration risk in Item 9(6) of Part B of Form 81-101F1 such that it now contemplates a cut off date for the requested information that is 30 days prior to the date of the prospectus.

Other amendment to NI 81-106:

- We have amended the soft dollar disclosure requirement in the notes to the financial statements under paragraph 3.6(1)3 of NI 81-106 to align the terminology with that used and defined under NI 23-102 *Use of Client Brokerage Commissions*.

ANNEX B

SUMMARY OF PUBLIC COMMENTS ON PROPOSED AMENDMENTS TO NI 81-102 (PHASE I)

Table of Contents	
PART	**Title**
Part I	**Background**
Part II	**Comments on proposed amendments to NI 81-102**
Part III	**Comments on proposed amendments to NI 81-106**
Part IV	**Comments on related consequential amendments**
Part V	**Other comments**
Part VI	**List of commenters**

Part I – Background

Summary of Comments

On June 25, 2010, the Canadian Securities Administrators (CSA) published proposals relating to the first phase of the Modernization of Investment Fund Product Regulation Project (the Modernization Project). The proposals include amendments to National Instrument 81-102 *Mutual Funds* (NI 81-102), National Instrument 81-106 *Investment Fund Continuous Disclosure* (NI 81-106), and related consequential amendments to investment fund prospectus disclosure rules. The amendments codify exemptive relief that has frequently been granted by the CSA to recognize market and product developments in recent years, and also include updates to the requirements for money market funds. The comment period expired September 24, 2010. We received submissions from 24 commenters, which are listed in Part VI.

We have considered all comments received and have made some changes in response to the comments. We wish to thank all those who took the time to comment. The comments we received, and our responses, are summarized below.

Part II – Comments on proposed amendments to NI 81-102

Issue	Sub-Issue	Comments	Responses
Amendments Relating to Exchange-Traded Mutual Funds (ETFs) in Continuous Distribution	***Payment for Purchases and Redemptions (ss. 9.4(2), 10.4(3))***	One commenter supported the ability for investors to use cash and/or securities to purchase units of open-end ETFs, but expressed some concern with permitting the delivery of portfolio assets as redemption proceeds. This commenter further asked for clarification of the "prior written consent" requirement in subsection 10.4(3)(b). If the consent contemplated is contemporaneous with the redemption request, the commenter would support the ability of investors to choose to receive redemption proceeds as portfolio assets.	NI 81-102 currently allows mutual funds to pay redemption proceeds in kind. The proposed amendments are intended to allow mutual funds to pay redemption proceeds in a combination of cash and portfolio assets. We propose to maintain the current "prior written consent" requirement in subsection 10.4(3)(b). The CSA expect that "prior written consent" for redemptions in kind, other than an exchange of a manager-prescribed number of units, be obtained contemporaneously with the redemption request.
		Another commenter suggested that the requirement that a fund obtain the prior written consent of the securityholder to deliver portfolio assets as redemption proceeds should only apply to redemptions other than exchanges of a 'manager-prescribed number of units'.	Change made. See our revised amendment to subsection 10.4(3)(b). This change is consistent with exemptive relief that has been granted to many open-end ETFs from the "prior written consent" requirement.

Part II – Comments on proposed amendments to NI 81-102			
Issue	**Sub-Issue**	**Comments**	**Responses**
		This commenter remarked that open-end ETFs should be allowed to deliver securities in a cost-effective manner and avoid the transaction costs associated with selling portfolio assets in circumstances where certain securityholders do not provide written consent.	
	Determination of Redemption Price (s. 10.3)	One commenter generally agreed with permitting open-end ETFs to pay a redemption price based on the market price of units to be redeemed, but expressed concern that changes in regulation have increasingly made it more difficult for investors to exercise their rights to redeem their units, in particular to redeem at the net asset value (NAV) of their securities.	The exemption in subsection 10.3(3), allowing open-end ETFs to pay a redemption price based on market price when less than a manager-prescribed number of units is redeemed, is specifically intended to recognize the unique features and operations of open-end ETFs. It allows them to exist and operate within the NI 81-102 regime without having to first obtain exemptive relief. The exemption is not intended to have a broader application. The CSA are providing such an exemption in consideration of the two primary features of an ETF's structure that promote trading of an ETF's securities at a price that approximates the ETF's NAV: portfolio transparency and the ability for designated brokers to purchase or redeem ETF securities at NAV at the end of each trading day. The transparency of an ETF's holdings enables market participants to observe discrepancies between the market price of the ETF's securities and its NAV during the trading day and to attempt to profit from such arbitrage opportunities. This, together with the ability of designated brokers to purchase and redeem ETF securities at the end of each trading day in exchange for the underlying basket of securities, help to keep the market price of an ETF's securities close to the underlying market value (or NAV) of the portfolio.
	Transmission and Receipt of Purchase and Redemption Orders (ss. 9.1, 10.2)	Several commenters questioned why routinely granted relief permitting the purchase and sale of securities of open-end ETFs to be transmitted to the	Change made. See new subsections 9.1(0.1) and 10.2(0.1) which provide that the requirements for the transmission

Part II – Comments on proposed amendments to NI 81-102			
Issue	**Sub-Issue**	**Comments**	**Responses**
		exchange on which the securities are listed, instead of to the order receipt offices of the fund was not included in the proposed amendments. Some commenters believe this was an oversight and urged us to consider codifying this relief.	and receipt of purchase and redemption orders under sections 9.1 and 10.2 do not apply to ETFs. We further have added new section 9.0.1 which provides that the whole of Part 9 of NI 81-102 does not apply to ETFs that are not in continuous distribution. The CSA recognize that the process for the transmission of purchase orders contemplated under Part 9 is of no relevance to ETFs not in continuous distribution that offer their securities to the public under an initial public offering.
Amendments Relating to ETFs Not in Continuous Distribution	***Organizational Costs (s. 3.3)***	One commenter noted that exempting ETFs not in continuous distribution from the prohibition on reimbursing organizational costs would hurt initial investors of the fund if the fund were to make a second offering.	Section 3.3 prohibits the costs of incorporation, formation or initial organization of a mutual fund, or of the preparation and filing of any of the preliminary offering documents, from being borne by the mutual fund or its securityholders. These costs consist mainly of legal and regulatory costs associated with the *start-up* of the fund. The prohibition in section 3.3 addresses the regulatory concern associated with the first investors bearing most or all of the start-up costs of the fund. It does not preclude a fund from bearing the cost of renewal prospectuses or other regulatory or legal costs. As all investors in an ETF not in continuous distribution bear the start-up costs equally at the time they purchase under the initial public offering, the regulatory concern addressed by section 3.3 is not present and we believe a carve-out is appropriate for these types of funds. In the case of follow-on offerings, current industry practice appears to be for ETFs not in continuous distribution to similarly pay the legal and regulatory costs associated with the follow-on offering out of the proceeds of that offering, and to disclose this in the prospectus for the offering. As a result, those initial investors who purchased securities of the ETF solely under the initial public

Part II – Comments on proposed amendments to NI 81-102			
Issue	**Sub-Issue**	**Comments**	**Responses**
			offering are not in practice made to bear the additional costs of the subsequent offering.
	Determination and Payment of Redemption Price (s. 10.3)	One commenter expressed concern that codifying the exemption that permits funds to pay redemption proceeds at a redemption price less than the fund's net asset value per unit contributes to the gradual trend within the industry to make the redemption option less and less attractive to investors. This commenter proposed a lower limit of 95% of net asset value as the lowest allowable fraction of net asset value at which an ETF not in continuous distribution will be permitted to redeem units.	The exemption in subsection 10.3(2), allowing ETFs not in continuous distribution to pay a redemption price that is less than the NAV, recognizes the non-conventional features of those ETFs. It allows them to exist and operate within the NI 81-102 regime without having to first obtain exemptive relief. ETFs not in continuous distribution issue a finite number of securities from treasury under an initial public offering. A redemption price at a discount to net asset value is intended to encourage investors to trade on the exchange at market price, rather than redeem from the fund as this would reduce the ETF's asset base. Frequent redemptions would cause the fund to incur administrative costs which would be borne by the remaining investors in the fund. The CSA will not at this time limit the fraction of net asset value at which an ETF not in continuous distribution will be permitted to redeem units.
	Compliance Reports (s. 12.1)	A few commenters suggested that routine relief exempting ETFs not in continuous distribution from the requirement to file compliance reports under section 12.1 be codified.	Change made. See the amendment to subsection 12.1(1) which excepts exchange-traded mutual funds not in continuous distribution from the compliance reporting requirements.
Amendments Relating to Fixed Portfolio Exchange-Traded Mutual Funds	***Concentration Restriction (s. 2.1)***	One commenter questioned why the exemption from the concentration restriction for purchases of equity securities by a fixed portfolio ETF does not also apply to purchases of debt securities by such fund, given that the rationale for waiving the limits on equity investments would apply equally to fixed income investments in the same circumstances. This commenter added that they expect an increase in fixed portfolio exchange-traded mutual funds that invest in fixed income securities as investors have become increasingly concerned with yield.	We are not at this time aware of fixed portfolio ETF's investing in fixed income securities. Should such filings be made, we will consider any relief they request on a case-by-case basis.

Part II – Comments on proposed amendments to NI 81-102			
Issue	**Sub-Issue**	**Comments**	**Responses**
Investments in Other Mutual Funds	***Definition of Index Participation Unit***	Most commenters welcomed the expansion of a mutual funds' ability to hold index participation units traded on a stock exchange in the United Kingdom in addition to those in Canada or the United States. These commenters also recommended that the definition of index participation unit be further expanded to include stock exchanges in other developed markets that are well recognized and similarly regulated, such as those in Japan, Hong Kong, Singapore, Germany, Italy, France, Ireland, and other European countries. One commenter suggested including the "designated stock exchanges" prescribed in the *Income Tax Act* (Canada).	After reviewing the comments received, we have decided not to go forward with adding index participation units traded on a stock exchange in the U.K. to the definition of index participation unit. We acknowledge the commenters' views that there are many other developed markets that are well recognized and similarly regulated. However, as markets evolve, the list of markets captured by the definition would also likely have to evolve. As a result, it would be difficult for the CSA to maintain this list on a go forward basis. Furthermore, the CSA has recently become aware of concerns expressed by certain international regulatory bodies regarding the complex swap-based synthetic index replication strategies frequently used by European ETFs. With that in mind, the CSA has opted at this time to continue to deal with exemptive relief requests to invest in foreign ETFs that are not index participation units on a case by case basis.
		One commenter questioned, however, the substantive rationale behind expanding the ability of mutual funds to hold index participation units in the United Kingdom. This commenter also expressed concern that the regulatory regime in the United Kingdom is currently undergoing tremendous change.	See response above.
		Another commenter recommended that the definition be further amended to be consistent with the definition of "index mutual fund". This commenter asked us to clarify the rationale behind the different definitions and any differences in treatment.	No change has been made. The definition of 'index participation unit' and 'index mutual fund' were created for different purposes. The definition of 'index participation unit' was created for the purpose of allowing funds subject to NI 81-102 to invest in index participation units. The definition of 'index mutual fund' was created to permit funds subject to NI 81-102 to track an index beyond the concentration restriction.

Part II – Comments on proposed amendments to NI 81-102			
Issue	**Sub-Issue**	**Comments**	**Responses**
	Investment Restriction Amendments – Clone Funds (s. 2.5(4)(a))	Several industry commenters generally supported the change of the multi-layered fund exception to apply to clone funds rather than to RSP clone funds, but remarked that the exception should be expanded further. One of these commenters recommended that the exception be expanded to allow inclusion of mutual funds that are attempting to replicate the performance of another mutual fund, but for one or more factors, such as variances in performance due to movements in foreign exchange rates. For instance, a mutual fund whose fundamental investment objective is to replicate the performance of another mutual fund, and use derivatives to seek to maintain a currency neutral performance in Canadian dollars should be included in the exception.	We have made a minor change to the proposed definition of 'clone fund' such that it now contemplates a mutual fund that *tracks* the performance of another fund. We consider that tracking the performance of another mutual fund does not necessarily equate to replicating the performance of that fund. It allows for minor variances in performance between the clone fund and the fund whose performance is being tracked on account of the clone fund's use of derivatives or other investment strategies for a specified purpose. Accordingly, we view the exception to be sufficiently broad to include a mutual fund that replicates the performance of another fund, but for the use of derivatives to maintain a currency neutral performance in Canadian dollars.
		A number of commenters remarked that this exception is unnecessarily narrow and would preclude a number of three-tier fund-of-funds scenarios that have been granted relief, in particular a middle fund that invests in multiple bottom funds. These commenters remarked that greater flexibility should be provided to fund managers in structuring three-tiered mutual fund investments.	No change at this time. We will continue to consider exemptive relief requests to permit three-tier structures on a case-by-case basis. In Phase 2 of the Modernization Project, we intend to re-examine the current investment restrictions in Part 2 of NI 81-102, including the fund-on-fund provision in section 2.5, in light of market and product developments. Any additional changes to the multi-tiering restriction would be considered at that time.
		A few of these commenters suggested that the multi-tiering restriction in paragraph 2.5(2)(b) be removed altogether since the current requirements of section 2.5 sufficiently address concerns regarding tiered mutual fund structures. These commenters noted that three-tiered structures may be beneficial to investors as they provide investors with improved diversification and provide fund managers with more flexibility and efficiencies in structuring portfolio solutions for the fund.	The CSA are of the view that the multi-tier prohibition should be maintained. The regulatory concerns with multi-tier structures have not changed.
		One commenter, on the other hand, expressed the concern that tiered mutual funds provide no additional	The CSA continue to believe that fund of fund structures should be permitted subject to the conditions

Part II – Comments on proposed amendments to NI 81-102			
Issue	**Sub-Issue**	**Comments**	**Responses**
		benefits either in terms of performance or risk, and carry significantly higher erosion to the investor in the form of tiered fees. We were asked to study the issue of fees charged in tiered mutual fund structures and to adopt measures that require or encourage low-fee approaches to the tiering of mutual funds.	in section 2.5. Section 2.5 continues to prohibit duplicate fees in fund-on-fund structures.
	Suspension of Redemptions – Clone Funds (s. 10.6)	Two commenters proposed that the amendment to subsection 10.6(1) to allow a clone fund to suspend redemptions when the underlying fund to which the clone fund has linked its performance has suspended redemptions be expanded to include other funds-of-funds arrangements, such as asset allocation funds that invest in a number of underlying funds. These commenters proposed that funds-of-funds be permitted to suspend redemptions if redemptions of securities of other mutual funds held by them are suspended and these securities represent more than 50% of total assets without allowance for liabilities.	No change at this time. We will consider requests for such relief on a case-by-case basis as the need arises.
	Investing in mutual funds that are not reporting issuers (s. 2.5(2)(a))	One commenter urged us to consider permitting mutual funds to invest in privately offered pooled funds to allow them to more efficiently meet their investment objective. This commenter proposed that this be permitted where the underlying pooled fund is managed by the same portfolio manager, is only offered to accredited investors, and is subject to the same investment restrictions as mutual funds subject to NI 81-102.	No change at this time. We will continue to consider requests for exemptive relief on a case-by-case basis.
	Exemption from mutual fund conflict of interest provisions (s. 2.5(7))	A few commenters asked us to confirm that a fund does not need to seek additional relief from the mutual fund conflict of interest investment restrictions and the mutual fund conflict of interest reporting requirements under applicable securities legislation where a fund has obtained exemptive relief from any of the fund-of-fund investment requirements in section 2.5. One commenter proposed that we insert the words “or in accordance with exemptive relief granted from this section” at the end of the provision.	Change made. While we have not amended the wording in subsection 2.5(7), we have added guidance under subsection 3.4(2) of 81-102CP which confirms that a mutual fund that invests in other mutual funds in accordance with the terms of an exemption from the requirements of s.2.5 of NI 81-102 can rely on the exemption from the mutual fund conflict of interest provisions in subsection 2.5(7) of NI 81-102.

Part II – Comments on proposed amendments to NI 81-102			
Issue	**Sub-Issue**	**Comments**	**Responses**
Short Selling	***Short Sales (s. 2.6.1)***	One commenter questioned why the total exposure to any one issuer that could be achieved through short selling is limited to 5% of the net asset value of the fund, rather than the normal concentration restriction of 10%. We were told this restriction would prohibit a fund that has an existing long position in an issuer from employing a strategy of adding a short position, unless the existing long position is less than 5% of the market value of the fund.	The 5% issuer-specific short selling limit represents one quarter of the overall short-selling limit of 20% of a fund's net asset value. Also, the 5% limit reflects the conditions imposed in the standard exemptive relief that has been granted. We believe that the 5% limit provides mutual funds with sufficient flexibility to implement a short selling strategy while maintaining a level of diversification across such short sales.
		Another commenter questioned whether the 150% cash cover requirement is higher than strictly necessary for a value that is calculated on a daily basis. This commenter expressed concern that the substantial amount of cash required for cash cover may be better put to other investment uses within the fund.	The 150% cash cover requirement reduces the risks associated with not having sufficient proceeds to purchase the securities that have been sold short when closing the position. Further, it is intended to limit the leverage that short selling could create. This requirement is consistent with the requirement under IIROC Dealer Member Rules to maintain margin of 150% on short sales of equity securities (selling at $2.00 or more), and similar U.S. rules (see Federal Reserve Board Regulation T) requiring all short sale accounts to have 150% of the value of the short sale at the time the sale is initiated.
		Another commenter questioned why the condition in previous short selling relief orders requiring the Fund to place a stop-loss order to immediately close a position once the trading price of the security exceeds 108% of the price at which the securities was sold short, was not included in the proposed amendment.	We chose not to codify the stop-loss condition in light of the requirement to maintain 150% cash cover against the aggregate market value of all securities sold short by the mutual fund on a daily mark-to-market basis. Also, we note that NI 81-102 does not impose stop-loss requirements for long positions. Portfolio managers may continue to use stop-loss orders if they deem it advisable.
		This commenter also did not support the increased cap on short selling of 20% of the mutual fund's net asset value, despite that routine relief has been granted in this regard for several years. The commenter expressed concern that the proposed amendment will permit the cap on short selling to gradually increase further and that the cap does not include look-through to short sale exposure in any underlying fund a	The CSA has for the last 5 years granted exemptive relief allowing conventional mutual funds to short sell up to 20% of their net asset value, and expect to continue to maintain that limit for such funds going forward. A mutual fund is not required to look-through to short sale exposure in an underlying fund,

Part II – Comments on proposed amendments to NI 81-102			
Issue	**Sub-Issue**	**Comments**	**Responses**
		mutual fund may be invested in.	consistent with the current fund-of-fund rule in section 2.5 of NI 81-102 which does not require a look-through to the investments of an underlying fund. We note that each underlying fund must be subject to NI 81-102. The fund-of-fund provisions are based on the view that the top fund is holding securities of an underlying fund just as it would hold another investment. We do not require top funds to look through to the business assets held by corporate issuers that they invest in.
		This commenter also stated that subparagraph 2.6.1(1)(b)(iii) requires clarification, such as to read "an investment fund other than an index participation unit."	Change made.
	Notice Requirement (s. 2.11)	Two commenters asked us to clarify by way of transitional provisions whether mutual funds that have received exemptive relief to short sell and that have provided disclosure and notice under that exemption would be required to comply with the revised disclosure and notice requirements of section 2.11 in order to transition to the new short-selling requirements.	We do not expect mutual funds that have received exemptive relief to short-sell a specified percentage of net asset value, and that have provided disclosure and notice under that exemption, to provide a second notice to securityholders.
		One of these commenters recommended that mutual funds not be required to amend the current disclosure in their prospectus until the earlier of the next renewal or amendment date of the prospectus.	We expect mutual funds that currently short-sell under prior exemptive relief to amend their current disclosure in their prospectus so as to comply with any new short-selling disclosure requirements at the earlier of the next renewal or next amendment of the prospectus. Mutual funds intending to increase their current short-selling activities up to the prescribed limit in new s.2.6.1 should consider whether such increase would be a material change triggering the requirement to file an amendment prior to implementing the new limit.
	Custodial Provisions Relating to Short Sales (s. 6.8.1)	One commenter questioned whether the $50 million net worth requirement for dealers who act as a borrowing agent for short sale transactions made outside of Canada is a sufficiently high threshold. This commenter noted that the $50 million threshold has not changed since 2003.	The proposed $50 million net worth requirement for dealers who act as borrowing agent for short sale transactions made outside of Canada is consistent with the current $50 million net worth requirement for dealers under paragraph 6.8(2)(b) in respect of

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			certain derivative transactions outside Canada.
	Short selling of index exchange-traded mutual funds	One commenter proposed that the definition of "specified derivative" include index exchange-traded funds so that mutual funds may short sell these types of funds for hedging purposes. This commenter remarked that the short sale of index exchange-traded funds is an effective, liquid, and low-cost hedging alternative and these transactions should not be limited to speculative purposes.	Note that proposed subparagraph 2.6.1(1)(b)(iii) permits short-selling of investment funds that are index participation units, subject to the same conditions as other securities.
Derivatives	***Cash Cover***	A few commenters expressed support for the amended definition of cash cover. One commenter proposed that marked-to-market gains from specified derivatives be included in the definition of cash cover, provided such amounts arise solely from derivatives used for hedging purposes, and from derivatives that are settled no less frequently than every 185 days. This commenter suggested that excluding these marked to market gains for purposes of cash cover would, in certain circumstances, result in the fund's investment exposure being less than the fund's net asset value, and therefore, result in the fund being under-invested to the detriment of its investors.	Acknowledged. We are not considering such a change at this time. Exemptive relief has not been granted to permit this and codification of such a change is outside the scope of this first phase of the Modernization Project.
	Definition of Floating Rate Evidence of Indebtedness	One commenter asked us to provide guidance on the term "widely accepted market benchmark interest rate", as what is considered a widely accepted benchmark is subject to change.	We have changed the term "widely accepted market benchmark interest rate" to "commonly used benchmark interest rate". Such a rate is one that is commonly used and quoted in an active financial market and that is broadly indicative of the overall level of interest rates attributable to high-credit quality obligors in that market. It is widely used as an underlying basis for determining the interest rates of individual financial instruments and commonly referenced in interest rate related transactions. We expect that industry participants will generally have consistent views on what qualifies as a "commonly used benchmark interest rate" in a given financial market.

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	Transactions in Specified Derivatives for Hedging and Non-Hedging Purposes	A few commenters expressed support for the removal of term limits on specified derivatives.	Acknowledged.
Money Market Funds	***General Comments***	We received a number of comments regarding the proposed amendments to money market funds. Most commenters agreed with moving the investment restrictions applicable to money market funds out of the definitions section and into a new section of the Instrument.	The CSA have been closely following international developments regarding money market funds. The recent market turmoil and the pressures that it put on credit quality and liquidity demonstrated the challenges for money market funds of maintaining a stable NAV while holding portfolio assets that may trade below expected levels.
		Most commenters expressed concern with the new investment restrictions, in particular the liquidity requirements and revised dollar-weighted average term to maturity limit. These commenters viewed these restrictions on money market funds to be unnecessary and believed they may instead cause unintended negative consequences.	In addition, experiences in other jurisdictions highlighted the risks that large redemptions could have on a money market fund trying to maintain a stable NAV in difficult markets.
		Many commenters questioned the rationale behind the proposed amendments given that the CSA had not identified any problems with the current rules governing money market funds in Canada and further that Canadian funds withstood the liquidity crisis of 2008-2009. Some commenters expressed concern that the proposed changes are an overreaction to an extraordinary market downturn. These commenters strongly urged us to further consult with industry about the potential consequential risks of any changes we choose to implement. One commenter suggested that rather than additional regulation, part of the CSA's focus should be on investor education such that the general public better understand that an investment in a money market mutual fund is not the same as placing money in a bank account or GIC. We heard from a few commenters, on the other hand, who welcomed the additional regulation of money market funds and believed that the new requirements will better protect investors. One commenter noted that	The CSA do not believe that the fact that a money market fund did not collapse in Canada should prevent a review and updating of the current money market fund rules. While no Canadian money market fund failed to maintain a stable NAV throughout the credit crisis, the freezing up of the non-bank asset-backed commercial paper in August 2007 did cause certain Canadian money market funds to require sponsor support for troubled assets in order to maintain a stable NAV. The proposed amendments represent a change that takes into account the particular nature of the Canadian money market and provides Canadian money market funds with some additional flexibility to manage their assets, relative to U.S. money market funds.

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		adding requirements in Canada would be more consistent with the regulation of money market funds globally.	
	Investing in Other Money Market Funds (s. 2.18(1)(a)(v))	While two commenters expressly welcomed this new investment option for money market funds, two other commenters were generally of the view that it would be of no advantage to investors. Concern was expressed over the potential for the stacking of fees, especially management fees, and over investor returns and investor risk not being well served by allowing money market managers to avoid undertaking their own investment objectives by relying on other managers to invest for them.	The CSA believe it is appropriate to codify relief it has routinely granted over the last several years which allows money market funds to invest in other money market funds. Such investments must be made in accordance with the existing fund-of-fund requirements of section 2.5, including the requirement that there be no duplication of management fees. This amendment is consistent with existing U.S. rules (see Rule 2a-7 under the Investment Company Act of 1940) permitting U.S. money market funds to invest up to 100% of their assets in securities of money market funds.
	Dollar-Weighted Average Term to Maturity Limit (s. 2.18(1)(b))	We received feedback from many commenters on the revised dollar-weighted average term to maturity limit. The majority of these commenters were fund managers and manufacturers. They opposed the introduction of the 120-day limit that is calculated based on the actual term to maturity of all securities in a money market portfolio including floating rate notes (FRNs), for the following reasons: • It will remove risk management duties from the portfolio manager and artificially and unnecessarily force the portfolio managers hand; • It will reduce the availability of investments and will decrease diversification in a market that is already highly concentrated; • Decreased demand for longer-term FRNs could impact the FRN market in Canada and ultimately increase the cost of funding for issuers; • A rush to sell longer term FRNs would generate a liquidity issue which in turn would impair FRN values when fund managers are forced to sell and may increase trading costs and the risk that money market funds may incur capital gains;	We acknowledge the comments. Based on the comments received, and after considering the alternatives proposed by the commenters, we are extending the initially proposed 120-day dollar-weighted average term to maturity limit to 180 days. See revised paragraph 2.18(1)(b). We consider that this change appropriately recognizes the differences in our Canadian money market fund industry, including the nature and use of money market funds in Canada (relative to the U.S.) and the depth of the short-term debt market in Canada. To ease Canadian money market funds' transition to the new restrictions and requirements of s.2.18, including the new term limit, we are providing a 6-month transition period during which money market funds may gradually realign their portfolios as necessary to comply with the new requirements. See the transition provision in the Instrument amending National Instrument 81-102 *Mutual Funds*.

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		• FRNs offer a premium for investors due to their longer term to maturity and the performance of money market funds would be negatively affected. Unitholders would see their already modest returns diminish which may lead them to resort to riskier alternatives; • Many of the FRNs issued by large investment grade corporations or those that are guaranteed have little credit risk. Commenters proposed the following alternatives to shortening the term to maturity limit: • Extend the proposed 120-day limit calculated based on the actual term to maturity of all securities to 180 days; • Maintain the current term-to-maturity limits because, given the other proposed liquidity restrictions, only a small percentage of a money market fund would be eligible to invest in FRNs in any event; • Include a concentration limit of 20% on FRNs and limit their maximum term to maturity to 4 or 5 years; • Address concerns regarding liquidity and declining net asset values per unit by providing money market fund managers with greater flexibility to suspend redemptions in extraordinary circumstances; • To improve the ability of the investment fund manager to respond quickly to a future crisis, consider expanding the role of the Independent Review Committee (IRC) to permit the manager to purchase a security from a money market fund for cash; • Limit credit risk by restricting the ability to hold poor quality FRNs and allow unrestricted investment in FRNs issued by governments or Canadian financial institutions, and those with minimum credit ratings.	

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		In the event the new term-to-maturity limit is implemented by the CSA, certain commenters requested the following improvements/clarifications: • Allow the grandfathering of the current holdings or at least provide a transition period. Recommended transition periods included a minimum of 3 months, up to 2 years; • Clarify the treatment of short-term floating rate securities for purposes of calculating a money market fund's weighted average portfolio maturity, in particular the differences between variable and floating rate securities. The Securities and Exchange Commission in the United States has provided a similar necessary clarification.	As stated above, we are providing a 6-month transition period.
	Should the 90-day dollar-weighted average term to maturity limit be shortened to 60 days? (s. 2.18(1)(b)(ii))	Many commenters were concerned with the proposed shortening of the dollar-weighted average term to maturity limit for the following reasons: • It would increase short-term rollover risk, which may be one of the systemic risks that exacerbated the problems in the debt markets in 2008; • Canada's money market is significantly smaller than that of the U.S. (whose money market funds are subject to the shorter 60-day limit), and the supply of highly rated short-term debt is limited; • It would be to the benefit of all unitholders that greater flexibility is maintained to meet large redemption requests, for example, through the less restrictive 90-day limit; • In extreme market conditions, treasury yields drop either due to flight to quality or because central banks have cut administered interest rates, or both. The proposed change would do little to decrease these risks; • Holding longer-dated treasury bills	We acknowledge your comments. We confirm that the amendments maintain the current 90-day dollar-weighted average term to maturity limit. By maintaining the current 90-day average term to maturity, Canadian money market funds will have additional flexibility to manage their portfolio, relative to U.S. money market funds. In deciding not to adopt the shorter 60-day limit adopted in the U.S. and Europe, the CSA took into account the differences in the money market fund product in Canada compared to that in the U.S. and Europe. Such differences include the different investor composition. The considerable institutional investor segment present in U.S. and European money market funds presents higher risk of significant and immediate redemptions generated by a small number of large investors, which in turn requires greater liquidity. By contrast, Canadian money market funds assets are predominantly held by retail investors. Based on our focused reviews, we understand that money market

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		in a money market portfolio can provide an additional valuation cushion. One commenter suggested that the current 90-day dollar-weighted average term to maturity limit should actually be extended to 120 days so that money market funds could have the flexibility to improve yields by moving to a longer term to maturity. A number of commenters, including some from industry however, expressed support for reducing the existing dollar-weighted average term to maturity limit to 60 days for the following reasons: • The shortened limit would better protect investors by reducing risks such as interest rate and credit spread risk; • The lower level of volatility provided by shorter maturities would provide greater assurance that the fund can maintain a stable net asset value; • A reduced limit of 60 days would be more consistent with international industry standards, including the Committee of European Securities Regulators' definition of short-term money market funds, and the standards imposed by credit rating agencies.	funds typically monitor the holdings of individual securityholders to monitor the risk of having large securityholders redeem, and often use large securityholder agreements to require specified advance notice for a large redemption. We expect such prudent management practices to continue.
	Liquidity Requirements (s. 2.18(1)(d))	Commenters expressed the following concerns over the new liquidity provisions that would require a money market fund to have at least 5% of its assets in cash or readily convertible to cash within one day and 15% of its assets in cash or readily convertible to cash within one week: • It would require money market funds to hold on a continuous basis, overnight deposits or very short-term money market instruments. Such securities are typically expensive and have limited availability in the market place, and would unduly reduce returns to investors; • As money market funds move towards short-term holdings, the reduced yield generated by these	The CSA considered whether the more strict U.S. requirements should be adopted here. The proposed amendments reflect a solution that is appropriate for the Canadian market given: (i) the nature and use of money market funds in Canada; (ii) the depth of the short-term debt market in Canada; and (iii) the need to ensure that money market funds continue to monitor the liquidity of their portfolio on a regular basis. In addition, due to the high level of liquid and readily marketable investments held by money market funds in Canada, we do not believe that these new requirements will significantly alter the current make-up of their

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		funds may increase the risk that a fund might "break the buck"; • It will adversely impact the financial services industry as a whole. The increased demand for these instruments will force financial institutions to shorten the duration of their offerings and endure additional duration risk; • In extreme market conditions, any securities position might change from "readily convertible to cash" to "not readily convertible to cash" and complying with the proposed amendment would force a fund to (i) sell securities in an illiquid market (likely at a substantial discount) and (ii) sell its more liquid positions and hold on to illiquid positions, solely to raise cash to meet the 5% and/or 15% threshold; • A money market fund that has suffered a string of large withdrawals would be forced under the proposed amendment to sell longer-dated securities and reinvest the proceeds into short-dated ones, instead of letting the longer-dated securities roll down in term with the passage of time. This could lock in paper losses that otherwise might not come to be or could increase reinvestment risks. In the event the new liquidity provisions are implemented by the CSA, certain commenters requested the following improvements/clarifications: • Clarify that the 5% and 15% liquidity requirements are not mutually exclusive, such that the assets allocated by a portfolio manager to satisfy the 5% liquidity provision would also satisfy in part, the 15% liquidity provision; • Clarify or define the term "readily convertible into cash" and in particular, the criteria that would determine whether securities would fall under that term, as this would largely determine the impact of the liquidity provisions. It was suggested that we refer to the similar liquidity requirement adopted	portfolios. We confirm that the 5% and 15% liquidity requirements are not mutually exclusive. The mutual fund can include the 5% in the 15% requirement. See the guidance with have added under new section 3.7.1 of 81-102CP. Assets that are "readily convertible to cash" would generally be short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in

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		in the U.S. for this purpose; • Clarify that assets readily convertible into cash within one day include funds sourced from the overnight market, treasury bills with a maturity of up to 365 days, and direct obligations of the federal government. Assets readily convertible within one week should include the above items, in addition to debt obligations of a federal government agency, direct obligations of a provincial government or provincial government guarantees with a term to maturity of 90 days or less, and any other eligible instrument with a maturity of up to 5 business days; • Qualify the term "readily convertible to cash" such that the conversion to cash must be at a fair and reasonable price. A few commenters, however, supported additional liquidity requirements for money market funds. Some of these commenters also expressed concern over whether the restrictions go far enough in light of the stricter liquidity requirements recently implemented by the U.S. (namely a 10% overnight threshold and a 30% one-week threshold), and asked that the CSA explain their reasons for not adopting them.	value. Such assets can be sold in the ordinary course of business within 1 business day (in the case of the daily liquidity requirement) or within 5 business days (in the case of the weekly liquidity requirement) at approximately the value ascribed to them by the money market fund. To clarify, the securities do not have to mature within the 1 or 5 business day periods. For example, government paper that matures after 1 or 5 business days that can be readily converted to cash within 1 or 5 business days would likely be eligible for the 5% or 15% liquidity requirements.
	Reset Interval of Floating Rate Note (s.2.18(1)(a)(iv))	One commenter stated the view that the focus on the reset interval (proposed to be every 185 days) does not address the increased liquidity risk premium of longer-term obligations. Changes to credit premiums can have a material impact to the value of floating rate obligations and can limit their ability to reset near par value [as required under subparagraph (iv)(B)].	We agree with the commenter that the credit margin on long-term obligations must be taken into account. The new weighted average term to maturity of 180 days will restrict a money market fund's ability to fill its portfolio with long-term floating debt.

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	Transactions in Derivatives and Short Selling (s. 2.18(2))	Two commenters expressed strong support for the prohibition on short selling and the use of specified derivatives by a money market fund. We were asked by one commenter to consider adding new restrictions to money market fund assets with embedded derivatives or options. This commenter stressed that options and derivatives should not be exercised other than with agreement of the fund and noted that it is surprisingly common for Canadian money market funds to hold notes commonly known as 'fixed-to-floaters', which may have final floating rate terms of up to 100 years if the call option is not exercised by the issuer at the end of the fixed coupon period. One commenter expressed concern about removing the flexibility of money market funds to hold derivative instruments to hedge losses associated with rising interest rates, to gain exposure to money market instruments without investing in them directly (which is more efficient than directly owning the instrument), as well as to reduce the risk of fluctuation in income streams. This commenter stated that it would be inappropriate to impose such a restriction given the current environment where high quality and highly liquid securities are scarce.	Acknowledged. If a debt security has a default conversion feature to extend the maturity without input from the fund, the fund must use the later date as the term of the debt for the weighted average term to maturity calculation. No change. The CSA consider the use of derivatives to be incompatible with the investment objectives of money market funds and the current practice of maintaining a stable NAV by holding assets on a cost plus accrued interest basis.
	Additional Comments	One commenter proposed the following additional restrictions in the interest of keeping regulatory global consistency of money market funds: • Remove the ability of a money market fund to hold 5% of its assets in a currency other than that which the net asset value of the fund is calculated since allowing foreign currency exposure introduces additional risks to the fund such as foreign currency risk, counterparty risk and liquidity risk while providing limited benefit to securityholders; • Limit a money market fund's investments in any one issuer to 5% of net assets, as the increased diversification would bring more stability to the net asset value of the portfolio;	We acknowledge that a portfolio manager of a money market fund should consider appropriate diversification, currency risks, stress testing and monitoring of "shadow" NAV on a regular basis. We do not believe that codification of such prudent practices is necessary at this time. We are not adding a 397-day maturity maximum for FRNs. The current restrictions provide money market funds with sufficient flexibility to manage their portfolio.

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		• Introduce a requirement for money market funds that maintain a constant net asset value to internally monitor and compare at least weekly the market price of the fund and of each security with the corresponding amortized cost valuation and have internal procedures in place to address any meaningful deviations; • Add a maximum term to maturity of 397 days consistent with SEC Rule 2a-7 for all securities inclusive of FRNs. Another commenter suggested that the CSA require periodic stress testing of money market fund portfolios and monthly public reporting of holdings so that risk can be better assessed and portfolios are more transparent.	
Mutual Fund Dealers	***Commingling Restrictions (ss. 11.1(1)(b), 11.2(1)(b) and 11.4(1))***	Several commenters expressed support for the amendments extending the exemption from the commingling restrictions to MFDA members and mutual fund dealers in Québec. These commenters agreed that there is no rationale for treating MFDA and IIROC members on a different basis.	Acknowledged.
	Interest Determination and Allocation (ss. 11.1(1)(a), 11.2(1)(a), 11.1(4), 11.2(4) and 11.4(1))	Several commenters expressed support for including MFDA members and mutual fund dealers in Québec in the exemption from the interest determination and allocation requirements. One commenter, however, disagreed with the proposed amendment and recommended that, at a minimum, interest be paid on the minimum monthly cash balance in the trust account unless the interest payable is less than $1.00.	Acknowledged. The proposed exemption for MFDA members and mutual fund dealers in Québec from the requirements of sections 11.1 and 11.2 is intended to eliminate unnecessary duplication between the requirements of NI 81-102 and MFDA Rules. Accordingly, while an MFDA member may be exempt from the requirements of sections 11.1 and 11.2, that member will remain subject to the relevant MFDA rules on segregation of client property. On June 25, 2010, the MFDA published proposed amendments to its Rule 3.3.2 *Segregation of Client Property – Cash* and to its *Internal Control*

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			Policy Statement 4 – Cash and Securities (together, the MFDA's Proposed Requirements) which, if approved, would maintain existing requirements to segregate client cash held in trust from member property. They would also give members discretion as to whether they pay interest on client cash held in trust, subject to conditions, including a disclosure requirement on account opening, as to whether or not such interest will be paid and if so, at what rate.
		One commenter noted that the exemption under section 11.4 should also include an exemption from the requirement in subsection 11.3(b) that a trust account bear interest. This would be consistent with amendments proposed by the MFDA to their corresponding rules.	An exemption from the requirement in subsection 11.3(b) is not necessary as section 11.3 applies only to the extent section 11.1 or 11.2 applies. As the amendment proposed to section 11.4 will exempt MFDA members from the requirements of sections 11.1 and 11.2, the requirement in subsection 11.3(b) will therefore not apply. MFDA members would nevertheless be subject to the MFDA's Proposed Requirements in respect of the payment of interest on trust accounts, as discussed above.
		This commenter also asked us to confirm that MFDA members may, at their option, place client moneys into an interest bearing trust account and that if they elect to do so, any interest earned may be used to cover any charges imposed by the financial institution against the trust account, contrary to section 11.3(c).	As already discussed above, the requirements of section 11.3 would not apply to a member of the MFDA or mutual fund dealer in Québec that is exempted from the application of section 11.1 or 11.2 under the amendment proposed to section 11.4. As noted above, the MFDA's Proposed Requirements would maintain certain requirements pertaining to the segregation of client cash held in trust. We also refer commenters to the MFDA's Proposed Requirements for the purpose of determining what changes have been proposed pertaining to the permitted use of interest earned on client trust accounts.
	Mutual Fund Managers	One commenter requested clarification on whether the proposed exemption in subsection 11.4(1) would also apply to mutual fund managers of mutual funds that do not have a principal distributor. This commenter suggested that these mutual fund managers should benefit	We confirm that mutual fund managers that have neither a principal distributor nor a participating dealer that is a member of the MFDA or a mutual fund dealer in Québec would remain subject to the requirements

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		from the exemption on the same basis as participating dealers.	of Part 11. The exemption proposed in section 11.4 would not extend to mutual fund managers that consider themselves to be service providers (i.e. persons or companies providing services to a mutual fund). The CSA will at this time continue to consider applications for exemptive relief from such service providers on a case by case basis.

Mutual Fund Ratings	***Use of Mutual Fund Ratings in Sales Communications (s. 15.3(4))***	A number of commenters requested that the proposed disclosure requirements for mutual funds that use performance ratings or rankings in sales communications be changed or clarified as follows:
		
		• The sales communication should contain only the following disclosure proposed under paragraph 15.3(4)(e):
		  • the name of the category within which the mutual fund is rated or ranked, including the name of the organization that maintains the category (15.3(4)(e)(i));
		  • the name of the mutual fund rating entity that provided the rating or ranking (15.3(4)(e)(iii)); and
		  • a statement that the rating or ranking is subject to change every month (15.3(4)(e)(v)).
		
		The remaining disclosure proposed under paragraph 15.3(4)(e) should be made on the website of the 'mutual fund rating entity' instead of in the sales communication itself because this disclosure is lengthy, very technical, unlikely to be read by the majority of investors, and is not conducive for use in advertisements or other more time-sensitive sales communications. Investors should instead be referred to the additional information via a reference (or, in a live document, a link) to the specific page of the rating organization's website where the methodology is discussed. The link could be displayed prominently, outside of the standard disclaimer and close in proximity to where the rating is first used in the sales
			We continue to believe that the various disclosure items proposed in paragraph 15.3(4)(e) are essential to bring sufficient context to a mutual fund rating or ranking, and minimize the risk that the public may be misled by a sales communication containing such a rating or ranking. The disclosure requirements are quite consistent with those mandated under similar U.S. rules (see NASD Rule 2210) governing the use of mutual fund ratings in retail communications.
			
			We are proposing a few changes to paragraph 15.3(4)(e) that are generally intended to clarify the disclosure requirement and simplify the required disclaimer language. We propose to replace the requirement in clause 15.3(4)(e)(vi) to disclose the key elements of the methodology used by the rating entity with the requirement to disclose the criteria on which the rating or ranking is based (e.g. total return, risk-adjusted performance). We no longer propose to require a reference to the mutual fund rating entity's website for details of the rating methodology. We are replacing the requirement in subparagraph 15.3(4)(e)(vii) to disclose the *significance* of a rating or ranking with a requirement to disclose the *meaning* of a rating or ranking where it is a symbol rather than a number (for e.g., a five-star rating indicates the fund is in the top 10% of all mutual funds in the category).

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		communication; • Clarify the level of detail with which the "significance" of the rating or ranking should be disclosed in accordance with subparagraph 15.3(4)(e)(vii); • Clarify whether a fund has to disclose the category and number of funds separately for each period of standard performance data (since fund categories and the number of funds being rated in a category change over time) or whether it would be sufficient to disclose the current name and size of the category at the time that the sales communication is first used; • Provide guidance or a prescribed form on how we would expect a disclaimer to read; • Define the term 'published category' as used in paragraph 15.3(4)(d). Three commenters, on the other hand, expressed support for the additional	As stated above, we are replacing the requirement in subparagraph 15.3(4)(e)(vii) with a requirement to disclose the *meaning* of a symbol that is used as a rating or ranking. Yes, in order to give proper context to a rating, a fund has to disclose the category and number of funds separately for each period of standard performance data. While we wouldn't expect the category to typically change over time, we recognize that the number of funds being rated in a category will change over time. In order to avoid involved or lengthy text disclosure, particularly where a sales communication may pertain to more than one fund, we encourage fund managers to consider presenting the information in a table or other format that assists in presenting the required disclosure clearly and concisely. We have not prescribed the disclaimer language in the amendment in order to provide fund managers with flexibility given the many ways that this information can be used and presented. We do not propose to define the term 'published category' as the CSA do not want to limit the establishment of categories that may provide a reasonable basis for evaluating the performance of a mutual fund. Note that a 'published category' may not, under clause 15.3(4)(d)(ii), be one that is established by a member of the organization of the mutual fund. Currently, an example of such independently established 'published categories' would include those maintained and made available to the public by the Canadian Investment Fund Standards Committee (CIFSC). We believe that a requirement to disclose all data used in the

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		disclosure requirements surrounding the use of mutual fund ratings in sales communications. One of these commenters encouraged us to require further transparency of the methodologies used by mutual fund rating agencies and suggested that all data used in the calculation of such ratings, and the complete methodology used to establish the ratings, be made available. One commenter recommended that we revisit the policy of utilizing star ratings as there is little evidence that such ratings provide value to long-term investors. This commenter further recommended against permitting the use of overall ratings or rankings in addition to the ratings or rankings based on standard periods of performance as this would further confuse retail investors and would add unnecessary risk.	calculation of a rating/ranking, and the complete methodology used to establish the rating/ranking would make the disclosure too lengthy, very technical, and not conducive for use in sales communications. We however understand that the public may wish to review the data and methodology used for the purpose of ensuring that the results are verifiable. To provide this assurance to the public without necessarily requiring detailed disclosure of the methodology in the sales communication, we are proposing a minor change to the definition of "mutual fund rating entity" to require that the rating/ranking methodology used by it be not only objective, but also based on quantifiable factors, and disclosed to the public on the mutual fund rating entity's website. The CSA believe that the use of third party ratings in sales communications is an acceptable practice if it is done in accordance with the requirements as proposed in the amendments.
Drafting Changes	***Definition of Permitted Supranational Agency***	Two commenters recommended adding the European Investment Bank in the proposed definition of permitted supranational agency.	Change made.

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Aggregation of Short-Term Debt	***Statement of Investment Portfolio (ss. 3.5(4) and 3.5(5))***	Three commenters expressed concern with the elimination of an investment fund's ability to aggregate certain types of short-term debt in the fund's statement of investment portfolio. We were told that any benefit of increased transparency would not outweigh the increased administrative costs. One of these commenters noted that with respect to mutual funds that are not money market funds, short-term	No change. We continue to believe that this amendment is essential to increase the transparency of investment fund portfolio holdings and allow investors to better evaluate the risks associated with an investment fund's short-term debt holdings. When the non-bank asset-backed commercial paper market froze in August 2007, it was difficult for investors to determine if

Part III – Comments on proposed amendments to NI 81-106			
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		debt holdings are generally transitory assets moving in or out of the fund and would not be particularly useful information for an investor. This commenter proposed an exception in the proposed amendment such that short-term debt in aggregate amounts of less than 10% of the net assets of the fund be permitted to continue to be aggregated in financial reporting. With respect to scholarship plans, one commenter felt that, given the restricted nature of the types of investments that can be made by scholarship plans, detailing each specific holding of short-term debt would not really add anything of relevance or substance to an investor. This commenter remarked, however, that the current requirement in subsection 3.5(5) to break out information about a specific debt instrument if the aggregate for that instrument exceeds 5% of the short-term debt holdings of the fund is relevant and useful disclosure for investors. One commenter expressed approval for this proposed amendment.	funds they owned held such paper. We do not believe that such lack of transparency of holdings is appropriate. We are not prepared to make exceptions for funds that are not money market funds. All funds should provide the same level of transparency, irrespective of the extent of their short-term debt holdings.
Limited Life Funds	***Definition of Limited Life Fund***	One commenter suggested that the definition of limited life fund be broadened to capture limited life funds that cannot be terminated within 24 months of its formation such as where there is a delay in commencing the offering of the fund or a fund that remains in existence after liquidation for tax purposes. This commenter proposed that the definition should read "…whose prospectus discloses that the investors in the investment fund (other than the manager, promoter or any affiliates thereof) will cease to be investors in the investment fund within 24 months following the completion of the initial public offering by the investment fund."	The CSA have decided at this time not to proceed with the codification of relief from the annual information form requirements of s.9.2 for limited life funds. In light of the rapid market development and innovation of investment fund products, including changes in structure and complexity, the CSA are of the view that the exemption, as originally proposed, could have the unintended consequence of allowing certain investment funds that weren't specifically contemplated by the exemption, to benefit from the exemption. The CSA will therefore continue to review such requests for relief on a case-by-case basis.
	Annual Information Form (s. 9.2)	One commenter proposed that the exemption from the requirement to file an annual information form for limited life funds be extended to all investment funds that no longer have securityholders and intend to terminate. We were told that since these investment funds exist solely to	See response above.

Part III – Comments on proposed amendments to NI 81-106			
Issue	**Sub-Issue**	**Comments**	**Responses**
		maintain their status for tax purposes, there is no benefit in requiring these funds to continue to prepare continuous disclosure documents since there are no arm's length investors in the fund and no intention to distribute any securities by the fund.	
	Proxy Voting Record Requirements (ss. 10.3 and 10.4)	One commenter proposed that previous exemptive relief granted to limited life funds from the requirement to maintain, prepare and post on its website a proxy voting record on an annual basis and to send securityholders the proxy voting record on request, be codified on the same basis as the proposed exemption to file an annual information form. We were told that given the short lifespan of limited life funds, the proxy voting records have little practical utility since securityholders would have little or no opportunity to act on information contained in the proxy voting record.	See response above.
Calculation of Net Asset Value	***Public Disclosure of Net Asset Value (s. 14.2(8))***	One commenter remarked that the cost of system changes to post net asset value information on a website daily is likely greater than the benefit to investors of having this information daily, rather than weekly or longer. Certain commenters proposed the following changes or clarifications to the proposed requirement to make a	We have renumbered proposed subsection 14.2(8) as new subsection 14.2(6.1), and added to it the requirement for an investment fund to make available to the public its net asset value *per security*, in addition to its net asset value, as originally proposed. We have made corresponding amendments to the related disclosure requirements under Item 20.3 of Form 41-101F2 and new Item 7(2.1) of Form 81-101F2. The proposed requirement to make the net asset value and net asset value per security of an investment fund available to the public at no cost does not necessarily equate to an obligation to ensure that this information is disseminated on various public mediums, including websites. The requirement is merely intended to give interested members of the public a way to access this information at no cost. The fund manager may select the means through which it intends to make its investment funds' net asset value/net asset value per security available to the public at no cost.

Part III – Comments on proposed amendments to NI 81-106			
Issue	**Sub-Issue**	**Comments**	**Responses**
		fund's net asset value available to the public:	
		• Exempt scholarship plans from this requirement given their "non-unitized" nature and the fact that they generally do not carry out "net asset value" calculations;	The CSA understand that scholarship plans can and do produce a net asset value in their financial statements. We however recognize their "non-unitized" nature which does not enable them to produce a net asset value per security. Accordingly, new subsection 14.2(6.1), requires scholarship plans to make available their net asset value on a non-unitized basis only.
		• Exempt investment funds and classes or series of investment funds that are only available to investors who have discretionary managed accounts from this requirement as those investors do not choose the funds in their portfolios and are not likely interested in their net asset values. Alternatively, modify the requirement such that those series of a fund or funds that are only available to institutional clients, discretionary managed accounts or otherwise are not available to the general public, be required to make the net asset value available only to these specific clients, and not to the general public;	No change. We consider that investment funds that are reporting issuers should make their net asset value available to the general public notwithstanding the fact that their securities may be held by, or available to, only a select class of investors (e.g. institutional clients or discretionary managed account client etc.). And as stated above, we are not proposing that the net asset value be published, but rather only be made available at no cost to those who request it.
		• Clarify whether an investment fund is required to make the net asset value per security available to the public at no cost in addition to the net asset value of the fund;	As mentioned above, new subsection 14.2(6.1) requires that an investment fund make both its net asset value and net asset value per security available to the public at no cost. Scholarship plans are excepted from the requirement to make available a net asset value per security.
		Clarify the types of public access that would satisfy the requirement to make the net asset value "available to the public". In particular, is publication on a website required or is making the net asset value available via mail, telephone/fax, or email sufficient?	Publication on a website is not required. See response above.

Part IV – Comments on related consequential amendments			
Issue	**Sub-Issue**	**Comments**	**Responses**
NI 41-101	***Calculation of Net Asset Value***	One commenter noted that NI 41-101 does not contain the same disclosure requirement as the proposed Item 7(2.1) of Form 81-101F2, that the offering document describe how the net asset value of the mutual fund will be made available to the public at no cost.	We refer you to existing Item 20.3 of Form 41-101F2 which already requires investment funds to describe in their long form prospectus how the net asset value of the investment fund will be made available at no cost. Our final amendments include an amendment to that Item in connection with the requirement in new subsection 14.2(6.1) of NI 81-106 (discussed above) to also make available the net asset value *per security.* A similar change has been made to new Item 7(2.1) of Form 81-101F2.
Form 81-101F1	***Disclosure Relating to Short Selling (Item 9(7) of Part B)***	One commenter remarked that substantial amounts of short selling may make some mutual funds completely inappropriate for some investors and recommended that strict disclosure be required on the risks of short selling under Item 4 of Part A of this form in addition to the risk disclosure required under Item 9 of Part B. Another commenter, on the other hand, questioned the effectiveness of the additional requirement to disclose applicable risks under this disclosure item if a mutual fund engages in short selling or derivatives for non-hedging purposes. This commenter noted that common practice engaged in by industry and accepted by staff with respect to the risk disclosure required by Item 9 of Part B is simply to refer back to the risks described in Part A of the prospectus, which is no different than the disclosure of other risks of investing in the fund. It was proposed that this subsection be repealed. This commenter also suggested that a qualification be added to this provision such that the risk disclosure would only be required if the fund had entered into any of the specified transactions by a date within 30 days of the date of the simplified prospectus.	The risk disclosure under Item 4 of Part A is intended to describe the risk factors that are associated with investing in mutual funds *generally*. It may not be appropriate to discuss the risks associated with short-selling under Item 4 of Part A of a multiple SP where only a small minority of mutual funds in that SP have incorporated short-selling into their overall investment strategy. The specific short-selling risk disclosure would instead be made in each of the relevant funds' Part B. Where however most of the funds in a multiple SP intend to short-sell (as disclosed in their respective investment strategies), we would expect short-selling risk to be discussed both generally under Item 4 of Part A and specifically under Item 9(7) of Part B. In that case, the Part B short-selling risk disclosure may, as per Item 9(3) of Part B, be provided through a cross-reference to the short-selling risk disclosure in Part A. No change. Even though a fund may not actually short-sell securities or use derivatives as at the date of a prospectus, its investment strategies may contemplate the use of such strategies at any future point in time. Given the specific risks associated with short-selling and the use of derivatives, the possibility of using such investment strategies in the future is material information that must be disclosed to investors ahead of any such activity. This prospectus disclosure obligation is consistent with the advance notice

Part IV – Comments on related consequential amendments			
Issue	**Sub-Issue**	**Comments**	**Responses**
			requirement in section 2.11 which requires a mutual fund to provide to its securityholders 60 days prior written notice before it begins short-selling securities or using derivatives. This notice is however not required where the fund's prospectus has, since the fund's inception, disclosed the intent to engage in such activities along with the associated risks. Under the amendments to NI 81-102, a mutual fund is limited to short-selling no more than 20% of its net asset value. Short-selling is one of many other strategies that a fund may use under NI 81-102. While we consider that the use of short-selling constitutes material information that must be specifically disclosed in the prospectus as part of the fund's investment strategy, along with disclosure of the related risk, we do not believe that limited short-selling necessarily needs to be reflected in a fund name, over all other investment strategies which the fund may potentially use.
		A third commenter proposed that due to the additional risk involved in short selling, a mutual fund should indicate in its name that it may engage in short selling.	
	Transition	We were asked by one commenter to clarify that the proposed amendments apply only to simplified prospectuses and annual information forms issued after the effective date of the proposed amendments.	We expect mutual funds that currently short-sell under prior exemptive relief to amend their current disclosure in their prospectus so as to comply with any new short-selling disclosure requirements at the earlier of the next renewal or next amendment of the prospectus. Mutual funds intending to increase their current short-selling activities up to the prescribed limit in new s.2.6.1 should consider whether such increase would be a material change triggering the requirement to file an amendment prior to implementing the new limit.

Part V – Other comments			
Issue	**Sub-Issue**	**Comments**	**Responses**
(i) Other comments relating to NI 81-102			
Definitions	***Cash Equivalent***	One commenter proposed amending the definition of "cash equivalent" so as to contemplate a term to maturity of five years or less, rather than the 365 days currently referred to, but with the amount of the evidence of	No change at this time.

Part V – Other comments			
Issue	**Sub-Issue**	**Comments**	**Responses**
		indebtedness which may be used for purposes such as 'cash cover' being 80% of par for a term to maturity of five years increasing on a straight-line basis so as to be par for a term to maturity of 365 days or less. This would provide further flexibility to mutual funds in determining the optimal maturity mix of government or guaranteed debt instruments while still meeting the policy objectives underlying the requirements to hold cash cover or similarly liquid securities.	
	Mutual Fund Conflict of Interest Investment Restrictions	One commenter recommended that the definition of "mutual fund conflict of interest restrictions" be amended to be consistent and/or identical to the definition of the term in NI 31-103.	No change. The term "mutual fund conflict of interest restrictions" is not defined in NI 31-103.
	Net Assets vs Net Asset Value	One commenter suggested that we clarify, throughout NI 81-102 and NI 81-101, the use of the terms "net assets" and "net asset value". This commenter noted that the definition of "net assets" can only be found in Form 81-106F1, which likely ascribes a different meaning to the term as used in NI 81-102 and NI 81-101.	Change made. With our final publication, we are making amendments throughout NI 81-102 and NI 81-101 to replace references to "net assets of the mutual fund, taken at market value at the time of the transaction" with "net asset value".
Investment Restrictions	***Concentration Restrictions for Government Securities (s. 2.1)***	Two of these commenters proposed that the definition of "government security" be expanded to include evidences of indebtedness issued and guaranteed by governments in the G7 member countries or countries where the government debt is rated AAA, such as Austria, Finland, Netherlands and Sweden. In the alternative, two commenters proposed that we codify previous exemptive relief granted to mutual funds with global fixed income mandates to invest up to 35% of net asset value in AAA-rated foreign government debt and up to 20% of net asset value in AA-rated foreign government debt.	No change. No change at this time. Since the credit crisis of 2008-2009, certain countries, such as the U.S., have been reconsidering references to credit ratings in their regulation with a view to eliminating over-reliance on such ratings by both regulators and investors. In such an environment, the CSA is not prepared to codify relief premised on the maintenance of certain credit ratings. The CSA will continue to consider such exemptive relief requests on a case-by-case basis.
	Investments in Gold and other Precious Metals (ss. 2.3, 2.5)	Four commenters suggested that we codify recently granted exemptive relief that provides mutual funds with	No change at this time. In Phase 2 of the Modernization Project, we intend to re-examine the current

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Issue	**Sub-Issue**	**Comments**	**Responses**
		more flexibility to invest in gold and other commodities, including relief permitting: • investments in precious metals other than gold such as silver and palladium; • up to 100% of net assets to be invested in gold; • investments in gold and silver exchange-traded mutual funds; investments in leveraged gold exchange-traded mutual funds and inverse gold exchange-traded mutual funds.	investment restrictions in Part 2 of NI 81-102 in light of market and product developments. Any potential changes would be considered at that time.
	Exemption from Concentration and Control Restrictions for Fund-on-Fund Investments (s .2.1, 2.2, 2.5)	One commenter expressed concern about exempting mutual funds from the concentration restrictions when investing in other mutual funds. We were told that mutual funds can potentially be used to "cascade" holdings in particular securities to a greater extent than could be generated directly. This commenter proposed that hard concentration limits be made to apply to funds-of-funds on a look-through basis so that concentration restrictions that are in place for investor protection are not disregarded as a result of tiering.	These exemptions from the concentration and control restrictions for funds-of-funds are not new as they have been in place since Dec. 31, 2003. Amendments were made to NI 81-102 at that time to permit mutual funds to invest without restriction in other mutual funds, subject to conditions prescribed in section 2.5 of NI 81-102. We are not aware of any issues brought about by these exemptions and therefore consider that no changes are necessary.
	Investments in Exchange-Traded Funds other than Index Participation Units (s. 2.5)	Two commenters proposed codifying routinely granted relief permitting mutual funds to invest up to 10% of net assets in Canadian and U.S. exchange-traded funds which do not qualify as index participation units. These include exchange-traded funds that invest in a manner that replicates the performance of a widely quoted market index by a multiple of 200% or an inverse multiple of 200%, that replicates the performance of a commodity, or provides exposure to a sector or geographic area not represented by a widely quoted market index. One of these commenters recommended capturing these funds in a new definition of "reference-based ETF" and creating an exception to s. 2.5(a) and (c). One commenter also recommended that the CSA eliminate the technical distinction between exchange-traded funds that fall within the definition of "mutual fund" and those that do not,	No change at this time. In Phase 2 of the Modernization Project, we intend to re-examine the current investment restrictions in Part 2 of NI 81-102, including the fund-on-fund provision in section 2.5, in light of market and product developments. Any potential changes would be considered at that time. No change at this time. See response above.

Part V – Other comments			
Issue	**Sub-Issue**	**Comments**	**Responses**
		as there is no rationale for allowing mutual funds to invest in certain exchange-traded funds and not in others based solely on the fund's ability to satisfy redemptions on demand at net asset value. Rather, it was suggested that funds be permitted to invest in exchange-traded funds like any other exchange traded issuer. We were told that concerns such as undue leveraging risks can be addressed through concentration restrictions and extension of cash cover requirements.	
	Use of Derivatives for Non-Hedging Purposes (s. 2.8)	One commenter suggested that the CSA address the following two issues in light of changes in market practice relating to requirements for collateral and the requirements of the Dodd-Frank financial reform legislation in the U.S.: 1. Clarify whether funds are able to pledge cash as collateral under a specified derivative contract. While cash is ascribed full value when posted as collateral, other securities may be discounted. As such, allowing a fund to post cash collateral would enable the fund to invest a greater proportion of its assets when using derivatives; 2. Address the fact that net assets used as cash cover cannot also be used to post collateral under an ISDA agreement. As a result, where a fund is required to make payments under a specified derivative, it must have cash cover for that amount under NI 81-102 and also post collateral with the counterparty under its Credit Support Annex. This results in the payment obligation being double-secured, at a cost to unitholders of the fund. This also makes the use of derivatives uneconomic.	A mutual fund is able to pledge cash as collateral under a specified derivative contract, subject however to the requirement in subsection 6.8(4) that the agreement by which portfolio assets of a mutual fund (whether cash or securities) are deposited with the counterparty require the counterparty to ensure that its records show that the mutual fund is the beneficial owner of the portfolio assets. We understand from your comment that there are practical implications in complying with this requirement when cash is posted as collateral with a counterparty because the cash is no longer beneficially owned by the mutual fund, but rather the counterparty becomes a conditional debtor of the fund. In such circumstances, in order to ensure that the mutual fund retains beneficial ownership of the cash collateral, we understand that individual *Personal Property Security Act* (PPSA) registrations must be made on the cash collateral. This added burden currently discourages mutual funds from posting cash collateral. While we recognize the practical implications of complying with subsection 6.8(4) where cash

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			collateral is concerned, we are not prepared to except cash collateral from the application of that section as we believe the policy basis for that requirement to be sound. We suggest that amendments to the PPSA may provide a more effective way of dealing with the current impracticalities of posting cash collateral.
	Securities Lending Transactions of 100% of a Fund's Portfolio (ss. 2.12(1)1, 2.12(1)2, 2.12(1)12, 2.12(3), 2.15(3), 2.16, 6.8(5))	One commenter proposed that we codify relief granted to mutual funds that are clone funds and utilize a capital yield structure through a forward agreement, to engage in securities lending transactions with respect to 100% of the net assets of the fund.	No change. Staff will continue to consider this type of exemptive relief request on a case-by-case basis.
Conflicts of Interest	***Purchases of Mortgages from a Related Party (ss. 4.2, 4.3)***	One commenter suggested codifying relief that was granted to a mortgage mutual fund to make a one-time purchase of mortgages from a related party that was pooling mortgages for the purpose of transferring them to the fund.	No change at this time. We may consider this comment in the context of future amendments to NI 81-107.
	Self-Dealing Exception where Bid and Ask Price Reported by Available Public Quotation (ss. 4.3(1), 4.3(2))	One commenter proposed that we extend the exception for the purchase and sale of securities between related mutual funds where the bid and ask price for the security is reported on a public quotation system in common use, to the purchase and sale of securities between related mutual funds where the bid and ask prices are not publicly available, but the current fair market valuation may be readily obtained through an independent arm's length valuation and the IRC of the fund recommends the transaction on that basis. This commenter also proposed extending the exception for purchases and sales of securities between related public mutual funds to purchases and sales of securities between a related public mutual fund and a privately offered pooled fund made on the same basis, and where the pooled fund has set up an IRC in accordance with NI 81-107.	No change at this time. We may consider these comments in the context of future amendments to NI 81-107.
Fundamental Changes	***Mergers (ss. 5.1(f), 5.1(g), 5.3(2), 5.6(1))***	A few commenters suggested the following changes to the merger pre-approval provision and the merger approval process:	

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Issue	**Sub-Issue**	**Comments**	**Responses**
		• Remove the pre-approval requirement in paragraph 5.6(1)(b) that the transaction must be a "qualifying exchange" or a tax-deferred transaction under the *Income Tax Act* as this requirement could result in capital gains being imported into the continuing fund;	No change at this time.
		• Codify the most common circumstances in which merger approvals are granted by the CSA under paragraph 5.5(1)(b), including:	
		1. where the fundamental investment objectives, valuation procedures and fee structures of the terminating fund and continuing fund are not substantially similar (5.6(1)(a)(ii)), provided the information circular contains sufficient information concerning the differences in the fundamental investment objectives, valuation procedures or fee structures to permit securityholders of the mutual fund to make an informed decision concerning the merger;	No change at this time.
		2. where the transaction is not a qualifying exchange (5.6(1)(b)), provided the information circular contains sufficient information concerning the tax consequences of the merger to permit securityholders of the mutual fund to make an informed decision concerning the merger;	No change at this time.
		3. where the prospectus and financial statements of the continuing fund are not sent to securityholders of the terminating fund (5.6(1)(f)(ii)), provided that securityholders of the terminating fund are instead sent a tailored prospectus containing the Part A and relevant Part B of the continuing fund's prospectus and an information circular	As of January 1, 2011, subparagraphs 5.6(1)(f)(ii) & (iii) of NI 81-102 require that the materials sent to securityholders in connection with a merger approval include either the current prospectus or the most recently filed fund facts document of the continuing fund, and a statement advising securityholders on how the most recently filed financial statements and other filed documents of the continuing fund

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Issue	**Sub-Issue**	**Comments**	**Responses**
		describing how an investor may access the continuing fund's financial statements;	may be obtained by them at no cost. On August 12, 2011, the CSA proposed an amendment to subparagraph 5.6(1)(f)(ii) which, once finalized, would going forward require that only the most recently filed fund facts document of the continuing fund be included with the materials sent to securityholders (along with the statement required under subparagraph 5.6(1)(f)(iii)).
		• Require an application for approval of a fund merger to include the draft information circular to be sent to securityholders of the terminating fund since it appears to be staff's practice to review this information prior to approving the merger. This would provide fund managers with sufficient notice to alter their timelines for filing these types of applications;	No change. Staff appreciates the continued opportunity to review the draft information circular as part of the merger approval process.
		• Permit the IRC of a continuing fund, in connection with a fund merger that is considered a material change for the continuing fund, to approve the merger without obtaining the approval of securityholders of the continuing fund, on the same basis that the IRC of a terminating fund may approve a merger of the fund without the approval of securityholders of the terminating fund under subsection 5.3(2);	No change. We believe that securityholders of the continuing fund should have the right to vote on a material change to their fund, resulting from a reorganization or merger.
		• Revise the pre-approval requirement under paragraph 5.6(1)(e) to have obtained securityholder approval so that it contemplates the situation where IRC approval under subsection 5.3(2) may apply, in which case securityholder approval is not required to be obtained.	Change made. See the amendment to subparagraph 5.6(1)(e)(i) which recognizes that securityholder approval is not necessary where IRC approval under subsection 5.3(2) applies.
		A different commenter, however, expressed concern with authorizing IRCs to approve mergers on behalf of terminating mutual funds under subsection 5.3(2) altogether. The commenter felt that these types of changes are material to an investor and the investor should retain the	No change.

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Issue	**Sub-Issue**	**Comments**	**Responses**
		right to approve them. In the alternative, it was suggested that the 60 days' notice requirement be accompanied with a redemption right where the redemption fees are waived.	
	Change in Control of Manager and Change of Manager (ss. 5.1(b), 5.5(1)(a), 5.5(2))	One commenter expressed concern with OSC staff's view, as set out in Staff Notice 81-710, that a change in control of a fund manager shortly followed by an amalgamation of the acquired manager with the acquiring manager would be considered a change of manager. We were told that some post-consolidation efforts to streamline the operations of an acquiring and an acquired fund manager would have no material impact on securityholders. This commenter asked for guidance on circumstances in which parties may contemplate a post-closing merger without the change of control transaction being re-characterized as a change of manager of a mutual fund. The commenter also asked whether OSC Staff's view is adopted by the other CSA members. This commenter remarked that the application of the staff notice has potentially far-reaching ramifications for mutual fund managers and strongly urged us to revisit the issues in a proposed amendment to NI 81-102 so that they can be submitted for public consultation as part of the rule-making process.	The concern relates to views expressed by OSC Staff only. Any necessary guidance on this issue should accordingly be sought directly with OSC Staff, rather than be expressed in this CSA document.
Purchases and Redemptions of Securities	***Rejection of Purchase and Redemption Orders (ss. 9.2(a) and 10.2(6))***	One commenter recommended that the wording regarding the timing for rejecting a purchase order and for rejecting a redemption order be made consistent. We were told that it was unclear whether "no later than one business day after" and "no later than the close of business on the business day after" referred to the same time (i.e. 6:30 p.m).	No change. Under subsection 10.2(6), a mutual fund must notify a securityholder when the mutual fund is in receipt of an incomplete redemption order. There is no similar securityholder notification requirement in respect of the rejection of purchase orders under paragraph 9.2(a). We believe the different wording used in respect of redemption orders in subsection 10.2(6) is intended to make clear not only the day, but also the time (i.e. no later than the close of business) by which the securityholder must be notified of the incomplete redemption order.
	Incomplete Purchases and	One commenter questioned why a forced redemption of securities upon	No change. We point out that the 1997 and 1999 drafts of NI 81-102

Part V – Other comments			
Issue	**Sub-Issue**	**Comments**	**Responses**
	Redemptions (ss. 9.4(4)(a) and 10.5(1)(a))	an incomplete purchase order would occur on the day following the settlement period of 3 days, whereas a forced purchase of securities upon an incomplete redemption order would occur on the final day of the settlement period of 10 days. This commenter recommended that these sections be made consistent such that both transactions are required to occur on the next business day following the end of the settlement period.	initially proposed that failed purchase orders be redeemed *on the last day* of the settlement period of 3 days. This was consistent with the requirement to make a forced purchase of securities upon an incomplete redemption *on the last day* of the redemption settlement period of 10 days. Commenters on the 1999 draft requested that the timing of forced redemptions under paragraph 9.4(4)(a) follow the same approach as under NP 39 which contemplated that the forced redemption be required to occur *on the next business day* following the settlement period (which was then T+5). To be consistent with the approach under NP 39, and also to take into account the shorter settlement cycle of T+3 under NI 81-102, the CSA extended the date for forced redemptions under the final draft of paragraph 9.4(4)(a) to the fourth business day after the pricing date.
	Lapping (ss. 11.1(3), 11.2(3) and 11.3)	Two commenters suggested that the prohibitions on lapping, whereby cash of a mutual fund client held for a trade which has not yet settled is used to settle a trade for another mutual fund client, are harmful to investors. We were urged to consider permitting lapping by mutual funds in limited circumstances. One of these commenters noted that the lapping prohibitions may cause severe dilution when large purchases of a mutual fund are made and in fund-of-fund situations. Given the concerns behind the prohibition that lapping may cause a fund to bear the liability from a trade not settling, this commenter proposed that the manager of the mutual fund be required to guarantee the amount "lapped" to the fund such that the risk would be borne by the manager. In addition, this commenter proposed that lapping be permitted only in circumstances where it is extremely rare for a trade to be cancelled, for example, where the value of units subscribed by an investor is greater than 10% of the net asset value of the fund, the investor is a top fund that is affiliated to the bottom fund, or the	No change at this time.

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Issue	**Sub-Issue**	**Comments**	**Responses**
		investor is hedging its exposure under a clone fund structure.	
(ii) Other comments relating to NI 81-106			
Financial Disclosure Requirements	***Notes to Financial Statements (s. 3.6)***	One commenter suggested that with the coming into force of NI 23-102 - *Use of Client Brokerage Commissions*, the soft dollar disclosure requirement under section 3.6 of NI 81-106 should be amended such as to use terminology consistent with that used under NI 23-102. The current inconsistency in the language used can lead to potentially different disclosure in the notes to the financial statements depending on the fund manager's interpretation of this provision.	Change made. See amendment to paragraph 3.6(1)3. of NI 81-106 which now uses terms consistent with those defined and used under NI 23-102.
(iii) Other comments relating to NI 81-101			
NI 81-101	***Disclosure Reform***	In light of the proposed amendments and the introduction of the Fund Facts document, one commenter encouraged us to prioritize meaningful disclosure reform, in particular combining the simplified prospectus with the annual information form into an expanded prospectus and subsequently reviewing specific disclosure requirements with a view to rationalizing the disclosure regime.	No change. A rationalization of the mutual fund disclosure regime is not within the scope of the Modernization Project.
Form 81-101F1	***Large Redemption Risk (Item 9(1.1) of Part B)***	One commenter suggested that this provision be clarified such that disclosure of the risks of large redemptions be required only when one securityholder holds more than 10% of the market value of the fund, and not when one securityholder holds more than 10% of the number of securities in any one class or series of the fund.	Change made. See the amendment to Item 9(1.1) of Part B which requires disclosure of the risk of large redemptions when a securityholder holds securities of a mutual fund representing more than 10% of the net asset value of the mutual fund.
	Disclosure Relating to Concentration Risk (Item 9(6) of Part B)	One commenter recommended that the risk disclosure requirement that is triggered when more than 10% of a mutual fund's net asset value is invested in a security of an issuer, other than a government security or a security issued by a clearing corporation, also not apply when the security is issued by another mutual fund pursuant to s. 2.5 of NI 81-102. This commenter felt that the rationale for the required risk disclosure does not apply where the issuer is itself a mutual fund governed by the same	No change.

Part V – Other comments			
Issue	**Sub-Issue**	**Comments**	**Responses**
		set of rules. This commenter also suggested that a qualification be added to this provision to allow the measurement of the 10% threshold within a 12 month period to be as of a date within 30 days of the date of the simplified prospectus, similar to the qualification in subsection (1.1) of Item 9 that requires certain risk disclosure if more than 10% of the securities of the fund are held by one securityholder.	Change made. See amended Item 9(6) which now contemplates a cut off date for the requested information that is 30 days prior to the date of the prospectus.

Part VI – List of commenters

Commenters

- Borden Ladner Gervais LLP
- Canadian Bankers Association
- Canadian Foundation for Advancement of Investor Rights
- Canadian Imperial Bank of Commerce
- Cassels Brock & Blackwell LLP
- CI Investments Inc.
- Fasken Martineau DuMoulin LLP
- Fédération des caisses Desjardins du Québec
- Fidelity Investments Canada ULC
- Franklin Templeton Investments Corp.
- Goodman & Company
- HSBC Global Asset Management
- IA Clarington Investments Inc.
- Invesco Trimark
- Investment Funds Institute of Canada
- Kenmar & Associates
- McCarthy Tétrault LLP
- National Bank Financial Group
- Osler, Hoskin & Harcourt LLP on behalf of BlackRock Asset Management Canada Limited
- RESP Dealers Association of Canada
- Scotia Asset Management L.P.
- Small Investor Protection Association
- TD Asset Management Inc.
- Tradex Management Inc.

ANNEX C

Amendments To
National Instrument 81-102
Mutual Funds

1. National Instrument 81-102 Mutual Funds is amended by this Instrument.

2. Section 1.1 is amended by:

(a) adding the following definition:

"borrowing agent" means any of the following:

(a) a custodian or sub-custodian that holds assets in connection with a short sale of securities by a mutual fund;

(b) a qualified dealer from whom a mutual fund borrows securities in order to sell them short;***;***

(b) replacing the definition of "cash cover***" with the following:***

"cash cover" means any of the following assets of a mutual fund that are held by the mutual fund, have not been allocated for specific purposes and are available to satisfy all or part of the obligations arising from a position in specified derivatives held by the mutual fund or from a short sale of securities made by the mutual fund:

(a) cash;

(b) cash equivalents;

(c) synthetic cash;

(d) receivables of the mutual fund arising from the disposition of portfolio assets, net of payables arising from the acquisition of portfolio assets;

(e) securities purchased by the mutual fund in a reverse repurchase transaction under section 2.14, to the extent of the cash paid for those securities by the mutual fund;

(f) each evidence of indebtedness that has a remaining term to maturity of 365 days or less and an approved credit rating;

(g) each floating rate evidence of indebtedness if

(i) the floating interest rate of the indebtedness is reset no later than every 185 days, and

(ii) the principal amount of the indebtedness will continue to have a market value of approximately par at the time of each change in the rate to be paid to the holders of the evidence of indebtedness;

(h) securities issued by a money market fund;***;***

(c) adding the following definitions:

"clone fund" means a mutual fund that has adopted a fundamental investment objective to track the performance of another mutual fund;

"fixed portfolio ETF" means an exchange-traded mutual fund not in continuous distribution that

(a) has fundamental investment objectives which include holding and maintaining a fixed portfolio of publicly traded equity securities of one or more issuers the names of which are disclosed in its prospectus, and

(b) trades the securities referred to in paragraph (a) only in the circumstances disclosed in its prospectus;

"floating rate evidence of indebtedness" means an evidence of indebtedness that has a floating rate of interest determined over the term of the obligation by reference to a commonly used benchmark interest rate and that satisfies any of the following:

(a) if the evidence of indebtedness was issued by a person or company other than a government or a permitted supranational agency, it has an approved credit rating;

(b) if the evidence of indebtedness was issued by a government or a permitted supranational agency, it has its principal and interest fully and unconditionally guaranteed by any of the following:

(i) the government of Canada or the government of a jurisdiction of Canada;

(ii) the government of the United States of America, the government of one of the states of the United States of America, the government of another sovereign state or a permitted supranational agency, if, in each case, the evidence of indebtedness has an approved credit rating;

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

"manager-prescribed number of units" means, in relation to an exchange-traded mutual fund that is in continuous distribution, the number of units determined by the manager from time to time for the purposes of subscription orders, exchanges, redemptions or for other purposes;

"MFDA" means the Mutual Fund Dealers Association of Canada;***;***

(d) replacing the definition of "money market fund***" with the following:***

"money market fund" means a mutual fund that invests its assets in accordance with section 2.18;***;***

(e) adding the following definitions:

"mutual fund rating entity" means an entity

(a) that rates or ranks the performance of mutual funds or asset allocation services through an objective methodology that is

(i) based on quantitative performance measurements,

(ii) applied consistently to all mutual funds or asset allocation services rated or ranked by it, and

(iii) disclosed on the entity's website,

(b) that is not a member of the organization of any mutual fund, and

(c) whose services to assign a rating or ranking to any mutual fund or asset allocation service are not procured by the promoter, manager, portfolio adviser, principal distributor or participating dealer of any mutual fund or asset allocation service, or any of their affiliates;

"overall rating or ranking" means a rating or ranking of a mutual fund or asset allocation service that is calculated from standard performance data for one or more performance measurement periods, which includes the longest period for which the mutual fund or asset allocation service is required under securities legislation to calculate standard performance data, other than the period since the inception of the mutual fund;***;***

(f) replacing the definition of "permitted supranational agency***" with the following:***

"permitted supranational agency" means the African Development Bank, the Asian Development Bank, the Caribbean Development Bank, the European Bank for Reconstruction and Development, the European

Investment Bank, the Inter-American Development Bank, the International Bank for Reconstruction and Development and the International Finance Corporation;***;***

(g) adding the following definition:

"redemption payment date" means, in relation to an exchange-traded mutual fund that is not in continuous distribution, a date specified in the prospectus or annual information form of the exchange-traded mutual fund on which redemption proceeds are paid;***;***

(h) repealing the definition of "RSP clone fund***"; and***

(i) deleting "simplified***" wherever it occurs in paragraph (b) of the definition of "***sales communication***".***

3. Section 1.2 is amended by deleting "simplified***" wherever it occurs.***

4. Subsection 1.3(3) is repealed.

5. Section 2.1 is amended:

(a) in subsection (1) by replacing "the net assets of the mutual fund, taken at market value at the time of the transaction,***" with "***its net asset value***";***

(b) by replacing subsection (2) with the following:

(2) Subsection (1) does not apply to the purchase of any of the following:

(a) a government security;

(b) a security issued by a clearing corporation;

(c) a security issued by a mutual fund if the purchase is made in accordance with the requirements of section 2.5;

(d) an index participation unit that is a security of a mutual fund;

(e) an equity security if the purchase is made by a fixed portfolio ETF in accordance with its investment objectives.***; and***

(c) in subsection (5) by replacing "its simplified prospectus***" with "***its prospectus***".***

6. Subsection 2.2(1.1) is replaced with the following:

(1.1) Subsection (1) does not apply to the purchase of any of the following:

(a) a security issued by a mutual fund if the purchase is made in accordance with section 2.5;

(b) an index participation unit that is a security of a mutual fund..

7. Paragraphs 2.3(c) and (e) are amended by replacing "the net assets of the mutual fund, taken at market value at the time of the purchase, would consist***" with "***its net asset value would be made up***".***

8. Section 2.4 is amended:

(a) in subsection (1) by replacing "the net assets of the mutual fund, taken at market value at the time of the purchase, would consist***" with "***its net asset value would be made up***";***

(b) in subsection (2) by replacing "net assets, taken at market value,***" with "***net asset value"***; and***

(c) in subsection (3) by replacing "net assets of a mutual fund, taken at market value, are***" with "***net asset value of a mutual fund is made up of***", and replacing "***its net assets***" with "***its net asset value***".***

9. Section 2.5 is amended:

(a) by replacing paragraph (2)(a) with the following:

(a) the other mutual fund is subject to this Instrument and offers or has offered securities under a simplified prospectus in accordance with National Instrument 81-101 *Mutual Fund Prospectus Disclosure*,***;***

(b) in paragraph (2)(b) by replacing "the market value of its net assets***" with "***its net asset value***";***

(c) by replacing paragraph (2)(c) with the following:

(c) the mutual fund and the other mutual fund are reporting issuers in the local jurisdiction,***;***

(d) in paragraph (4)(a) by deleting "RSP***"; and***

(e) in subsection (5) by replacing "Paragraph (2)(f) does***" with "***Paragraphs (2)(e) and (f) do***".***

10. Section 2.6 is amended:

(a) in subparagraph (a)(i) by replacing "the net assets of the mutual fund taken at market value***" with "***its net asset value***";***

(b) by replacing subparagraph (a)(ii) with the following:

(ii) the security interest is required to enable the mutual fund to effect a specified derivative transaction or short sale of securities under this Instrument, is made in accordance with industry practice for that type of transaction and relates only to obligations arising under the particular specified derivatives transaction or short sale,***;***

(c) by replacing ";***" at the end of subparagraph (a)(iii) with "***, or***";***

(d) by adding the following subparagraph:

(iv) in the case of an exchange-traded mutual fund that is not in continuous distribution, the transaction is to finance the acquisition of its portfolio securities and the outstanding amount of all borrowings is repaid on the closing of its initial public offering;***; and***

(e) by replacing paragraph (c) with the following:

(c) sell securities short other than in compliance with section 2.6.1, unless permitted by section 2.7 or 2.8;***.***

11. The Instrument is amended by adding the following section:

2.6.1 **Short Sales** – (1) A mutual fund may sell a security short if

(a) the security sold short is sold for cash;

(b) the security sold short is not any of the following:

(i) a security that the mutual fund is otherwise not permitted by securities legislation to purchase at the time of the short sale transaction;

(ii) an illiquid asset;

(iii) a security of an investment fund other than an index participation unit; and

(c) at the time the mutual fund sells the security short

(i) the mutual fund has borrowed or arranged to borrow from a borrowing agent the security that is to be sold under the short sale;

(ii) the aggregate market value of all securities of the issuer of the securities sold short by the mutual fund does not exceed 5% of the net asset value of the mutual fund; and

(iii) the aggregate market value of all securities sold short by the mutual fund does not exceed 20% of the net asset value of the mutual fund.

(2) A mutual fund that sells securities short must hold cash cover in an amount that, together with portfolio assets deposited with borrowing agents as security in connection with short sales of securities by the mutual fund, is at least 150% of the aggregate market value of all securities sold short by the mutual fund on a daily mark-to-market basis.

(3) A mutual fund must not use the cash from a short sale to enter into a long position in a security, other than a security that qualifies as cash cover*.*.

12. Section 2.7 is amended:

(a) by replacing subsection (1) with the following:

2.7 **Transactions in Specified Derivatives for Hedging and Non-hedging Purposes** – (1) A mutual fund must not purchase an option or a debt-like security or enter into a swap or a forward contract unless, at the time of the transaction, any of the following apply:

(a) in the case of an option, the option is a clearing corporation option;

(b) the option, debt-like security, swap or contract, has an approved credit rating;

(c) the equivalent debt of the counterparty, or of a person or company that has fully and unconditionally guaranteed the obligations of the counterparty in respect of the option, debt-like security, swap or contract, has an approved credit rating.***; and***

(b) in subsection (4) by replacing "net assets***" with "***net asset value***".***

13. Paragraph 2.8(1)(a) is amended by replacing "the net assets of the mutual fund, taken at market value at the time of the purchase, would consist***" with "***its net asset value would be made up***".***

14. Section 2.11 is replaced with the following:

2.11 **Commencement of Use of Specified Derivatives and Short Selling by a Mutual Fund** – (1) A mutual fund that has not used specified derivatives must not begin using specified derivatives, and a mutual fund that has not sold a security short in accordance with section 2.6.1 must not sell a security short unless

(a) its prospectus contains the disclosure required for a mutual fund intending to engage in the activity; and

(b) the mutual fund has provided to its securityholders, not less than 60 days before it begins the intended activity, written notice that discloses its intent to engage in the activity and the disclosure required for mutual funds intending to engage in the activity.

(2) A mutual fund is not required to provide the notice referred to in paragraph (1)(b) if each prospectus of the mutual fund since its inception has contained the disclosure referred to in paragraph (1)(a)*.*.

15. Section 2.17 is amended by deleting "simplified***" wherever it occurs.***

16. The Instrument is amended by adding the following section:

2.18 Money Market Fund – (1) A mutual fund must not describe itself as a "money market fund" in its prospectus, a continuous disclosure document or a sales communication unless

(a) it has all of its assets invested in one or more of the following:

(i) cash,

(ii) cash equivalents,

(iii) an evidence of indebtedness that has a remaining term to maturity of 365 days or less and an approved credit rating,

(iv) a floating rate evidence of indebtedness if

(A) the floating interest rate of the indebtedness is reset no later than every 185 days, and

(B) the principal amount of the indebtedness will continue to have a market value of approximately par at the time of each change in the rate to be paid to the holders of the evidence of indebtedness, or

(v) securities issued by one or more money market funds,

(b) it has a portfolio of assets, excluding a security described in subparagraph (a)(v), with a dollar-weighted average term to maturity not exceeding

(i) 180 days, and

(ii) 90 days when calculated on the basis that the term of a floating rate obligation is the period remaining to the date of the next rate setting,

(c) not less than 95% of its assets invested in accordance with paragraph (a) are denominated in a currency in which the net asset value per security of the mutual fund is calculated, and

(d) it has not less than

(i) 5% of its assets invested in cash or readily convertible into cash within one day, and

(ii) 15% of its assets invested in cash or readily convertible into cash within one week.

(2) Despite any other provision of this Instrument, a mutual fund that describes itself as a "money market fund" must not use a specified derivative or sell securities short.*.*

17. Subsection 3.1(1) and sections 3.2 and 3.3 are amended by deleting "simplified***" wherever it occurs.***

18. Section 3.3 is amended by renumbering it as subsection 3.3(1) and by adding the following subsection:

(2) Subsection (1) does not apply to an exchange-traded mutual fund unless the fund is in continuous distribution.*.*

19. Section 4.1 is amended by adding the following subsection:

(4.1) In paragraph (4)(b), "approved rating" has the meaning ascribed to it in National Instrument 44-101 – *Short Form Prospectus Distributions*.*.*

20. Section 5.3 is amended:

(a) in subsection (1) by replacing "paragraph 5.1(a)***" in the portion before paragraph (a) with "***paragraphs 5.1(a) and (a.1)***";***

(b) in subparagraph (1)(a)(i) by replacing "paragraph 5.1(a) that is changed***" with "***paragraphs 5.1(a) and (a.1)***"; and***

(c) in subparagraphs (1)(a)(ii) and (b)(ii) and paragraph (2)(d) by deleting "simplified***".***

21. Paragraph 5.3.1(b) is amended by deleting "simplified***".***

22. Paragraph 5.4(2)(a) is amended by replacing "paragraph 5.1(a)***" with "***paragraphs 5.1(a) or (a.1)***".***

23. Subsection 5.6(1) is amended:

(a) in subparagraph (a)(iv) by deleting "simplified***";***

(b) by replacing subparagraph (e)(i) with the following:

(i) by the securityholders of the mutual fund in accordance with paragraph 5.1(f), unless subsection 5.3(2) applies, and***; and***

(c) in subparagraphs (f)(ii) and (iii) by deleting "simplified***".***

24. Paragraph 5.7(1)(d) is amended by deleting "simplified***".***

25. In the following provisions, "sections 6.8 and 6.9***" is replaced with "***sections 6.8, 6.8.1 and 6.9***":***

(a) subsections 6.1(1) and (2);

(b) subsection 6.5(1).

26. Subsection 6.8(1) and paragraph 6.8(2)(c) are amended by replacing "net assets of the mutual fund, taken at market value***" with "***net asset value of the mutual fund***".***

27. The Instrument is amended by adding the following section:

6.8.1 **Custodial Provisions relating to Short Sales** – (1) Except where the borrowing agent is the mutual fund's custodian or sub-custodian, if a mutual fund deposits portfolio assets with a borrowing agent as security in connection with a short sale of securities, the market value of portfolio assets deposited with the borrowing agent must not, when aggregated with the market value of portfolio assets already held by the borrowing agent as security for outstanding short sales of securities by the mutual fund, exceed 10% of the net asset value of the mutual fund at the time of deposit.

(2) A mutual fund must not deposit portfolio assets as security in connection with a short sale of securities with a dealer in Canada unless the dealer is a registered dealer and is a member of IIROC.

(3) A mutual fund must not deposit portfolio assets as security in connection with a short sale of securities with a dealer outside of Canada unless that dealer

(a) is a member of a stock exchange and is subject to a regulatory audit; and

(b) has a net worth, determined from its most recent audited financial statements that have been made public, in excess of the equivalent of $50 million.***.***

28. The following provisions are amended by deleting "simplified***":***

(a) paragraph 7.1(c);

(b) paragraph 8.1(a).

29. Part 9 is amended by adding the following section:

9.0.1 **Application –** This Part does not apply to an exchange-traded mutual fund unless the fund is in continuous distribution.***.***

30. Section 9.1 is amended by adding the following subsection:

(0.1) This section does not apply to an exchange-traded mutual fund.***.***

31. Paragraph 9.2(c) is amended by deleting "simplified***".***

32. Section 9.4 is amended:

(a) in subsection (1) by

(i) adding "or securities***" after the first occurrence of "***cash***", and***

(ii) replacing "arrives***" with "***or securities arrive***"; and***

(b) by replacing subsection (2) with the following:

(2) Payment of the issue price of securities of a mutual fund must be made to the mutual fund on or before the third business day after the pricing date for the securities by using any or a combination of the following methods of payment:

(a) by paying cash in a currency in which the net asset value per security of the mutual fund is calculated;

(b) by making good delivery of securities if

(i) the mutual fund would at the time of payment be permitted to purchase those securities,

(ii) the securities are acceptable to the portfolio adviser of the mutual fund and consistent with the mutual fund's investment objectives, and

(iii) the value of the securities is at least equal to the issue price of the securities of the mutual fund for which they are payment, valued as if the securities were portfolio assets of the mutual fund*..*

33. Section 10.2 is amended by adding the following subsection:

(0.1) This section does not apply to an exchange-traded mutual fund.

34. Section 10.3 is amended by renumbering it as subsection 10.3(1), by replacing "net asset value of a security***" with "***net asset value per security***", and by adding the following subsections:***

(2) Despite subsection (1), the redemption price of a security of an exchange-traded mutual fund that is not in continuous distribution may be a price that is less than the net asset value of the security and that is determined on a date specified in the exchange-traded mutual fund's prospectus or annual information form.

(3) Despite subsection (1), the redemption price of a security of an exchange-traded mutual fund that is in continuous distribution may, if a securityholder redeems fewer than the manager-prescribed number of units, be a price that is calculated by reference to the closing price of the security on the stock exchange on which the security is listed and posted for trading, next determined after the receipt by the exchange-traded mutual fund of the redemption order*..*

35. Section 10.4 is amended:

(a) in subsection (1) by:

(i) replacing the portion of subsection (1) before paragraph (a) with the following:

10.4 **Payment of Redemption Proceeds** – (1) Subject to subsection 10.1(1) and to compliance with any requirements established by the mutual fund under paragraph 10.1(2)(b), a mutual fund must pay the redemption proceeds for securities that are the subject of a redemption order***, and***

(ii) replacing the portion of paragraph (b) before subparagraph (i) with the following:

(b) if payment of the redemption proceeds was not made at the time referred to in paragraph (a) because a requirement established under paragraph 10.1(2)(b) or a requirement of subsection 10.1(1) had not been satisfied, within three business days of***;***

(b) by adding the following subsection:

(1.1) Despite subsection (1), an exchange-traded mutual fund that is not in continuous distribution must pay the redemption proceeds for securities that are the subject of a redemption order no later than the redemption payment date that next follows the valuation date on which the redemption price was established.***;***

(c) by replacing subsection (2) with the following:

(2) The redemption proceeds for a redeemed security, less any applicable investor fees, must be paid to or to the order of the securityholder of the security.***;***

(d) by replacing subsection (3) with the following:

(3) A mutual fund must pay the redemption proceeds for a redeemed security by using any or a combination of the following methods of payment:

(a) by paying cash in the currency in which the net asset value per security of the redeemed security was calculated;

(b) with the prior written consent of the securityholder for a redemption other than an exchange of a manager-prescribed number of units, by making good delivery to the securityholder of portfolio assets, the value of which is equal to the amount at which those portfolio assets were valued in calculating the net asset value per security used to establish the redemption price.***; and***

(e) in subsection (5) by replacing "redemption price of a security is***" with "***redemption proceeds for a redeemed security are***".***

36. Section 10.6 is amended:

(a) by replacing subsection (1) with the following:

10.6 **Suspension of Redemptions** – (1) A mutual fund may suspend the right of securityholders to request that the mutual fund redeem its securities for the whole or any part of a period during which either of the following occurs:

(a) normal trading is suspended on a stock exchange, options exchange or futures exchange within or outside Canada on which securities are listed and posted for trading, or on which specified derivatives are traded, if those securities or specified derivatives represent more than 50% by value, or underlying market exposure, of the total assets of the mutual fund without allowance for liabilities and if those securities or specified derivatives are not traded on any other exchange that represents a reasonably practical alternative for the mutual fund;

(b) in the case of a clone fund, the mutual fund whose performance it tracks has suspended redemptions.***; and***

(b) in subsection (2) by replacing "redemption price***" with "***redemption proceeds***".***

37. Subsection 11.2(2) is amended by adding "in***" immediately after "***referred to***".***

38. Section 11.4 is amended:

(a) in subsection (1) by replacing "members of the Investment Dealers Association of Canada***" with "***a member of IIROC***";***

(b) by adding the following subsections:

(1.1) Except in Québec, sections 11.1 and 11.2 do not apply to a member of the MFDA.

(1.2) In Québec, sections 11.1 and 11.2 do not apply to a mutual fund dealer.***; and***

(c) in subsection (2) by

(i) adding "or (1.1) or, in Québec, that is a mutual fund dealer,***" after "***subsection (1)***", and***

(ii) adding ", or the requirements applicable to the mutual fund dealer under the regulations in Québec,***" after "***association or exchange***".***

39. Section 12.1 is amended:

(a) in subsection (1) by adding ", other than an exchange-traded mutual fund that is not in continuous distribution,***" after "***A mutual fund***";***

(b) by replacing subsection (4) with the following:

(4) Subsections (2) and (3) do not apply to a member of IIROC.***; and***

(c) by adding the following subsections:

(4.1) Except in Québec, subsections (2) and (3) do not apply to a member of the MFDA.

(4.2) In Québec, subsections (2) and (3) do not apply to a mutual fund dealer.**.**

40. Part 14 is amended by adding the following section:

14.0.1 **Application** - This Part does not apply to an exchange-traded mutual fund.**.**

41. Paragraph 15.2(1)(b) is amended by deleting "simplified***" wherever it occurs.***

42. Section 15.3 is amended:

(a) by replacing subsection (4) with the following:

(4) A sales communication must not refer to a performance rating or ranking of a mutual fund or asset allocation service unless

(a) the rating or ranking is prepared by a mutual fund rating entity;

(b) standard performance data is provided for any mutual fund or asset allocation service for which a performance rating or ranking is given;

(c) the rating or ranking is provided for each period for which standard performance data is required to be given, except the period since the inception of the mutual fund;

(d) the rating or ranking is based on a published category of mutual funds that

(i) provides a reasonable basis for evaluating the performance of the mutual fund or asset allocation service, and

(ii) is not established or maintained by a member of the organization of the mutual fund or asset allocation service;

(e) the sales communication contains the following disclosure:

(i) the name of the category within which the mutual fund or asset allocation service is rated or ranked, including the name of the organization that maintains the category,

(ii) the number of mutual funds in the applicable category for each period of standard performance data required under paragraph (c),

(iii) the name of the mutual fund rating entity that provided the rating or ranking,

(iv) the length of the period or the first day of the period on which the rating or ranking is based, and its ending date,

(v) a statement that the rating or ranking is subject to change every month,

(vi) the criteria on which the rating or ranking is based, and

(vii) if the rating or ranking consists of a symbol rather than a number, the meaning of the symbol, and

(f) the rating or ranking is to the same calendar month end that is

(i) not more than 45 days before the date of the appearance or use of the advertisement in which it is included, and

(ii) not more than three months before the date of first publication of any other sales communication in which it is included.***; and***

(b) by adding the following subsection:

(4.1) Despite paragraph (4)(c), a sales communication may refer to an overall rating or ranking of a mutual fund or asset allocation service in addition to each rating or ranking required under paragraph (4)(c) if the sales communication otherwise complies with the requirements of subsection (4)**.**

43. The following provisions are amended by deleting "simplified***" wherever it occurs:***

(a) subsection 15.4(9);

(b) paragraphs 15.5(1)(b) and 15.5(1)(c);

(c) subparagraph 15.6(a)(i) and paragraph 15.6(d);

(d) paragraphs 15.8(2)(a) and 15.8(3)(a);

(e) section 15.12;

(f) subsections 19.2(2) and 19.2(3);

(g) paragraph 20.4(b).

44. (1) Subject to subsection (2), this Instrument comes into force on April 30, 2012.

(2) Paragraph 2(d) and section 16 of this Instrument come into force on the day that is six months after the day referred to in subsection (1).

Schedule 1

Changes To
Companion Policy 81-102CP – To National Instrument 81-102
Mutual Funds

1. Changes made to Companion Policy 81-102CP – To National Instrument 81-102 Mutual Funds are set out in this Schedule 1.

2 Subsection 2.5(4) is deleted.

3. Section 3.1 is changed:

(a) in subsection (1) by replacing "the net assets of the mutual fund, taken at market value at the time of purchase,***" with "***their net asset value***";***

(b) in paragraphs 1 and 2 of subsection (4) by replacing "net assets, taken at market value at the time of purchase***" with "***net asset value***";***

(c) by deleting subsection (6); and

(d) in subsection (7) by

(i) replacing "In addition to the limitation described in subsection (6), the***" with "***The***";***

(ii) replacing "subsections (4) and (6)***" in paragraph (a) with "***subsection (4)***"; and***

(iii) replacing "net assets" ***in paragraph (c) with "***net asset value***".***

4. Subsection 3.2(3) is changed by deleting "simplified***".***

5. Section 3.4 is amended by:

(a) deleting subsection (1); and

(b) replacing subsection (2) with the following:

(2) Subsection 2.5(7) of the Instrument provides that certain investment restrictions and reporting requirements do not apply to investments in other mutual funds made in accordance with section 2.5. In some cases, a mutual fund's investments in other mutual funds will be exempt from the requirements of section 2.5 because of an exemption granted by the regulator or securities regulatory authority. In these cases, assuming the mutual fund complies with the terms of the exemption, its investments in other mutual funds would be considered to have been made in accordance with section 2.5. It is also noted that subsection 2.5(7) applies only with respect to a mutual fund's investments in other mutual funds, and not for any other investment or transaction.*.*

6. The following section is added:

3.7.1 **Money Market Funds** – Section 2.18 of the Instrument imposes daily and weekly liquidity requirements on money market funds. Specifically, money market funds must keep 5% of their assets invested in cash or readily convertible into cash within one day, and 15% of their assets invested in cash or readily convertible into cash within one week. Assets that are "readily convertible to cash" would generally be short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Such assets can be sold in the ordinary course of business within one business day (in the case of the daily liquidity requirement) or within five business days (in the case of the weekly liquidity requirement) at approximately the value ascribed to them by the money market fund. The CSA note that the securities do not have to mature within the one and five business day periods. For example, direct obligations of the Canadian or U.S. government, or of a provincial government, that mature after one or five business days but that can be readily converted to cash within one or five business days, would likely be eligible for the 5% and 15% liquidity requirements.*.*

7. Subsection 6.2(3) is changed by deleting "simplified***".***

8. Section 13.1 is changed:

(a) in subsection (3) by deleting "simplified***" wherever it occurs; and***

(b) in subsection (5) by deleting "simplified***".***

9. Subsection 13.2(5) is changed by replacing "a simplified prospectus***" wherever it occurs with "***a prospectus***".***

10. These changes become effective on April 30, 2012.

ANNEX D

Amendments To
National Instrument 81-101
Mutual Fund Prospectus Disclosure

1. National Instrument 81-101 – Mutual Fund Prospectus Disclosure is amended by this Instrument.

2. Form 81-101F1 – Contents of Simplified Prospectus is amended:

(a) in Item 5 of Part B by repealing paragraph (e);

(b) in Item 7 of Part B by:

(i) replacing "if the mutual fund may hold other mutual funds,***" in paragraph (1)(c) with "***if the mutual fund may hold securities of other mutual funds,***";***

(ii) replacing "net assets***" in subparagraph (1)(c)(iii) with "***the net asset value***";***

(iii) replacing subsection (4) with the following:

(4) State whether any, and if so what proportion, of the assets of the mutual fund may or will be invested in foreign securities.***;***

(iv) adding the following subsection:

(10) If the mutual fund intends to sell securities short under section 2.6.1 of National Instrument 81-102 *Mutual Funds*,

(a) state that the mutual fund may sell securities short; and

(b) briefly describe

(i) the short selling process, and

(ii) how short sales of securities are or will be entered into in conjunction with other strategies and investments of the mutual fund to achieve the mutual fund's investment objectives.***;***

(c) in Item 9 of Part B by:

(i) replacing "If more than 10% of the securities of a mutual fund***" in subsection (1.1) with "***If securities of a mutual fund representing more than 10% of the net asset value of the mutual fund***";***

(ii) replacing "securities held by the securityholder***" in paragraph (1.1)(a) with "***the net asset value of the mutual fund that those securities represent**";*

(iii) replacing "net assets***" in subsection (5) with "***net asset value***";***

(iv) adding "that is 30 days before the date***" after "***preceding the date***", in subsection (6);***

(v) replacing "net assets***" with "***net asset value***" in subsection (6), wherever the expression occurs;***

(vi) replacing subsection (7) with the following:

(7) As applicable, describe the risks associated with the mutual fund entering into

(a) derivative transactions for non-hedging purposes;

(b) securities lending, repurchase or reverse repurchase transactions; and

(c) short sales of securities.***; and***

(vii) repealing Instruction (5).

3. Form 81-101F2 – Contents of Annual Information Form is amended:

(a) in Item 4 by:

(i) repealing paragraph 3 of subsection (4);

(ii) adding " or***" at the end of paragraph (5)(a);***

(iii) replacing "; or***" at the end of paragraph (5)(b) with "."; and***

(iv) repealing paragraph (5)(c);

(b) in Item 7 by adding the following subsection:

(2.1) Describe the manner in which the net asset value and net asset value per security of the mutual fund will be made available to the public and state that the information will be available at no cost to the public.***; and***

(c) in Item 12 by:

(i) replacing subsection (2) with the following:

(2) If the mutual fund intends to use derivatives or sell securities short, describe the policies and practices of the mutual fund to manage the risks associated with engaging in those types of transactions.***;***

(ii) replacing paragraph (3)(a) with the following:

(a) whether there are written policies and procedures in place that set out the objectives and goals for derivatives trading and short selling and the risk management procedures applicable to those transactions; ***; and***

(iii) replacing paragraph (3)(c) with the following:

(c) whether there are trading limits or other controls on derivative trading or short selling in place and who is responsible for authorizing the trading and placing limits or other controls on the trading;***.***

4. This Instrument comes into force on April 30, 2012.

ANNEX E

Amendments To
National Instrument 41-101
General Prospectus Requirements

1. National Instrument 41-101 – General Prospectus Requirements is amended by this Instrument.

2. The Instrument is amended by adding the following section:

14.8.1 **Custodial provisions relating to short sales** – (1) For the purposes of subsection (2), "borrowing agent" has the same meaning as in NI 81-102 except that each reference in that definition to "a mutual fund" must be read as "an investment fund".

(2) Except where the borrowing agent is the investment fund's custodian or sub-custodian, if an investment fund deposits portfolio assets with a borrowing agent as security in connection with a short sale of securities, the market value of portfolio assets deposited with the borrowing agent must not, when aggregated with the market value of portfolio assets already held by the borrowing agent as security for outstanding short sales of securities by the investment fund, exceed 10% of the net asset value of the investment fund at the time of deposit.

(3) An investment fund must not deposit portfolio assets as security in connection with a short sale of securities with a dealer in Canada unless that dealer is a registered dealer and is a member of the Investment Industry Regulatory Organization of Canada.

(4) An investment fund must not deposit portfolio assets as security in connection with a short sale of securities with a dealer outside Canada unless that dealer

(a) is a member of a stock exchange and is subject to a regulatory audit, and

(b) has a net worth, determined from its most recent audited financial statements that have been made public, in excess of the equivalent of $50 million***.***

3. Form 41-101F2 - Information Required in an Investment Fund Prospectus is amended:

(a) in Item 6.1 by adding the following subsection:

(6) If the investment fund intends to sell securities short

(a) state that the investment fund may sell securities short; and

(b) briefly describe

(i) the short selling process, and

(ii) how short sales of securities are or will be entered into in conjunction with other strategies and investments of the investment fund to achieve the investment fund's investment objectives. ***;***

(b) in Item 12.1 by replacing subsection (4) with the following:

(4) As applicable, describe the risks associated with the investment fund entering into

(a) derivative transactions for non-hedging purposes,

(b) securities lending, repurchase or reverse repurchase transactions; and

(c) short sales of securities.***; and***

(c) in Item 20.3 by adding "and net asset value per security***" after "***net asset value***" in paragraphs (a) and (b).***

4. This Instrument comes into force on April 30, 2012.

ANNEX F

Amendments To
National Instrument 81-106
Investment Fund Continuous Disclosure

1. National Instrument 81-106 - Investment Fund Continuous Disclosure is amended by this Instrument.

2. Subsections 3.5(4) and (5) are repealed.

3. Subsection 3.6(1) is amended by replacing paragraph 3 with the following:

3. to the extent the amount is ascertainable, the portion of the total client brokerage commissions, as defined in National Instrument 23-102 – *Use of Client Brokerage Commissions*, paid or payable to dealers by the investment fund for the provision of goods or services by the dealers or third parties, other than order execution.

4. Section 14.2 is amended:

(a) by replacing subsection (3) with the following:

(3) An investment fund must calculate its net asset value at least as frequently as the following:

(a) if the investment fund does not use specified derivatives or sell securities short, once a week;

(b) if the investment fund uses specified derivatives or sells securities short, once every business day.***;***

(b) by adding the following subsection:

(6.1) An investment fund must, upon calculating the net asset value of the investment fund under this section, make the following information available to the public at no cost:

(a) the net asset value of the investment fund;

(b) the net asset value per security of the investment fund unless the investment fund is a scholarship plan.***; and***

(c) in subsection (7) by adding "or net asset value per security***" after "***net asset value***", wherever it occurs.***

5. This Instrument comes into force on April 30, 2012.

ANNEX G

Additional Information Required in Ontario

ONTARIO SECURITIES COMMISSION
NOTICE OF AMENDMENTS TO
NATIONAL INSTRUMENT 81-102 *MUTUAL FUNDS*
AND COMPANION POLICY 81-102CP

AND TO

NATIONAL INSTRUMENT 81-106 *INVESTMENT FUND CONTINUOUS DISCLOSURE*

AND TO

NATIONAL INSTRUMENT 81-101 *MUTUAL FUND PROSPECTUS DISCLOSURE*

AND TO

NATIONAL INSTRUMENT 41-101 *GENERAL PROSPECTUS REQUIREMENTS*

Introduction

The Canadian Securities Administrators (the CSA or we), are implementing amendments to:

- National Instrument 81-102 *Mutual Funds* (NI 81-102) and Companion Policy 81-102CP – *To National Instrument 81-102 Mutual Funds* (81-102CP);
- National Instrument 81-106 *Investment Fund Continuous Disclosure* (NI 81-106);
- National Instrument 81-101 *Mutual Fund Prospectus Disclosure* (NI 81-101);
- National Instrument 41-101 *General Prospectus Requirements* (NI 41-101).

These amendments (the CSA Amendments) are described in the related CSA notice (the CSA Notice) to which this Ontario Securities Commission (the Commission or we) notice is annexed.

The purpose of this Commission notice is to supplement the CSA Notice.

Commission Approval

On January 17, 2012, the Commission approved and adopted the CSA Amendments pursuant to sections 143 and 143.8 of the Act.

Delivery to the Minister

The CSA Amendments and other required materials were delivered to the Minister of Finance on February 9, 2012. The Minister may approve or reject the CSA Amendments or return them for further consideration. If the Minister approves the CSA Amendments (or does not take any further action), they will come into force on April 30, 2012.

Substance and Purpose of the CSA Amendments

Please refer to the section entitled “Substance and Purpose of the Amendments” in the CSA Notice.

Summary of Written Comments

We published the CSA Amendments for comment on June 25, 2010. Please see the Summary of Public Comments Received by the CSA at Annex B of the CSA Notice.

Summary of Changes to the CSA Amendments

Please refer to Annex A of the CSA Notice for a summary of the changes made to the CSA Amendments.

Questions

Please refer your questions to:

Chantal Mainville
Senior Legal Counsel, Project Lead, Investment Funds Branch
Ontario Securities Commission
Phone: 416-593-8168
E-mail: cmainville@osc.gov.on.ca

Carina Kwan
Legal Counsel, Investment Funds Branch
Ontario Securities Commission
Phone: 416-593-8052
E-mail: ckwan@osc.gov.on.ca

February 9, 2012

5.1.2 Amending Instrument to NI 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations

AMENDING INSTRUMENT TO NI 31-103

1. National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* is amended by this Instrument.

2. Section 1.1 is amended by

(a) adding the following after the definition of "IIROC"

"IIROC Provision" means a by-law, rule, regulation or policy of IIROC named in Appendix G, as amended from time to time; **and**

(b) adding the following after the definition of "MFDA"

"MFDA Provision" means a by-law, rule, regulation or policy of the MFDA named in Appendix H, as amended from time to time;

3. Section 3.16 is amended by

(a) adding the following after subsection (1):

(1.1) Subsection (1) only applies to a registered individual who is a dealing representative of a member of IIROC in respect of a requirement specified in any of paragraphs (1)(a) to (c) if the registered individual complies with the corresponding IIROC Provisions that are in effect. **, and**

(b) adding the following after subsection (2):

(2.1) Subsection (2) only applies to a registered individual who is a dealing representative of a member of the MFDA in respect of a requirement specified in paragraphs (2)(a) or (b) if the registered individual complies with the corresponding MFDA Provisions that are in effect.

4. Section 9.3 is amended by

(a) adding the following after subsection (1):

(1.1) Subsection (1) only applies to a registered firm in respect of a requirement specified in any of paragraphs (1)(a) to (q) if the registered firm complies with the corresponding IIROC Provisions that are in effect. **, and**

(b) adding the following after subsection (2):

(2.1) Subsection (2) only applies to a registered firm in respect of a requirement specified in any of paragraphs (2)(a) to (m) if the registered firm complies with the corresponding IIROC Provisions that are in effect.

5. Section 9.4 is amended by

(a) adding the following after subsection (1):

(1.1) Subsection (1) only applies to a registered firm in respect of a requirement specified in any of paragraphs (1)(a) to (q) if the registered firm complies with the corresponding MFDA Provisions that are in effect. **, and**

(b) adding the following after subsection (2):

(2.1) Subsection (2) only applies to a registered firm in respect of a requirement specified in any of paragraphs (2)(a) to (k) if the registered firm complies with the corresponding MFDA Provisions that are in effect.

6. The Instrument is amended by adding the following appendices after Appendix F:

APPENDIX G – EXEMPTIONS FROM CERTAIN REQUIREMENTS FOR IIROC MEMBERS

(Section 9.3 [*exemptions from certain requirements for IIROC members*])

NI 31-103 Provision	IIROC Provision
section 12.1 *[capital requirements]*	1. Dealer Member Rule 17.1; and 2. Form 1 *Joint Regulatory Financial Questionnaire and Report* - Part I, Statement B, "Notes and Instructions"
section 12.2 *[notifying the regulator of a subordination agreement]*	1. Dealer Member Rule 5.2; and 2. Dealer Member Rule 5.2A
section 12.3 *[insurance – dealer]*	1. Dealer Member Rule 400.2 *[Financial Institution Bond]*; 2. Dealer Member Rule 400.4 *[Amounts Required]*; and 3. Dealer Member Rule 400.5 *[Provisos with respect to Dealer Member Rules 400.2, 400.3 and 400.4]*
section 12.6 *[global bonding or insurance]*	1. Dealer Member Rule 400.7 *[Global Financial Institution Bonds]*
section 12.7 *[notifying the regulator of a change, claim or cancellation]*	1. Dealer Member Rule 17.6; 2. Dealer Member Rule 400.3 *[Notice of Termination]*; and 3. Dealer Member Rule 400.3B *[Termination or Cancellation]*
section 12.10 *[annual financial statements]*	1. Dealer Member Rule 16.2 *[Dealer Member Filing Requirements]*; and 2. Form 1 *Joint Regulatory Financial Questionnaire and Report*
section 12.11 *[interim financial information]*	1. Dealer Member Rule 16.2 *[Dealer Member Filing Requirements]*; and 2. Form 1 *Joint Regulatory Financial Questionnaire and Report*
section 12.12 *[delivering financial information – dealer]*	1. Dealer Member Rule 16.2 *[Dealer Member Filing Requirements]*
subsection 13.2(3) *[know your client]*	1. Dealer Member Rule 1300.1(a)-(n) *[Identity and Creditworthiness]*; 2. Dealer Member Rule 1300.2; 3. Dealer Member Rule 2500, Section II *[Opening New Accounts]*; and 4. Form 2 *New Client Application Form*
section 13.3 *[suitability]*	1. Dealer Member Rule 1300.1(o) *[Business Conduct]*; 2. Dealer Member Rule 1300.1(p) *[Suitability Generally]*; 3. Dealer Member Rule 1300.1(q) *[Suitability Determination Required When Recommendation Provided]*; 4. Dealer Member Rule 1300.1(r) and Dealer Member Rule 1300.1(s) *[Suitability Determination Not Required]*; 5. Dealer Member Rule 1300.1(t) *[Corporation Approval]*; 6. Dealer Member Rule 2700, Section I *[Customer Suitability]*; and 7. Dealer Member Rule 3200 *[Minimum Requirements for Dealer Members Seeking Approval Under Rule 1300.1(t) for Suitability Relief for Trades not Recommended by the Member]*
section 13.12 *[restriction on lending to clients]*	1. Dealer Member Rule 100 *[Margin Requirements]*
section 13.13 *[disclosure when recommending the use of borrowed money]*	1. Dealer Member Rule 29.26
section 13.15 *[handling complaints]*	1. Dealer Member Rule 2500B *[Client Complaint Handling]*; and 2. Dealer Member Rule 2500, Section VIII *[Client Complaints]*

subsection 14.2(2) *[relationship disclosure information]*	1. Dealer Member Rules of IIROC that set out the requirements for relationship disclosure information similar to those contained in IIROC's Client Relationship Model proposal, published for comment on January 7, 2011; IIROC has not yet assigned a number to the relationship disclosure dealer member rule in its Client Relationship Model proposal. We will refer to the dealer member rule number when IIROC has assigned one. 2. Dealer Member Rule 29.8; 3. Dealer Member Rule 200.1(c); 4. Dealer Member Rule 200.1(h); 5. Dealer Member Rule 1300.1(p) *[Suitability Generally]*; 6. Dealer Member Rule 1300.1(q) *[Suitability Determination Required When Recommendation Provided]*; 7. Dealer Member Rule 1300.2; and 8. Dealer Member Rule 2500B, Part 4 *[Complaint procedures / standards]*
section 14.6 *[holding client assets in trust]*	1. Dealer Member Rule 17.3
section 14.8 *[securities subject to a safekeeping agreement]*	1. Dealer Member Rule 17.2A 2. Dealer Member Rule 2600 – Internal Control Policy Statement 5 *[Safekeeping of Clients' Securities]*
section 14.9 *[securities not subject to a safekeeping agreement]*	1. Dealer Member Rule 17.3; 2. Dealer Member Rule 17.3A; and 3. Dealer Member Rule 200.1(c)
section 14.12 *[content and delivery of trade confirmation]*	1. Dealer Member Rule 200.1(h)

APPENDIX H – EXEMPTIONS FROM CERTAIN REQUIREMENTS FOR MFDA MEMBERS

(Section 9.4 [*exemptions from certain requirements for MFDA members*])

NI 31-103 Provision	**MFDA Provision**
section 12.1 *[capital requirements]*	1. Rule 3.1.1 *[Minimum Levels]*; 2. Rule 3.1.2 *[Notice]*; 3. Rule 3.2.2 *[Member Capital]*; 4. Form 1 *MFDA Financial Questionnaire and Report*; and 5. Policy No. 4 *[Internal Control Policy Statements – Policy Statement 2: Capital Adequacy]*
section 12.2 *[notifying the regulator of a subordination agreement]*	1. Form 1 *MFDA Financial Questionnaire and Report,* Statement F *[Statement of Changes in Subordinated Loans]*; and 2. Membership Application Package – Schedule I (Subordinated Loan Agreement)
section 12.3 *[insurance – dealer]*	1. Rule 4.1 *[Financial Institution Bond]*; 2. Rule 4.4 *[Amounts Required]*; 3. Rule 4.5 *[Provisos]*; and 4. Policy No. 4 *[Internal Control Policy Statements – Policy Statement 3: Insurance]*
section 12.6 *[global bonding or insurance]*	1. Rule 4.7 *[Global Financial Institution Bonds]*
section 12.7 *[notifying the regulator of a change, claim or cancellation]*	1. Rule 4.2 *[Notice of Termination]*; and 2. Rule 4.3 *[Termination or Cancellation]*
section 12.10 *[annual financial statements]*	1. Rule 3.5.1 *[Monthly and Annual]*; 2. Rule 3.5.2 *[Combined Financial Statements]*; and 3. Form 1 *MFDA Financial Questionnaire and Report*

section 12.11 *[interim financial information]*	1. Rule 3.5.1 *[Monthly and Annual]*; 2. Rule 3.5.2 *[Combined Financial Statements]*; and 3. Form 1 *MFDA Financial Questionnaire and Report*
section 12.12 *[delivering financial information – dealer]*	1. Rule 3.5.1 *[Monthly and Annual]*
section 13.3 *[suitability]*	1. Rule 2.2.1 *["Know-Your-Client"]*; and 2. Policy No. 2 *[Minimum Standards for Account Supervision]*
section 13.12 *[restriction on lending to clients]*	1. Rule 3.2.1 *[Client Lending and Margin]*; and 2. Rule 3.2.3 *[Advancing Mutual Fund Redemption Proceeds]*
section 13.13 *[disclosure when recommending the use of borrowed money]*	1. Rule 2.6 *[Borrowing for Securities Purchases]*
section 13.15 *[handling complaints]*	1. Rule 2.11 *[Complaints]* 2. Policy No. 3 *[Complaint Handling, Supervisory Investigations and Internal Discipline]*; and 3. Policy No. 6 *[Information Reporting Requirements]*
subsection 14.2(2) *[relationship disclosure information]*	1. Rule 2.2.5 *[Relationship Disclosure]*
section 14.6 *[holding client assets in trust]*	1. Rule 3.3.1 *[General]*; 2. Rule 3.3.2 *[Cash]*; and 3. Policy No. 4 *[Internal Control Policy Statements – Policy Statement 4: Cash and Securities, and Policy Statement 5: Segregation of Clients' Securities]*
section 14.8 *[securities subject to a safekeeping agreement]*	1. Rule 3.3.3 *[Securities]*; *and* 2. Policy No. 4 *[Internal Control Policy Statements – Policy Statement 4: Cash and Securities, and Policy Statement 5: Segregation of Clients' Securities]*
section 14.9 *[securities not subject to a safekeeping agreement]*	1. Rule 3.3.3 *[Securities]*
section 14.12 *[content and delivery of trade confirmation]*	1. Rule 5.4.1 *[Delivery of Confirmations]*; 2. Rule 5.4.2 *[Automatic Payment Plans]*; and 3. Rule 5.4.3 *[Content]*

7. This Instrument comes into force on February 28, 2012.

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Chapter 6

Request for Comments

6.1.1 MI 32-102 Registration Exemptions for Non-Resident Investment Fund Managers and Companion Policy 32-102CP Registration Exemptions for Non-Resident Investment Fund Managers

REQUEST FOR COMMENT

MULTILATERAL INSTRUMENT 32-102
REGISTRATION EXEMPTIONS FOR NON-RESIDENT INVESTMENT FUND MANAGERS

COMPANION POLICY 32-102CP
REGISTRATION EXEMPTIONS FOR NON-RESIDENT INVESTMENT FUND MANAGERS

February 10, 2012

Introduction

Context

The Ontario Securities Commission, the Autorité des marchés financiers, the New Brunswick Securities Commission and the Financial Services Regulation Division, Service NL, Government of Newfoundland and Labrador (collectively, we) are publishing for a 60 day comment period proposed Multilateral Instrument 32-102 *Registration Exemptions for Non-Resident Investment Fund Managers* (the Multilateral Instrument or MI 32-102) and Companion Policy 32-102CP *Registration Exemptions for Non-Resident Investment Fund Managers* (the Companion Policy or 32-102CP).

The Multilateral Instrument and the Companion Policy would apply in Ontario, Québec, New Brunswick and Newfoundland and Labrador (collectively, the jurisdictions) and relate to proposed registration exemptions for investment fund managers

- that do not have their head office or their principal place of business in a jurisdiction of Canada (international investment fund managers); and
- that do not have a place of business in the local jurisdiction (domestic non-resident investment fund managers).

We refer to international and domestic non-resident investment fund managers, collectively, as non-resident investment fund managers.

Temporary exemptions from investment fund manager registration

National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (NI 31-103) currently provides temporary exemptions until September 28, 2012 for non-resident investment fund manager registration. The jurisdictions propose to adopt new temporary exemptions, which would cease to have effect on December 31, 2012.

Implementation of the Multilateral Instrument and Companion Policy

The text of the Multilateral Instrument and of the Companion Policy is contained in Annexes A and B of this notice and will also be available on the Ontario Securities Commission website at www.osc.gov.on.ca and on the Autorité des marchés financiers website at www.lautorite.qc.ca.

Substance and Purpose

The Multilateral Instrument would exempt non-resident investment fund managers from the requirement to register in the jurisdictions in circumstances where there are no significant connecting factors to the local jurisdiction.

The distribution of investment fund securities in the local jurisdiction is, in our view, a significant connecting factor to that jurisdiction. A non-resident investment fund manager triggers the registration requirement if either the investment fund or the investment fund manager distributes or has distributed investment fund securities in the jurisdiction.

If an investment fund has security holders in the local jurisdiction, this gives rise to investment fund management activities in that jurisdiction, including activities reflecting the relationship between the fund, the investment fund manager (who is responsible for directing those activities), and the security holders. Such activities include the delivery of financial statements and other periodic reporting, calculating net asset values and fulfilling redemption and dividend payment obligations.

Certain risks associated with those activities give rise to investor protection concerns, in the same manner as domestic investment fund managers with a place of business in the local jurisdiction.

Background

On October 15, 2010, the Canadian Securities Administrators (the CSA) published for comment proposed amendments to NI 31-103 and to Companion Policy 31-103CP *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (31-103CP) related to the registration requirement for non-resident investment fund managers (the CSA October 2010 Proposal).

The CSA October 2010 Proposal provided that non-resident investment fund managers would be required to register in a CSA jurisdiction if the investment fund has security holders resident in that jurisdiction, and the investment fund manager or the investment fund actively solicited the purchase of the fund's securities by residents in that jurisdiction. The CSA October 2010 Proposal also provided for certain exemptions from the requirement to register as an investment fund manager.

The comment period for the CSA October 2010 Proposal ended on January 13, 2011. The CSA received 24 comment letters on the CSA October 2010 Proposal. Copies of the comment letters are posted on the Ontario Securities Commission website at www.osc.gov.on.ca and on the Autorité des marchés financiers website at www.lautorite.qc.ca. Annex C of this notice provides a summary of these comments and our responses.

Summary of the Proposed Instrument

Exemption from the investment fund manager registration requirement based on the absence of security holders or active solicitation

MI 32-102 provides an exemption from the requirement to register as an investment fund manager in circumstances where there are no security holders of the investment fund, or active solicitation of residents, in the local jurisdiction. In those circumstances, we take the view that registration is not necessary to ensure investor protection. We propose guidance in the Companion Policy on what would and would not be considered active solicitation.

Exemption from the investment fund manager registration requirement based on a distribution only to permitted clients

Under the CSA October 2010 Proposal, an international investment fund manager, without a place of business in Canada, would have had an exemption from the investment fund manager registration requirement if the Canadian distribution of the fund's securities was restricted to permitted clients. Threshold limitations on fund assets attributable to Canadian investors were also proposed as a condition for this exemption. In view of the comments received, we are again proposing this exemption but without the threshold limitations.

Notices to securities regulatory authority when relying on the permitted client exemption

We propose to include a requirement to notify the securities regulatory authority of the reliance on this exemption, including disclosure of the assets under management attributable to investors in the local jurisdiction. This would provide the regulator with information for monitoring purposes. We also propose to include a requirement to file with the securities regulatory authority a notice of regulatory action.

Notice to permitted clients

We propose to include a requirement to notify the permitted client of the fact that the investment fund manager is not registered in the local jurisdiction together with certain prescribed disclosure. We do not expect international investment fund managers to notify the existing permitted clients who have invested in the fund at the time of coming into force of MI 32-102. Rather, the international investment fund manager will be required to provide this notice prior to any new permitted client making an investment after the coming into force of MI 32-102.

Notice to investors by international investment fund managers

Section 5 of MI 32-102 would require that an international investment fund manager give notice to investors which includes, in substance, the disclosure required pursuant to section 14.5 of NI 31-103. This requirement would come into effect on March 31, 2013.

Transition

We propose to adopt new temporary exemptions from registration for non-resident investment fund managers, which would be in effect until December 31, 2012. These investment fund managers would have until the end of this new transition period to apply for registration.

Consequential Amendment to 31-103CP

Annex D to this Notice outlines a proposed consequential amendment to section 7.3 of 31-103CP. The purpose of this amendment is to provide references to applicable guidance on the registration requirement for non-resident investment fund managers. Each CSA member is proposing this amendment to 31-103CP.

Anticipated Costs and Benefits

The proposed Multilateral Instrument and Companion Policy provide clarity and guidance to the industry relating to the registration requirement for non-resident investment fund managers and strike an appropriate balance between providing an efficient system of registration and protecting investors.

Alternatives Considered

No alternatives to the Multilateral Instrument were considered.

Request for Comments

We welcome your comments on proposed Multilateral Instrument 32-102 *Registration Exemptions for Non-Resident Investment Fund Managers* and Companion Policy 32-102CP *Registration Exemptions for Non-Resident Investment Fund Managers*.

Please submit your comments in writing on or before April 10, 2012. If you are not sending your comments by email, please send a CD containing the submissions (in Microsoft Word format). Address your submission **only** to the following CSA members, as follows:

Ontario Securities Commission
Autorité des marchés financiers
New Brunswick Securities Commission
Financial Services Regulation Division, Service NL, Government of Newfoundland and Labrador

Please deliver your comments **only** to the addresses below:

John Stevenson, Secretary
Ontario Securities Commission
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consultation-en-cours@lautorite.qc.ca

We cannot keep submissions confidential because securities legislation in certain provinces requires publication of a summary of the written comments received during the comment period.

Contents of this Notice

This notice gives an overview of the proposed Multilateral Instrument 32-102 *Registration Exemptions for Non-Resident Investment Fund Managers* and Companion Policy 32-102CP *Registration Exemptions for Non-Resident Investment Fund Managers*, and contains the following annexes:

- Annex A – Proposed Multilateral Instrument 32-102 *Registration Exemptions for Non-Resident Investment Fund Managers*
- Annex B – Proposed Companion Policy 32-102CP *Registration Exemptions for Non-Resident Investment Fund Managers*
- Annex C – Summary of comments and responses of the Ontario Securities Commission, the Autorité des marchés financiers, the New Brunswick Securities Commission and the Financial Services Regulation Division, Service NL, Government of Newfoundland and Labrador, to the CSA October 2010 Proposal
- Annex D – Proposed amendment to Companion Policy 31-103CP *Registration Requirements, Exemptions and Ongoing Registrant Obligations*

Questions

Please refer your questions to any of the following:

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ella-jane.loomis@nbsc-cvmnb.ca

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Financial Services Regulation Division, Service NL
Government of Newfoundland and Labrador
Tel: 709-729-5661
cwhalen@gov.nl.ca

Annex A

MULTILATERAL INSTRUMENT 32-102
REGISTRATION EXEMPTIONS FOR NON-RESIDENT INVESTMENT FUND MANAGERS

Part 1 Definitions and application

Definitions

1. In this Instrument, "permitted client" has the same meaning as in section 1.1 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*, except that it excludes paragraph (m) and (n) and includes a registered charity under the *Income Tax Act* (Canada) that obtains advice on the securities to be traded from an eligibility adviser, as defined in section 1.1 of NI 45-106 *Prospectus and Registration Exemptions*, or an adviser registered under the securities legislation of the jurisdiction of the registered charity.

Application of this Instrument

2. This Instrument applies in Ontario, Québec, New Brunswick and Newfoundland and Labrador.

Part 2 Exemptions from investment fund manager registration

No security holders or active solicitation in the local jurisdiction

3. The investment fund manager registration requirement does not apply to a person or company acting as an investment fund manager of an investment fund if it does not have a place of business in the local jurisdiction and if one or more of the following apply:

(a) the investment fund has no security holders resident in the local jurisdiction;

(b) the investment fund or the investment fund manager has not actively solicited residents in the local jurisdiction to purchase securities of the fund.

Permitted clients

4. (1) The investment fund manager registration requirement does not apply to a person or company acting as an investment fund manager of an investment fund if all securities of the investment fund distributed in the local jurisdiction were distributed under an exemption from the prospectus requirement to a permitted client.

(2) The exemption in subsection (1) is not available unless all of the following apply:

(a) the investment fund manager does not have its head office or its principal place of business in Canada;

(b) the investment fund manager is incorporated, formed or created under the laws of a foreign jurisdiction;

(c) the investment fund is not a reporting issuer in any jurisdiction of Canada;

(d) the investment fund manager has submitted to the securities regulatory authority in the local jurisdiction a completed Form 32-102F1 *Submission to Jurisdiction and Appointment of Agent for Service for International Investment Fund Manager*;

(e) the investment fund manager has notified the permitted client in writing of all of the following:

(i) the investment fund manager is not registered in the local jurisdiction to act as an investment fund manager;

(ii) the foreign jurisdiction in which the head office or principal place of business of the investment fund manager is located;

(iii) all or substantially all of the assets of the investment fund manager may be situated outside of Canada;

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

(v) the name and address of the agent for service of process of the investment fund manager in the local jurisdiction.

(3) A person or company that relied on the exemption in subsection (1) during the 12 month period preceding December 1 of a year must notify the securities regulatory authority in the local jurisdiction, by December 1 of that year, of the following:

(a) the fact that it relied upon the exemption in subsection (1);

(b) for all investment funds for which it acts as an investment fund manager, the total assets under management expressed in Canadian dollars, attributable to securities beneficially owned by residents of the local jurisdiction as at the most recently completed month.

(4) A person or company relying on the exemption in subsection (1) must file with the securities regulatory authority in the local jurisdiction, a completed Form 32-102F2 *Notice of Regulatory Action* within 10 days of the date on which that person or company began relying on that exemption.

(5) A person or company must notify the securities regulatory authority in the local jurisdiction, of any change to the information previously submitted in Form 32-102F2 *Notice of Regulatory Action* under subsection (4) within 10 days of the change.

Part 3 Notice to investors by international investment fund managers

Contents of the notice

5. A registered investment fund manager whose head office or principal place of business is not located in Canada must provide or cause to be provided, to security holders with an address of record in the local jurisdiction on the records of each investment fund in respect of which the investment fund manager acts as an investment fund manager, a statement in writing disclosing the following:

(a) the investment fund manager is not resident in the local jurisdiction;

(b) the foreign jurisdiction in which the head office or the principal place of business of the investment fund manager is located;

(c) all or substantially all of the assets of the investment fund manager may be situated outside of Canada;

(d) there may be difficulty enforcing legal rights against the investment fund manager because of the above;

(e) the name and address of the agent for service of process of the investment fund manager in the local jurisdiction.

Part 4 Transition

Temporary exemption for Canadian investment fund manager registered in its principal jurisdiction

6. A person or company that is registered as an investment fund manager in the jurisdiction of Canada in which its head office is located is not required to register or apply for registration in the local jurisdiction as an investment fund manager until December 31, 2012.

Temporary exemption for international investment fund managers

7. A person or company that is acting as an investment fund manager in the local jurisdiction and whose head office or principal place of business is not in a jurisdiction of Canada is not required to register or apply for registration in the local jurisdiction as an investment fund manager until December 31, 2012.

Part 5 Granting an exemption

Who can grant an exemption

8. (1) The regulator, except in Québec, or the securities regulatory authority may grant an exemption from this Instrument, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.

(2) Despite subsection (1), in Ontario, only the regulator may grant such an exemption.

(3) Except in Ontario, an exemption referred to in subsection (1) is granted under the statute referred to in Appendix B of National Instrument 14-101 *Definitions* opposite the name of the jurisdiction.

Part 6 When this Instrument comes into force

Effective date

9. (1) Except as set out in subsection (2), this Instrument comes into force on [*insert date of coming into force*].

(2) Section 5 comes into force on March 31, 2013.

FORM 32-102F1 SUBMISSION TO JURISDICTION AND APPOINTMENT OF AGENT FOR SERVICE FOR INTERNATIONAL INVESTMENT FUND MANAGER

(section 4 [permitted clients])

1. Name of person or company ("International Firm"):

2. If the International Firm was previously assigned an NRD number as a registered investment fund manager or an unregistered exempt international firm, provide the NRD number of the firm.

3. Jurisdiction of incorporation of the International Firm:

4. Address of head office or principal place of business of the International Firm:

5. The name, e-mail address, phone number and fax number of the International Firm's chief compliance officer.

   Name:
   E-mail address:
   Phone:
   Fax:

6. Name of agent for service of process (the "Agent for Service"):

7. Address for service of process on the Agent for Service:

8. The International Firm designates and appoints the Agent for Service at the address stated above as its agent upon whom may be served a notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal or other proceeding (a "Proceeding") arising out of or relating to or concerning the International Firm's activities in the local jurisdiction and irrevocably waives any right to raise as a defence in any such proceeding any alleged lack of jurisdiction to bring such Proceeding.

9. The International Firm irrevocably and unconditionally submits to the non-exclusive jurisdiction of the judicial, quasi-judicial and administrative tribunals of the local jurisdiction in any Proceeding arising out of or related to or concerning the International Firm's activities in the local jurisdiction.

10. Until 6 years after the International Firm ceases to rely on section 4 [*permitted clients*], the International Firm must submit to the securities regulatory authority

    a. a new *Submission to Jurisdiction and Appointment of Agent for Service for International Investment Fund Manager* in this form no later than the 30th day before the date this Submission to Jurisdiction and Appointment of Agent for Service for International Investment Fund Manager is terminated; and

    b. an amended *Submission to Jurisdiction and Appointment of Agent for Service for International Investment Fund Manager* no later than the 30th day before any change in the name or above address of the Agent for Service.

11. This Submission to Jurisdiction and Appointment of Agent for Service for International Investment Fund Manager is governed by and construed in accordance with the laws of the local jurisdiction.

Dated: _____

_____
(Signature of the International Firm or authorized signatory)

_____
(Name and Title of authorized signatory)

Acceptance

The undersigned accepts the appointment as Agent for Service of (Insert name of International Firm) under the terms and conditions of the foregoing *Submission to Jurisdiction and Appointment of Agent for Service for International Investment Fund Manager*.

Dated: _____

_____
(Signature of Agent for Service or authorized signatory)

_____
(Name and Title of authorized signatory)

FORM 32-102F2 NOTICE OF REGULATORY ACTION

(section 4 [permitted clients])

Definitions

Significant control – a person or company has significant control of another person or company if the person or company:

- directly or indirectly holds voting securities representing more than 20 per cent of the outstanding voting rights attached to all outstanding voting securities of the other person or company, or
- directly or indirectly is able to elect or appoint a majority of the directors (or individuals performing similar functions or occupying similar positions) of the other person or company.

Specified affiliate – a person or company that is a parent of a firm, a specified subsidiary of a firm, or a specified subsidiary of a firm's parent.

Specified subsidiary – a person or company of which another person or company has significant control.

All of the questions below apply to any jurisdiction and any foreign jurisdiction. The information must be provided in respect of the last 7 years.

1. Has the firm, or any predecessors or specified affiliates of the firm entered into a settlement agreement with any financial services regulator, securities or derivatives exchange, self-regulatory organization (SRO) or similar agreement with any financial services regulator, securities or derivatives exchange, SRO or similar organization?

Yes _____ No _____

If yes, provide the following information for each settlement agreement:

Name of entity
Regulator/organization
Date of settlement (yyyy/mm/dd)
Details of settlement
Jurisdiction

2. Has any financial services regulator, securities or derivatives exchange, SRO or similar organization:

	Yes	**No**
(a) Determined that the firm, or any predecessors or specified affiliates of the firm violated any securities regulations or any rules of a securities or derivatives exchange, SRO or similar organization?		
(b) Determined that the firm, or any predecessors or specified affiliates of the firm made a false statement or omission?		
(c) Issued a warning or requested an undertaking by the firm, or any predecessors or specified affiliates of the firm?		
(d) Suspended or terminated any registration, licensing or membership of the firm, or any predecessors or specified affiliates of the firm?		

	Yes	No
(e) Imposed terms or conditions on any registration or membership of the firm, or predecessors or specified affiliates of the firm?		
(f) Conducted a proceeding or investigation involving the firm, or any predecessors or specified affiliates of the firm?		
(g) Issued an order (other than en exemption order) or a sanction to the firm, or any predecessors or specified affiliates of the firm for securities or derivatives-related activity (e.g. cease trade order)?		

If yes, provide the following information for each action:

Name of Entity	
Type of Action	
Regulator/organization	
Date of action (yyyy/mm/dd)	Reason for action
Jurisdiction	

3. Is the firm aware of any ongoing investigation of which the firm or any of its specified affiliates is the subject?

Yes _____ No _____

If yes, provide the following information for each investigation:

Name of entity
Reason or purpose of investigation
Regulator/organization
Date investigation commenced (yyyy/mm/dd)
Jurisdiction
Name of firm
Name of firm's authorized signing officer or partner
Title of firm's authorized signing officer or partner
Signature
Date (yyyy/mm/dd)

Witness

The witness must be a lawyer, notary public or commissioner of oaths.

Name of witness
Title of witness
Signature
Date (yyyy/mm/dd)

Annex B

COMPANION POLICY 32-102CP
REGISTRATION EXEMPTIONS FOR NON-RESIDENT INVESTMENT FUND MANAGERS

Part 1 Fundamental concepts

Introduction

Purpose of this Companion Policy

This Companion Policy sets out how the Ontario Securities Commission, the Autorité des marchés financiers, the New Brunswick Securities Commission and the Financial Services Regulation Division, Service NL, Government of Newfoundland and Labrador (collectively, we) interpret or apply the provisions of Multilateral Instrument 32-102 *Registration Exemptions for Non- Resident Investment Managers* (MI 32-102) and related securities legislation.

MI 32-102 applies in Ontario, Québec, New Brunswick and Newfoundland and Labrador.

Numbering system

Except for Part 1, the numbering of Parts and sections in this Companion Policy correspond to the numbering in MI 32-102. Any general guidance for a Part appears immediately after the name of the Part. Any specific guidance on sections in MI 32-102 follows any general guidance. If there is no guidance for a Part or section, the numbering in this Companion Policy will skip to the next provision that does have guidance.

All references in this Companion Policy to sections and Parts are to MI 32-102, unless otherwise noted.

Definitions

Unless defined in MI 32-102, terms used in MI 32-102 and in this Companion Policy have the meaning given to them in the securities legislation of each jurisdiction or in National Instrument 14-101 *Definitions*.

In this Companion Policy “regulator” means the regulator or securities regulatory authority in a jurisdiction.

This guidance applies to investment fund managers

- that do not have their head office or their principal place of business in a jurisdiction of Canada (international investment fund managers); and
- that are domestic investment fund managers which do not have a place of business in the local jurisdiction (domestic non-resident investment fund managers).

We refer to international and domestic non-resident investment fund managers, collectively, as non-resident investment fund managers.

Requirement to register as an investment fund manager

An investment fund manager is required to register if it directs or manages the business, operations or affairs of an investment fund. Some of the functions and activities that an investment fund manager directs, manages or performs include:

- establishing a distribution channel for the fund
- marketing the fund
- establishing and overseeing the fund’s compliance and risk management programs
- overseeing the day-to-day administration of the fund
- retaining and liaising with the portfolio manager, the custodian, the dealers and other service providers of the fund
- overseeing advisers’ compliance with investment objectives and overall performance of the fund

- preparing the fund's prospectus or other offering documents
- preparation and delivery of security holder reports
- identifying, addressing and disclosing conflicts of interest
- calculating the net asset value (NAV) of the fund and the NAV per share or unit
- calculating, confirming and arranging payment of subscriptions and redemptions, and arranging for the payment of dividends or other distributions, if required

Where to register as an investment fund manager

(a) Investment fund managers with a place of business in the local jurisdiction

An investment fund manager is required to register in the local jurisdiction if it directs or manages the business, operations or affairs of an investment fund from a place of business in that jurisdiction.

(b) Non-resident investment fund managers

A non-resident investment fund manager triggers the registration requirement if either the investment fund or the investment fund manager distributes or has distributed investment fund securities in the local jurisdiction. If an investment fund has security holders in the local jurisdiction, this gives rise to investment fund management activities in such jurisdiction, including activities reflecting the relationship between the fund, the investment fund manager (who is responsible for directing those activities), and the security holders. Such activities include the delivery of financial statements and other periodic reporting, calculating net asset values and fulfilling redemption and dividend payment obligations.

Part 2 Exemptions from investment fund manager registration

3. No security holders or active solicitation

Conditions of the exemption

An investment fund manager that does not have a place of business in the local jurisdiction is exempt from the investment fund manager registration requirement if there are no security holders of the fund resident in that jurisdiction or there is no active solicitation by the investment fund manager or the investment fund in that jurisdiction.

Active solicitation

One of the conditions of this exemption is that the investment fund manager or the investment fund has not actively solicited the purchase of the fund's securities by residents in the local jurisdiction. Active solicitation refers to intentional actions taken by the investment fund or the investment fund manager to encourage a purchase of the fund's securities, such as pro-active, targeted actions or communications that are initiated by an investment fund manager for the purpose of soliciting an investment.

Actions that are undertaken by an investment fund manager at the request of, or in response to, an existing or prospective investor who initiates contact with the investment fund manager would not constitute active solicitation.

Examples of active solicitation include:

- direct communication with residents of the local jurisdiction to encourage their purchases of the investment fund's securities
- advertising in Canadian or international publications or media (including the Internet), if the advertising is intended to encourage the purchase of the investment fund's securities by residents of the local jurisdiction (either directly from the fund or in the secondary/resale market)
- purchase recommendations being made by a third party to residents of the local jurisdiction, if that party is entitled to be compensated by the investment fund or the investment fund manager, for the recommendation itself, or for a subsequent purchase of fund securities by residents of the local jurisdiction in response to the recommendation.

Active solicitation would not include:

- advertising in Canadian or international publications or media (including the Internet) only to promote the image or general perception of an investment fund
- responding to unsolicited enquiries from prospective investors in the local jurisdiction
- the solicitation of a prospective investor that is only temporarily in the local jurisdiction, such as in the case where a resident from another jurisdiction is vacationing in the local jurisdiction.

4. Permitted clients

An investment fund manager that does not have its head office or its principal place of business in Canada is exempt from the investment fund manager registration requirement if the investment fund only distributes its securities in the local jurisdiction to permitted clients and certain other conditions set out in subsection 4(2) are satisfied.

If an investment fund manager is relying on the exemption, it must provide an initial notice by filing a Form 32-102F1 *Submission to Jurisdiction and Appointment of Agent for Service for International Investment Fund Manager* (Form 32-102F1) with the regulator in the local jurisdiction. If there is any change to the information in the investment fund manager's Form 32-102F1, the investment fund manager must update it by filing a replacement Form 32-102F1 with the regulator in the local jurisdiction. So long as the investment fund manager continues to rely on the exemption, it must file an annual notice with the regulator in the local jurisdiction. Subsection 4(3) does not prescribe a form of annual notice. An e-mail or letter will therefore be acceptable.

Annex C

**SUMMARY OF COMMENTS AND RESPONSES OF
THE ONTARIO SECURITIES COMMISSION,
THE AUTORITÉ DES MARCHÉS FINANCIERS,
THE NEW BRUNSWICK SECURITIES COMMISSION AND
THE FINANCIAL SERVICES REGULATION DIVISION, SERVICE NL,
GOVERNMENT OF NEWFOUNDLAND AND LABRADOR**

**TO THE AMENDMENTS PROPOSED BY THE CSA ON OCTOBER 15, 2010 TO
NATIONAL INSTRUMENT 31-103
*REGISTRATION REQUIREMENTS, EXEMPTIONS AND ONGOING REGISTRANT OBLIGATIONS***

**COMPANION POLICY 31-103CP *REGISTRATION REQUIREMENTS, EXEMPTIONS
AND ONGOING REGISTRANT OBLIGATIONS***

Introduction

The Canadian Securities Administrators (the CSA) received 24 comment letters on the proposed amendments to National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (NI 31-103) and Companion Policy 31-103CP *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (Companion Policy). The amendments relate to the registration requirement for

- international investment fund managers that do not have their head office or principal place of business in a jurisdiction of Canada; and
- domestic investment fund managers that do not have a place of business in the local jurisdiction.

(collectively, non-resident investment fund managers).

The amendments were published for comment on October 15, 2010 (the CSA October 2010 Proposal).

This document summarizes the written public comments received on the CSA October 2010 Proposal. This annex consolidates and summarizes the material comments and the responses of the Ontario Securities Commission, the Autorité des marchés financiers, the New Brunswick Securities Commission and the Financial Services Regulation Division, Service NL, Government of Newfoundland and Labrador (collectively, we or the jurisdictions). The responses are provided by theme.

Drafting suggestions

We received some drafting comments on the proposed amendments. While the proposed Multilateral Instrument 32-102 *Registration Exemptions for Non-Resident Investment Fund Managers* (the Multilateral Instrument or MI 32-102) and Companion Policy 32-102CP *Registration Exemptions for Non-Resident Investment Fund Managers* (32-102CP) incorporate some of the suggestions, this document does not include a summary of any drafting changes.

Comments outside the scope of the CSA October 2010 Proposal

We have not provided responses to the comments we received that are fact specific or outside the scope of the CSA October 2010 Proposal, including:

- registration fees
- national regulator
- redundancy of the investment fund manager registration requirement
- revisiting the definition of permitted client in section 1.1 of NI 31-103
- exemptions for federally regulated financial institutions in CSA jurisdictions other than Ontario.

Responses to comments received

1. Registration Requirement

Jurisdictional authority

Many commenters suggested that an entity should only be required to register in those jurisdictions where it carries out some investment fund manager activities.

Also, some commenters did not agree that the ownership of securities of an investment fund, by a resident in the local jurisdiction should require investment fund manager registration, since this is not considered consistent with the statutory formulation of the investment fund manager registration requirement.

A number of commenters suggested that the CSA's proposed interpretation of the investment fund manager registration requirement was too broad and that the CSA should adopt a more narrow interpretation.

We are of the view that the distribution of the fund's securities in the local jurisdiction is a sufficient connecting factor to that jurisdiction.

Some commenters are of the view that the CSA October 2010 Proposal expands the meaning of "acting as an investment fund manager" by mixing in concepts related to distribution of and trading in securities, which they consider inappropriate given that distribution and trading are concepts that apply to dealers and not to the functions of an investment fund manager. The jurisdictions do not agree.

We are of the view that although we have dealer registration and prospectus requirements, these requirements do not provide the same ongoing protections or address the same risks that the proposed amendments to the investment fund manager registration requirements aim to achieve.

Investment fund manager registration does not reduce the risks to investors

Some commenters have indicated that the registration requirements in the CSA October 2010 Proposal do not reduce the risks to investors associated with investment in an investment fund that would justify the additional financial and administrative burdens.

The jurisdictions do not agree. The investment fund manager category of registration is designed to address the ongoing operational risks of managing a fund.

In order to be registered, an investment fund manager will be required to meet certain criteria, and once registered, will have to comply with various regulatory requirements, including capital, insurance, financial reporting and proficiency requirements. Registered investment fund managers will also be subject to ongoing obligations to establish and maintain internal controls and risk management systems. These requirements aim to ensure that the investment fund manager has adequate resources and systems in place to carry out its functions.

Investment fund manager registration in multiple jurisdictions of Canada

Some commenters suggest that requiring an entity to register as an investment fund manager in multiple jurisdictions of Canada does not enhance regulatory oversight and investor protection. These commenters are of the view that registration in multiple jurisdictions is not without additional cost and administrative burdens, which will put additional strain on the financial and time resources of an investment fund manager.

The jurisdictions do not agree. The approach proposed by the jurisdictions is consistent with the registration of dealers and advisers in each jurisdiction where they trade securities or act as an adviser.

"Look through" and "flow through"

Several commenters are of the view that the requirement for a Canadian investment fund manager to register in multiple jurisdictions contradicts the CSA's position that it will not "look through" an investment fund. These commenters have expressed that the investment fund manager registration requirement should not be based on the residency of investors of an investment fund.

We do not agree. There is no "flow-through" concept being applied either in the CSA October 2010 Proposal or in the proposed Multilateral Instrument.

2. Exemptions from the investment fund manager registration requirement

Threshold limitations in the international investment fund manager exemption

Many commenters raised concerns that the threshold limitations proposed in the exemptions from the investment fund manager registration requirement available to international investment fund managers (international investment fund manager exemption) were too restrictive and meaningless. This is because the proposed $50 million threshold is too low, and many international investment fund managers would not be able to rely on the exemption and would need to register.

Other commenters have expressed that low threshold limitations may require an international investment fund manager to register as a result of market conditions or transactions in fund securities unrelated to subscriptions by Canadian investors, such as periodic redemptions by non-Canadian investors.

Some commenters have also raised concerns that the proposed threshold limitations may inadvertently create barriers for investments by permitted clients in non-Canadian investment funds. This is because the threshold limitation tests create costly monitoring issues. International investment fund managers will have to implement mechanisms to determine, at any time, whether a portion of the fair value of any of the funds structure is attributable to securities beneficially owned by residents of Canada. As a result, an international investment fund manager may be less likely to offer investment fund securities in Canada.

Certain commenters also suggest that the asset threshold limitations should not apply to an international investment fund manager that distributes the securities of its investment funds only to permitted clients. The comments suggest that permitted clients have less need for the investor protection that comes from the oversight of international investment fund managers as these are highly sophisticated clients who have resources to perform their own due diligence and continue to assess the ongoing services of the investment fund manager.

The jurisdictions agree that the proposed threshold limitations in the international investment fund manager exemption were too restrictive and we are not proposing them in the Multilateral Instrument. This means that an international investment fund manager would no longer be required to monitor the assets of the fund attributable to residents of Canada in order to rely on the exemption.

Inconsistent with the international dealer and international adviser exemptions

Some commenters are of the view that the CSA October 2010 Proposal is inconsistent with the other exemptions in NI 31-103 available to international dealers and advisers. This is because reliance on the international investment fund manager exemption requires that the investment fund manager monitor the value of the securities beneficially owned by Canadian investors, whereas other exemptions for international dealers and advisers focus on the type of security and type of client.

We have not included threshold limitations in the international investment fund manager exemption in the proposed Multilateral Instrument.

International investment fund manager exemption – Investment funds formed or created in a foreign jurisdiction

Some commenters suggested that the condition requiring an investment fund be formed or created in a foreign jurisdiction in the international investment fund manager exemption is not relevant. The jurisdictions agree and that condition does not form part of the exemption in the proposed Multilateral Instrument.

Investment fund managers regulated in their home jurisdiction

Some commenters are of the view that the CSA should tailor the regulatory framework with respect to investment fund managers that are also registered or regulated by their home jurisdiction or with their local regulator, or create a new exempt category of registration requiring mandatory disclosure.

We do not agree. Given the different regulatory approaches for investment fund regulation in foreign jurisdictions, we are not proposing that regulation in the home jurisdiction should be a condition to the international investment fund manager exemption. We will consider applications, on a case-by-case basis, from the investment fund manager registration requirement where an international investment fund manager cannot avail itself of an exemption.

Active solicitation

Some commenters have indicated that the “active solicitation” test relates to the distribution of securities, not to “acting as an investment fund manager”.

The criteria for “active solicitation” define an active step taken in the local jurisdiction. It is not a test for distribution. We use the concept of “active solicitation” to determine whether or not the fund or the investment fund manager has activities in the local market.

Some commenters are concerned that responding to unsolicited or administrative queries from current or prospective investors may be considered “active solicitation” and require registration.

We would not consider responding to inquires of an administrative nature as “active solicitation”. We have included guidance in 32-102CP to clarify what we mean by active solicitation.

3. Regulatory burden

Limited investment opportunities for Canadian investors

Several commenters are of the view that the increased regulatory burden of an international investment fund manager having to register in Canada is not justified. These commenters have suggested that the increased regulatory burden may deter the presence of international investment funds in Canada, and reduce investment choices and opportunities for Canadian investors.

The investment fund manager category of registration is designed to address risks to investors associated with their investment in an investment fund by imposing regulatory requirements, including capital, insurance, financial reporting and proficiency which aims to ensure that the investment fund manager has adequate resources to carry out its functions. We are of the view that where an investment fund manager has an appropriate connection to a jurisdiction, investors should receive protection from these risks. This approach strikes an appropriate balance between providing an efficient system of registration and protecting investors.

Proficiency and other registration requirements

Some commenters are of the view that international investment fund managers will not be able to satisfy the registration requirements under the CSA October 2010 Proposal including those relating to compliance, capital, insurance, financial reporting and proficiency requirements particularly because some requirements are unique to Canada.

We do not agree. There are currently many foreign entities registered in other categories of registration that are subject to the registration requirements of NI 31-103, including the proficiency requirements. We will, however, consider applications for exemptive relief from certain registration requirements for international investment fund managers on a case-by-case basis, where appropriate.

Financial reporting

Some commenters are of the view that complying with the financial statement reporting obligations, particularly the requirement to prepare financial statements in accordance with Canadian GAAP is burdensome for international investment fund managers. We do not agree. Section 3.15 of National Instrument 52-107 - Accounting Principles and Auditing Standards recognizes acceptable accounting principles other than Canadian GAAP for foreign registrants.

4. Other comments

Notice of non-resident status of domestic investment fund managers

Several commenters are of the view that it is unnecessary for a non-resident investment fund manager to provide notice of its non-resident status to its clients in each jurisdiction. The notice requirement we propose would apply only to investment fund managers whose head office or principal place of business is outside Canada.

Outsourcing

One commenter suggests that the non-resident registration requirement, for an investment fund manager that outsources or delegates its investment fund manager activities to a service provider in a jurisdiction other than where it has a place of business, is not consistent with the existing guidance on outsourcing and does not provide additional protections.

We agree that the delegation of certain functions by an investment fund manager would not, on its own, require the investment fund manager to register in the jurisdiction where the service provider is located. However, the investment fund manager is responsible for these functions and must supervise the service provider. If an entity delegates or outsources activities to a service provider to such a level that the service provider is directing or managing the business, operations or affairs of an investment fund in the jurisdiction, then the service provider must also register as an investment fund manager.

List of commenters

- Alternative Investment Management Association
- BlackRock, Inc.
- BNP Paribas Investment Partners Canada Ltd.
- Borden Ladner Gervais LLP
- Brandes Investment Partners & Co.
- Canadian Imperial Bank of Commerce
- Canadian Pension Plan Investment Board
- Capital International, Inc.
- Davies Ward Phillips & Vineberg LLP
- Fidelity Investments Canada ULC
- GreyStone Managed Investments Inc.
- Invesco Trimark Ltd.
- Managed Funds Association
- Marathon Asset Management LLP
- McMillan LLP
- Orbis Investment Management Limited
- Pension Investment Association of Canada
- Portfolio Management Association of Canada
- RESP Dealers Association of Canada
- Stikeman Elliott LLP
- The Canadian Advocacy Council for Canadian CFA Institute Societies
- The Investment Adviser Association
- The Investment Funds Institute of Canada
- Veronica Armstrong Law Corporation

Annex D

PROPOSED AMENDMENT TO
COMPANION POLICY 31-103CP *REGISTRATION REQUIREMENTS, EXEMPTIONS AND ONGOING REGISTRANT OBLIGATIONS*

Section 7.3 [*Investment fund manager category*] is amended by adding the following new paragraph after the first paragraph under the heading "7.3 Investment fund manager category":

"For additional guidance on the investment fund manager registration requirement in Alberta, British Columbia, Manitoba, Nova Scotia, Northwest Territories, Nunavut, Prince Edward Island, Saskatchewan and Yukon see Multilateral Policy 31-202 *Registration Requirement for Investment Fund Managers* and in New Brunswick, Newfoundland and Labrador, Ontario and Québec see Multilateral Instrument 32-102 *Registration Exemptions for Non-Resident Investment Fund Managers* and Companion Policy 32-102CP *Registration Exemptions for Non-Resident Investment Fund Managers*.

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
01/31/2011 to 04/29/2011	18	360 Global Fund - Units	431,725.26	48,310.13
01/19/2012	2	Accutrac Capital Solutions Inc. - Preferred Shares	50,000.00	50.00
11/22/2011	2	Accutrac Capital Solutions Inc. - Preferred Shares	50,000.00	50.00
01/31/2011 to 12/23/2011	194	ACT II New Media Fund - Units	3,597,322.05	300,029.97
01/01/2011 to 12/31/2011	1	Active International Equity Fund B - Units	3,109.49	144.36
01/01/2011 to 12/31/2011	1	ACWI Ex-US Superfund A - Units	36,790.00	1,821.41
01/01/2011 to 12/31/2011	1	ACWI Ex-U.S. Superfund B - Units	1,997,008.64	100,298.68
12/12/2011	13	Advent Capital 16 Mewata LP - Limited Partnership Units	1,000,000.00	40.00
01/07/2011 to 11/04/2011	24	AFC Capital Fund - Units	1,669,775.17	173,166.30
01/01/2011 to 12/31/2011	1	Alpha Tilts Fund B - Units	150,050.52	4,318.97
11/30/2011	1	Arrow Advantage Fund - Units	150,000.00	52,101.42
02/28/2011 to 11/30/2011	2	Arrow Canadian Arbitrage Fund - Units	195,000.00	11,627.49
11/30/2011	1	Arrow Debt Opportunities Fund - Units	76,255.94	10,644.92
01/07/2011 to 12/30/2011	29	Arrow Diversified Fund - Units	1,548,412.90	118,887.90
02/28/2011 to 11/30/2011	2	Arrow EM UCITS Fund - Units	915,000.00	10,194.39
01/07/2011 to 09/09/2011	6	Arrow Enhanced Income Fund - Units	143,250.00	19,734.85
02/28/2011 to 08/31/2011	1	Arrow European Long/Short Fund - Units	20,738.36	2,129.06
02/28/2011 to 04/29/2011	3	Arrow F Global Macro Fund - Units	206,444.39	15,387.31
01/07/2011 to 05/13/2011	9	Arrow Focus Fund - Units	710,789.51	51,690.09
01/31/2011 to 11/30/2011	4	Arrow GH Multi-Strategy Fund - Units	2,375,000.00	171,644.42

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
01/07/2011 to 12/30/2011	257	Arrow High Yield Fund - Units	25,639,566.44	2,977,549.45
10/31/2011	1	Arrow LH Asian Fund - Units	223,480.33	15,204.61
01/31/2011 to 11/30/2011	9	Arrow Macro Fund - Units	307,532.20	39,307.69
01/07/2011 to 11/30/2011	137	Arrow Maple Leaf Canadian Fund - Units	2,921,472.52	210,267.21
11/30/2011	1	Arrow MMCAP Risk Arbitrage Fund - Units	800,000.00	18,556.88
05/31/2011 to 11/30/2011	4	Arrow Navigator Fund - Units	7,306,000.00	536,814.15
01/31/2011 to 11/30/2011	1	Arrow Pacific Macro Fund - Units	96,260.94	9,434.00
01/31/2011 to 04/29/2011	3	Arrow R Fixed Income Fund - Units	222,486.14	19,892.47
01/31/2011 to 06/30/2011	1	Arrow RG Fund - Units	244,790.30	20,075.11
01/28/2011 to 03/31/2011	4	Arrow Risk Arbitrage Fund - Units	11,350.00	431.66
03/31/2011	49	Arrow Special Opportunities Fund - Units	3,442,404.77	344,240.48
11/30/2011	1	Arrow V Relative Value Fund - Units	33,552.61	10,925.99
01/18/2012	4	Atwood Oceanics, Inc. - Notes	5,555,000.00	6.50
12/22/2011	5	Barlow Mine Inc. - Flow-Through Shares	2,537,001.00	120,000.00
01/01/2011 to 12/31/2011	23	Bissett Core Equity Trust - Trust Units	6,243,236.07	360,689.51
01/01/2011 to 12/31/2011	15	Bissett Institutional Balanced Trust - Trust Units	24,706,208.52	1,603,449.12
01/01/2011 to 12/31/2011	2	BlackRock Active Canadian Equity Ex-Income Trusts Fund - Units	17,660,017.27	577,581.42
01/01/2011 to 12/31/2011	3	BlackRock Active Canadian Equity Fund - Units	9,079,358.06	284,529.55
01/01/2011 to 12/31/2011	1	BlackRock Balanced Conservative Index DC Fund - Units	7,169,000.00	402,979.97
01/01/2011 to 12/31/2011	11	BlackRock Canada Long Bond Index Fund - Units	130,085,298.13	5,147,778.92
01/01/2011 to 12/31/2011	1	BlackRock Canada Real Return Bond Index Class A - Units	6,480,000.00	237,283.47
01/01/2011 to 12/31/2011	12	BlackRock Canada Universe Bond Index Fund - Units	227,689,647.99	9,355,138.57
01/01/2011 to 12/31/2011	1	BlackRock Canadian Equity Ex-Trusts Index Fund - Units	2,556,342.76	48,973.05
01/01/2011 to 12/31/2011	8	BlackRock Canadian Equity Index Fund - Units	88,943,748.98	1,505,818.74

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
01/01/2011 to 12/31/2011	1	BlackRock CDN LifePath 2015 Index Fund - Units	2,429,092.01	227,442.16
01/01/2011 to 12/31/2011	1	BlackRock CDN LifePath 2020 Index Fund - Units	3,334,016.90	326,660.53
01/01/2011 to 12/31/2011	1	BlackRock CDN LifePath 2025 Index Fund - Units	2,902,728.43	286,264.76
01/01/2011 to 12/31/2011	1	BlackRock CDN LifePath 2030 Index Fund - Units	3,473,758.73	353,553.32
01/01/2011 to 12/31/2011	1	BlackRock CDN LifePath 2035 Index Fund - Units	2,042,782.77	210,553.11
01/01/2011 to 12/31/2011	1	BlackRock CDN LifePath 2040 Index Fund - Units	1,390,123.75	144,830.12
01/01/2011 to 12/31/2011	1	BlackRock CDN LifePath 2045 Index Fund - Units	1,524,326.97	152,187.60
01/01/2011 to 12/31/2011	1	BlackRock CDN LifePath Index 2010 Retirement Fund - Units	234,315.78	21,662.45
01/01/2011 to 12/31/2011	1	BlackRock CDN LifePath Retirement Index Fund I - Units	568,680.68	51,543.06
01/01/2011 to 12/31/2011	10	BlackRock CDN MSCI EAFE Equity Index Fund - Units	187,349,159.32	20,432,491.34
01/01/2011 to 12/31/2011	2	BlackRock CDN MSCI EAFE Index Hedged Fund - Units	144,377,419.02	14,353,252.52
01/01/2011 to 12/31/2011	2	BlackRock CDN MSCI Emerging Markets Index Class A - Units	4,833,667.54	516,089.55
01/01/2011 to 12/31/2011	1	BlackRock CDN Russell 3000 Index Hedged Non-Taxable Fund - Units	107,438.26	10,053.78
01/01/2011 to 12/31/2011	1	BlackRock CDN Russell 3000 Index Non-Taxable Fund - Units	135,000,000.00	12,929,586.72
01/01/2011 to 12/31/2011	1	BlackRock CDN US Alpha Tilts Hedged Non-Taxable Fund - Units	1,000,000.00	93,163.69
01/01/2011 to 12/31/2011	2	BlackRock CDN US Equity Index Class D - Units	310,000.00	43,389.30
01/01/2011 to 12/31/2011	1	BlackRock CDN US Equity Index Hedged Non-Taxable Fund - Units	1,338,750.00	124,525.40
01/01/2011 to 12/31/2011	8	BlackRock CDN US Equity Index Non-Taxable Fund - Units	57,768,905.41	6,649,887.54
06/30/2011 to 12/30/2011	7	BMO Asset Management Balanced Fund - Units	35,657,664.29	48,137.50
01/31/2011 to 12/30/2011	15	BMO Asset Management Bond Fund - Units	34,778,261.57	184,526.93
12/31/2011	1	BMO Asset Management Canadian Core Alpha Fund - Units	3,739,178.62	202,651.23
12/30/2011	1	BMO Asset Management Canadian Long Bond Alpha Fund - Units	1,549,149.31	77,559.07

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
12/30/2011	1	BMO Asset Management Canadian Pure Alpha Fund - Units	774,133.54	37,979.00
01/31/2011 to 12/30/2011	6	BMO Asset Management Foreign Equity Fund - Units	29,137,279.07	1,891,163.82
06/17/2011 to 12/30/2011	1	BMO Asset Management Liability Sensitivity Equity Fund - Units	1,008,732.55	50,433.81
01/05/2011 to 12/30/2011	3	BMO Asset Management Small Cap Fund - Units	33,434,975.14	285,268.17
12/30/2011	37	Bodnar Canadian Equity Fund - Units	2,101,631.72	6,696.41
12/30/2011	39	Bodnar Fixed Income Fund - Units	3,402,937.06	42,824.68
01/28/2011 to 12/30/2011	4	Bodnar Money Market Fund - Units	8,966.59	896.66
01/21/2011 to 07/29/2011	111	Burlington Capital Fund - Units	498,630.12	45,350.86
01/01/2011 to 12/31/2011	9	Canso Bank Loan Fund - Units	20,800,263.67	3,782,698.16
01/01/2011 to 12/31/2011	23	Canso Broad Corporate Bond Fund - Class C Units - Units	28,914,813.85	4,918,052.82
01/01/2011 to 12/31/2011	15	Canso Broad Corporate Bond Fund - Class O Units - Units	72,585,000.00	6,802,676.61
01/01/2011 to 12/31/2011	20	Canso Canadian Bond Fund - Class C Units - Units	10,441,049.29	1,916,161.38
01/01/2011 to 12/31/2011	6	Canso Canadian Equity Fund - Units	61,260.09	12,083.24
01/01/2011 to 12/31/2011	4	Canso Catalina Fund - Units	23,951.09	4,446.41
01/01/2011 to 12/31/2011	4	Canso Coriel Investment Grade Fund, Class C - Units	17,834,300.40	1,763,288.56
01/01/2011 to 12/31/2011	4	Canso Corporate and Infrastructure Debt Fund - Units	15,578,635.23	2,906,475.36
01/01/2011 to 12/31/2011	2	Canso Corporate Bond Fund, Class A - Units	215,575.00	21,061.10
01/01/2011 to 12/31/2011	65	Canso Corporate Bond Fund, Class C - Units	35,330,977.00	6,256,366.72
01/01/2011 to 12/31/2011	4	Canso Corporate Bond Fund, Class F - Units	888,900.00	87,403.54
01/01/2011 to 12/31/2011	25	Canso Corporate Bond Fund, Class O - Units	102,703,248.07	17,960,708.99
01/01/2011 to 12/31/2011	9	Canso Corporate Securities Fund - Units	249,880.36	42,595.21
01/01/2011 to 12/31/2011	116	Canso Corporate Value Fund, Class A - Units	8,641,542.14	861,496.89

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
01/01/2011 to 12/31/2011	54	Canso Corporate Value Fund, Class C - Units	44,593,592.98	6,239,062.43
01/01/2011 to 12/31/2011	133	Canso Corporate Value Fund, Class F - Units	11,724,244.94	1,160,075.76
01/01/2011 to 12/31/2011	143	Canso Corporate Value Fund, Class O - Units	36,761,069.90	5,188,851.26
01/01/2011 to 12/31/2011	3	Canso Credit Opportunities Fund - Units	36,000.00	3,893.22
01/01/2011 to 12/31/2011	2	Canso Harrier Fund - Units	108,338.63	33,108.70
01/01/2011 to 12/31/2011	2	Canso Hurricane Fund - Units	240,000.00	119,702.59
01/01/2011 to 12/31/2011	6	Canso Income Fund - Units	88,945.22	17,273.28
01/01/2011 to 12/31/2011	17	Canso India Fund - Units	232,795.73	33,261.86
01/01/2011 to 12/31/2011	3	Canso Inflation-Linked Fund - Units	277,959.51	49,797.93
01/01/2011 to 12/31/2011	1	Canso Long Short Fund - Units	50,000.00	7,337.08
01/01/2011 to 12/31/2011	1	Canso Masala Fund - Units	10,001.00	2,000.20
01/01/2011 to 12/31/2011	5	Canso North Star Fund - Units	174,012.58	27,818.78
01/01/2011 to 12/31/2011	16	Canso Partners Fund - Units	1,872,056.72	187,301.89
01/01/2011 to 12/31/2011	6	Canso Preservation Fund - Units	50,550.00	4,179.59
01/01/2011 to 12/31/2011	1	Canso Private Debt Fund - Units	6,250,000.00	1,220,975.00
01/01/2011 to 12/31/2011	7	Canso Reconnaissance Fund - Units	84,250.00	24,690.77
01/01/2011 to 12/31/2011	3	Canso Retirement and Savings Fund - Units	69,699.24	12,475.21
01/01/2011 to 12/31/2011	3	Canso Salvage Fund - Units	84,000.00	13,889.71
01/01/2011 to 12/31/2011	19	Canso Short Term and Floating Rate Income Fund - Units	13,355,101.93	2,520,334.24
01/10/2012	10	Canstar Resources Inc. - Units	346,000.20	2,306,668.00
12/22/2011	2	Canuc Resources Corporation - Units	600,000.00	3,000,000.00
01/13/2012	64	Cap-EX Ventures Ltd. - Units	6,882,811.00	8,097,424.00
01/16/2012	7	Capstream Ventures Inc. - Common Shares	400,000.00	4,000,000.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
09/01/2011	1	Chama Enhanced Market Neutral Ltd. - Common Shares	2,925,600.00	3,000.00
01/07/2011 to 11/30/2011	21	COR US Equity Income Fund - Units	1,725,695.21	586,151.75
01/13/2012	13	Crown William Mining Corporation - Common Shares	1,545,998.00	10,722,943.00
01/01/2011 to 12/31/2011	275	Cumberland Capital Appreciation Fund - Units	14,977,127.00	1,267,746.00
01/01/2011 to 12/31/2011	407	Cumberland Income Fund - Units	41,980,954.00	3,599,738.00
01/01/2011 to 12/31/2011	53	Cumberland International Fund - Units	2,359,383.05	307,007.24
01/01/2011 to 12/31/2011	54	Cumberland Market Neutral LP - Units	16,030,000.00	16,030.00
01/14/2011 to 12/23/2011	279	Curvature Market Neutral Fund - Units	15,713,413.06	1,392,060.65
01/01/2011 to 12/31/2011	142	Cypress Canadian Equity Fund - Units	1,964,550.00	135,706.71
01/01/2011 to 12/31/2011	343	Cypress High Yield Fund - Units	9,630,585.00	799,547.29
01/01/2011 to 12/31/2011	156	Cypress Oil & Gas Fund - Units	1,101,730.00	22,209.58
01/01/2011 to 12/31/2011	63	Cypress Resource Fund - Units	504,700.00	38,352.71
01/01/2011 to 12/31/2011	76	Cypress Science & Tech Fund - Units	514,400.00	108,344.89
01/01/2011 to 12/31/2011	152	Cypress Small Cap Fund - Units	1,353,400.00	59,261.87
01/01/2011 to 12/31/2011	819	Cypress US Equity Fund - Units	15,481,985.00	1,607,322.30
01/01/2011 to 12/31/2011	5	Dakota Fund - Units	82,261.69	14,851.73
01/14/2011 to 12/31/2011	62	Delaney Capital Balanced Fund - Units	3,360,394.21	32,816.29
01/14/2011 to 12/31/2011	74	Delaney Capital Equity Fund - Units	2,142,893.10	13,134.94
01/01/2011 to 12/01/2011	56	DKAM Capital Ideas Fund LP - Limited Partnership Units	15,175,334.00	66,076.15
01/01/2011 to 12/31/2011	6	EAFE Equity Index Fund B - Units	20,332,087.20	426,217.30
01/14/2011 to 12/30/2011	361	East Coast Investment Grade Fund - Units	110,366,537.53	10,938,147.88
01/01/2011 to 12/31/2011	6	Elliott International Limited - Common Shares	195,494,538.60	247,155.38

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
01/31/2011 to 11/30/2011	32	Enso Global Fund - Units	1,413,609.16	67,180.15
12/29/2011	25	EquiGenesis 2011 Preferred Investment LP - Limited Partnership Units	20,314,800.00	570.00
01/01/2011 to 12/31/2011	1	Equity Index Fund A - Units	51,485.21	132.70
01/13/2012	4	EurOmax Resources Limited - Units	3,806,000.00	17,300,000.00
01/31/2011 to 02/28/2011	2	FI Capital Canadian Small Cap Fund - Units	411,800.00	37,950.44
12/30/2011	7	FI Capital SRI Canadian Equity Fund - Units	616,474.50	12,929.83
12/30/2011	4	FI Capital SRI Enhanced Income Fund - Units	410,908.54	6,122.26
01/01/2011 to 12/31/2011	1	Global ex-US Alpha Tilts Fund B - Units	7,870,597.42	521,915.66
12/30/2011	1	Golden Dory Resources Corp. - Common Shares	500,000.00	6,250,000.00
02/18/2011 to 08/31/2011	1	Goodwood Value Fund - Units	2,000.00	182.10
11/15/2011	4	Imperva, Inc. - Common Shares	1,427,550.00	4,750,000.00
11/15/2011	1	Imperva, Inc. - Common Shares	18,420.00	4,750,000.00
01/01/2011 to 12/31/2011	2	Integra Acadian Global Equity Fund - Units	5,843,515.74	836,713.00
01/01/2011 to 12/31/2011	3	Integra Conservative Allocation Fund - Units	687,281.71	57,578.33
01/01/2011 to 12/31/2011	5	Integra Diversified Fund - Units	76,466,601.40	1,905,272.82
01/01/2011 to 12/31/2011	4	Integra Emerging Markets Equity Fund - Units	10,664,280.92	1,156,146.00
01/01/2011 to 12/31/2011	7	Integra Equity Fund - Units	456,754.61	33,147.00
01/01/2011 to 12/31/2011	2	Integra Fixed Income Plus Fund - Units	10,311,735.24	686,106.00
01/01/2011 to 12/31/2011	3	Integra Growth Allocation Fund - Units	591,915.85	49,218.00
01/01/2011 to 12/31/2011	5	Integra Strategic Allocation Fund - Units	289,455.39	21,490.66
01/01/2011 to 12/31/2011	4	International Alpha Tilts Fund B - Units	2,346,072.59	113,146.06
01/01/2011 to 12/31/2011	2	International Alpha Tilts Hedged CAD Fund B - Units	2,000,126.79	194,643.66
12/28/2011	7	Iskander Energy Corp. - Special Warrants	2,600,000.00	1,300,000.00
01/07/2011 to 03/04/2011	4	JC Clark Opportunities Fund - Units	141,429.66	13,452.14

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
09/14/2011 to 12/31/2011	3	Kensington Hedge Fund 1 - Units	1,150,100.00	114,998.16
01/06/2012	3	Lithium Americas Corp. - Common Shares	0.00	2,000,000.00
12/19/2011 to 12/30/2011	20	Magnum Energy Inc. - Flow-Through Shares	582,457.00	2,912,285.00
06/01/2011 to 11/01/2011	2	Marret High Grade Hedge Limited Partnership - Limited Partnership Units	550,000.00	476.76
01/01/2011 to 06/01/2011	5	Marret High Yield Hedge Limited Partnership - Limited Partnership Units	12,125,000.00	919,467.36
01/07/2011 to 12/16/2011	51	Marret Resource Yield Fund - Units	2,536,321.11	388,297.53
01/11/2012	3	MGM Resorts International - Notes	8,663,200.00	8,500.00
01/13/2012	17	Michigan Potash Inc. - Common Shares	398,500.00	1,594,000.00
01/01/2011 to 12/31/2011	3	Mondrian Emerging Markets Equity Fund - Units	57,383,500.00	3,471,678.39
07/20/2011 to 12/30/2011	2	Monegy Low Volatility High Yield Bond Fund - Units	9,063,923.85	85,538.91
01/01/2011 to 12/31/2011	1	MSCI ACWI Non-Lendable B - Units	63,327,064.45	5,696,713.59
01/01/2011 to 12/31/2011	3	MSCI Emerging Markets Free Fund B - Units	8,515,411.10	275,250.26
12/20/2011 to 12/30/2011	75	Mustang Minerals Corp. - Flow-Through Shares	3,777,111.76	31,475,931.00
01/01/2012	1	New Haven Mortgage Income Fund (1) Inc. - Special Shares	80,000.00	80,000.00
01/10/2012 to 01/15/2012	3	New Solutions Financial (II) Corporation - Debentures	175,000.00	3.00
12/31/2011 to 01/12/2012	22	Nova-Ethio Potash Corporation - Common Shares	4,000,000.20	11,428,572.00
01/01/2011 to 12/31/2011	2	NWQ US Large Cap Value Fund - Units	785,049.47	163,837.00
01/03/2012	2	Pacific Rubiales Energy Corp. - Notes	361,715,401.00	311,730.00
01/01/2011 to 12/31/2011	39	Primevestfund - Trust Units	1,134,368.98	41,079.51
02/28/2011	6	PV Early Opportunities Limited Partnership - Trust Units	1,100,000.00	11,000.00
09/30/2011 to 12/30/2011	26	Raven Rock Income Fund - Units	3,938,237.15	385,442.96
01/28/2011 to 11/30/2011	130	RCM Opportunities Fund - Units	2,162,515.84	191,534.20
05/31/2011 to 12/01/2011	5	Renforth Resources Inc. - Common Shares	457,776.50	11,275,530.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
01/01/2011 to 12/31/2011	2	Russell 1000 Alpha Tilts Fund B - Units	38,210,891.21	1,399,158.92
01/01/2011 to 12/31/2011	1	Russell 3000 Alpha Tilts Fund B - Units	355,469.55	13,462.59
01/01/2011 to 11/01/2011	171	Sentry Market Neutral L.P. - Limited Partnership Units	18,761,043.00	169,821.09
01/01/2011 to 09/01/2011	169	Sentry Select Market Neutral RRSP Fund - Trust Units	4,394,301.00	407,279.67
02/01/2011 to 09/01/2011	11	Sevenoaks Opportunities Fund L.P. - Limited Partnership Units	1,780,000.00	1,780.00
01/21/2011 to 12/30/2011	62	SG US Market Neutral Fund - Units	4,109,616.05	351,810.49
01/20/2012	1	SmartCool Systems Inc. - Common Shares	374,999.94	2,678,571.00
01/11/2012	2	Sophia, L.P. and Sophia Finance, Inc. - Notes	1,274,000.00	N/A
03/24/2011 to 01/13/2012	23	Sphere 3D Inc. - Common Shares	2,135,399.00	3,050,569.00
11/01/2011	86	StageVentures 2011 Limited Partnership - Limited Partnership Units	13,245,530.00	12,379.00
01/01/2011 to 12/31/2011	1	S&P GSCI Commodities Fund B - Units	3,192,440.00	386,896.33
01/01/2011 to 12/31/2011	37	Tapestry Balanced Growth Private Portfolio Corporate Class - Common Shares	6,261,670.77	492,315.65
01/01/2011 to 12/31/2011	18	Tapestry Balanced Income Private Portfolio Corporate Class - Common Shares	2,205,280.65	199,224.00
01/01/2011 to 12/31/2011	12	Tapestry Diversified Income Private Portfolio Corporate Class - Common Shares	2,109,498.27	190,666.00
01/01/2011 to 12/31/2011	8	Tapestry Global Balanced Private Portfolio Corporate Class - Common Shares	1,524,320.43	132,762.00
01/01/2011 to 12/31/2011	10	Tapestry Growth Private Portfolio Corporate Class - Common Shares	788,065.59	71,541.15
01/12/2012	7	Target Corporation - Notes	8,106,430.99	N/A
01/31/2011 to 12/31/2011	7	Tera Global Innovation Fund - Limited Partnership Units	900,003.34	5,024.10
02/07/2011	12	Tera High Income Fund - Trust Units	83,685.05	2,971.00
01/01/2011 to 12/31/2011	2	The Canso Fund - Units	21,400.00	3,825.17
01/20/2011 to 12/15/2011	14	The Strategic Retirement Fund - Trust Units	1,320,576.21	9,832.10
01/06/2012	4	Transgaming Inc. - Common Shares	0.00	1,750,000.00
01/05/2012	4	Trillium North Minerals Ltd. - Common Shares	100,000.00	2,000,000.00
01/01/2011 to 12/31/2011	1	US Debt Index Fund - Units	299,442.49	5,394.98

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
01/01/2011 to 12/31/2011	1	US Equity Index Fund B - Units	15,143,558.80	77,935.54
01/01/2011 to 12/31/2011	1	US High Yield Bond Index Fund B - Units	2,674,022.43	239,670.06
01/01/2011 to 12/31/2011	1	U.S. TIPS Fund B - Units	6,944,350.00	376,693.99
01/17/2012	1	WALLBRIDGE MINING COMPANY LIMITED - Units	2,500,000.00	13,157,895.00
01/13/2012	30	Walton GA Crossroads Investment Corporation - Common Shares	502,880.00	50,288.00
01/13/2012	6	Walton GA Crossroads LP - Units	584,458.58	57,311.00
01/13/2012	9	Walton Income 4 Corporation - Notes	677,000.00	1,354.00
01/01/2011	1	Wolverine Convertible Arbitrage Fund Limited - Common Shares	25,000,000.00	250,000.00

Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
AltaGas Ltd.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated February 7, 2012
NP 11-202 Receipt dated February 7, 2012
Offering Price and Description:
$350,900,000.00 - 12,100,000 Subscription Receipts each representing the right to receive one Common Share Price: $29.00 per Subscription Receipt
Underwriter(s) or Distributor(s):
BMO NESBITT BURNS INC.
RBC DOMINION SECURITIES INC.
TD SECURITIES INC.
CIBC WORLD MARKETS INC.
NATIONAL BANK FINANCIAL INC.
SCOTIA CAPITAL INC.
HSBC SECURITIES (CANADA) INC.
MACQUARIE CAPITAL MARKETS CANADA LTD.
BEACON SECURITIES LIMITED
FIRSTENERGY CAPITAL CORP.
PETERS & CO. LIMITED
Promoter(s):
-
Project #1856468

Issuer Name:
Bank of Nova Scotia, The
Type and Date:
Preliminary Base Shelf Prospectus dated February 3, 2012
Receipted on February 6, 2012
Offering Price and Description:
US$16,000,000,000
Senior Debt Securities
Subordinated Debt Securities (subordinated indebtedness)
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1855721

Issuer Name:
Brookfield Infrastructure Partners L.P.
Principal Regulator - Ontario
Type and Date:
Preliminary Base Shelf Prospectus dated February 1, 2012
NP 11-202 Receipt dated February 1, 2012
Offering Price and Description:
US$1,000,000,000.00 - Limited Partnership Units Preferred Limited Partnership Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1854752

Issuer Name:
BTB Real Estate Investment Trust
Principal Regulator - Quebec
Type and Date:
Preliminary Short Form Prospectus dated February 1, 2012
NP 11-202 Receipt dated February 1, 2012
Offering Price and Description:
$15,000,600.00 - 16,305,000 Units Price: $0.92 per Unit
Underwriter(s) or Distributor(s):
NATIONAL BANK FINANCIAL INC.
CANACCORD GENUITY CORP.
DUNDEE SECURITIES LTD.
GMP SECURITIES L.P.
DESJARDINS SECURITIES INC.
HSBC SECURITIES (CANADA) INC.
RAYMOND JAMES LTD.
Promoter(s):
-
Project #1854751

Issuer Name:
CaNickel Mining Limited
Principal Regulator - British Columbia
Type and Date:
Preliminary Base Shelf Prospectus dated February 6, 2012
NP 11-202 Receipt dated February 6, 2012
Offering Price and Description:
$20,000,000.00 - Common Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1855965

Issuer Name:
Corona Minerals Limited
Principal Regulator - British Columbia
Type and Date:
Preliminary Long Form Prospectus dated February 1, 2012
NP 11-202 Receipt dated February 1, 2012
Offering Price and Description:
Minimum $5,000,000.00 - (* Shares) Maximum $*- (* Shares) Price: $ * per Share
Underwriter(s) or Distributor(s):
Haywood Securities Inc.
Promoter(s):
-
Project #1854772

Issuer Name:
Dalradian Resources Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated February 1, 2012
NP 11-202 Receipt dated February 1, 2012
Offering Price and Description:
$25,000,000.00 - 12,500,000 Common Shares Price: $2.00 per
Underwriter(s) or Distributor(s):
BMO NESBITT BURNS INC.
CLARUS SECURITIES INC.
STIFEL NICOLAUS CANADA INC.
GMP SECURITIES L.P.
Promoter(s):
-
Project #1854709

Issuer Name:
Enerkem Inc.
Principal Regulator - Quebec
Type and Date:
Preliminary Long Form Prospectus dated February 3, 2012
NP 11-202 Receipt dated February 3, 2012
Offering Price and Description:
US.$ * - * COMMON SHARES Price: US$ * per Common Share
Underwriter(s) or Distributor(s):
GOLDMAN SACHS CANADA INC.
CREDIT SUISSE SECURITIES (CANADA), INC.
BMO NESBITT BURNS INC.
-
Promoter(s):
-
Project #1855592

Issuer Name:
Entrec Transportation Services Ltd.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated February 6, 2012
NP 11-202 Receipt dated February 6, 2012
Offering Price and Description:
$25,000,000.00 - 21,739,131 Common Shares Price: $1.15 per Common Share
Underwriter(s) or Distributor(s):
GMP SECURITIES L.P.
STIFEL NICOLAUS CANADA INC.
ALTACORP CAPITAL INC.
CANACCORD GENUITY CORP.
RAYMOND JAMES LTD.
Promoter(s):
-
Project #1855903

Issuer Name:
Extorre Gold Mines Limited
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated February 3, 2012
NP 11-202 Receipt dated February 3, 2012
Offering Price and Description:
$50,085,000.00 - 5,300,000 Common Shares Price: Cdn$9.45 per Offered Share
Underwriter(s) or Distributor(s):
TD SECURITIES INC.
CANACCORD GENUITY CORP.
MACQUARIE CAPITAL MARKETS CANADA LTD.
SCOTIA CAPITAL INC.
Promoter(s):
-
Project #1855674

Issuer Name:
First Asset Pipes & Power Income Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated February 6, 2012
NP 11-202 Receipt dated February 7, 2012
Offering Price and Description:
Offering of * Rights to Subscribe for up to * Units at a Subscription Price of $* per Unit
Underwriter(s) or Distributor(s):
CIBC WORLD MARKETS INC.
Promoter(s):
-
Project #1856139

Issuer Name:
Global Managed Volatility Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated February 1, 2012
NP 11-202 Receipt dated February 2, 2012
Offering Price and Description:
Class D, Class E, Class F, Class O and Class P Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
SEI Investments Canada Company
Project #1855076

Issuer Name:
Marret High Yield Strategies Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated February 3, 2012
NP 11-202 Receipt dated February 3, 2012
Offering Price and Description:
Maximum $* (Maximum * Units) Price: $* per Offered Unit
Underwriter(s) or Distributor(s):
RBC DOMINION SECURITIES INC.
CIBC WORLD MARKETS INC.
GMP SECURITIES L.P.
TD SECURITIES INC.
BMO NESBITT BURNS INC.
NATIONAL BANK FINANCIAL INC.
SCOTIA CAPITAL INC.
CANACCORD GENUITY CORP.
MACQUARIE PRIVATE WEALTH INC.
RAYMOND JAMES LTD.
Promoter(s):
-
Project #1855568

Issuer Name:
Temple Real Estate Investment Trust
Principal Regulator - Manitoba
Type and Date:
Preliminary Short Form Prospectus dated February 7, 2012
NP 11-202 Receipt dated February 7, 2012
Offering Price and Description:
$25,000,000.00 Offering Comprised of:
5 YEAR 7.75% SERIES D CONVERTIBLE REDEEMABLE UNSECURED SUBORDINATED DEBENTURES
in the Aggregate Principal Amount of $15,000,000
- and -
PARTICIPATING VOTING UNITS
* Participating Voting Units ($10,000,000)
Price: $ * per Participating Voting Unit
Underwriter(s) or Distributor(s):
NATIONAL BANK FINANCIAL INC.
MACKIE RESEARCH CAPITAL CORPORATION
RAYMOND JAMES LIMITED
DESJARDINS SECURITIES INC.
DUNDEE SECURITIES LTD.
HSBC SECURITIES (CANADA) INC.
LIGHTYEAR CAPITAL INC.
Promoter(s):
-
Project #1856235

Issuer Name:
TransGlobe Energy Corporation
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated February 7, 2012
NP 11-202 Receipt dated February 7, 2012
Offering Price and Description:
$85,000,000 6.00% Convertible Unsecured Subordinated Debentures Price: $1,000 per Debenture
Underwriter(s) or Distributor(s):
SCOTIA CAPITAL INC.
MACQUARIE CAPITAL MARKETS CANADA LTD.
CANACCORD GENUITY CORP.
RBC DOMINION SECURITIES INC.
DUNDEE SECURITIES LTD.
FIRSTENERGY CAPITAL CORP.
GMP SECURITIES L.P.
Promoter(s):
-
Project #1856464

Issuer Name:
Tucson Acquisition Corporation
Principal Regulator - Alberta
Type and Date:
Preliminary CPC Prospectus dated February 7, 2012
NP 11-202 Receipt dated February 7, 2012
Offering Price and Description:
$300,000.00 - 1,500,000 common shares Price: $0.20 per common share
Underwriter(s) or Distributor(s):
Macquarie Private Wealth Inc.
Promoter(s):
Alain Lambert
Project #1856319

Issuer Name:
Wand Capital Corporation
Type and Date:
Preliminary CPC Prospectus dated February 1, 2012
Receipted on February 2, 2012
Offering Price and Description:
$400,000.00 - 4,000,000 Common Shares Price: $0.10 per Common Share Minimum Subscription (per subscriber): $100 (1,000 Common Shares) Maximum Subscription (per subscriber): $8,000 (80,000 Common Shares)
Underwriter(s) or Distributor(s):
DUNDEE SECURITIES LTD.
Promoter(s):
-
Project #1854937

Issuer Name:
Watusi Capital Corp.
Principal Regulator - British Columbia
Type and Date:
Preliminary CPC Prospectus dated February 1, 2012
NP 11-202 Receipt dated February 1, 2012
Offering Price and Description:
$300,000.00 (1,500,000 COMMON SHARES) Price: $0.20 per Common Share
Underwriter(s) or Distributor(s):
Haywood Securities Inc.
Promoter(s):
BRIAN E. BAYLEY
Project #1854904

Issuer Name:
BMO Monthly Income ETF
BMO Covered Call Canadian Banks ETF
BMO Covered Call Utilities ETF
BMO Covered Call Dow Jones Industrial Average Hedged to CAD ETF
BMO Canadian Dividend ETF
BMO High Beta Canadian Equity ETF
BMO Low Volatility Canadian Equity ETF
BMO 2013 Corporate Bond Target Maturity ETF
BMO 2015 Corporate Bond Target Maturity ETF
BMO 2020 Corporate Bond Target Maturity ETF
BMO 2025 Corporate Bond Target Maturity ETF
(Units)
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated January 27, 2012
NP 11-202 Receipt dated February 1, 2012
Offering Price and Description:
Units @ Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
BMO ASSET MANAGEMENT INC.
Project #1843417

Issuer Name:
BMO Dow Jones Canada Titans 60 Index ETF
BMO US Equity Hedged to CAD Index ETF
BMO International Equity Hedged to CAD Index ETF
BMO Emerging Markets Equity Index ETF
BMO Global Infrastructure Index ETF
BMO Dow Jones Industrial Average Hedged to CAD Index ETF
BMO Short Federal Bond Index ETF
BMO Short Provincial Bond Index ETF
BMO Short Corporate Bond Index ETF
BMO High Yield US Corporate Bond Hedged to CAD Index ETF
BMO S&P/TSX Equal Weight Banks Index ETF
BMO S&P/TSX Equal Weight Oil & Gas Index ETF
BMO S&P/TSX Equal Weight Global Base Metals Hedged to CAD Index ETF
BMO China Equity Hedged to CAD Index ETF
BMO India Equity Hedged to CAD Index ETF
BMO Equal Weight Utilities Index ETF
BMO Nasdaq 100 Equity Hedged to CAD Index ETF
BMO Junior Gold Index ETF
BMO Mid Corporate Bond Index ETF
BMO Mid Federal Bond Index ETF
BMO Long Corporate Bond Index ETF
BMO Aggregate Bond Index ETF
BMO Equal Weight REITs Index ETF
BMO Junior Oil Index ETF
BMO Junior Gas Index ETF
BMO Equal Weight US Health Care Hedged to CAD Index ETF
BMO Equal Weight US Banks Hedged to CAD Index ETF
BMO Long Federal Bond Index ETF
BMO Real Return Bond Index ETF
BMO Emerging Markets Bond Hedged to CAD Index ETF
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated January 27, 2012
NP 11-202 Receipt dated February 1, 2012
Offering Price and Description:
Units @ Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
BMO ASSET MANAGEMENT INC.
Project #1842929

Issuer Name:
BMO Energy Commodities Index ETF
BMO Agriculture Commodities Index ETF
BMO Base Metals Commodities Index ETF
BMO Precious Metals Commodities Index ETF
(Units)
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated January 27, 2012
NP 11-202 Receipt dated February 1, 2012
Offering Price and Description:
Units @ Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
BMO ASSET MANAGEMENT INC.
Project #1843420

Issuer Name:
Series A, B, D, F, H and I Units of:
Capital International - Growth and Income
Capital International - Global Equity
Capital International - International Equity
Capital International - U.S. Equity
Series A, B, F, H and I Units of:
Capital International - Canadian Core Plus Fixed Income
Principal Regulator - Ontario
Type and Date:

Amended and Restated Simplified Prospectuses and Annual Information Form dated February 2, 2012 (the amended prospectus) amending and restating the Simplified Prospectuses and Annual Information Form dated June 13, 2011.
NP 11-202 Receipt dated February 7, 2012
Offering Price and Description:
Series A, B, D, F, H and I units @ net asset value
Underwriter(s) or Distributor(s):
-
Promoter(s):
Capital International Asset Management (Canada), Inc.
Project #1744154 & 1842974

Issuer Name:
Cardiff Energy Corp.
Principal Regulator - British Columbia
Type and Date:
Amended and Restated Long Form Prospectus dated January 31, 2012 to the Long Form Prospectus dated November 7, 2011
NP 11-202 Receipt dated February 3, 2012
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Global Securities Corporation
Promoter(s):
Lorne A. Torhjelm
Project #1786658

Issuer Name:
Claymore Gold Bullion ETF
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated January 31, 2012
NP 11-202 Receipt dated February 1, 2012
Offering Price and Description:
Hedged Common Units and Non-Hedged Common Units @ Net Asset Value
Underwriter(s) or Distributor(s):
Claymore Investments, Inc.
Promoter(s):
CLAYMORE INVESTMENTS, INC.
Project #1843581

Issuer Name:
Detour Gold Corporation
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated February 7, 2012
NP 11-202 Receipt dated February 7, 2012
Offering Price and Description:
$240,800,000.00 - 8,600,000 Common Shares $28.00 per Common Share
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
TD Securities Inc.
Raymond James Ltd.
RBC Dominion Securities Inc.
Haywood Securities Inc.
National Bank Financial Inc.
Canaccord Genuity Corp.
Credit Suisse Securities (Canada), Inc.
Macquarie Capital Markets Canada Ltd.
USB Securities Canada Inc.
Paradigm Capital Inc.
Promoter(s):
-
Project #1854273

Issuer Name:
GASFRAC Energy Services Inc.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated February 1, 2012
NP 11-202 Receipt dated February 1, 2012
Offering Price and Description:
$35,000,000.00 - 7.00% Convertible Unsecured Subordinated Debentures
Underwriter(s) or Distributor(s):
RAYMOND JAMES LTD.
BMO NESBITT BURNS INC.
CORMARK SECURITIES INC.
TD SECURITIES INC.
SCOTIA CAPITAL INC.
ALTACORP CAPITAL INC.
HAYWOOD SECURITIES INC.
Promoter(s):
-
Project #1851063

Issuer Name:
Horizons Advantaged Equity Fund Inc.
Type and Date:
Final Long Form Prospectus dated February 2, 2012
Receipted on February 6, 2012
Offering Price and Description:
Class A shares, series III @ net asset value
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1844194

Issuer Name:
Mackenzie Cundill American Class
Mackenzie Cundill Canadian Balanced Fund
Mackenzie Cundill Canadian Security Class
Mackenzie Cundill Canadian Security Fund
Mackenzie Cundill Emerging Markets Value Class
Mackenzie Cundill Global Balanced Fund
Mackenzie Cundill Global Dividend Fund
Mackenzie Cundill International Class
Mackenzie Cundill Recovery Fund
Mackenzie Cundill Value Class
Mackenzie Cundill Value Fund
Mackenzie Cundill World Fund
Mackenzie Focus All-Canadian Class
Mackenzie Focus Canada Fund
Mackenzie Focus Class
Mackenzie Focus Far East Class
Mackenzie Focus Fund
Mackenzie Focus International Class
Mackenzie Focus Japan Class
Mackenzie Founders Fund
Mackenzie Founders Global Equity Class
Mackenzie Founders Income & Growth Fund
Mackenzie Ivy All-Canadian Class
Mackenzie Ivy American Class
Mackenzie Ivy Canadian Fund
Mackenzie Ivy Enterprise Class
Mackenzie Ivy Enterprise Fund
Mackenzie Ivy European Class
Mackenzie Ivy European Fund
Mackenzie Ivy Foreign Equity Class
Mackenzie Ivy Foreign Equity Fund
Mackenzie Ivy Global Balanced Fund
Mackenzie Ivy Growth & Income Fund
Mackenzie Maxxum All-Canadian Dividend Class
Mackenzie Maxxum All-Canadian Equity Class
Mackenzie Maxxum Canadian Balanced Fund
Mackenzie Maxxum Canadian Equity Growth Fund
Mackenzie Maxxum Dividend Class
Mackenzie Maxxum Dividend Fund
Mackenzie Maxxum Dividend Growth Fund
Mackenzie Maxxum Monthly Income Fund
Mackenzie Saxon Balanced Class
Mackenzie Saxon Balanced Fund
Mackenzie Saxon Dividend Income Class
Mackenzie Saxon Dividend Income Fund
Mackenzie Saxon Explorer Class
Mackenzie Saxon Microcap Fund
Mackenzie Saxon Small Cap Class
Mackenzie Saxon Small Cap Fund
Mackenzie Saxon Stock Class
Mackenzie Saxon Stock Fund
Mackenzie Saxon U.S. Equity Fund
Mackenzie Sentinel Bond Fund
Mackenzie Sentinel Canadian Short-Term Yield Class (now offering Series DA securities)
Mackenzie Sentinel Cash Management Fund
Mackenzie Sentinel Corporate Bond Fund
Mackenzie Sentinel Diversified Income Fund
Mackenzie Sentinel Global Bond Fund
Mackenzie Sentinel Income Fund
Mackenzie Sentinel Managed Return Class
Mackenzie Sentinel Money Market Fund (now offering Series DA securities)
Mackenzie Sentinel North American Corporate Bond Class
Mackenzie Sentinel Real Return Bond Fund
Mackenzie Sentinel Registered North American Corporate Bond Fund
Mackenzie Sentinel Registered Strategic Income Fund
Mackenzie Sentinel Short-Term Government Bond Fund
Mackenzie Sentinel Short-Term Income Fund
Mackenzie Sentinel Strategic Income Class
Mackenzie Sentinel U.S. Short-Term Yield Class
Symmetry Equity Class
Symmetry Fixed Income Class
Symmetry One Balanced Portfolio Class
Symmetry One Conservative Portfolio Class
Symmetry One Growth Portfolio Class
Symmetry One Moderate Growth Portfolio Class
Symmetry One Registered Balanced Portfolio Fund
Symmetry One Registered Conservative Portfolio Fund
Symmetry One Registered Growth Portfolio Fund
Symmetry One Registered Moderate Growth Portfolio Fund
Symmetry Registered Fixed Income Fund
Mackenzie Universal Africa & Middle East Class
Mackenzie Universal All-Canadian Growth Class
Mackenzie Universal American Growth Class
Mackenzie Universal Canadian Balanced Fund
Mackenzie Universal Canadian Growth Fund
Mackenzie Universal Canadian Resource Fund
Mackenzie Universal Canadian Shield Fund
Mackenzie Universal Canadian Value Class
Mackenzie Universal Emerging Markets Class
Mackenzie Universal Global Growth Class
Mackenzie Universal Global Growth Fund
Mackenzie Universal Global Infrastructure Income Fund (formerly Mackenzie Universal Global Infrastructure Fund)
Mackenzie Universal Gold Bullion Class
Mackenzie Universal Health Sciences Class
Mackenzie Universal International Stock Class
Mackenzie Universal International Stock Fund
Mackenzie Universal North American Growth Class
Mackenzie Universal Precious Metals Fund
Mackenzie Universal Sustainable Opportunities Class
Mackenzie Universal Technology Class
Mackenzie Universal U.S. Blue Chip Class
Mackenzie Universal U.S. Dividend Income Fund
Mackenzie Universal U.S. Emerging Growth Class
Mackenzie Universal U.S. Growth Leaders Class
Mackenzie Universal U.S. Growth Leaders Fund
Mackenzie Universal World Precious Metals Class
Mackenzie Universal World Real Estate Class
Mackenzie Universal World Resource Class
Mackenzie All-Sector Canadian Balanced Fund
Mackenzie All-Sector Canadian Equity Fund
Mackenzie Growth Fund
Principal Regulator - Ontario

Type and Date:
Amendment #2 dated January 27, 2012 to the Simplified Prospectuses and Annual Information Form dated September 30, 2011
NP 11-202 Receipt dated February 6, 2012

Offering Price and Description:
Series DA securities @ net asset value

Underwriter(s) or Distributor(s):
Quadrus Investment Services Ltd.
Promoter(s):
MACKENZIE FINANCIAL CORPORATION
Project #1789999

Issuer Name:
Mackenzie Cundill Recovery Class
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated January 27, 2012 to the Simplified Prospectus and Annual Information Form dated December 16, 2011
NP 11-202 Receipt dated February 1, 2012
Offering Price and Description:
Series A, E, F, J and O @ net asset value
Underwriter(s) or Distributor(s):
-
Promoter(s):
MACKENZIE FINANCIAL CORPORATION
Project #1819679

Issuer Name:
MBAC Fertilizer Corp.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated February 3, 2012
NP 11-202 Receipt dated February 3, 2012
Offering Price and Description:
$35,100,000.00 - 13,000,000 Common Shares Per Offered Share $2.70
Underwriter(s) or Distributor(s):
GENUITY CORP.
BMO NESBITT BURNS INC.
NATIONAL BANK FINANCIAL INC.
GMP SECURITIES L.P.
Promoter(s):
-
Project #1851348

Issuer Name:
Partners Real Estate Investment Trust
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated February 1, 2012
NP 11-202 Receipt dated February 1, 2012
Offering Price and Description:
$20,000,580.00 - 10,753,000 Units Price $1.86 per Unit
Underwriter(s) or Distributor(s):
NATIONAL BANK FINANCIAL INC.
CANACCORD GENUITY CORP.
SCOTIA CAPITAL INC.
CIBC WORLD MARKETS INC.
TD SECURITIES INC.
DESJARDINS SECURITIES INC.
MACQUARIE CAPITAL MARKETS CANADA LTD.
RAYMOND JAMES LTD.
GMP SECURITIES L.P.
Promoter(s):
-
Project #1851427

Issuer Name:
Series O and Series F units of:
RBC Private U.S. Growth Equity Pool
RBC Private Canadian Growth and Income Equity Pool
Principal Regulator - Ontario
Type and Date:
Amendment #2 dated February 2, 2012 to the Simplified Prospectuses and Annual Information Form dated August 19, 2011
NP 11-202 Receipt dated February 7, 2012
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
RBC Global Asset Management Inc.
RBC Global Asset Management Inc.
The Royal Trust Company
Promoter(s):
RBC Global Asset Management Inc.
Project #1774157

Issuer Name:
Sprott Gold Bullion Class
Sprott Silver Bullion Class
Sprott Silver Equities Class
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated January 31, 2012
NP 11-202 Receipt dated February 6, 2012
Offering Price and Description:
Series A, Series F and Series I Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
SPROTT ASSET MANAGEMENT LP
Project #1833196

Issuer Name:
Walmer Capital Corp.
Principal Regulator - Alberta
Type and Date:
Final CPC Prospectus dated February 7, 2012
NP 11-202 Receipt dated February 7, 2012
Offering Price and Description:
Maximum Offering: $300,000.00 or 3,000,000 Common Shares; Minimum Offering: $200,000.00 or 2,000,000 Common Shares Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
UNION SECURITIES LTD.
Promoter(s):
James A. Richardson
Project #1845079

Issuer Name:
Griffiths Energy International Inc.
Principal Jurisdiction - Alberta
Type and Date:
Preliminary Long Form Prospectus dated November 22, 2011
Amended and Restated Preliminary Long Form Prospectus dated December 1, 2011
Withdrawn on February 3, 2012
Offering Price and Description:
$ * - * Common Shares Price: $ * per Common Share
Underwriter(s) or Distributor(s):
CANACCORD GENUITY CORP.
Promoter(s):
-
Project #1828591

Issuer Name:
Silver Bull Resources, Inc.
Principal Jurisdiction - British Columbia
Type and Date:
Preliminary MJDS Prospectus dated November 9, 2011
Withdrawn on February 1, 2012
Offering Price and Description:
US$125,000,000.00
Senior Debt Securities
Subordinated Debt Securities
Common Stock
Warrants
Rights
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1822056

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Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Name Change	From: Miller Tabak Roberts Securities LLC To: GMP Securities, LLC	Exempt Market Dealer	January 17, 2012
New Registration	Trez Capital Limited Partnership	Exempt Market Dealer	January 31, 2012
Consent to Suspension (Pending Surrender)	Interinvest Consulting Corporation of Canada Ltd.	Portfolio Manager	February 2, 2012
New Registration	Dahlman Rose & Company Canada, Inc.	Investment Dealer	February 2, 2012
New Registration	NCP Investment Management Inc.	Investment Fund Manager Portfolio Manager Exempt Market Dealer	February 2, 2012
New Registration	Tao Securities Inc.	Exempt Market Dealer	February 6, 2012
Change in Registration Category	Tera Capital Corporation	From: Exempt Market Dealer and Portfolio Manager To: Portfolio Manager, Investment Fund Manager and Exempt Market Dealer	February 6, 2012
Voluntary Surrender	Mustang Capital Partners Inc.	Exempt Market Dealer	February 6, 2012

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Chapter 13

SROs, Marketplaces and Clearing Agencies

13.1 SROs

13.1.1 Notice of Commission Approval – IIROC Proposal for an Integrated Fee Model

NOTICE OF COMMISSION APPROVAL

INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA (IIROC)
PROPOSAL FOR AN INTEGRATED FEE MODEL

Section 4 of the terms and conditions of IIROC's recognition requires that IIROC develop an integrated fee model and submit it for approval with the Commission. As part of this process, IIROC submitted for approval a proposal for a dealer regulation fee model on March 18, 2011 and a proposal for a market regulation fee model on May 27, 2011 (Fee Model Proposals). The recognizing regulators have approved the fee model and IIROC will implement it effective April 1, 2012.

The notices describing the Fee Model Proposals, the comments received and IIROC's response to these comments were published on IIROC's website (www.iiroc.ca) and can be found in the following IIROC Notices:

- IIROC Notice 10-0119 – New Dealer Regulation Fee Model (April 28, 2010);
- IIROC Notice 10-0316 – New Market Regulation Fee Model (November 30, 2010);
- IIROC Notice 11-0125 – Republication of Market Regulation Fee Model (April 14, 2011); and
- IIROC Notice 12-0043 – Approval of Integrated Fee Model.

13.2 Marketplaces

13.2.1 TriAct Canada Marketplace LP – Notice of Completion of Staff Review of Proposed Changes – Cancel on Disconnect

TRIACT CANADA MARKETPLACE LP
NOTICE OF COMPLETION OF STAFF REVIEW OF PROPOSED CHANGES

CANCEL ON DISCONNECT

TriAct Canada Marketplace LP (TriAct) had previously announced its plans to implement changes to its Form 21-101F2 that would provide for a new cancel on disconnect functionality.

A notice describing the proposed changes was published in accordance with OSC Staff Notice 21-703 – *Transparency of the Operations of Stock Exchanges and Alternative Trading Systems* on November 25, 2011 in the OSC Bulletin. Pursuant to OSC Staff Notice 21-703, market participants were also invited by OSC staff to provide the Commission with feedback on the proposed changes. No comment letters were received.

OSC staff have completed their review of the proposed changes and have no further comment. TriAct is expected to publish a notice indicating the intended implementation date of the proposed changes.

13.2.2 TriAct Canada Marketplace LP – Notice of Proposed Changes and Request for Feedback – No Self-Trade Feature

TRIACT CANADA MARKETPLACE LP

NOTICE OF PROPOSED CHANGES AND REQUEST FOR FEEDBACK

NO SELF TRADE FEATURE

TriAct Canada Marketplace LP is publishing this Notice of Proposed Changes in accordance with the requirements set out in OSC Staff Notice 21-703 – *Transparency of the Operations of Stock Exchanges and Alternative Trading Systems*. Pursuant to OSC Staff Notice 21-703, market participants are invited to provide the commission with feedback on the proposed changes.

Feedback on the proposed changes should be in writing and submitted by **March 12, 2012** to:

Market Regulation Branch
Ontario Securities Commission
Suite 1903, Box 55
20 Queen Street West
Toronto, Ontario M5H 3S8
Fax: (416) 595-8940
e-mail: marketregulation@osc.gov.on.ca

And to:

Torstein Braaten
Chief Executive Officer
TriAct Canada Marketplace LP
e-mail: tbraaten@triactcanada.com

Feedback received will be made public on the OSC website. Upon completion of the review by OSC staff, and in the absence of any regulatory concerns, notice will be published to confirm the completion of Commission staff's review and to outline the intended implementation date of the changes.

TRIACT CANADA MARKETPLACE LP
NOTICE OF PROPOSED CHANGES

TriAct Canada Marketplace LP (Triact) plans to implement the changes described below in Q1 2012. It is publishing this Notice of Proposed Changes in accordance with the requirements set out in OSC Staff Notice 21-703.

Any questions regarding these changes should be addressed to Torstein Braaten, Chief Executive Officer, TriAct Canada Marketplace LP: tbraaten@triactcanada.com 416-861-1010 ext 0260

Description of Proposed Changes and Reasons for Changes

Triact's "No Self Trade" feature is an optional designation that suppresses trades from the MATCH Now matching algorithm where orders on both sides of the trade are from the same Subscriber and have been identified by the Subscriber to be excluded from matching with each other. Subscribers will provide Triact with the trading ID(s) that should not trade with each other. The "No Self Trade" feature is intended to only apply to unintentional self trading. The change was introduced to provide Subscribers with similar functionality available on competing marketplaces. The subscriber requesting the "No Self Trade" feature on a trader ID will have to provide notification to TriAct of the affected ID's and confirm that the setting of the "No Self Trade" feature is solely used for preventing unintentional wash trades where there will be no change of beneficial ownership.

Expected Impact of the changes

Subscribers will be able to enter orders into a non-displayed venue with the assurance that they will not create a match that involves no change of beneficial ownership (i.e. wash trade). Those subscribers would also benefit from not requiring the re-entry on orders that would have been filled by an unintentional wash trade. This feature will be made available at the discretion of Subscribers at no additional cost.

Consultations

Triact received requests for this feature from its Subscribers that experienced situations where they executed an unintentional wash trade. Even-though wash trades are not reported to the public market data feeds, those Subscribers still incurred ticket charges. This feature will facilitate firms that want to access dark liquidity when executing different strategies that include the same securities on the opposite side of the market.

Existence of Proposed Change in the Market

Similar designations are currently available in the Canadian capital markets. Some marketplaces allow firms to prevent two orders from same firm from trading against each other based on unique trading keys defined by the firm. MATCH Now already offers a similar feature so that a trade that has occurred between proprietary accounts of the same firm are not publicly reported. The "No Self Trade" feature will become a preventative measure.

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