The Ontario Securities Commission

OSC Bulletin

November 1, 2012

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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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Chapter 1

Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

November 1, 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
Cadillac Fairview Tower
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20 Queen Street West
Toronto, Ontario
M5H 3S8

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Vern Krishna	—	VK
Christopher Portner	—	CP
Judith N. Robertson	—	JNR
Charles Wesley Moore (Wes) Scott	—	CWMS

SCHEDULED OSC HEARINGS

November 5, 2012	**MBS Group (Canada) Ltd. and Balbir Ahluwalia**
10:00 a.m.	s. 37, 127 and 127.1
	C. Rossi in attendance for staff
	Panel: CP
November 5, November 7-9, December 3, December 5-17 and December 19, 2012	**Rezwealth Financial Services Inc., Pamela Ramoutar, Justin Ramoutar, Tiffin Financial Corporation, Daniel Tiffin, 2150129 Ontario Inc., Sylvan Blackett, 1778445 Ontario Inc. and Willoughby Smith**
10:00 a.m.	s. 127(1) and (5)
	A. Heydon in attendance for Staff
	Panel: EPK
November 7, 2012	**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**
10:00 a.m.	s. 127
	Y. Chisholm in attendance for Staff
	Panel: CP/PLK

November 8, 2012 10:00 a.m.	**Global RESP Corporation and Global Growth Assets Inc.** s. 127 D. Ferris in attendance for Staff Panel: JEAT
November 8, 2012 3:00 p.m.	**Vincent Ciccone and Cabo Catoche Corp. (a.k.a. Medra Corp. and Medra Corporation)** s. 127 M. Vaillancourt in attendance for Staff Panel: VK
November 12, 2012 10:00 a.m.	**Nest Acquisitions and Mergers, IMG International Inc., Caroline Myriam Frayssignes, David Pelcowitz, Michael Smith, and Robert Patrick Zuk** s. 37, 127 and 127.1 C. Price in attendance for Staff Panel: JDC/MCH
November 13, 2012 10:00 a.m.	**Knowledge First Financial Inc.** s. 127 M. Vaillancourt/D. Ferris in attendance for Staff Panel: JEAT
November 15, 2012 9:00 a.m.	**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: EPK
November 15, 2012 10:00 a.m.	**Shallow Oil & Gas Inc., Eric O'Brien, Abel Da Silva and Abraham Herbert Grossman aka Allen Grossman and Kevin Wash** s. 127 H. Craig/S. Schumacher in attendance for Staff Panel: JEAT
November 16, 2012 10:00 a.m.	**Roger Carl Schoer** s. 21.7 C. Johnson in attendance for Staff Panel: JEAT
November 22, 2012 11:30 a.m.	**Heritage Education Funds Inc.** s. 127 M. Vaillancourt/D. Ferris in attendance for Staff Panel: JEAT
November 23, 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/S. Horgan in attendance for Staff Panel: JDC
November 27-28, 2012 10:00 a.m.	**Simply Wealth Financial Group Inc., Naida Allarde, Bernardo Giangrosso, K&S Global Wealth Creative Strategies Inc., Kevin Persaud, Maxine Lobban and Wayne Lobban** s. 127 and 127.1 C. Johnson in attendance for Staff Panel: JDC

November 29-30, 2012 10:00 a.m.	**Mohinder Ahluwalia** s. 37, 127 and 127.1 C. Rossi in attendance for Staff Panel: JEAT
December 4, 2012 3:30 p.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
December 5, 2012 10:00 a.m.	**Irwin Boock, Stanton Defreitas, Jason Wong, Saudia Allie, Alena Dubinsky, Alex Khodjaiants, 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
December 6, 2012 10:00 a.m.	**Children's Education Funds Inc.** s. 127 D. Ferris in attendance for Staff Panel: JEAT
December 11, 2012 9:00 a.m.	**Systematech Solutions Inc., April Vuong and Hao Quach** s. 127 D. Ferris in attendance for Staff Panel: EPK
December 20, 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
December 20, 2012 10:00 a.m.	**New Hudson Television LLC & Dmitry James Salganov** s. 127 C. Watson in attendance for Staff Panel: TBA
January 14, January 16-28, January 30 – February 11 and February 13-22, 2013 10:00 a.m.	**Jowdat Waheed and Bruce Walter** s. 127 J. Lynch in attendance for Staff Panel: CP/SBK
January 17, 2013 10:00 a.m.	**Sino-Forest Corporation, Allen Chan, Albert Ip, Alfred C.T. Hung, George Ho, Simon Yeung and David Horsley** s. 127 H. Craig in attendance for Staff Panel: TBA
January 17, 2013 10:00 a.m.	**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

January 17, 2013 2:00 p.m.	**Firestar Capital Management Corp., Kamposse Financial Corp., Firestar Investment Management Group, Michael Ciavarella and Michael Mitton** s. 127 H. Craig in attendance for Staff Panel: EPK
January 18, 2013 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
January 21-28 and January 30 – February 1, 2013 10:00 a.m.	**Moncasa Capital Corporation and John Frederick Collins** s. 127 T. Center in attendance for Staff Panel: EPK
January 23-25 and January 30-31, 2013 10:00 a.m.	**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
January 28, 2013 10:00 a.m.	**AMTE Services Inc., Osler Energy Corporation, Ranjit Grewal, Phillip Colbert and Edward Ozga** s. 127 C. Rossi in attendance for Staff Panel: TBA
February 1, 2013 10:00 a.m.	**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
February 4-11 and February 13, 2013 10:00 a.m.	**Alexander Christ Doulis (aka Alexander Christos Doulis, aka Alexandros Christodoulidis) and Liberty Consulting Ltd.** s. 127 J. Feasby in attendance for Staff Panel: VK
February 11, February 13-15, February 19-25 and February 27 – March 6, 2013 10:00 a.m.	**David Charles Phillips and John Russell Wilson** s. 127 Y. Chisholm in attendance for Staff Panel: TBA
February 27, 2013 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 C. Watson in attendance for Staff Panel: EPK
March 18-25, March 27-28, April 1-5 and April 24-25, 2013 10:00 a.m.	**Peter Sbaraglia** s. 127 J. Lynch in attendance for Staff Panel: CP

March 18-25 and March 27-28, 2013 10:00 a.m.	**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: EPK
April 8, April 10-16, April 22, April 24, April 29-30, May 6 and May 8, 2013 10:00 a.m.	**Energy Syndications Inc. Green Syndications Inc. , Syndications Canada Inc., Daniel Strumos, Michael Baum and Douglas William Chaddock** s. 127 C. Johnson in attendance for Staff Panel: TBA
April 11-22 and April 24, 2013 10:00 a.m.	**Morgan Dragon Development Corp., John Cheong (aka Kim Meng Cheong), Herman Tse, Devon Ricketts and Mark Griffiths** s. 127 J. Feasby in attendance for Staff Panel: EPK
April 15-22, April 25-May 6 and May 8-10, 2013 10:00 a.m.	**Heir Home Equity Investment Rewards Inc.; FFI First Fruit Investments Inc.; Wealth Building Mortgages Inc.; Archibald Robertson; Eric Deschamps; Canyon Acquisitions, LLC; Canyon Acquisitions International, LLC; Brent Borland; Wayne D. Robbins; Marco Caruso; Placencia Estates Development, Ltd.; Copal Resort Development Group, LLC; Rendezvous Island, Ltd.; The Placencia Marina, Ltd.; and The Placencia Hotel and Residences Ltd.** s. 127 B. Shulman in attendance for Staff Panel: TBA
April 29 – May 6 and May 8-10, 2013 10:00 a.m.	**North American Financial Group Inc., North American Capital Inc., Alexander Flavio Arconti, and Luigino Arconti** s. 127 M. Vaillancourt in attendance for Staff Panel: TBA
May 9, 2013 10:00 a.m.	**New Solutions Capital Inc., New Solutions Financial Corporation, New Solutions Financial (II) Corporation, New Solutions Financial (III) Corporation, New Solutions Financial (VI) Corporation and Ron Ovenden** s. 127 Y. Chisholm in attendance for Staff Panel: TBA
September 16-23, September 25 – October 7, October 9-21, October 23 – November 4, November 6-18, November 20 – December 2, December 4-16 and December 18-20, 2013 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: TBA
To be held In-Writing	**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: JDC

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

s. 127

C. Price 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

David M. O'Brien

s. 37, 127 and 127.1

B. Shulman in attendance for Staff

Panel: TBA

TBA

Bunting & Waddington Inc., Arvind Sanmugam, Julie Winget and Jenifer Brekelmans

s. 127

S. Schumacher in attendance for Staff

Panel: TBA

TBA

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: TBA

TBA

Colby Cooper Capital Inc., Colby Cooper Inc., Pac West Minerals Limited John Douglas Lee Mason

s. 127

B. Shulman 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

Beryl Henderson

s. 127

S. Schumacher in attendance for Staff

Panel: TBA

TBA

International Strategic Investments, International Strategic Investments Inc., Somin Holdings Inc., Nazim Gillani and Ryan J. Driscoll.

s. 127

C. Watson in attendance for Staff

Panel: TBA

TBA **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: TBA

TBA **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: TBA

TBA **Crown Hill Capital Corporation and Wayne Lawrence Pushka**

s. 127

A. Perschy/A. Pelletier in attendance for Staff

Panel: TBA

TBA **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

TBA **Caroline Frayssignes Cotton**

s. 127

C. Price in attendance for Staff

Panel: TBA

TBA **Bernard Boily**

s. 127 and 127.1

M. Vaillancourt/U. Sheikh 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 Jowdat Waheed and Bruce Walter

NOTICE OF CORRECTION

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

AND

IN THE MATTER OF
JOWDAT WAHEED and BRUCE WALTER

(2012), 35 O.S.C.B. 9455. The third recital to the Order dated September 19, 2012, in respect of a motion by Staff of the Commission, omitted reference to Nunavut Iron Ore Acquisition Inc. The Order has been amended and the third recital now reads "**AND WHEREAS** the Respondents and Nunavut Iron Ore Acquisition Inc. (a non-party to this proceeding) ("Nunavut") have agreed to a limited waiver of privilege with respect to certain communications between the Respondents and counsel in support of a defence of legal advice".

1.4 Notices from the Office of the Secretary

1.4.1 Vincent Ciccone and Cabo Catoche Corp. (a.k.a. Medra Corp. and Medra Corporation)

FOR IMMEDIATE RELEASE
October 24, 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 CABO CATOCHE CORP.
(a.k.a. MEDRA CORP. and MEDRA CORPORATION)

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

1) Staff shall serve and file written submissions in support of their request to convert the Merits Hearing to a written hearing no later than October 23, 2012, such submissions to include copies of any affidavits Staff intend to rely on in the proposed written hearing;

2) If Medra objects to converting the Merits Hearing to a written hearing, it shall file with the Office of the Secretary, and serve upon Staff, written submissions setting out the reasons for their objection no later than November 7, 2012;

3) The Merits Hearing shall be reconvened on November 8, 2012, at 3:00 p.m. at the offices of the Commission at 20 Queen Street West, 17th Floor, Toronto, Ontario, for the purpose of the Panel giving its ruling on the request to convert to a written hearing and, if the request is granted, to set a schedule for the receipt of submissions in the written hearing.

A copy of the Order dated October 19, 2012 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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1.4.2 Global Energy Group, Ltd. et al.

FOR IMMEDIATE RELEASE
October 24, 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, HOWARD RASH,
MICHAEL SCHAUMER, ELLIOT FEDER,
VADIM TSATSKIN, ODED PASTERNAK,
ALAN SILVERSTEIN, HERBERT GROBERMAN,
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VYACHESLAV BRIKMAN, NIKOLA BAJOVSKI,
BRUCE COHEN AND ANDREW SHIFF

TORONTO – The Commission issued an Order in the above named matter which provides that the Temporary Order is extended against Rash until February 28, 2013, without prejudice to either Staff or Rash to apply for a variation of the Temporary Order under section 144 of the Act, and that the hearing is adjourned to February 27, 2013 at 10:00 a.m.

A copy of the Order dated October 19, 2012 is available at **www.osc.gov.on.ca**.

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1.4.3 New Hudson Television LLC and James Dmitry Salganov

FOR IMMEDIATE RELEASE
October 24, 2012

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

AND

IN THE MATTER OF
NEW HUDSON TELEVISION LLC &
JAMES DMITRY SALGANOV

TORONTO – The Commission issued an Order in the above named which provides that the status hearing shall continue on December 20, 2012 at 10:00 a.m. or immediately after the hearing to consider any further extension of the Amended Temporary Order.

A copy of the Order dated October 19, 2012 is available at **www.osc.gov.on.ca**.

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1.4.4 Shaun Gerard McErlean and Securus Capital Inc.

FOR IMMEDIATE RELEASE
October 24, 2012

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

AND

IN THE MATTER OF
SHAUN GERARD MCERLEAN AND
SECURUS CAPITAL INC.

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

A copy of the Reasons For Decision on Sanctions and Costs and the Order dated October 24, 2012 are available at **www.osc.gov.on.ca**.

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1.4.5 David Rutledge and 6845941 Canada Inc. carrying on business as Anesis Investments and Ronald Mainse

FOR IMMEDIATE RELEASE
October 26, 2012

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

AND

IN THE MATTER OF
THE COMMODITY FUTURES ACT,
R.S.O. 1990, c. C.20, AS AMENDED

AND

IN THE MATTER OF
DAVID RUTLEDGE AND 6845941 CANADA INC.
carrying on business as
ANESIS INVESTMENTS AND RONALD MAINSE

TORONTO – The Commission issued a Variation to the Order pursuant to section 144 of the *Securities Act* and section 78 of the *Commodity Futures Act* in the above named matter.

A copy of the Variation to the Order dated October 25, 2012 is available at **www.osc.gov.on.ca**.

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1.4.6 AMTE Services Inc. et al.

FOR IMMEDIATE RELEASE
October 26, 2012

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

AND

IN THE MATTER OF
AMTE SERVICES INC.,
OSLER ENERGY CORPORATION,
RANJIT GREWAL, PHILLIP COLBERT
AND EDWARD OZGA

TORONTO – The Commission issued a Temporary Order in the above named matter which provides that (1) the Temporary Order is extended until January 29, 2013 or until further order of the Commission; and (2) the hearing is adjourned until January 28, 2013 at 10:00 a.m. or on such other date or time as provided by the Office of the Secretary and agreed to by the parties.

A copy of the Temporary Order dated October 25, 2012 is available at **www.osc.gov.on.ca**.

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1.4.7 HEIR Home Equity Investment Rewards Inc. et al.

FOR IMMEDIATE RELEASE
October 29, 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:

1. The dates for the hearing on the merits commencing on November 5, 2012 through to November 30, 2012 are vacated;

2. The hearing on the merits in this matter will commence on April 15, 2013, and will continue thereafter on April 16-19, 22, 25, 26, 29, 30, May 1-3, 6, and 8-10, 2013. These dates are peremptory against the Canyon Respondents and the HEIR Respondents with or without counsel, but are not peremptory against Deschamps; and

3. A prehearing conference will be held on February 27, 2013 at 9:00 a.m.

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

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1.4.8 David M. O'Brien

FOR IMMEDIATE RELEASE
October 29, 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, with certain provisions, and adjourning the pre-hearing conference to March 7, 2013 at 10:00 a.m.

The pre-hearing conference will be held *in camera*.

A copy of the Order dated October 25, 2012 is available at **www.osc.gov.on.ca**.

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1.4.9 Sino-Forest Corporation et al.

FOR IMMEDIATE RELEASE
October 29, 2012

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

AND

IN THE MATTER OF
SINO-FOREST CORPORATION, ALLEN CHAN, ALBERT IP, ALFRED C.T. HUNG, GEORGE HO AND SIMON YEUNG

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 General Cease Trade Order is extended until January 21, 2013; and that the hearing in this matter is adjourned to January 17, 2013, at 10:00 a.m. or such other time as determined by the Secretary's Office.

A copy of the Order dated October 26, 2012 is available at **www.osc.gov.on.ca**.

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1.4.10 American Heritage Stock Transfer Inc. et al.

FOR IMMEDIATE RELEASE
October 29, 2012

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

AND

IN THE MATTER OF
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

TORONTO – The Commission issued an Order in the above named matter amending Clause f. of the Temporary Order with respect to Andrea Lee McCarthy.

A copy of the Order dated October 29, 2012 is available at **www.osc.gov.on.ca**.

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1.4.11 MBS Group (Canada) Ltd et al.

FOR IMMEDIATE RELEASE
October 29, 2012

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

AND

IN THE MATTER OF
MBS GROUP (CANADA) LTD.,
BALBIR AHLUWALIA
AND MOHINDER AHLUWALIA

TORONTO – The hearing on the merits scheduled for tomorrow, October 30, 2012 is adjourned until Wednesday, October 31st at 10:00 a.m.

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1.4.12 Shallow Oil & Gas Inc. et al.

FOR IMMEDIATE RELEASE
October 30, 2012

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

AND

IN THE MATTER OF
SHALLOW OIL & GAS INC., ERIC O'BRIEN,
ABEL DA SILVA, ABRAHAM HERBERT GROSSMAN
also known as ALLEN GROSSMAN and KEVIN WASH

TORONTO – The Commission issued an Order in the above named matter which provides that a sanctions hearing with respect to Wash shall commence on November 15, 2012 at 10:00 a.m. at the offices of the Commission, 20 Queen Street West, 17th Floor, Toronto, Ontario.

A copy of the Order dated October 29, 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 Lifebank Corp. – s. 1(10)(a)(ii)

Headnote

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

Applicable Legislative Provisions

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

October 24, 2012

Lifebank Corp.
1620 Tech Avenue #1
Mississauga, ON
L4W 5P4

Dear Sirs/Mesdames:

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

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

In this decision, "securityholder" means, for a security, the beneficial owner of the security.

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 securityholders in each of the jurisdictions of Canada and fewer than 51 securityholders in total worldwide;

(b) no securities of the Applicant, including debt securities, are traded in Canada or another country on a marketplace as defined in National Instrument 21-101 *Marketplace Operation* or any other facility for bringing together buyers and sellers of securities where trading data is publicly reported;

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

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

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

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

2.1.2 Invesco Canada Ltd.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief granted from sections 2.3(f) and (h), 2.5(2)(a), (b) and (c) of National Instrument 81-102 Mutual Funds to permit mutual funds to invest in gold, silver, and commodity ETFsgold/silver. The Filer does not invest in leveraged ETFs and inverse ETFs, subject to a limit of 10% exposure in gold, silver and commodity ETFs, and certain conditions. Relief granted from section 2.5(e) and (f) of NI 81-102 to permit payment of brokerage commissions associated with investments in commodity ETFs.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 2.3(f) and (h), 2.5(2)(a), (b), (c), (e) and (f), 19.1.

October 22, 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
INVESCO CANADA LTD.
(the "Filer")

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of Invesco Intactive Diversified Income Portfolio, Invesco Intactive Balanced Income Portfolio, Invesco Intactive Balanced Growth Portfolio, Invesco Intactive Growth Portfolio and Invesco Intactive Maximum Growth Portfolio (the "**Invesco Intactive Accumulation Portfolios**") and future mutual funds managed by the Filer that are subject to National Instrument 81-102 – *Mutual Funds* ("**NI 81-102**") and that comply with the representations set out below and which are not money market funds (the "**Future Funds**" and together with the Invesco Intactive Accumulation Portfolios, the "**Funds**") for a decision under the securities legislation of the Jurisdiction of the principal regulator (the "**Legislation**") exempting the Funds from the restrictions contained in:

(i) sections 2.3(f), 2.3(h), 2.5(2)(a), 2.5(2)(b) and 2.5(2)(c) of NI 81-102 to permit each Fund to invest up to 10% of their net asset value taken at market value at the time of purchase in a combination of the following:

(a) gold, permitted gold certificates and specified derivatives of securities of which the underlying interest is gold (collectively, "**Gold**");

(b) silver, silver certificates and specified derivatives of which the underlying interest is silver (collectively, "**Silver**"); and

(c) exchange-traded funds traded on a stock exchange in Canada or the United States that invest, directly or indirectly through derivatives, in commodities, including but not limited to gold and silver on an unlevered basis or seek to invest in a manner that causes it to replicate the performance of an unlevered commodity index (collectively, "**Commodity ETFs**") subject to section 11 below,

(ii) sections 2.5(2)(e) and 2.5(2)(f) of NI 81-102 to permit the Funds to pay brokerage commissions incurred for the purchase or sale of securities of certain Commodity ETFs, including Commodity ETFs that are or may in the future be managed by the Filer or an affiliate or associate of the Filer ("**Affiliated Commodity ETFs**")

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

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

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

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

Interpretation

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

Representations

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

1. The Filer (a) is a corporation amalgamated under the laws of Ontario; (b) is an indirect wholly-owned subsidiary of Invesco Ltd., a global investment manager; (c) is not in default of applicable securities legislation in any jurisdiction; and (d) has a head office located in Toronto, Ontario.

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

3. The Filer is registered as (a) an investment fund manager in Ontario; (b) an adviser in the category of portfolio manager in all provinces of Canada; and (c) a commodity trading manager in Ontario pursuant to the *Commodity Futures Act* (Ontario).

4. The Global Asset Allocation team of Invesco Advisers, Inc. (the "**IAI**"), an affiliate of the Filer, is or will be the sub-advisor to the Funds.

5. Each of the Funds is or will be (a) an open-end mutual fund established under the laws of Ontario; (b) a reporting issuer under the securities laws of each of the provinces and territories of Canada; (c) governed by the provisions of NI 81-102 (d) qualified for distribution in all provinces and territories of Canada under a simplified prospectus and annual information form or long form prospectus that will be prepared, filed and receipted by the securities regulators in the applicable jurisdictions; and (d) not in default of securities legislation in any province or territory of Canada.

6. The Funds are or will be funds whose investment objectives and strategies provide investors with potential exposure to various asset classes, including equities, bonds and commodities, through investment in mutual funds and exchange traded funds. Each of the Funds is or will be permitted in accordance with its investment objectives and investment strategies to invest in Gold, Silver and Commodity ETFs.

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

8. The Funds will invest in, amongst other things, Gold, Silver and Commodity ETFs from time to time when IAI determines that it is desirable to do so following a valuation of assets, a determination of the effect of monetary policy and economic environment on asset prices and assessing historic price movements on likely future returns. IAI is of the view that by permitting investments in Gold, Silver and/or Commodity ETFs, the Funds will be provided with additional flexibility to increase gains or diversification and will better allow the Funds to fulfill their investment objectives in certain market conditions.

9. No more than (a) 10% of the net asset value, in aggregate, of a Fund taken at market value at the time of purchase shall be invested in a combination of Gold, Silver and/or Commodity ETFs; and (b) 2.5% of the net asset value of a Fund taken at market value at the time of purchase shall be invested in any one commodity sector other than gold and/or silver. A commodity sector is defined as energy, grains, industrial metals, livestock, precious metals (other than gold and silver) and softs (including cocoa, cotton, coffee, soy meal and sugar).

10. The Commodity ETFs and Silver are or will be attractive investments for the Funds as they provide an efficient and cost effective means of achieving diversification among various asset classes.

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

12. Each Commodity ETF is or will be an "investment fund" as defined under the *Securities Act* (Ontario).

13. The objective of each Commodity ETF is or will be to:

    (a) reflect the price of the applicable physical commodity or commodities (less the Commodity ETF's expenses and liabilities) on an unlevered basis; or

    (b) track the performance of an index which is intended to reflect the changes in the market value of the physical commodity or commodities sector.

14. The securities of each Commodity ETF trade or will trade on stock exchanges in Canada or the United States. As such there are no liquidity concerns that should lead to a conclusion that investments in Commodity ETFs need to be prohibited.

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

16. The market for silver is highly liquid, and there are no liquidity concerns that should lead to a conclusion that investments in silver need to be prohibited.

17. In this decision, silver certificates ("**Permitted Silver Certificates**") that the Funds invest in will be certificates that represent silver that is:

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

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

(c) held in Canada;

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

(e) 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 province or territory of Canada.

18. Any investment by a Fund in Silver will be made in compliance with the custodian requirements in part 6 of NI 81-102.

19. If the investment in Gold, Silver and/or Commodity ETFs represents a material change to Invesco Intactive Accumulation Portfolios, the Filer will comply with the material change reporting obligations for that fund.

20. The simplified prospectus for each of the Funds discloses, or will disclose (i) in the investment strategies section the fact that the Fund has obtained relief to invest in Gold, Silver or Commodity ETFs, and (ii) the risks associated with the Fund's investment in Gold, Silver or Commodity ETFs.

Brokerage Fees

21. The Funds are prohibited by sections 2.5(2)(e) and 2.5(2)(f) of NI 81-102 from paying brokerage commissions to brokers in connection with trades in Commodity ETFs, including Affiliated Commodity ETFs.

22. The vast majority of trading in securities of Commodity ETFs will typically occur in the secondary market.

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

24. Securities of the Commodity ETFs, including Affiliated Commodity ETFs, may only be directly purchased or redeemed from a Commodity ETF in large blocks called "creation units" by "authorized participants" that have entered into a contract with its manager to purchase and redeem such securities.

25. It is proposed that the Funds will purchase and sell securities of the Commodity ETFs on the applicable exchange using third party brokers and that the Funds will pay commissions to these brokers in connection with the purchase and sale of such securities.

26. Subsection 2.5(5) of NI 81-102 provides that the prohibition against the duplication of sales and redemption fees in sections 2.5(2)(e) and (f) do not apply to brokerage fees incurred by a mutual fund for the purchase or sale of an index participation unit issued by a mutual fund. However, as securities of the Commodity ETFs are not index participation units, the Commodity Pools cannot rely on subsection 2.5(5) of NI 81-102.

27. If the Exemption Sought is granted, the Funds will not rely on the relief the Filer received on their behalf with respect to investments in Gold, Silver and exchange traded funds that invest in or track the performance of Gold, Silver, a derivative the underlying interest of which is Gold or Silver or an index which is intended to reflect the changes in the market value of Gold and/or Silver though other funds managed by the Filer may continue to rely on such relief.

28. The Filer has determined that it would be in the best interests of the Fund to receive the Exemption Sought.

Decision

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

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

(a) the investment by a Fund in securities of a Commodity ETF, Gold and/or Silver is in accordance with the fundamental investment objectives of the Fund;

(b) a Fund does not short sell securities of a Commodity ETF;

(c) the securities of the Commodity ETFs are traded on a stock exchange in Canada or the United States;

(d) a Fund does not purchase Gold, Silver and or Commodity ETFs if, immediately after the transaction, more than 10% of the net asset value, in aggregate, of the Fund, taken at market value at the time of the transaction, would consist of Gold, Silver and Commodity ETFs;

(e) no more than 2.5% of the net asset value of a Fund may be invested in any one commodity sector, other than gold and/or silver, taken at market value at the time of purchase. For this purpose, the

relevant commodity sectors are energy, grains, industrial metals, livestock, precious metals other than gold and silver and softs (ie., cocoa, cotton, coffee and sugar); and

(f) the prospectus of the Fund discloses (i) in the investment strategy section of the Fund the fact that the Fund has obtained relief to invest in Gold, Silver and Commodity ETFs, together with an explanation of what each Commodity ETF is, and (ii) the risks associated with a Fund's investment in securities of the Commodity ETFs.

"Sonny Randhawa"
Manager, Investment Funds
Ontario Securities Commission

2.1.3 RBC Bond Trust

Headnote

National Policy 11-203 – Process for Exemptive Relief Applications in Multiple Jurisdictions – exemption from section 2.1(1) of National Instrument 81-102 – Mutual Funds to permit global bond mutual funds to invest more than 10 percent of net assets in debt securities issued by a foreign government or supranational agency subject to conditions.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 2.1(1), 19.1.

October 17, 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
RBC BOND TRUST
(the Filer)

AND

IN THE MATTER OF
SUCH OTHER GLOBAL AND/OR INTERNATIONAL BOND MUTUAL FUNDS OF WHICH RBC GLOBAL ASSET MANAGEMENT INC. ACTS AS THE INVESTMENT FUND MANAGER IN THE FUTURE THAT ARE SUBJECT TO NATIONAL INSTRUMENT 81-102 – MUTUAL FUNDS (NI 81-102)
(the Future Funds and, together with the Filer, the Funds)

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**) of the principal regulator granting exemptive relief to the Funds from the requirement in section 2.1 of NI 81-102 to permit each Fund to invest:

(a) up to 20% of the Fund's net asset value at the time of purchase, in evidences of indebtedness of any one issuer that are issued or guaranteed as to principal and interest by any government or supranational agency (other than a government of

Canada or a province or territory thereof or of the United States, in which an investment by the Fund is unrestricted), provided that the evidences of indebtedness have a minimum of AA rating from Standard & Poor's Financial Services LLC, a subsidiary of The McGraw-Hill Companies, Inc. (**Standard & Poor's**) or the equivalent rating from any other approved credit rating organization (as defined in NI 81-102); and

(b) up to 35% of the Fund's net asset value at the time of purchase, in evidences of indebtedness of any one issuer that are issued or guaranteed as to principal and interest by any government or supranational agency (other than a government of Canada or a province or territory thereof or of the United States, in which an investment by the Fund is unrestricted), provided that the evidences of indebtedness have a minimum AAA rating from Standard & Poor's or the equivalent rating from any other approved credit rating organization (as defined in NI 81-102),

provided that clauses (a) and (b) cannot be combined for any one issuer (collectively, the **Exemption Soug**ht).

The evidences of indebtedness described in clauses (a) and (b) are collectively referred to herein as **Foreign Government Securities**.

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

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

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

Representations

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

1. RBC Global Asset Management Inc. (**RBC GAM**) is a corporation formed by amalgamation pursuant to articles of amalgamation dated November 1, 2010 under the federal laws of Canada and its head office is located in Toronto, Ontario.

2. RBC GAM is an indirect, wholly-owned subsidiary of the Royal Bank of Canada.

3. RBC GAM is registered as an adviser in the category of portfolio manager and as a dealer in the category of exempt market dealer under the securities legislation of each of the Passport Jurisdictions and is registered under the *Securities Act* (Ontario) as an investment fund manager.

4. RBC GAM acts or will act as the investment fund manager of each Fund.

5. RBC GAM, or an affiliate thereof, acts or will act as portfolio manager to the Funds.

6. RBC GAM is not in default of any of its obligations under the securities legislation of any Passport Jurisdiction.

7. Each Fund will be:

   (a) an open-end mutual fund established under the laws of a Passport Jurisdiction;

   (b) a reporting issuer under the securities laws of one or more Passport Jurisdictions;

   (c) governed by the provisions of NI 81-102; and

   (d) qualified for distribution in one or more Passport Jurisdictions under a simplified prospectus and annual information form prepared in accordance with National Instrument 81-101 – *Mutual Fund Prospectus Disclosure* and filed with and receipted by the securities regulators in the applicable Passport Jurisdiction(s).

8. The investment objective of the Filer will be to provide long-term total returns consisting of interest income and moderate capital growth. The Filer will invest primarily in high-quality fixed-income securities issued by Canadian governments and corporations. The Filer may also invest in similar securities outside of Canada.

9. The Funds are permitted to use specified derivatives for hedging purposes to protect against losses or reduce volatility resulting from changes in interest rates, market indices or foreign exchange rates and to reduce the Funds' exposure to changes in the value of foreign currencies relative to the Canadian dollar. The Filer may also use specified derivatives for non-hedging purposes, as a substitute for direct investment, provided the use of such derivatives is consistent with the Filer's investment objective and strategies. When specified derivatives are used for non-hedging purposes, the Filer will be subject to the cover requirements of NI 81-102.

The Filer may use specified derivatives in accordance with exemptive relief obtained by the Filer, other than the relief described herein.

10. The concentration restriction set forth in section 2.1 of NI 81-102 (the **Concentration Restriction**) prevents a mutual fund from purchasing a security of an issuer, entering into a specified derivatives transaction or purchasing index participation units if, immediately after the transaction, more than 10% of its net asset value would be invested in securities of any one issuer.

11. The Exemption Sought enhances the ability of the Funds to pursue and achieve their investment objectives as it provides the Funds with more flexibility and more favourable prospects when investing in evidences of indebtedness issued by issuers outside of Canada and the United States and may allow the Funds to benefit from investment efficiencies and reduced transaction costs.

12. In certain jurisdictions, evidences of indebtedness of supranational agencies or governments may be the only liquid or rated debt available for investment by the Funds.

13. Certain benchmarks, such as the Citibank World Government Bond Index, may have an index weighting of greater than 10% with respect to an issuer of high-quality government bonds such as the federal government of Germany. As a result, such benchmarks may not be accurately tracked by the Funds without the Exemption Sought.

14. The risks and liquidity characteristics of Foreign Government Securities are similar to the risks and liquidity characteristics of the evidences of indebtedness that fall within the meaning of "government security" in NI 81-102. As such, a limited increase in the maximum percentage of the net asset value of a Fund that can be invested in Foreign Government Securities will not result in a material increase in risks related to the Fund.

15. The Filer is not in default of any of its obligations under the securities legislation of any Passport Jurisdiction.

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, in respect of each Fund:

(a) clauses 1(a) and 1(b) of the Exemption Sought shall not be combined for any one issuer;

(b) the evidences of indebtedness that are acquired pursuant to the Exemption Sought are traded on a mature and liquid market;

(c) the acquisition of the evidences of indebtedness acquired pursuant to the Exemption Sought is consistent with the fundamental investment objective of the Fund;

(d) the simplified prospectus of the Fund discloses the additional risks associated with the concentration of assets of the Fund in securities of fewer issuers, such as the potential additional exposure to the risk of default of the issuer in which the Fund has so invested and the risks, including foreign exchange risks, of investing in the country in which that issuer is located; and

(e) the simplified prospectus of the Fund discloses, in the investment strategy section, the details of the Exemption Sought along with the conditions imposed and the evidences of indebtedness covered by the Exemption Sought.

"Sonny Randhawa"
Investment Funds Branch
Ontario Securities Commission

2.1.4 Invesco Canada Ltd.

Headnote

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

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 74(1), 95-100, 104(2)(c), 144, 147.

October 23, 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
INVESCO CANADA LTD
(the Filer)

DECISION

Background

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

(a) Revokes and replaces the Existing Relief (as defined below);

(b) Exempts all purchasers of units (**Units**) of PowerShares Tactical Bond ETF (the **Fund**) from the requirements of the Legislation related to take-over bids, including the requirement to file a report of a take-over bid and to pay the accompanying fee with each applicable jurisdiction in respect of take-over bids for the Fund(the **Take-over Bid Exemption**); and

(c) Exempts the Fund from the requirement that the prospectus of the Fund contain a certificate of the underwriter or underwriters who are in a contractual relationship with the Fund. (the **Underwriter Certificate Exemption**, and together with the Take-over bid Exemption, the **Exemption Sought**).

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

(a) the OSC is the principal regulator for this application; and

(b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-10**2) is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Manitoba, Québec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Yukon, Northwest Territories and Nunavut (collectively, the Passport Jurisdictions).

Interpretation

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

Basket of Securities means a group of securities selected by a Sub-advisor from time to time that collectively reflect the constituents of the portfolio of the Fund.

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

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

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

PowerShares portfolio means a PowerShares exchange-traded fund that is listed and traded on a stock exchange.

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

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

Units means the redeemable, transferable units of the Fund.

Representations

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

The Existing Relief

1. The Filer was provided relief similar to the Exemption Sought under a decision of the principal regulator dated July 27, 2012 (the **Existing Relief**).

2. The Existing Relief terminates on the earlier of (a) November 30, 2012 and (b) an amendment to this decision that is agreed to by staff of the principal regulator and the Filer and that addresses the applicable prospectus delivery obligations.

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

The Filer and the Fund

The Fund is a mutual fund trust governed by the laws of Ontario and is a reporting issuer under the laws of each of the Jurisdiction and the Passport Jurisdictions. The Filer is not, and the Fund is not, in default of securities legislation in any of the Jurisdiction or the Passport Jurisdictions.

4. The Filer has listed the Units of the Fund on the TSX.

5. The Filer is a registered investment fund manager, portfolio manager, commodity trading manager, exempt market dealer and mutual fund dealer in Ontario. The Filer is the trustee and the manager of the Fund and is responsible for the administration of the Fund.

6. The Filer is a corporation amalgamated under the laws of Ontario and its head office is located in Toronto, Ontario.

7. The Fund seeks investment results by investing primarily in securities of one or more PowerShares portfolios that provide exposure primarily to fixed-income securities.

8. In seeking to achieve its investment objective, the Fund may invest in other investment funds, provided that there will be no duplication of management fees chargeable in respect of the same service in connection with the Fund and its investment in the other investment fund. All investments of the Fund in another investment fund will be made in compliance with section 2.5 of National Instrument 81-102 – *Mutual Funds* (**NI 81-102**).

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

10. The Fund has appointed one or more Designated Brokers to perform certain functions, which include standing in the market with a bid and ask price for Units of the Fund for the purpose of maintaining liquidity for the Units.

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

12. The net asset value per Unit of the Fund is calculated and published at the end of each business day at www.powershares.ca.

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

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

15. Except as described in paragraphs 10 through 15 above and other than any Units that may be purchased on a private placement basis pursuant to applicable exemptions, persons that are not Designated Brokers or Dealers and that are not purchasing Units on a private placement basis are generally expected to purchase Units through the facilities of the TSX. Units may be issued directly to all Unitholders upon the reinvestment of distributions.

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

their Units for cash at a redemption price equal to 95% of the closing price of the Units on the TSX on the effective date of redemption.

17. Unitholders have the right to vote at a meeting of Unitholders in respect of the matters prescribed by NI 81-102.

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

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

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

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

19. The application of the Take-over Bid Requirements to the Fund would have an adverse impact on Unit liquidity because they could cause Designated Brokers and other large Unitholders to cease trading Units once prescribed take-over bid thresholds are reached. This, in turn, could serve to provide conventional mutual funds with a competitive advantage over the Fund.

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

21. The Filer has previously been granted similar relief for exchange-traded funds that are managed by the Filer, or an affiliate of the Filer, and that issue index participation units, as defined in NI 81-102. As the Units of the Fund will not be index participation units, the Filer is unable to rely on this relief in connection with the Fund.

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

Decision

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

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

This decision as it relates solely to the Underwriter Certificate Exemption, shall terminate on the earlier of (a) August 31, 2013 and (b) an amendment to this decision that is agreed to by staff of the principal regulator and the Filer and that addresses the applicable prospectus delivery obligations.

"Kevin J. Kelly"
Commissioner
Ontario Securities Commission

"James D. Carnwath"
Commissioner
Ontario Securities Commission

2.1.5 Connor, Clark & Lunn Funds Inc. et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – relief granted from the mutual fund conflict of interest restrictions in the Securities Act (Ontario) to allow pooled funds to make and hold an investment from time to time in more than 20% of the outstanding voting securities of an underlying fund – relief subject to certain conditions.

Applicable Legislative Provisions

Securities Act (Ontario), R.S.O. 1990. c. S.5, as am., ss. 111(2)(b), 111(3), 113.

October 23, 2012

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

AND

IN THE MATTER OF
CONNOR, CLARK & LUNN FUNDS INC. (CC&L FI) and
SCHEER, ROWLETT & ASSOCIATES INVESTMENT MANAGEMENT LTD. (SRA)
(collectively, the Filers)

AND

CC&L SMALL CAP MARKET NEUTRAL FUND (Initial CC&L FI Top Fund) and
SRA/PCJ CANADIAN EQUITY CORE FUND AND SRA BALANCED FUND (Initial SRA Top Funds)
(collectively, the Initial Top Funds)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filers, on their behalf and on behalf of the Initial Top Funds and any other investment fund which is not a reporting issuer under the *Securities Act* (Ontario) (the **Act**) established, advised or managed by a Filer after the date hereof (the **Future Top Funds** and, together with the Initial Top Funds, the **Top Funds**), for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**), exempting the Filers and the Top Funds from:

1. the restriction contained in paragraph 111(2)(b) and subsection 111(3) of the Act which prohibits:

   (a) a mutual fund from knowingly making an investment in a person or company in which the mutual fund, alone or together with one or more related mutual funds, is a substantial security holder; and

   (b) a mutual fund, its management company or its distribution company from knowingly holding an investment described in paragraph (a) above

(the **Exemption Sought**).

Interpretation

Defined terms contained 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 Filers:

The Filers

1. CC&L FI is a corporation incorporated under the laws of Canada and SRA is a corporation continued under the laws of Saskatchewan. Each of the Filers has its head office in Toronto, Ontario. Each of the Filers is a member of the Connor Clark & Lunn Financial Group.

2. CC&L FI is registered as an investment fund manager in Ontario. CC&L FI currently intends to offer pooled funds on a private placement basis and does not have investment management agreements with clients.

3. SRA is registered as an investment fund manager, portfolio manager and exempt market dealer in Ontario and as an investment fund manager and portfolio manager in Nova Scotia, New Brunswick, Quebec, Manitoba, Saskatchewan, Alberta, British Columbia and Northwest Territories.

4. SRA enters into investment management agreements with clients and also offers pooled funds on a private placement basis.

5. Pursuant to management agreements, a Filer will be the investment fund manager of a Top Fund (the **Manager**) and, in the case of SRA, may also be a portfolio manager.

6. Pursuant to management agreements, each of the Filers either have the power and authority to make investment decisions for the relevant Initial Top Funds or appoint portfolio managers to manage the investment portfolios of the relevant Initial Top Fund and will have the power and authority to manage the investments or appoint portfolio managers to manage the investment portfolios of the Future Top Funds to be managed by such Filer. A portfolio manager will have complete discretion to invest and reinvest or to arrange for the investment and reinvestment of all or part of a Top Fund's assets, and is or will be responsible for executing or arranging for the execution of all portfolio transactions in respect of the Top Fund. The portfolio manager(s) will have discretion to invest in Underlying Funds (as defined below) managed by it or its affiliates, if authorized by the relevant Filer.

7. The Filers are not in default of securities legislation in any of the provinces and territories of Canada.

The Top Funds

8. Each Top Fund is, or will be, a trust governed by the laws of Ontario, the securities of which are, or will be, offered for sale on a private placement basis pursuant to available prospectus exemptions under National Instrument 45-106 *Prospectus Exemption*s (**NI 45-106**).

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

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

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

12. Subject to obtaining the Exemption Sought, the Top Funds may invest all, or a certain portion, of their assets in voting securities of other investment funds established and managed by the Manager, or an affiliate of the Manager (an **Underlying Fund** or **Underlying Funds**).

13. Future Top Funds for which CC&L FI will be the investment fund manager may invest in Underlying Funds managed by CC&L FI or its affiliated entities.

14. The Initial SRA Top Funds and Future Top Funds for which SRA will be the investment fund manager invest and may continue to invest in Underlying Funds managed by SRA or its affiliated entities.

15. Currently, none of the pooled funds managed by SRA other than the Initial SRA Top Funds invest in one or more Underlying Funds.

The Underlying Funds

16. Each of the Underlying Funds is, or will be, a trust under the laws of the Province of Ontario or of another province of Canada, the securities of which are, or will be, offered for sale on a private placement basis pursuant to available prospectus exemptions under NI 45-106.

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

18. None of the Underlying Funds is, or will be, a reporting issuer in any jurisdiction of Canada.

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

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

Fund-on-Fund Investing

21. Each Top Fund may provide investors with exposure to the investment portfolios of the Underlying Funds and their respective investment strategies (the **Fund-on-Fund Structure**).

22. To achieve their investment objectives, a Top Fund may invest in Underlying Funds which are managed by various portfolio managers affiliated with the Filers (**Fund-on-Fund Investing**).

23. While in certain cases, the portfolio manager(s) may determine to invest the assets of the Top Funds in securities, in other cases, it may be in the best interests of the Top Fund to invest in an Underlying Fund due to the efficiencies and diversification which will be achieved by combining the assets of the Top Fund with those of an Underlying Fund or Underlying Funds.

24. The Filers believe that a Fund-on-Fund Structure provides an efficient and cost-effective manner of pursuing portfolio diversification on behalf of the Top Funds, rather than through the direct purchase of securities or the use of managed accounts with the various fund managers (which would yield the same results with greater administrative costs to both the Top Funds and the Underlying Funds' managers but which might not be available to investors). Through investing in the Underlying Funds, the Top Funds will be able, where available, to achieve greater diversification at a lower cost than investing directly in the securities held by the applicable Underlying Funds.

25. The Fund-on-Fund Structure will allow investors with smaller investments to have access to a larger variety of investments than would otherwise be available.

26. Investment by the Top Funds in the Underlying Funds will increase the asset base of the Underlying Funds, enabling the Underlying Funds to further diversify their portfolios to the benefit of all their investors. The larger asset base will also benefit investors in the Underlying Funds through achieving favourable pricing and transaction costs on portfolio trades, increased access to investments where there is a minimum subscription or purchase amount, and economies of scale through greater administrative efficiency.

27. The actual weightings of the investment by a Top Fund in an Underlying Fund will require review and will be adjusted by the portfolio manager to ensure that the investment weighting continues to be appropriate for the Top Fund's investment objectives.

28. Any investment made by a Top Fund in an Underlying Fund will be aligned with the investment objectives, investment strategy, risk profile and other principal terms of the Top Fund.

29. The amounts invested from time to time in an Underlying Fund by a Top Fund, either alone or together with other Top Funds, may exceed 20% of the outstanding voting securities of the Underlying Fund. As a result, each Top Fund could, either alone or together with other Top Funds, become a "substantial securityholder" of an Underlying Fund for purposes of the Act. The Top Funds are, or will be, related mutual funds to the Underlying Funds by virtue of the common management by the Filers or an affiliate or related party of the Filer.

30. The Underlying Funds invest in, or will invest in, primarily publicly traded equity securities, fixed income securities or cash equivalent securities, as applicable pursuant to their investment objectives, strategies and/or restrictions. Further, an Underlying Fund will not invest more than 10% of its assets, at the time of investment, in securities which are illiquid within the meaning of National Instrument 81-102 – *Mutual Funds* (**NI 81-102**).

31. The Underlying Funds in which a Top Fund invests, or will invest, will have either the same valuation date or be valued more frequently than the Top Fund.

32. Securities of both the Top Funds and the Underlying Funds can be redeemed on any valuation date, unless redemptions have been suspended in accordance with its trust agreement.

33. A Top Fund will not purchase or hold voting securities of an Underlying Fund unless:

    (a) at the time of the purchase of securities of the Underlying Fund, the Underlying Fund holds no more than 10% of the market value of its net assets in securities of other mutual funds, or

    (b) the Underlying Fund:

        (i) is a "clone fund" as defined in NI 81-102, or

        (ii) purchases or holds securities of a "money market fund" as defined in NI 81-102.

34. The Filers will ensure that the arrangements between or in respect of a Top Fund and an Underlying Fund in respect of Fund-on-Fund Investing avoid the duplication of management fees and incentive fees. The Filers and their affiliates do not charge, and will not charge, any management fee or incentive fee to the Underlying Funds held by the Top Funds. Each client of a Filer that invests in any of the Top Funds either enters into an agreement with the Filer under which fees for its services are paid, or agrees to have the Top Funds pay, a management fee in respect of the client's units in the Top Fund.

35. There will be no sales fees or redemption fees payable by a Top Fund in respect of an acquisition, disposition or redemption of securities of an Underlying Fund by the Top Fund.

36. Each of the Top Funds will prepare annual audited financial statements and interim unaudited financial statements in accordance with National Instrument 81-106 *Investment Fund Continuous Disclosure* (**NI 81-106**) and will otherwise comply with the requirements of NI 81-106 applicable to them. The holdings by a Top Fund of securities of an Underlying Fund will be disclosed in the financial statements of the Top Fund.

37. Prior to time of purchase of securities of a Top Fund, a purchaser will be provided with a copy of the Top Fund's offering memorandum, where available, as well as disclosure about the relationships and potential conflicts of interest between the Top Fund and the Underlying Funds.

38. The Filers will provide to investors in a Top Fund written disclosure (which may include disclosure in an offering memorandum, where available, or other disclosure document of a Top Fund) which sets out:

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

    (b) that the Underlying Funds are managed by the Filers or an affiliate of the Filers;

    (c) the approximate percentage of net assets of the Top Fund that the Top Fund intends to invest in securities of the Underlying Funds; and

    (d) the process or criteria used to select the Underlying Funds.

39. The securityholders of a Top Fund will receive, on request, a copy of the prospectus, offering memorandum or other similar document, if available, and the audited financial statements and interim financial statements of any Underlying Fund in which the Top Fund invests.

40. The Filers will not cause the securities of an Underlying Fund held by a Top Fund to be voted at any meeting of the securityholders of an Underlying Fund, except that a Top Fund may arrange for the securities it holds of an Underlying Fund to be voted by the beneficial holders of securities of the Top Fund.

41. A Top Fund's investments in the Underlying Funds represent the business judgment of responsible persons uninfluenced by considerations other than the best interests of the Top Funds.

42. In the absence of the Exemption Sought, a Top Fund would be precluded from purchasing voting securities when implementing Fund-on-Fund Investing if the Top Fund, together with its related mutual funds, would thereby become a substantial securityholder of an Underlying Fund. Since the Top Funds and Underlying Funds do not offer their securities under a simplified prospectus, they are not subject to NI 81-102 and therefore are unable to rely upon the exemption codified under sub-section 2.5(7) of NI 81-102.

Decision

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

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

(a) securities of a Top Fund are distributed in Canada solely pursuant to exemptions from the prospectus requirements in accordance with NI 45-106;

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

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

(d) no sales or redemption fees are payable by a Top Fund in relation to its purchases or redemptions of the securities of the Underlying Funds;

(e) a Top Fund will not purchase or hold securities of an Underlying Fund unless:

  (i) at the time of the purchase of securities of the Underlying Fund, the Underlying Fund holds no more than 10% of the market value of its net assets in securities of other mutual funds, or

  (ii) the Underlying Fund:

    A. is a “clone fund” as defined in NI 81-102, or

    B. purchases or holds securities of a “money market fund” as defined in NI 81-102.

(f) where an Underlying Fund is managed or advised by the same investment fund manager or portfolio manager(s) as the Top Fund, the investment fund manager or portfolio manager(s), as applicable, do not cause the securities of the Underlying Fund held by a Top Fund to be voted at any meeting of the securityholders of an Underlying Fund, except that a Top Fund may arrange for the securities it holds of an Underlying Fund to be voted by the beneficial holders of securities of the Top Fund; and

(g) the offering memorandum, where available, or other disclosure document of a Top Fund will disclose:

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

  (ii) that the Underlying Funds are managed by the Filers or an affiliate of the Filers;

  (iii) the approximate percentage of net assets of the Top Fund that the Top Fund intends to invest in securities of the Underlying Funds; and

  (iv) the process or criteria used to select the Underlying Funds.

“Edward Kerwin”
Commissioner
Ontario Securities Commission

“James Carnwath”
Commissioner
Ontario Securities Commission

2.1.6 Wellington Management Company, LLP

Headnote

MI 11-102 - relief granted from margin rate applicable to U.S. money market mutual funds in calculation of market risk in Form 31-103F1 – margin rate for funds qualified for distribution in Canada is 5%, while funds qualified for distribution in U.S. is 100% – similar regulation of money market funds – NI 31-103.

Applicable Legislative Provisions

National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, ss. 12.1, 15.
Multilateral Instrument 11-102 Passport System, s. 4.7.

October 24, 2012

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

AND

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

AND

IN THE MATTER OF
WELLINGTON MANAGEMENT COMPANY, LLP
(the "Filer")

DECISION

Background

The Principal Regulator (as defined below) in the Principal Jurisdiction has received an application from the Filer for a decision under subsection 15.1 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* ("**NI 31-103**") for relief from the requirement in section 12.1 of NI 31-103 that the Filer calculate its excess working capital using Form 31-103F1 (the "**Form F1**") only to the extent that the Filer be able to apply the same margin rate to investments in money market mutual funds qualified for sale by prospectus in the United States of America ("**U.S.**") as is the case for money market mutual funds qualified for sale by prospectus in a province of Canada when calculating market risk pursuant to Line 9 of the Form F1 (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 (the "**OSC**" or "**Principal Regulator**") for this application, and

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

Interpretation

Defined terms contained in NI 31-103 and MI 11-102 have the same meanings in this decision (the "**Decision**") unless they are otherwise defined in this Decision.

Representations

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

1. The Filer is a limited liability partnership established under the laws of the Commonwealth of Massachusetts in the U.S. with its head office located in Boston, Massachusetts.

2. The Filer operates as an investment adviser in approximately 50 countries and had approximately $720 billion (U.S.) in assets under management as of June 30, 2012 of which $11.4 billion (U.S.) is represented by Canadian clients.

3. The Filer is registered as an adviser in the category of portfolio manager and as a dealer in the category of exempt market dealer in each of the Jurisdictions.

4. The Filer is also registered in Ontario as a commodity trading manager under the *Commodity Futures Act*.

5. The Filer is registered with the United States Securities and Exchange Commission as an investment adviser under the United States *Investment Advisers Act of 1940*, as amended (the "**1940 Act**").

6. The Filer from time to time invests its cash balances in money market mutual funds qualified for sale by prospectus in the U.S., specifically money market mutual funds which are registered investment companies under the 1940 Act and which comply with Rule 2a-7 thereunder ("**Rule 2a-7**").

7. Under Schedule 1 of Form F1, an investment in the securities of a money market mutual fund qualified for sale by prospectus only in the U.S. would be subject to a margin rate of 100% of the market value of such investments for the purposes of Line 9 of Form F1. With a margin rate of 100% the Filer may not be able to satisfy the applicable excess working capital requirements.

8. The margin rate required for a money market mutual fund qualified for sale by prospectus in a province of Canada is 5% of the market value of such investment, as opposed to 100% for the market value of investments in a money market mutual fund qualified for sale by prospectus in the U.S.

9. From a cash management perspective, it would not be prudent for the Filer to invest its cash balances directly in U.S. money market instruments instead of investing in money market mutual funds qualified for sale by prospectus in the U.S. and, therefore, be subject to a lower margin rate because of the following reasons:

   (i) The Filer would have to invest in a multitude of money market instruments to achieve the diversity that the money market mutual funds it invests in provides;

   (ii) Money market instruments have varying degrees of liquidity and penalties may be incurred if an instrument is disposed of before it matures; and

   (iii) Directly investing in money market instruments is more time consuming and most likely, more costly, than investing in money market funds, without any meaningful benefit.

10. It would also not be prudent for the Filer to invest its cash balances in money market mutual funds qualified for sale by prospectus in a province of Canada because of the following reasons:

   (i) There are only a limited number of U.S. money market mutual funds that are qualified for sale by prospectus in a province of Canada;

   (ii) The Filer is a U.S. entity and cannot access U.S. money market mutual funds that are qualified for sale by prospectus in a province of Canada as directly and as easily as U.S. money market mutual funds that are qualified for sale by prospectus in the U.S.;

   (iii) The Filer would need to develop the necessary relationships with Canadian money market fund issuers;

   (iv) Investment in U.S. money market mutual funds that are qualified for sale by prospectus in a province of Canada could be more costly than investment in U.S. money market mutual funds that are qualified for sale by prospectus in the U.S; and

   (v) The Filer could be subject to cross-border tax issues if it were to invest in U.S. money market mutual funds that are qualified for sale by prospectus in a province of Canada as a U.S. entity.

11. The regulatory oversight and the quality of investments held by a money market mutual fund qualified for sale by prospectus in each of the U.S. and Canada is similar. In particular Rule 2a-7 sets out requirements dealing with portfolio maturity, quality, diversification and liquidity, which are similar to requirements under National Instrument 81-102 *Mutual Funds* ("**NI 81-102**").

Decision

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

The Decision of the Principal Regulator under the Legislation is that the Exemption Sought is granted so long as:

   (a) any money market mutual fund invested in by the Filer is qualified for sale by prospectus in the U.S. as a result of being a registered investment company under the 1940 Act which complies with Rule 2a-7;

   (b) the requirements for money market mutual funds under Rule 2a-7 or any successor rule or legislation are similar to the requirements for Canadian money market funds under NI 81-102 or any successor rule or legislation; and

   (c) the Filer is registered with the U.S. Securities and Exchange Commission as an investment adviser under the 1940 Act.

"Marrianne Bridge"
Deputy Director,
Compliance and Registrant Regulation
Ontario Securities Commission

2.1.7 RBC Subordinated Notes Trust – s. 1(10)

Headnote

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

Ontario Statutes

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

October 23, 2012

RBC Subordinated Notes Trust
200 Bay Street, 15th Floor
South Tower, Royal Bank Plaza
Toronto, Ontario M2J 2J5

Dear Sirs/Mesdames:

Re: RBC Subordinated Notes Trust (the "Applicant") – Application for a decision under the securities legislation of Québec, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Northwest Territories, Yukon and Nunavut (the "Jurisdictions") that the Applicant is not a reporting issuer

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

In this decision, "securityholder" means, for a security, the beneficial owner of the security.

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 securityholders in each of the jurisdictions of Canada and fewer than 51 securityholders in total worldwide;

(b) no securities of the Applicant, including debt securities, are traded in Canada or another country on a marketplace as defined in *Regulation 21-101 respecting Marketplace Operation* or any other facility for bringing together buyers and sellers of securities where trading data is publicly reported;

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

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

Each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met and orders that the Applicant's status as a reporting issuer is revoked.

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

2.1.8 TMX Group Inc. – s. 1(10)(a)(ii)

Headnote

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

Applicable Legislative Provisions

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

October 26 , 2012

Torys LLP
Suite 3000
79 Wellington St. W.
Box 270, TD Centre
Toronto, Ontario
M5K 1N2

Dear Sirs/Mesdames:

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

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

In this decision, "securityholder" means, for a security, the beneficial owner of the security.

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 securityholders in each of the jurisdictions of Canada and fewer than 51 securityholders in total worldwide;

(b) no securities of the Applicant, including debt securities, are traded in Canada or another country on a marketplace as defined in National Instrument 21-101 *Marketplace Operation* or any other facility for bringing together buyers and sellers of securities where trading data is publicly reported;

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

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

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

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

2.1.9 U.S. Silver Corporation and U.S. Silver & Gold Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – application from subsidiary (Subco) of parent company (Parent) for a decision under section 13.1 of National Instrument 51-102 Continuous Disclosure Obligations (NI 51-102) exempting Subco from the requirements of NI 51-102; for a decision under section 8.6 of National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings (NI 52-109) exempting Subco from the requirements of NI 52-109; for a decision under section 121(2)(a)(ii) of the Securities Act (Ontario) exempting the insiders of Subco from the insider reporting requirements of the Act; and for a decision under section 6.1 of National Instrument 55-102 System for Electronic Disclosure by Insiders exempting the insiders of Subco from the requirement to file an insider profile – Subco is a wholly-owned subsidiary of Parent – Subco is a reporting issuer and has warrants outstanding – Warrants entitle holder to acquire common shares of Parent – Warrants do not qualify as "designated exchangeable securities" under exemption in section 13.3 of NI 51-102 – relief granted on conditions substantially similar to the conditions contained in section 13.3 of NI 51-102.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 107, 121(2)(a)(ii).
National Instrument 51-102 Continuous Disclosure Obligations, ss. 13.1, 13.3.
National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings s. 8.6.
National Instrument 55-102 System for Electronic Disclosure by Insiders, s. 6.1.

October 26, 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
U.S. SILVER CORPORATION ("U.S. Silver") AND U.S. SILVER & GOLD INC.
("U.S. Silver & Gold") (collectively, the "Filers").

DECISION

Background

1. The securities regulatory authority in the Jurisdiction (the "**Decision Maker**") has received an application from the Filers for a decision under the securities legislation of the Jurisdiction (the "**Legislation**") that:

   (b) the requirements of National Instrument 51-102 – *Continuous Disclosure Obligations* ("**NI 51-102**") (the "**Continuous Disclosure Requirements**") do not apply to U.S. Silver;

   (c) the requirements of National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* ("**NI 52-109**") (the "**Certification Requirements**") do not apply to U.S. Silver; and

   (d) the insider reporting requirements under Part XXI of the Legislation and the requirement to file an insider profile under National Instrument 55-102 – *System for Electronic Disclosure by Insiders* (together, the "**Insider Reporting Requirements**") do not apply to any insider of U.S. Silver.

   (Collectively, the "**Exemption Sought**")

   Under the Process for Exemptive Relief Applications in Multiple Jurisdictions:

   (i) the Decision Maker is the principal regulator for this application; and

(ii) 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 and Alberta.

Interpretation

2. 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

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

(a) U.S. Silver is a corporation existing under the *Canada Business Corporations Act* (the "**CBCA**").

(b) RX Gold & Silver Inc. ("**RX Gold**") is a corporation existing under the *Business Corporations Act* (Ontario) (the "**OBCA**").

(c) On August 13, 2012 (the "**Effective Date**"), U.S. Silver and RX Gold became wholly-owned subsidiaries of U.S. Silver & Gold Inc. ("**U.S. Silver & Gold**") as a result of a combination transaction pursuant to a combination agreement dated June 7, 2012, as amended on June 28, 2012 (as amended, the "**Combination Agreement**"), whereby:

(i) each outstanding U.S. Silver common share (collectively, the "**U.S. Silver Shares**") was exchanged for 0.67 of a common share of U.S. Silver & Gold (each whole share, a "**U.S. Silver & Gold Share**") pursuant to a plan of arrangement under the CBCA (the "**U.S. Silver Arrangement**"); and

(ii) each outstanding RX Gold common share (collectively, the "**RX Gold Shares**") was exchanged for 0.109 of a U.S. Silver & Gold Share pursuant to a plan of arrangement under the OBCA (together with the U.S. Silver Arrangement, the "**Combination Transaction**").

(d) U.S. Silver

(i) U.S. Silver was incorporated on March 23, 2006 under the OBCA and continued under the CBCA on June 25, 2007;

(ii) U.S. Silver is a reporting issuer in the provinces of Ontario, British Columbia and Alberta;

(iii) The authorized capital of U.S. Silver consists of an unlimited number of U.S. Silver Shares. Prior to the Effective Date, there were issued and outstanding: (i) 61,204,002 U.S. Silver Shares; (ii) options to purchase an aggregate of 4,472,812 U.S. Silver Shares (collectively, the "**U.S. Silver Options**"); and (iii) warrants to purchase an aggregate of 2,154,328 U.S. Silver Shares (collectively, the "**U.S. Silver Warrants**");

(iv) The U.S. Silver Shares were delisted from the Toronto Stock Exchange (the "**TSX**") as of the close of business on August 14, 2012. The U.S. Silver Shares previously traded on the TSX under the symbol "USA"; and

(v) The U.S. Silver Warrants trade on the TSX under the symbol "USL.WT" effective as of August 15, 2012;

(e) RX Gold

(i) RX Gold was incorporated on March 29, 2000 under the OBCA;

(ii) RX Gold ceased to be a reporting issuer in the province of British Columbia on August 25, 2012 and in the provinces of Ontario and Alberta on August 28, 2012;

(iii) The authorized capital of RX Gold consists of an unlimited number of RX Gold Shares. Prior to the Effective Date, there were issued and outstanding: (i) 168,974,816 RX Gold Shares; (ii) options to purchase an aggregate of 10,185,000 RX Gold Shares; and (iii) warrants to purchase an aggregate of 5,000,000 RX Gold Shares (collectively, the "**RX Gold Warrants**");

(iv) The RX Gold Shares were delisted from the TSX Venture Exchange (the "**TSX-V**") as of the close of business on August 14, 2012. The RX Gold Shares previously traded on the TSX-V under the symbol "RXE"; and

(v) The RX Gold Warrants were not listed on any stock exchange;

(f) U.S. Silver & Gold

(i) U.S. Silver & Gold was incorporated on June 6, 2012 under the OBCA for the purposes of participating in the Combination Transaction;

(ii) U.S. Silver & Gold is a reporting issuer in Ontario, British Columbia and Alberta;

(iii) The authorized capital of U.S. Silver & Gold consists of an unlimited number of U.S. Silver & Gold Shares. As at the Effective Date, the issued and outstanding capital of U.S. Silver & Gold consisted of (i) 59,424,940 U.S. Silver & Gold Shares; (ii) an aggregate of 4,106,900 U.S. Silver & Gold Shares reserved for issuance pursuant to options of U.S. Silver & Gold; (iii) an aggregate of 1,443,400 U.S. Silver & Gold Shares reserved for issuance pursuant to the U.S. Silver Warrants; and (iv) an aggregate of 545,000 U.S. Silver & Gold Shares reserved for issuance pursuant to the RX Gold Warrants; and

(iv) The U.S. Silver & Gold Shares are listed on the TSX under the symbol "USA" effective as of August 15, 2012;

(g) On July 9, 2012, U.S. Silver obtained an interim order from the Supreme Court of Ontario (the "**Court**") specifying certain requirements and procedures for a special meeting of the holders of U.S. Silver Shares for the purpose of approving the U.S. Silver Arrangement (the "**U.S. Silver Meeting**");

(h) On August 7, 2012, holders of U.S. Silver Shares approved the U.S. Silver Arrangement with an affirmative vote of 73.92% of the votes validly cast at the U.S. Silver Meeting;

(i) On August 9, 2012, U.S. Silver received final approval of the Court for the U.S. Silver Arrangement;

(j) The U.S. Silver Arrangement was completed on August 13, 2012;

(k) On the Effective Date, each of U.S. Silver and RX Gold became wholly-owned subsidiaries of U.S. Silver & Gold at which time U.S. Silver & Gold became a reporting issuer in Ontario, British Columbia and Alberta;

(l) Pursuant to and in accordance with the warrant indenture between U.S. Silver and Equity Transfer &Trust Company dated July 16, 2009, as supplemented on July 1, 2010 (as supplemented, the "**Warrant Indenture**"), to appoint Valiant Trust Company (the "**Warrant Agent**") as warrant agent, the U.S. Silver Warrants became exercisable for U.S. Silver & Gold Shares (instead of U.S. Silver Shares). For each five U.S. Silver Warrants, a holder is entitled to purchase 0.67 of a U.S. Silver & Gold Share at an aggregate exercise price of $0.775. The U.S. Silver Warrants remain listed on the TSX as warrants of U.S. Silver trading under the symbol "USL.WT";

(m) In connection with the U.S. Silver Arrangement, U.S. Silver mailed to holders of U.S. Silver Shares a management proxy circular (the "**Circular**") containing information about the U.S. Silver Arrangement, U.S. Silver and prospectus-level disclosure of the business and affairs of U.S. Silver & Gold, a copy of which has been posted on SEDAR under U.S. Silver's profile;

(n) U.S. Silver provided notice to holders of U.S. Silver Warrants in accordance with the requirements of the Warrant Indenture and the Supplemental Warrant Indenture, providing details of the consideration to be received upon the exercise of such U.S. Silver Warrants;

(o) The only securities of U.S. Silver that are held by persons other than U.S. Silver & Gold are the U.S. Silver Warrants, all of which are exercisable only for U.S. Silver & Gold Shares;

(p) The only securities of U.S. Silver that are traded on a marketplace (as defined in National Instrument 21-101 – *Certain Capital Market Participants*) are the U.S. Silver Warrants.

(q) Pursuant to the terms of the Warrant Indenture which remains outstanding following the Effective Date, U.S. Silver, U.S. Silver & Gold and the Warrant Agent have entered into a supplemental warrant indenture dated

August 13, 2012 (the "**Supplemental Warrant Indenture**") whereby U.S. Silver & Gold is required to use commercially reasonable efforts to maintain a listing of the common shares of U.S. Silver & Gold and the US Silver Warrants on the TSX. This in effect requires that U.S. Silver continue to be a reporting issuer, by way of the listing of its warrants.

(r) U.S. Silver & Gold cannot rely on the exemption available in s. 13.3 of NI 51-102 for issuers of exchangeable securities because the U.S. Silver Warrants are not "designated exchangeable securities" as defined in NI 51-102 as holders of U.S. Silver Warrants will not have voting rights in respect of U.S. Silver & Gold in their capacity as warrantholders;

(s) The Supplemental Warrant Indenture provides that U.S. Silver and U.S. Silver & Gold will cause certificates representing common shares of U.S. Silver & Gold, if any, from time to time purchased and paid for pursuant to the exercise of warrants to be issued and delivered in accordance with its terms.

(t) Neither the Warrant Indenture nor the Supplemental Warrant Indenture governing the U.S. Silver Warrants specifically requires U.S. Silver or any successor to deliver to holders of U.S. Silver Warrants any continuous disclosure materials of U.S. Silver or any successor;

(u) U.S. Silver is not in default of any requirement under securities legislation in the jurisdictions in which it is a reporting issuer;

(v) U.S. Silver has no intention of accessing the capital markets in the future by issuing any further securities to the public and has no intention of issuing securities to the public other than those that are currently outstanding; and

(w) It is information relating to U.S. Silver & Gold, and not to U.S. Silver, that is of primary importance to holders of U.S. Silver Warrants as outstanding U.S. Silver Warrants are exercisable for U.S. Silver & Gold Shares (and not U.S. Silver Shares); in addition, as U.S. Silver is a subsidiary of U.S. Silver & Gold, U.S. Silver & Gold has consolidated U.S. Silver and RX Gold with U.S. Silver & Gold for the purposes of financial statement reporting; as such, the disclosure required by the Continuous Disclosure Requirements and the Insider Reporting Requirements is no longer meaningful or of any significant benefit to holders of U.S. Silver Warrants and would impose a significant cost on U.S. Silver.

Decision

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

(a) The decision of the Decision Maker under the Legislation is that the Continuous Disclosure Requirements do not apply to U.S. Silver provided that:

(i) U.S. Silver & Gold is the beneficial owner of all of the issued and outstanding voting securities of U.S. Silver;

(ii) U.S. Silver & Gold is a reporting issuer in a designated Canadian jurisdiction (as defined in NI 51-102) and has filed all documents it is required to file under NI 51-102;

(iii) U.S. Silver does not issue any securities, and does not have any securities outstanding other than:

(A) the U.S. Silver Warrants;

(B) securities issued to and held by U.S. Silver & Gold;

(C) debt securities issued to and held by banks, loan corporations, loan and investment corporations, savings companies, trust corporations, treasury branches, savings or credit unions, financial services cooperatives, insurance companies or other financial institutions; or

(D) securities issued under exemptions from the registration requirement and prospectus requirement in National Instrument 45-106 – Prospectus and Registration Exemptions ("NI 45-106");

(iv) U.S. Silver files in electronic format under its SEDAR profile:

(A) if U.S. Silver & Gold is a reporting issuer in the local jurisdiction, a notice indicating that it is relying on the continuous disclosure documents filed by U.S. Silver & Gold and setting out where those documents can be found in electronic format; or

(B) copies of all documents U.S. Silver & Gold is required to file under securities legislation, other than in connection with a distribution, at the same time as the filing by U.S. Silver & Gold of those documents with a securities regulatory authority or regulator;

(v) U.S. Silver & Gold concurrently sends to all holders of U.S. Silver Warrants all disclosure materials that would be required to be sent to holders of similar warrants of U.S. Silver & Gold in the manner and at the time required by securities legislation;

(vi) U.S. Silver & Gold complies with securities legislation in respect of making public disclosure of material information on a timely basis;

(vii) U.S. Silver & Gold immediately issues in Canada and files any news release that discloses a material change in its affairs; and

(viii) U.S. Silver issues in Canada a news release and files a material change report in accordance with Part 7 of NI 51-102 for all material changes in respect of the affairs of U.S. Silver that are not also material changes in the affairs of U.S. Silver & Gold.

(b) The further decision of the Decision Maker under the Legislation is that the Certification Requirements do not apply to U.S. Silver provided that:

(i) U.S. Silver is not required to, and does not, file its own Interim Filings and Annual Filings (as those terms are defined under NI 52-109);

(ii) U.S. Silver files in electronic format under its SEDAR profile either: (x) copies of U.S. Silver & Gold's annual certificates and interim certificates at the same time as U.S. Silver & Gold is required under NI 52-109 to file such documents; or (y) a notice indicating that it is relying on U.S. Silver & Gold's annual certificates and interim certificates and setting out where those documents can be found for viewing on SEDAR; and

(iii) U.S. Silver is exempt from or otherwise not subject to the Continuous Disclosure Requirements and U.S. Silver and U.S. Silver & Gold are in compliance with the conditions set out in paragraph (a) above.

(c) The further decision of the Decision Maker under the Legislation is that the Insider Reporting Requirements do not apply to any insider of U.S. Silver in respect of securities of U.S. Silver provided that:

(i) if the insider is not U.S. Silver & Gold;

(A) the insider does not receive, in the ordinary course, information as to material facts or material changes concerning U.S. Silver & Gold before the material facts or material changes are generally disclosed; and

(B) the insider is not an insider of U.S. Silver & Gold in any capacity other than by virtue of being an insider of U.S. Silver;

(ii) U.S. Silver & Gold is the beneficial owner of all of the issued and outstanding voting securities of U.S. Silver;

(iii) if the insider is U.S. Silver & Gold, the insider does not beneficially own any U.S. Silver Warrants other than securities acquired through the exercise of the U.S. Silver Warrants and not subsequently traded by such insider;

(iv) U.S. Silver & Gold is a reporting issuer in a designated Canadian jurisdiction;

(v) U.S. Silver has not issued any securities, and does not have any securities outstanding, other than:

(A) the U.S. Silver Warrants;

(B) securities issued to and held by U.S. Silver & Gold;

(C) debt securities issued to and held by banks, loan corporations, loan and investment corporations, savings companies, trust corporations, treasury branches, savings or credit unions, financial services cooperatives, insurance companies or other financial institutions; or

(D) securities issued under exemptions from the registration requirement and prospectus requirement in Section 2.35 of NI 45-106; and

(vi) U.S. Silver is exempt from or otherwise not subject to the Continuous Disclosure Requirements and U.S. Silver and U.S. Silver & Gold are in compliance with the conditions set out in paragraph (a) above.

As to the Exemption Sought (other than from the Insider Reporting Requirements under Part XXI of the Legislation):

Dated this 26th day of October, 2012.

"Shannon O'Hearn"
Manager, Corporate Finance Branch
Ontario Securities Commission

As to the Exemption Sought from the Insider Reporting Requirements under Part XXI of the Legislation:

Dated this 26th day of October, 2012.

"C. Wesley M. Scott"
Commissioner
Ontario Securities Commission

"Vern Krishna"
Commissioner
Ontario Securities Commission

2.1.10 NexGen Financial Limited Partnership et al.

Headnote

NP 11-203 – Process for Exemptive Relief Applications in Multiple Jurisdictions – Approval of mutual fund reorganizations pursuant to section 5.5(1)(b) of NI 81-102 required because the reorganizations do not meet criteria for pre-approval – the reorganizations do not meet the requirement in section 5.6(1)(a)(ii) of NI 81-102 because the investment objectives of the terminating Funds may not be considered by a reasonable person to be "substantially similar" to the investment objectives of the continuing Funds

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, s. 19.1.

October 29, 2012

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

AND

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

AND

IN THE MATTER OF
NEXGEN FINANCIAL LIMITED PARTNERSHIP
(the "Filer")

AND

NEXGEN CANADIAN LARGE CAP TAX MANAGED FUND
NEXGEN CANADIAN LARGE CAP REGISTERED FUND
(each a "Terminating Fund" and, collectively, the "Terminating Funds")

AND

NEXGEN CANADIAN DIVIDEND AND INCOME TAX MANAGED FUND
NEXGEN CANADIAN DIVIDEND AND INCOME REGISTERED FUND
(each a "Continuing Fund" and, collectively, the "Continuing Funds",
and, together with the Terminating Funds, the "Funds")

DECISION

BACKGROUND

The principal regulator in the Jurisdiction has received an application (the "**Application**") from the Filer on behalf of the Terminating Funds for a decision under the securities legislation of the Jurisdiction of the principal regulator (the "**Legislation**") for approval of the mergers of NexGen Canadian Large Cap Registered Fund into NexGen Canadian Dividend and Income Registered Fund (the "**Registered Merger**") and the merger of NexGen Canadian Large Cap Tax Managed Fund into NexGen Canadian Dividend and Income Tax Managed Fund (the "**Tax Managed Merger**" and, together with the Registered Merger, the "**Proposed Mergers**") under paragraphs 5.5(1)(b) of National Instrument 81-102 *Mutual Funds* ("**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 (the "**Principal Regulator**"), and

(b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* ("**MI 11-102**") is intended to be relied upon in British Columbia, Alberta, Quebec, Newfoundland and Labrador and Northwest Territories (including Ontario, the "**Jurisdictions**").

INTERPRETATION

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

REPRESENTATIONS

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

The Filer and the Funds

1. The Filer is a limited partnership established under the laws of the Province of Ontario and its head office is located in Toronto, Ontario. The Filer is registered as a dealer in the category of mutual fund dealer, an adviser in the category of portfolio manager and an investment fund manager under the *Securities Act* (Ontario) and as an adviser in the category of commodity trading manager under the *Commodity Futures A*ct (Ontario).

2. The Filer is the manager of the Funds, each an open-end mutual fund established under the laws of the Province of Ontario and subject to the requirements of NI 81-102. Each of NexGen Canadian Large Cap Tax Managed Fund and NexGen Canadian Dividend and Income Tax Managed Fund are housed within NexGen Investment Corporation ("**NexGen Investment**"), a mutual fund corporation incorporated under the laws of the Province of Ontario. Each of NexGen Canadian Large Cap Registered Fund and NexGen Canadian Dividend and Income Registered Fund are mutual fund trusts governed by a declaration of trust.

3. The Filer intends to merge: (i) NexGen Canadian Large Cap Tax Managed Fund into NexGen Canadian Dividend and Income Tax Managed Fund; and (ii) NexGen Canadian Large Cap Registered Fund into NexGen Canadian Dividend and Income Registered Fund.

4. Securities of the Funds are currently offered for sale under a simplified prospectus (the "**Prospectus**") and annual information form dated May 25, 2012 in the Jurisdictions.

5. The Filer and the Funds are reporting issuers under the applicable securities legislation of the Jurisdictions and are not on the list of defaulting reporting issues maintained under each Jurisdiction's applicable securities legislation.

6. Each of the Funds is a mutual fund that is subject to the requirements in NI 81-102 and National Instrument 81-101 *Mutual Fund Prospectus Disclosure*. Each of the Funds follows the standard investment restrictions and practices established under the Legislation except to the extent that the Funds have received permission from the CSA to deviate therefrom.

7. The Funds are currently qualified for sale in each of the provinces and territories of Canada pursuant to a simplified prospectus, annual information form and fund facts dated May 25, 2012, as amended (the "**Funds' Prospectus**").

8. The net asset value for each of series of securities of the Funds is calculated on a daily basis on each day the Toronto Stock Exchange is open for trading.

The Proposed Mergers

9. Pursuant to the Proposed Mergers, investors of each Terminating Fund will become investors of the Continuing Fund.

10. In accordance with National Instrument 81-106 *Investment Fund Continuous Disclosure*, the Proposed Mergers were announced in:

    a. a press release dated September 7, 2012;

    b. a material change report dated September 7, 2012; and

    c. amendments to the Prospectus and fund facts of the Terminating Funds dated September 14, 2012,

    each of which has been filed on SEDAR.

11. If the necessary approvals are obtained, the following steps will be carried out to effect the Proposed Mergers:

    a. ***In respect of the Tax Managed Merger:***

        i. Each outstanding share of the Terminating Fund will be exchanged for share(s) of an equivalent class and series of the Continuing Fund. The share exchange will be effected on the basis of the relative net asset values of the applicable shares at the close of business on the Merger Date.

        ii. The assets and liabilities of NexGen Investment attributable to the Terminating Fund will be transferred to the Continuing Fund.

        iii. The Terminating Fund will then be wound up.

    b. ***In respect of the Registered Merger:***

        i. The master declaration of trust of the Terminating Fund will be amended to facilitate the Merger. Among other changes, the investment objective of the Fund will be amended to facilitate the Merger.

        ii. The Terminating Fund will transfer all of its assets which will consist of portfolio securities and cash, less an amount required to satisfy the liabilities of the Terminating Fund to the Continuing Fund in exchange for units of the Continuing Fund. The unit exchange will be effected on the basis of the relative net asset values of the applicable units at the close of business on the Merger Date.

        iii. Each unitholder of the Terminating Fund will receive the corresponding units of the Continuing Fund.

        iv. The Terminating Fund will distribute to its unitholders sufficient net income and net realized capital gains so that it will not be subject to tax under the *Income Tax Act* (Canada) for its current taxation year.

        v. The Terminating Fund will distribute to its unitholders the units of the Continuing Fund received by it in exchange for all of the unitholders' existing units of the Terminating Fund on a series-by-series basis so that following the distribution the unitholders of the Terminating Fund will become direct unitholders of the Continuing Fund.

        vi. The Terminating Fund will be wound up.

12. Although the procedures for implementing the Proposed Mergers may vary, the result of each Proposed Merger will be that securityholders in each Terminating Fund will cease to be securityholders in the Terminating Funds and will become securityholders in the corresponding Continuing Fund.

13. In the opinion of the Filer, the Proposed Mergers will be beneficial to securityholders of each Fund for the following reasons:

    (i) securityholders in the Terminating Funds are expected to enjoy potentially improved economies of scale as part of a larger combined Continuing Fund as the management expense ratio prior to absorption of each of the Continuing Funds will be less than that of the applicable Terminating Funds;

    (ii) Due to the smaller size and historic growth profile of the Terminating Funds, the administrative and regulatory costs of operating the Terminating Funds as stand-alone mutual funds would be higher per securityholder and could potentially increase if the Terminating Funds decrease further in asset size;

    (iii) The Proposed Mergers will transition securityholders in the Terminating Funds to growing and more viable Continuing Funds; and

    (iv) Each Continuing Fund will benefit from a larger profile in the marketplace.

14. As required by National Instrument 81-107 *Independent Review Committee for Investment Funds* ("**NI 81-107**"), NexGen presented the terms of the Proposed Mergers to the Funds' independent review committee ("**IRC**") for its review and recommendation. The IRC reviewed the potential conflict of interest matters related to the proposed Proposed Mergers and determined that the Proposed Mergers, if implemented, would achieve a fair and reasonable result for each of the Terminating Funds and the Continuing Funds.

15. A meeting (the "**Meeting**") of the securityholders of each Terminating Fund will be held on November 20, 2012 to approve the Proposed Mergers. Investors of the Terminating Funds will be asked to approve the Proposed Mergers at the Meeting.

16. In connection with the Meeting, the Filer, as manager of the Terminating Funds, will send to securityholders of each Terminating Fund a notice of the meeting of securityholders and a management information circular (the "**Information Circular**") to be dated on or about September 21, 2012 and a related form of proxy.

17. The Information Circular contains the following information that the Filer has deemed to be material so that securityholders of the Terminating Funds may consider this information before voting on the Proposed Mergers: (i) the differences between the Terminating Funds and the Continuing Funds; (ii) the tax implications of the Proposed Mergers; (iii) a statement that the securities of the Continuing Fund acquired by the securityholders upon completion of the Proposed Mergers are subject to the same redemption charges to which their securities of the Terminating Funds were subject prior to the Proposed Mergers; and (iv) the fact that securityholders can obtain, at no cost, the annual information form, the most recently filed fund facts and management report of fund performance that have been made public by contacting the Filer or be accessing the documents on the Filer's website or through SEDAR.

18. The portfolio and other assets of the Terminating Funds that will become assets of the Continuing Funds are acceptable to the portfolio advisor of the Continuing Fund and are consistent with the investment objectives of the Continuing Fund. To the extent that a particular security may be unsuitable or undesirable for the Continuing Fund, that security will be sold prior to the Proposed Mergers.

19. If all required approvals are obtained, it is expected that the Proposed Mergers take place after the close of business on or about November 30, 2012 (the "**Merger Date**"). The Filer then anticipates that a securityholder of a Terminating Fund will become a securityholder of its corresponding Continuing Fund on the Merger Date.

20. If the approval of investors of the Terminating Funds is not obtained at the Meeting, then the Proposed Merger for that Terminating Fund will not proceed.

21. All costs and expenses of effecting the Proposed Mergers (consisting primarily of proxy solicitation, printing, mailing, legal and regulatory fees) as well as the costs of implementing the Proposed Mergers, including any brokerage fees, will be borne by the Filer.

22. No sales charges will be payable by any securityholder in connection with the exchange of securities of the Terminating Funds into the Continuing Funds.

23. Securityholders of the Terminating Funds will continue to have the right to redeem or transfer their securities of a Terminating Fund at any time up to the close of business on the business day prior to the Merger Date. Following each Proposed Merger, all optional plans (including pre-authorized purchase programs, automatic withdrawal plans and systematic switch programs) which were established with respect to a Terminating Fund will be re-established in comparable plans with respect to its Continuing Fund unless securityholders advise otherwise.

24. Each Terminating Fund has substantially the same distribution policy as its Continuing Fund.

25. Any sales charges applicable to securities of a Continuing Fund are the same or lower than for the equivalent class of securities of its corresponding Terminating Fund.

26. All Funds have substantially similar arrangements with respect to switch fees.

27. All Funds calculate their net asset values daily at 4:00 p.m. Net asset values per unit or share are calculated for each class of securities using similar methodologies and currencies. Assets and liabilities generally are valued in the same manner.

28. Following the Proposed Mergers, the Continuing Funds will continue as publicly offered open-ended mutual funds and the Terminating Funds will be wound up.

29. Following the Proposed Mergers, a material change report and amendments to the simplified prospectus, annual information form and fund facts of each Terminating Fund in respect of its respective Proposed Merger will be filed.

30. The Proposed Mergers are conditional on the approval of: (i) the securityholders of the Terminating Funds, (ii) the securityholders of the corresponding Tax Managed or Registered Fund (i.e. the securityholders of NexGen Canadian Dividend and Income Registered Fund in the case of the Tax Managed Merger); and (iii) the Principal Regulator.

31. In the opinion of the Filer, each Proposed Merger satisfies all of the criteria for pre-approved reorganizations and transfers set forth in section 5.6 of NI 81-102, except the criteria contained in subsection 5.6(1)(a)(ii) of NI 81-102 as the investment objectives of the Terminating Funds may not be considered by a reasonable person to be "substantially similar" to the investment objectives of the Continuing Fund.

32. Except as noted above, the Proposed Mergers will otherwise comply with all other criteria for pre-approved reorganizations and transfers set out in section 5.6 of NI 81-102.

DECISION

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

The decision of the Principal Regulator under the Legislation is that the Exemption Sought is granted provided that the Information Circular sent to securityholders of the Terminating Funds provides sufficient information about the Proposed Mergers to permit securityholders to make an informed decision about the Proposed Mergers.

"Raymond Chan"
Manager, Investment Funds Branch
Ontario Securities Commission

2.2 Orders

2.2.1 Vincent Ciccone and Cabo Catoche Corp. (a.k.a. Medra Corp. and Medra Corporation)

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

AND

IN THE MATTER OF
VINCENT CICCONE and CABO CATOCHE CORP.
(a.k.a. MEDRA CORP. and MEDRA CORPORATION)

ORDER

WHEREAS on October 3, 2011, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") in connection with a Statement of Allegations filed by Staff of the Commission ("Staff") on September 30, 2011, with respect to Vincent Ciccone ("Ciccone") and Medra Corp.;

AND WHEREAS on May 3, 2012, the Commission issued an Amended Notice of Hearing in connection with an Amended Statement of Allegations filed by Staff on May 2, 2012, to amend the title of proceedings by replacing the name "Medra Corp." with "Cabo Catoche Corp. (a.k.a Medra Corp. and Medra Corporation)" (collectively, "Medra");

AND WHEREAS on September 7, 2012, the Commission approved a Settlement Agreement between Staff and Ciccone;

AND WHEREAS the Office of the Secretary received an e-mail dated September 5, 2012, from a representative of Medra requesting Staff disclose all relevant documents in their possession by sending copies of said documents to Medra at its offices in Mexico:

AND WHEREAS the Panel convened the hearing on the merits of the allegations against Medra (the "Merits Hearing") and, as a preliminary matter, heard submissions from Staff on September 7 and 13, 2012, on the issue of Staff's disclosure obligations with respect to Medra, including submissions on the law, policy, jurisprudence and its position on this issue, no one appearing on behalf of Medra despite proper notice having been given;

AND WHEREAS on September 20, 2012, the Panel reconvened the Merits Hearing for the purposes of giving the Panel's ruling on the disclosure issue, at which Staff appeared but no one appeared on behalf of Medra;

AND WHEREAS on September 20, 2012, the Panel ruled that Staff had not met its disclosure obligations to Medra, such obligations requiring Staff to provide copies of the disclosure material to Medra in accordance with its written request for copies of the material;

AND WHEREAS the Panel issued an Order dated September 20, 2012, that stated:

(i) Subject to the receipt from Medra of a written undertaking to comply with the terms of this Order as described in subparagraph (iii)(e) below, Staff shall provide copies of all relevant materials in their possession ("the Material") to Medra, subject to redaction of personal information relating to third parties;

(ii) If Medra believes that any of the redacted information is necessary for the purpose of making full answer and defence to the allegations made against it in these proceedings, Medra may bring a motion pursuant to Rule 3 of the Commission *Rules of Procedure* for a determination as to whether the redacted information is relevant to said allegations;

(iii) The Material will be provided to Medra on the following conditions:

(a) Medra and its counsel shall not use the Material for any purposes other than for making full answer and defence to the allegations made against it in these proceedings;

(b) any use of the Material other than for the purpose of making full answer and defence to the allegations made against Medra in these proceedings will constitute a violation of this order;

(c) Medra and its counsel shall maintain custody and control over the Material, so that copies of the Material are not improperly disseminated;

(d) the Material shall not be used for a collateral or ulterior purpose, including for purposes of other proceedings; and

(e) Medra shall sign an undertaking accepting the conditions set out at subparagraphs (a) to (d) above prior to any Material being provided to Medra by Staff, which undertaking shall be signed and returned to Staff within 5 business days of receipt of this Order.

AND WHEREAS on September 28, 2012, the Panel ordered that the Merits Hearing be reconvened on

October 9, 2012, for the purpose of Staff providing the Panel with a status update;

AND WHEREAS on October 9, 2012, Staff appeared before the Panel with no one appearing for Medra, at which time Staff submitted an affidavit of Allister Field sworn October 9, 2012, as evidence that the Panel's Order of September 20, 2012, had been sent to Medra on September 28, 2012, and Medra had not returned a signed undertaking in accordance with the Order;

AND WHEREAS the Panel is satisfied that Staff has met its disclosure obligations to Medra and the Merits Hearing may proceed;

AND WHEREAS on October 9, 2012, Staff requested that the Panel convert the Merits Hearing to a written hearing pursuant to Rule 11 of the Commission's Rules of Procedure (2010), 33 O.S.C.B. 8017 (the "Rules") and proposed a schedule for the filing of materials in support of their request;

AND WHEREAS on October 17, 2012, Staff advised the Commission that it would like to amend the schedule for the filing of materials in support of their request;

AND WHEREAS on October 19, 2012, Staff appeared before the Commission by teleconference in accordance with Rule 10.2 of the Rules and no one appeared on behalf of Medra;

AND WHEREAS on October 19, 2012, Staff proposed an amended schedule for the filing of materials in support of their request;

IT IS ORDERED THAT:

1) Staff shall serve and file written submissions in support of their request to convert the Merits Hearing to a written hearing no later than October 23, 2012, such submissions to include copies of any affidavits Staff intend to rely on in the proposed written hearing;

2) If Medra objects to converting the Merits Hearing to a written hearing, it shall file with the Office of the Secretary, and serve upon Staff, written submissions setting out the reasons for their objection no later than November 7, 2012;

3) The Merits Hearing shall be reconvened on November 8, 2012, at 3:00 p.m. at the offices of the Commission at 20 Queen Street West, 17th Floor, Toronto, Ontario, for the purpose of the Panel giving its ruling on the request to convert to a written hearing and, if the request is granted, to set a schedule for the receipt of submissions in the written hearing.

DATED at Toronto this 19th day of October, 2012

"Vern Krishna"

2.2.2 Global Energy Group, Ltd. et al. – ss. 127(7), 127(8)

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

AND

**IN THE MATTER OF
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**

**ORDER
(Subsections 127(7) and 127(8))**

WHEREAS on July 10, 2008, the Ontario Securities Commission (the "Commission") issued a temporary order, pursuant to subsections 127(1) and (5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), that all trading by Global Energy Group, Ltd. ("Global Energy") and the New Gold Limited Partnerships (the "New Gold Partnerships") (together, the "Corporate Respondents") and their officers, directors, employees and/or agents in securities of the New Gold Partnerships shall cease (the "First Temporary Order");

AND WHEREAS on July 10, 2008, the Commission ordered that the First Temporary Order shall expire on the 15th day after its making unless extended by order of the Commission;

AND WHEREAS on July 15, 2008, the Commission issued a Notice of Hearing to consider, among other things, the extension of the First Temporary Order, such hearing to be held on July 23, 2008 at 11:00 a.m.;

AND WHEREAS the Notice of Hearing sets out that the hearing is to consider, *inter alia*, whether, in the opinion of the Commission, it is in the public interest, pursuant to subsections 127(7) and (8) of the Act, to extend the First Temporary Order until such time as considered necessary by the Commission;

AND WHEREAS a hearing was held on July 23, 2008 at 11:00 a.m. at which Staff and counsel for Global Energy appeared but no counsel appeared for the New Gold Partnerships;

AND WHEREAS on July 23, 2008, the First Temporary Order was continued until August 6, 2008 and the hearing in this matter was adjourned until August 5, 2008 at 3:00 p.m. on consent of Staff and counsel for Global Energy;

AND WHEREAS a hearing was held on August 5, 2008 at 3:00 p.m. at which Staff and counsel for Global Energy appeared but no counsel appeared for the New Gold Partnerships;

AND WHEREAS on August 5, 2008, the First Temporary Order was continued until December 4, 2008 and the hearing in this matter was adjourned until December 3, 2008 at 10:00 a.m. on consent of Staff and counsel for Global Energy;

AND WHEREAS on December 3, 2008, on the basis of the record for the written hearing and on consent of Staff and counsel for Global Energy, a Panel of the Commission ordered that the First Temporary Order be extended until June 11, 2009 and that the hearing in this matter be adjourned to June 10, 2009, at 10:00 a.m.;

AND WHEREAS on June 10, 2009, Staff advised the Commission that Victor Tsatskin, a.k.a. Vadim Tsatskin ("Tsatskin"), an agent of Global Energy, would not be attending the hearing and was not opposed to Staff's request for the extension of the First Temporary Order and no counsel had communicated with Staff on behalf of the New Gold Partnerships;

AND WHEREAS on June 10, 2009, on hearing the submissions of Staff, a Panel of the Commission ordered that the First Temporary Order be extended until October 9, 2009 and that the hearing in this matter be adjourned to October 8, 2009, at 10:00 a.m.;

AND WHEREAS on October 8, 2009, on hearing the submissions of Staff, a Panel of the Commission ordered that the First Temporary Order be extended until March 11, 2010 and that the hearing in this matter be adjourned to March 10, 2010, at 10:00 a.m.;

AND WHEREAS on March 10, 2010, on hearing the submissions of Staff, a Panel of the Commission ordered that the First Temporary Order be extended until July 12, 2010 and that the hearing in this matter be adjourned to July 9, 2010, at 11:30 a.m.;

AND WHEREAS on April 7, 2010, the Commission issued a temporary cease trade order pursuant to subsections 127(1) and 127(5) of the Act ordering the following (the "Second Temporary Order"):

i) Christina Harper ("Harper"), Howard Rash ("Rash"), Michael Schaumer ("Schaumer"), Elliot Feder ("Feder"), 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 "Individual Respondents"), shall cease trading in all securities; and

ii) that any exemptions contained in Ontario securities law do not apply to the Individual Respondents;

AND WHEREAS, on April 7, 2010, the Commission ordered that the Second Temporary Order shall expire on the 15th day after its making unless extended by order of the Commission;

AND WHEREAS on April 14, 2010, the Commission issued a Notice of Hearing to consider, among other things, the extension of the Second Temporary Order, to be held on April 20, 2010 at 3:00 p.m.;

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

AND WHEREAS on April 20, 2010, a hearing was held before the Commission and none of the Individual Respondents appeared before the Commission to oppose Staff's request for the extension of the Second Temporary Order;

AND WHEREAS on April 20, 2010, the Commission was satisfied that Staff had served or made reasonable attempts to serve each of the Individual Respondents with copies of the Second Temporary Order, the Notice of Hearing, and the Evidence Brief of Staff as evidenced by the Affidavit of Kathleen McMillan, sworn on April 20, 2010, and filed with the Commission;

AND WHEREAS on April 20, 2010, the Commission considered the evidence and submissions before it and the Commission was of the opinion that: in the absence of a continuing cease-trade order, the length of time required to conclude a hearing could be prejudicial to the public interest; and, it was in the public interest to extend the Second Temporary Order;

AND WHEREAS on April 20, 2010, pursuant to subsections 127(7) and (8) of the Act, the Second Temporary Order was extended to June 15, 2010 and the hearing in this matter was adjourned to June 14, 2010, at 10:00 a.m.;

AND WHEREAS on June 14, 2010, a hearing was held before the Commission and the Commission ordered that the Second Temporary Order be extended until September 1, 2010 and the hearing be adjourned to September 1, 2010, at 1:00 p.m.;

AND WHEREAS on June 14, 2010, on hearing the submissions of Staff, a Panel of the Commission ordered that the First Temporary Order be extended until September 1, 2010 and that the hearing in this matter be adjourned to September 1, 2010, at 1:00 p.m.;

AND WHEREAS on September 1, 2010, the Commission considered the evidence and submissions before it and the Commission was of the opinion that in the absence of a continuing cease-trade order, the length of time required to conclude a hearing could be prejudicial to the public interest;

AND WHEREAS on September 1, 2010, pursuant to subsections 127(7) and 127(8) of the Act, the First Temporary Order and Second Temporary Order were extended to November 9, 2010 and the hearing in this matter was adjourned to November 8, 2010 at 10:00 a.m.;

AND WHEREAS on September 1, 2010, it was further ordered pursuant to subsections 127(1) and (2) of the Act that, notwithstanding the Second Temporary Order, Feder is permitted to trade securities in an account in his own name or in an account of his registered retirement savings plans (as defined in the *Income Tax Ac*t (Canada)) in which he has the sole legal and beneficial ownership, provided that:

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

(ii) he carries out any permitted trading through a dealer registered with the Commission (which dealer must be given a copy of this order) and through accounts opened in his name only (the "Amended Second Temporary Order").

AND WHEREAS on November 5, 2010, the Commission approved a settlement agreement between Staff and Robinson;

AND WHEREAS on November 8, 2010, Staff, Schaumer, Shiff, Silverstein, counsel for Rash, and counsel for Pasternak, Walker and Brikman, attended the hearing; and whereas Harper and Groberman had each advised Staff that they would not be attending the hearing; and whereas no person attended on behalf of the Corporate Respondents; and whereas Tsatskin, Bajovski and Cohen did not appear;

AND WHEREAS on November 8, 2010, counsel for Feder removed himself from the record due to a conflict of interest, and new counsel for Feder advised the Commission that he would need to satisfy himself that he was able to represent Feder, and would advise Staff accordingly as soon as possible;

AND WHEREAS on November 8, 2010, the Commission considered the evidence and submissions before it and the Commission was of the opinion that it was in the public interest that the First Temporary Order and the Amended Second Temporary Order be extended to December 8, 2010 and the hearing in this matter be adjourned to December 7, 2010 at 2:30 p.m.;

AND WHEREAS on December 7, 2010, Staff, Schaumer, Silverstein, counsel for Pasternak, Walker and Brikman, and an agent for new counsel for Feder attended the hearing; and whereas no person appeared on behalf of the Corporate Respondents; and whereas Harper, Rash, Tsatskin, Groberman, Bajovski, Cohen and Shiff did not appear;

AND WHEREAS on December 7, 2010, the Commission was satisfied that all of the Respondents had been properly served with notice of the hearing;

AND WHEREAS on December 7, 2010, Staff requested the extension of the First Temporary Order against the Corporate Respondents and the Amended Second Temporary Order against the Individual Respondents, and Schaumer, Silverstein, and counsel for Pasternak, Walker and Brikman consented to the extension of the Amended Second Temporary Order;

AND WHEREAS on December 7, 2010, an agent for new counsel for Feder informed the Commission that he did not have instructions as to whether Feder consented to an extension of the Amended Second Temporary Order;

AND WHEREAS on December 7, 2010, Staff informed the Commission that depending on settlement efforts, Staff might seek to bring an application to hold the next hearing in this matter in writing;

AND WHEREAS on December 7, 2010, the Commission directed that the First Temporary Order against the Corporate Respondents, and the Amended Second Temporary Order against the Individual Respondents, be consolidated into a single temporary order (the "Temporary Order");

AND WHEREAS on December 7, 2010, the Commission considered the evidence and submissions before it and the Commission was of the opinion that it was in the public interest that pursuant to subsections 127(7) and 127(8) of the Act, the Temporary Order be extended to March 3, 2011, without prejudice to Feder to bring a motion if he opposes the extension and that the hearing in this matter be adjourned to February 16, 2011 at 2:00 p.m.;

AND WHEREAS on February 16, 2011, Staff, Schaumer, Shiff, counsel for Feder attended the hearing; and whereas no person appeared on behalf of the Corporate Respondents; and whereas counsel for Pasternak, Walker and Brikman; Harper, Rash, Tsatskin, Groberman, Bajovski and Cohen did not appear;

AND WHEREAS on February 16, 2011, Staff requested the extension of the Temporary Order against the Individual Respondents and Corporate Respondents; and Schaumer and Shiff consented to the extension of the Temporary Order;

AND WHEREAS on February 16, 2011, counsel for Feder consented to the extension of the Temporary Order of December 7, 2010, save and except for the exceptions outlined in this order;

AND WHEREAS on February 16, 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 adjourn the hearing to May 3, 2011 at 10:00 a.m. and further extended the Temporary Order until May 4, 2011;

AND WHEREAS on February 16, 2011, it was further ordered pursuant to subsections 127(7) and (8) of the Act, that the Temporary Order be extended to May 4, 2011, save and except that:

(a) Feder is permitted to trade securities in an account in his own name or in an account of his registered retirement savings plan (as defined in the *Income Tax Act* (Canada)) in which Feder has the sole legal and beneficial ownership, provided that:

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

  (ii) that Feder carries out any permitted trading through a dealer registered with the Commission (which dealer must be given a copy of this order) and through accounts opened in Feder's name only; and

(b) Feder is permitted to contact the existing shareholders of (i) Genesis Rare Diamonds (Ontario) Ltd. (ii) Kimberlite Diamond Corporation and (iii) their subsidiaries, none of which is a reporting issuer, or their counsel and to discuss/explore the potential for the sale of Feder's shares in those corporations to any or all of their existing shareholders and/or the purchase of Feder's shares in those corporations by the respective corporations for cancellation, provided that Feder's shares are not actually sold and/or purchased without Feder first obtaining a further exemption/order from the Commission that permits such sale(s) and/or purchase(s);

AND WHEREAS on May 3, 2011, Staff, Schaumer, Shiff, and Silverstein attended the hearing; no one appeared on behalf of the Corporate Respondents; and counsel for Pasternak, Walker and Brikman; counsel for Rash; Tsatskin, Harper, Groberman, Bajovski and Cohen did not appear;

AND WHEREAS on May 3, 2011, Staff requested an extension of the Temporary Order against the Individual

Respondents and Corporate Respondents; and Schaumer, Shiff and Silverstein did not object to an extension of the Temporary Order;

AND WHEREAS on May 3, 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 against all named Respondents, except Rash, to the conclusion of the hearing on the merits; to extend the Temporary Order against Rash until July 12, 2011, and to adjourn the hearing to July 11, 2011 at 10:00 a.m., at which time Rash will have the opportunity to make submissions regarding any further extension of the Temporary Order against him;

AND WHEREAS on July 11, 2011, Staff, Harper and Shiff attended the hearing and no one appeared on behalf of the Corporate Respondents, Pasternak, Walker, Brikman, Feder; Tsatskin, Schaumer, Silverstein, Groberman, Bajovski or Cohen;

AND WHEREAS on July 11, 2011, Staff informed the Commission that Rash had recently retained new counsel in a related matter, and that Rash's new counsel had advised Staff that he would not be attending the hearing;

AND WHEREAS on July 11, 2011, Staff requested a further extension of the Temporary Order against Rash;

AND WHEREAS on July 11, 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 against Rash to September 27, 2011, and to adjourn the hearing to September 26, 2011, at 10:00 a.m., at which time Rash would have the opportunity to make submissions regarding any further extension of the Temporary Order against him;

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, Staff, Harper, Schaumer, Silverstein and Shiff attended the hearing and no one appeared on behalf of the Corporate Respondents, Feder, Rash, Tsatskin, Groberman, Bajovski or Cohen;

AND WHEREAS on September 26, 2011, Staff requested a further extension of the Temporary Order against Rash;

AND WHEREAS on September 26, 2011, the Commission ordered that the Temporary Order be extended against Rash until November 29, 2011, and that the hearing be adjourned to November 28, 2011, at 10:00 a.m.;

AND WHEREAS on November 28, 2011, Staff and Shiff attended the hearing and no one appeared on behalf of the Corporate Respondents or any of the other Individual Respondents;

AND WHEREAS the Commission was satisfied that the Corporate Respondents and the Individual Respondents had been properly served with notice of the hearing;

AND WHEREAS on November 28, 2011, Staff requested a further extension of the Temporary Order against Rash;

AND WHEREAS on November 28, 2011, the Commission ordered that the Temporary Order be extended against Rash until December 16, 2011, and that the hearing be adjourned to December 15, 2011, at 9:30 a.m.;

AND WHEREAS on November 29, 2011, the Commission approved settlement agreements between Staff and each of Silverstein and Schaumer;

AND WHEREAS on December 15, 2011, Staff attended the hearing and no one appeared on behalf of the Corporate Respondents or the Individual Respondents;

AND WHEREAS the Commission was satisfied that the Corporate Respondents and the Individual Respondents had been properly served with notice of the hearing;

AND WHEREAS on December 15, 2011 Staff requested a further extension of the Temporary Order against Rash;

AND WHEREAS on December 15, 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 against Rash to October 22, 2012, and to adjourn the hearing to October 19, 2012, at 10:00 a.m., without prejudice to either Staff or Rash to apply for a variation of the Temporary Order under section 144 of the Act;

AND WHEREAS on January 20, 2011, the Commission approved a settlement agreement between Staff and Feder;

AND WHEREAS on October 19, 2012, Staff attended the hearing and no one appeared on behalf of Rash;

AND WHEREAS the Commission was satisfied that Staff served or made reasonable attempts to serve the Corporate Respondents and the Individual Respondents with the notice of the hearing;

AND WHEREAS on October 19, 2012 Staff requested a further extension of the Temporary Order against Rash;

AND WHEREAS on October 19, 2012, the Commission considered the evidence and submissions before it and the Commission was of the opinion that it was in the public interest to make this order;

IT IS ORDERED that the Temporary Order is extended against Rash until February 28, 2013, without prejudice to either Staff or Rash to apply for a variation of the Temporary Order under section 144 of the Act, and that the hearing is adjourned to February 27, 2013 at 10:00 a.m.

DATED at Toronto this 19th day of October, 2012.

"Edward P. Kerwin"

2.2.3 New Hudson Television LLC and James Dmitry Salganov – s. 127

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

AND

IN THE MATTER OF
NEW HUDSON TELEVISION LLC &
JAMES DMITRY SALGANOV
(Section 127 of the Securities Act)

ORDER

WHEREAS on June 8, 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 New Hudson Television Corporation ("NHTV Corp.") securities and New Hudson Television L.L.C. ("NHTV LLC") securities shall cease; that NHTV Corp. and NHTV LLC and their representatives cease trading in all securities; and that any exemptions contained in Ontario securities law do not apply to NHTV Corp. and NHTV LLC (the "Temporary Order");

AND WHEREAS on June 8, 2011, the Commission ordered that the Temporary Order shall expire on the fifteenth day after its making unless extended by order of the Commission;

AND WHEREAS on June 16, 2011, the Commission issued a Notice of Hearing to consider, among other things, the extension of the Temporary Order, to be held on June 22, 2011 at 9:00 a.m. (the "Notice of Hearing");

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

AND WHEREAS Staff of the Commission ("Staff") had served NHTV Corp., NHTV LLC and James Dmitry Salganov ("Salganov") (collectively, the "Respondents") with copies of the Temporary Order and the Notice of Hearing, as evidenced by the Affidavit of Charlene Rochman, sworn on June 20, 2011, and filed with the Commission;

AND WHEREAS on June 22, 2011, Staff appeared before the Commission, but no one attended on behalf of any of the Respondents;

AND WHEREAS on June 22, 2011, Staff informed the Commission that Salganov was the sole Director of NHTV Corp. and NHTV LLC and that he consented to a

further extension of the Temporary Order in an email dated June 20, 2011;

AND WHEREAS on June 22, 2011, Staff sought to amend the Temporary Order to include Salganov, thereby making Salganov subject to the Temporary Order;

AND WHEREAS on June 22, 2011 it was ordered that:

(i) the Temporary Order was amended to provide that pursuant to clause 2 of subsection 127(1) of the Act, James Dmitry Salganov shall cease trading in securities of NHTV Corp. and NHTV LLC;

(ii) pursuant to subsection 127(8) of the Act, the Temporary Order as amended by (i), above (the "Amended Temporary Order") was extended to December 20, 2011; and,

(iii) the hearing to consider any further extension of the Amended Temporary Order would be held on December 19, 2011 at 9:00 a.m.

AND WHEREAS on December 19, 2011, Staff appeared before the Commission to extend the Amended Temporary Order, but no one attended on behalf of any of the Respondents;

AND WHEREAS on December 19, 2011, Staff informed the Commission that the Respondents consent to a further extension of the Amended Temporary Order for six months;

AND WHEREAS on December 19, 2011 it was ordered that:

(i) pursuant to subsection 127(8) of the Act, the Amended Temporary Order was extended to June 25, 2012; and

(ii) the hearing to consider any further extension of the Amended Temporary Order would be held on June 22, 2012 at 10:00 a.m.;

AND WHEREAS on June 22, 2012, Staff appeared before the Commission to request an extension of the Amended Temporary Order, but no one attended on behalf of any of the Respondents;

AND WHEREAS the Commission was satisfied that the Respondents had been served with copies of the Order of the Commission dated December 19, 2011 and notice of that hearing;

AND WHEREAS Staff informed the Commission that the Respondents consented to a further extension of the Amended Temporary Order for six months;

AND WHEREAS on June 22, 2012 it was ordered that:

(i) pursuant to subsection 127(8) of the Act, the Amended Temporary Order was extended to December 21, 2012; and

(ii) the hearing to consider any further extension of the Amended Temporary Order would be held on December 20, 2012 at 10:00 a.m., or such other date and time as set by the Office of the Secretary;

AND WHEREAS on October 9, 2012, the Commission issued a Notice of Hearing pursuant to sections 127 and 127.1 of the Act, accompanied by a Statement of Allegations dated October 9, 2012, issued by Staff with respect to New Hudson Television LLC and Dmitry James Salganov, hereafter known as James Dmitry Salganov:

AND WHEREAS the Notice of Hearing stated that a hearing would be held at the offices of the Commission on October 19, 2012;

AND WHEREAS on October 19, 2012, Staff confirmed the Commission had received the affidavit of Peaches A. Barnaby sworn October 17, 2012, which indicated that the Notice of Hearing and Statement of Allegations were served on all the Respondents;

AND WHEREAS on October 19, 2012, Staff appeared and Salganov participated via telephone conference and made submissions, and Staff requested that the matter be adjourned until December 20, 2012, for a status hearing;

IT IS HEREBY ORDERED that the status hearing shall continue on December 20, 2012 at 10:00 a.m. or immediately after the hearing to consider any further extension of the Amended Temporary Order.

Dated at Toronto this 19th day of October, 2012.

"James D. Carnwath"

2.2.4 Shaun Gerard McErlean and Securus Capital Inc. – 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
SHAUN GERARD MCERLEAN AND
SECURUS CAPITAL INC.

ORDER
(Sections 127 and 127.1 of the Securities Act)

WHEREAS the Commission found on July 19, 2012 that the respondents engaged in conduct which was contrary to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "*Act*") and contrary to the public interest;

AND WHEREAS on September 21, 2012, the Commission held a hearing with respect to the sanctions and costs to be imposed in this matter;

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

IT IS ORDERED that:

(a) pursuant to s. 127(1)2 of the *Act*, all trading by the Respondents shall cease permanently;

(b) pursuant to s. 127(1)2.1 of the *Act*, the acquisition of any securities by the Respondents is prohibited permanently;

(c) pursuant to s. 127(1)3 of the *Act*, any exemptions contained in Ontario securities law do not apply to the Respondents permanently;

(d) pursuant to s. 127(1)6 of the *Act*, we hereby reprimand Shaun Gerard McErlean and Securus Capital Inc. for their conduct;

(e) pursuant to s. 127(1)8 of the *Act*, Mr. McErlean is prohibited from becoming or acting as a director or officer of any issuer permanently;

(f) pursuant to s. 127(1)8.2 of the *Act*, Mr. McErlean is prohibited from becoming or acting as a director or officer of a registrant permanently;

(g) pursuant to s. 127(1)8.4 of the *Act*, Mr. McErlean is prohibited from becoming or acting as a director or officer of an investment fund manager permanently;

(h) pursuant to s. 127(1)8.5 of the *Act*, the Respondents are prohibited from becoming or acting as a registrant, as an investment fund manager or as a promoter permanently;

(i) pursuant to s. 127(1)9 of the *Act*, Mr. McErlean and Securus shall jointly and severally pay to the Commission an administrative penalty of $500,000 each, which is designated for allocation or for use by the Commission pursuant to s. 3.4(2)(b) of the *Act*;

(j) pursuant to s. 127(1)10 of the *Act*, Mr. McErlean and Securus shall disgorge to the Commission jointly and severally the amount of $8,892,906, which is designated for allocation or for use by the Commission pursuant to s. 3.4(2)(b) of the *Act*; and

(k) pursuant to s. 127.1 of the *Act*, the respondents shall pay on a joint and several basis $250,000, representing partial costs and disbursements incurred by the Commission in the investigation and hearing.

Dated at Toronto this 24th day of October, 2012.

"Vern Krishna"

"James D. Carnwath"

2.2.5 David Rutledge and 6845941 Canada Inc. carrying on business as Anesis Investments and Ronald Mainse – s. 144

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

AND

**IN THE MATTER OF
THE COMMODITY FUTURES ACT,
R.S.O. 1990, c. C.20, AS AMENDED**

AND

**IN THE MATTER OF
DAVID RUTLEDGE AND 6845941 CANADA INC.
carrying on business as
ANESIS INVESTMENTS AND RONALD MAINSE**

**VARIATION TO THE ORDER
(Section 144 of the *Securities Act*)**

WHEREAS the Ontario Securities Commission (the "Commission") issued an order dated August 13, 2010 pursuant to sections 127(1) and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "*Securities Act*") and sections 60 and 60.1 of the *Commodity Futures Act*, R.S.O. 1990, c. C. 20, as amended (the "*Commodity Futures Act*") that David Rutledge pay to the Commission CAD 90,000.00 to be paid in accordance with a signed undertaking provided as described in paragraph 36 of the Settlement Agreement dated August 10, 2010 (the "2010 Undertaking");

AND WHEREAS David Rutledge filed an application on August 17, 2012 (the "Application") with the Commission pursuant to section 144 of the *Securities Act* and section 78 of the *Commodity Futures Act* requesting that the Commission extend the time to fulfil the 2010 Undertaking;

AND WHEREAS the Commission issued an order dated September 4, 2012 pursuant to section 144 of the *Securities Act* and section 78 of the *Commodity Futures Act* varying the order dated August 13, 2010;

AND WHEREAS the order dated September 4, 2012 and the payment undertaking dated August 29, 2012 indicated incorrectly that David Rutledge had paid CAD 46,000.00 in accordance with the 2010 Undertaking;

AND WHEREAS David Rutledge has paid CAD 37,000.00 to date in accordance with the 2010 Undertaking and has signed a new undertaking dated October 3, 2012 which indicates that he has paid CAD 37,000.00 (the "2012 Undertaking");

AND WHEREAS the Commission has received certain representations from David Rutledge in connection with the application and in connection with the incorrect amount referred to in the order dated September 4, 2012 and the payment undertaking signed on August 29, 2012;

AND WHEREAS Staff of the Commission has advised that it does not oppose the relief sought;

AND WHEREAS the Commission has determined that it is not prejudicial to the public interest to vary the Order dated August 13, 2010 to extend the payment undertaking, commencing November 1, 2012 and to correct the Order dated September 4, 2012;

IT IS ORDERED, pursuant to section 144 of the *Securities Act* and section 78 of the *Commodity Futures Act*, that paragraph (I) of the Order dated August 13, 2010, be varied in part to provide that the remainder of the CAD 90,000.00 will be paid in accordance with the 2012 Undertaking and provided to Staff of the Commission.

DATED at Toronto this 25th day of October, 2012.

"James D. Carnwath"

2.2.6 AMTE Services Inc. et al. – s.. 127(8)

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

AND

IN THE MATTER OF
AMTE SERVICES INC.,
OSLER ENERGY CORPORATION,
RANJIT GREWAL, PHILLIP COLBERT
AND EDWARD OZGA

TEMPORARY ORDER
(Subsection 127(8))

WHEREAS on October 15, 2012, pursuant to subsections 127(1) and 127(5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), the Ontario Securities Commission (the "Commission") issued the following order (the "Temporary Order") against AMTE Services Inc. ("AMTE"), Osler Energy Corporation ("Osler"), Ranjit Grewal ("Grewal"), Phillip Colbert ("Colbert") and Edward Ozga ("Ozga")(collectively, the "Respondents"):

(i) pursuant to clause 2 of subsection 127(1) of the Act, all trading by and in the securities of AMTE shall cease; all trading by and in the securities of Osler shall cease; all trading by Grewal shall cease; all trading by Colbert shall cease; and all trading by Ozga shall cease.

(ii) pursuant to clause 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to any of the Respondents.

AND WHEREAS on October 15, 2012, 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 October 16, 2012, the Commission issued a Notice of Hearing to consider the extension of the Temporary Order, to be held on October 25, 2012 at 2:00 p.m.;

AND WHEREAS on October 25, 2012, a hearing was held before the Commission and Staff of the Commission ("Staff") and counsel for Colbert appeared and made submissions;

AND WHEREAS Grewal and Ozga did not appear and no one appeared on behalf of AMTE and Osler, although properly served with the Notice of Hearing;

AND WHEREAS counsel for Colbert consented to the extension of the Temporary Order;

AND WHEREAS Staff advised the Commission that Grewal consented to the extension of the Temporary Order;

AND WHEREAS the Commission considered the evidence and submissions before it and is of the opinion that it is in the public interest to make this order;

IT IS ORDERED THAT:

1. The Temporary Order is extended until January 29, 2013 or until further order of the Commission; and

2. The hearing is adjourned until January 28, 2013 at 10:00 a.m. or on such other date or time as provided by the Office of the Secretary and agreed to by the parties.

DATED at Toronto this 25th day of October, 2012.

"Paulette L. Kennedy"

2.2.7 TMX Group Inc. – s. 1(6) of the OBCA

Headnote

Filer deemed to have ceased to be offering its securities to the public under the OBCA.

Applicable Legislative Provisions

Business Corporations Act, R.S.O. 1990, c. B.16 as am., s. 1(6).

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

AND

IN THE MATTER OF
TMX GROUP INC.
(the Applicant)

ORDER
(Subsection 1(6) of the OBCA)

UPON the application of the Applicant to the Ontario Securities Commission (the Commission) for an order pursuant to subsection 1(6) of the OBCA to be deemed to have ceased to be offering its securities to the public;

AND UPON the Applicant representing to the Commission that:

1. The Applicant is an "offering corporation" as defined in the OBCA.

2. The Applicant's authorized capital consists of an unlimited number of common shares (**Common Shares**).

3. The head office of the Applicant is located at the Exchange Tower, 130 King Street West, Toronto, Ontario, M5X 1J2.

4. On June 13, 2011, TMX Group Limited (formerly, Maple Group Acquisition Corporation) (**Maple**) made a formal offer, as subsequently varied and extended (the **Maple Offer**), to purchase a minimum of 70% to a maximum of 80% of the outstanding Common Shares. The Maple Offer expired on August 10, 2012.

5. The Maple Offer was part of an integrated acquisition transaction to acquire 100% of the Common Shares involving the first step Maple Offer followed by a second step share exchange transaction pursuant to a court-approved plan of arrangement (the **Subsequent Arrangement**) under which the remaining Common Shares (other than those held by Maple) were exchanged for common shares of Maple on a one-for-one basis.

6. On August 10, 2012, an aggregate of 59,759,757 Common Shares, which represented 80% of all outstanding Common Shares, were acquired under the Maple Offer.

7. On September 14, 2012, the remaining Common Shares that were not acquired under the Maple Offer were acquired by Maple pursuant to the Subsequent Arrangement.

8. As of the date of this decision, all of the outstanding securities of the Applicant, including debt securities, which are beneficially owned, directly or indirectly, are held by Maple as sole securityholder.

9. The Common Shares have been de-listed from the Toronto Stock Exchange, effective as of the start of trading on September 19, 2012.

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

11. The Applicant is a reporting issuer, or the equivalent, in all of the jurisdictions in Canada in which it is currently a reporting issuer and to its knowledge is currently not in default of any of the applicable requirements under the legislation. The Applicant has applied for relief to cease to be a reporting issuer in all of the jurisdictions in Canada in which it is currently a reporting issuer (the **Relief Requested**).

12. The Applicant has no intention to seek public financing by way of an offering of securities.

13. Upon the grant of the Relief Requested, the Applicant will not be a reporting issuer or equivalent in any jurisdiction of Canada.

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

IT IS HEREBY ORDERED by the Commission pursuant to subsection 1(6) of the OBCA that the Applicant be deemed to have ceased to be offering its securities to the public for the purpose of the OBCA.

DATED at Toronto on this 26th day of October, 2012

"Wesley Scott"
Commissioner
Ontario Securities Commission

"V. Krishna"
Commissioner
Ontario Securities Commission

2.2.8 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, (collectively, the "HEIR Respondents"), 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 Eric Deschamps ("Deschamps");

AND WHEREAS the hearing on the merits in this matter was scheduled to be heard on November 5, 2012, and continue thereafter on November 7-9, 12-16, 19, 21-23, and 26-30 inclusive;

AND WHEREAS on October 9, 2012, the Canyon Respondents brought a motion for, among other things, an Order adjourning the commencement of the hearing on the merits to dates mutually agreeable to all the parties;

AND WHEREAS on October 11, 2012, counsel for the HEIR Respondents brought a motion for an Order adjourning the commencement of the hearing on the merits to a date to be agreed upon by counsel for the Respondents and Staff;

AND WHEREAS on October 24, 2012, the motions brought by the Canyon Respondents and the HEIR Respondents were heard by the Commission. Staff and counsel for the HEIR Respondents attended the hearing in person. Also in attendance by telephone were Archie Robertson, Brent Borland, on behalf of himself and the Canyon Respondents, and counsel for Deschamps;

AND WHEREAS the Commission heard submissions of the parties;

AND WHEREAS Staff and the moving parties have agreed to the adjournment of the hearing to fixed dates, peremptory against the moving parties, but not against Deschamps;

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

IT IS ORDERED THAT:

1. The dates for the hearing on the merits commencing on November 5, 2012 through to November 30, 2012 are vacated;

2. The hearing on the merits in this matter will commence on April 15, 2013, and will continue thereafter on April 16-19, 22, 25, 26, 29, 30, May 1-3, 6, and 8-10, 2013. These dates are peremptory against the Canyon Respondents and the HEIR Respondents with or without counsel, but are not peremptory against Deschamps; and

3. A prehearing conference will be held on February 27, 2013 at 9:00 a.m.

DATED at Toronto this 24th day of October, 2012.

"Mary Condon"

2.2.9 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 Ontario *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 is 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 Office of the Secretary 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 Commission *Rules of Procedure* (2010), 33 O.S.C.B. 8017 (the "*Rules of Procedure*"), 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 section 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 of the Commission 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 of the Commission 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. Counsel for O'Brien also requested that the records from both the January 11 and 31, 2012 confidential prehearing conferences be sealed and treated as confidential. The Commission ordered that the hearing dates of March 12, 14, 15, 16, 19, 20, 21, 22, 23, 26 and 28, 2012 be vacated, a further confidential pre-hearing conference take place on March 12, 2012 at 10:00 a.m., and that the records from both the January 11 and 31, 2012 confidential pre-hearing conferences be sealed and treated as confidential pursuant to subsection 9(1) of the Statutory Powers Procedure Act, R.S.O. 1990, c. S.22, as amended (the "SPPA") and rule 8.1 and subrule 5.2(1) of the *Rules of Procedure*;

AND WHEREAS at the confidential pre-hearing conference on March 12, 2012, Staff and Counsel for O'Brien appeared and Counsel for O'Brien requested a confidential motion be scheduled to seek an adjournment of the hearing dates. The Commission ordered that a confidential motion take place on April 18, 2012 at 10:00 a.m., for which O'Brien shall serve and file a motion record, including any affidavits to be relied upon, by April 5, 2012 at 4:30 p.m, Staff shall serve and file any responding materials by April 12, 2012, O'Brien shall serve and file a factum by April 13, 2012, and Staff shall file its factum by April 16, 2012, and that the records from the March 12, 2012 confidential pre-hearing conference and from the April 18, 2012 confidential motion shall be 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 of Procedure*;

AND WHEREAS at the confidential motion on April 18, 2012, Staff and Counsel for O'Brien appeared and Counsel for O'Brien presented evidence and requested an adjournment of any hearing dates and that a further confidential pre-hearing conference be scheduled. Staff did not oppose the adjournment request and agreed to the scheduling of a further pre-hearing conference. The Commission ordered that a confidential pre-hearing conference shall take place on July 19, 2012 at 10:00 a.m., for which O'Brien shall deliver any materials relevant to the prehearing conference by July 9, 2012, and that the records from the July 19, 2012 confidential prehearing conference shall be 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 of Procedure*;

AND WHEREAS at the confidential pre-hearing conference on July 19, 2012, Staff and Counsel for O'Brien appeared and presented evidence and requested that a further confidential pre-hearing conference be scheduled. The Commission ordered that a confidential pre-hearing conference shall take place on September 28, 2012 at 11:00 a.m, for which O'Brien shall deliver any materials relevant to the pre-hearing conference by September 18, 2012, and that the records from the September 28, 2012 confidential pre-hearing conference shall be 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 of Procedure*;

AND WHEREAS at the confidential pre-hearing conference on September 28, 2012, Staff and Counsel for O'Brien appeared and presented evidence as contemplated at the earlier pre-hearing conference. Staff sought to set dates for a hearing on the merits, while counsel for O'Brien requested a further confidential pre-hearing conference before hearing dates are set. The Commission ordered that a confidential pre-hearing conference shall take place on October 25, 2012 at 3:00 p.m, for which O'Brien shall deliver any materials relevant to the pre-hearing conference by October 22, 2012, and that the records from the October 25, 2012 confidential pre-hearing conference shall be 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 of Procedure*;

AND WHEREAS at the confidential pre-hearing conference on October 25, 2012, Staff and Counsel for O'Brien appeared and presented evidence;

AND WHEREAS Staff did not object to Counsel for O'Brien requesting a further confidential pre-hearing conference before hearing dates are set;

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. a confidential pre-hearing conference shall take place on March 7, 2013 at 10:00 a.m;

2. O'Brien shall deliver any materials relevant to the pre-hearing conference by March 1, 2013; and

3. the records from the October 25, 2012 and March 7, 2013 confidential pre-hearing conferences shall be 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 of Procedure*.

DATED at Toronto this 25th day of October, 2012.

"Mary G. Condon"

2.2.10 Jowdat Waheed and Bruce Walter

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

AND

IN THE MATTER OF
JOWDAT WAHEED and BRUCE WALTER

ORDER

WHEREAS on January 9, 2012, the Ontario Securities Commission ("the Commission") issued a Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990 c.S.5, as amended (the "Act") in connection with a Statement of Allegations filed by Staff of the Commission ("Staff") on January 9, 2012 with respect to Jowdat Waheed and Bruce Walter (collectively, the "Respondents");

AND WHEREAS Staff and the Respondents are in the process of completing documentary disclosure;

AND WHEREAS the Respondents and Nunavut Iron Ore Acquisition Inc. (a non-party to this proceeding) ("Nunavut") have agreed to a limited waiver of privilege with respect to certain communications between the Respondents and counsel in support of a defence of legal advice;

AND WHEREAS the parties are in agreement as to the scope of the limited waiver of privilege;

AND WHEREAS Staff brought a motion before the Commission to challenge the Respondents' application of the limited waiver of privilege and, more specifically, whether redactions to 22 documents and the time entry records ("dockets") of counsel to Mr. Walter were proper given the agreed scope of the limited waiver of privilege ("Staff's Motion");

AND WHEREAS Staff and counsel for the Respondents appeared before the Commission on September 19, 2012, and made submissions with respect to Staff's Motion;

AND WHEREAS counsel to the Respondents provided the Panel with redacted and unredacted copies of the 22 documents at issue as well as the dockets at issue without providing such unredacted documents and dockets to Staff;

AND WHEREAS having reviewed the 22 documents at issue in redacted and unredacted form, the Panel is satisfied that all redactions were appropriately made as falling outside the agreed scope of the limited waiver of privilege as documented in correspondence between the parties;

AND WHEREAS upon counsel to Mr. Walter advising that her client would produce one further docket entry which had not previously been produced, namely a docket entry of Mr. Bill Gula for July 27, 2010, Staff abandoned their challenge to the redactions in the dockets;

AND WHEREAS on the agreement of all counsel, the Panel, at the conclusion of the hearing of Staff's Motion, returned to Mr. Walter's counsel the unredacted copies of the 22 documents and the dockets at issue;

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

IT IS ORDERED THAT:

1. Staff's Motion is dismissed;

2. Those portions of the transcript of the September 19, 2012, hearing in which the Panel conducted a review of the contents of the redactions and Mr. Walter's counsel made submissions regarding the contents of the redactions and/or responded to the Panel's enquiries regarding same shall be permanently sealed and may not be accessed by the public, Staff or the Commission in order to preserve the privilege of the contents of such redactions; and

3. The confidentiality of the following materials shall be preserved, subject to any final disposition of the issue that may otherwise be made by a Panel of the Commission at the hearing of this matter on the merits:

   (a) the productions contained at Tabs 2(E) and 2(F) of Staff's Motion Record;

   (b) the references to the redacted documents and dockets in paragraphs 35-36, 39-40 and 48-50 of Staff's Memorandum of Fact and Law filed for the motion; and

   (c) those portions of the hearing transcript of the September 19, 2012, motion in which the contents of (a) and (b) above are discussed.

DATED at Toronto this 19th day of September, 2012

"Christopher Portner"

2.2.11 CME Clearing Europe Limited – s. 147

Headnote

Application under section 147 of the *Securities Act* (Ontario) (Act) to exempt CME Clearing Europe Limited from recognition as a clearing agency under subsection 21.2(0.1) of the Act.

Applicable Legislative Provisions

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

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

AND

IN THE MATTER OF
CME CLEARING EUROPE LIMITED

ORDER
(Section 147 of the Act)

WHEREAS CME Clearing Europe Limited (CMECE) filed an application dated August 3, 2012 (the Application) with the Ontario Securities Commission (the Commission or OSC) requesting an Order pursuant to section 147 of the Act exempting CMECE from the requirement to be recognized by the OSC as a clearing agency pursuant to subsection 21.2(0.1) of the Act;

AND WHEREAS CMECE has represented to the Commission that:

1. CMECE is a private limited company incorporated under the laws of England and Wales;

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

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

4. CMECE has been established as part of a globalization strategy by CME Group. The associated business goal is to offer clearing services from the United Kingdom (UK) for a broad range of OTC derivatives;

5. CMECE is a Recognised Clearing House (RCH) in the UK under the Financial Services and Markets Act 2000 (FSMA);

6. The Financial Services Authority of the UK (FSA) is CMECE's primary regulator. As part of its regulatory oversight of CMECE, the FSA reviews, assesses and enforces the on-going compliance by CMECE with the requirements set out in the FSMA including financial resources; suitability; systems and controls (including the assessment and management of risks to the performance of the clearing house's functions); safeguards for investors (including access to facilities); promotion and maintenance of standards; rule-making (including default rules in respect of market contracts); and arrangements regarding discipline and complaints. CMECE understands that the U.K. government is implementing a comprehensive reform of the structure of U.K. financial services regulation which, if implemented, may involve transferring sometime in 2013 the FSA's regulatory and oversight responsibilities of systemically important financial market infrastructures to the Bank of England (the FSA and Bank of England hereinafter referred to collectively or individually as the "U.K. Authorities");

7. CMECE is required to provide to the U.K. Authorities, on request, access to all records and to cooperate with other regulatory authorities, including making arrangements for information-sharing;

8. CMECE's financial safeguards model includes clear and certain rules and procedures (and other aspects of its legal framework) governing CMECE's role as central counterparty, as well as appropriate membership criteria that are risk-based. CMECE operates a robust pricing and margining/collateral methodology. CMECE also has in place appropriate banking and custody arrangements, default resources and management processes. These components are linked by daily monitoring and oversight, undertaken by an experienced risk management team, with appropriate oversight by the Board of Directors;

9. The membership requirements of CMECE for OTC derivative clearing are publicly disclosed and are designed to permit fair and open access, while protecting CMECE and its clearing members (Clearing Members). The clearing membership requirements include fitness criteria, financial standards, operational standards and appropriate registration qualifications with applicable statutory regulatory authorities. CMECE applies a due diligence process to ensure that all applicants meet the required criteria and conducts on-going monitoring of Clearing Members;

10. CMECE currently offers clearing services for over 200 OTC commodity derivative contract types. CMECE also has plans to launch clearing services for OTC interest rate swaps in the last quarter of 2012, followed by foreign exchange and credit default swap products in the first half of 2013. Any such launch of new products requires the approval of the U.K. Authorities;

11. CMECE does not have any office or maintain other physical installations in Ontario or any other Canadian province or territory. CMECE does not have any plans to open such an office or to establish any such physical installations in Ontario or elsewhere in Canada. However, CMECE offers or proposes to offer direct clearing access in Ontario for clearing OTC derivatives products to entities that have a head office or principal place of business in Ontario (Ontario Clearing Members);

12. Section 21.2 of the Act prohibits clearing agencies from carrying on business in Ontario unless they are recognized by the Commission as a clearing agency or exempted from such recognition under s.147;

AND WHEREAS based on the Application and the representations that CMECE has made to the OSC, the Commission has determined that (i) CMECE satisfies the applicable criteria set out in Schedule "A"; and (ii) it would not be prejudicial to the public interest to grant the Order requested;

AND WHEREAS the Commission will monitor developments in international and domestic capital markets and CMECE's activities on an ongoing basis to determine whether it is appropriate that CMECE continue to be exempted from the requirement to be recognized as a clearing agency and, if so, whether it is appropriate that it continue to be exempted subject to the terms and conditions in this order;

IT IS ORDERED by the Commission that, pursuant to section 147 of the Act, CMECE is exempt from the requirement to be recognized as a clearing agency under subsection 21.2(0.1) of the Act;

PROVIDED THAT CMECE complies with the terms and conditions attached hereto as Schedule "B".

DATED at Toronto this 23rd day of October 2012

"Wesley C.M. Scott"

"Vern Krishna"

SCHEDULE "A"

Criteria for Exemption from Recognition by the OSC as a clearing agency pursuant to section 21.2(0.1) of the Act

PART 1 – GOVERNANCE

1.1 The governance structure and governance arrangements of the clearing agency ensures:

(a) effective oversight of the clearing agency;

(b) the clearing agency's activities are in keeping with its public interest mandate;

(c) fair, meaningful and diverse representation on the governing body (Board) and any committees of the Board, including a reasonable proportion of independent directors;

(d) a proper balance among the interests of the owners and the different entities seeking access (participants) to the clearing, settlement and depository services and facilities (settlement services) of the clearing agency;

(e) the clearing agency has policies and procedures to appropriately identify and manage conflicts of interest;

(f) each director or officer of the clearing agency, and each person or company that owns or controls, directly or indirectly, more than 10 percent of the clearing agency is a fit and proper person; and

(g) there are appropriate qualifications, limitation of liability and indemnity provisions for directors and officers of the clearing agency.

PART 2 FEES

2.1 All fees imposed by the clearing agency are equitably allocated. The fees do not have the effect of creating unreasonable barriers to access.

2.2 The process for setting fees is fair and appropriate, and the fee model is transparent.

PART 3 ACCESS

3.1 The clearing agency has appropriate written standards for access to its services.

3.2 The access standards and the process for obtaining, limiting and denying access are fair and transparent. A clearing agency keeps records of

(a) each grant of access including, for each participant, the reasons for granting such access, and

(b) each denial or limitation of access, including the reasons for denying or limiting access to an applicant.

PART 4 RULES AND RULEMAKING

4.1 The clearing agency's rules are designed to govern all aspects of the settlement services offered by the clearing agency, and

(a) are not inconsistent with securities legislation,

(b) do not permit unreasonable discrimination among participants, and

(c) do not impose any burden on competition that is not necessary or appropriate.

4.2 The clearing agency's rules and the process for adopting new rules or amending existing rules should be transparent to participants and the general public.

4.3 The clearing agency monitors participant activities to ensure compliance with the rules.

4.4 The rules set out appropriate sanctions in the event of non-compliance by participants.

PART 5 DUE PROCESS

5.1 For any decision made by the clearing agency that affects an applicant or a participant, including a decision in relation to access, the clearing agency ensures that:

(a) an applicant or a participant is given an opportunity to be heard or make representations; and

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

PART 6 RISK MANAGEMENT

6.1 The clearing agency's settlement services are designed to minimize systemic risk.

6.2 The clearing agency has appropriate risk management policies and procedures and internal controls in place.

6.3 Without limiting the generality of the foregoing, the clearing agency's services or functions are designed to achieve the following objectives:

1. Where the clearing agency acts as a central counterparty, it rigorously controls the risks it assumes.

2. The clearing agency minimizes principal risk by linking securities transfers to funds transfers in a way that achieves delivery versus payment.

3. Final settlement occurs no later than the end of the settlement day. Intraday or real-time finality is provided where necessary to reduce risks.

4. Where the clearing agency extends intraday credit to participants, including a clearing agency that operates net settlement systems, it institutes risk controls that, at a minimum, ensure timely settlement in the event that the participant with the largest payment obligation is unable to settle.

5. Assets used to settle the ultimate payment obligations arising from securities transactions carry little or no credit or liquidity risk. If central bank money is not used, steps are to be taken to protect participants in settlement services from potential losses and liquidity pressures arising from the failure of the cash settlement agent whose assets are used for that purpose.

6. If the clearing agency establishes links to settle cross-border trades, it designs and operates such links to reduce effectively the risks associated with cross-border settlements.

6.4 The clearing agency engaging in activities not related to settlement services carries on such activities in a manner that prevents the spillover of risk to the clearing agency that might affect its financial viability or negatively impact any of the participants in the settlement service.

PART 7 SYSTEMS AND TECHNOLOGY

7.1 For its settlement services systems, the clearing agency:

(a) develops and maintains,

(i) reasonable business continuity and disaster recovery plans,

(ii) an adequate system of internal control,

(iii) adequate information technology general controls, including controls relating to information systems operations, information security, change management, problem management, network support, and system software support;

(b) on a reasonably frequent basis, and in any event, at least annually, and in a manner that is consistent with prudent business practice,

(i) makes reasonable current and future capacity estimates,

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

(iii) tests its business continuity and disaster recovery plans; and

(c) promptly notifies the regulator of any material systems failures.

7.2 The clearing agency annually engages a qualified party to conduct an independent systems review and prepare a report in accordance with established audit standards regarding its compliance with section 7.1(a).

PART 8 FINANCIAL VIABILITY AND REPORTING

8.1 The clearing agency has sufficient financial resources for the proper performance of its functions and to meet its responsibilities and allocates sufficient financial and staff resources to carry out its functions as a clearing agency in a manner that is consistent with any regulatory requirements.

PART 9 OPERATIONAL RELIABILITY

9.1 The clearing agency has procedures and processes to ensure the provision of accurate and reliable settlement services to participants.

PART 10 PROTECTION OF ASSETS

10.1 The clearing agency has established accounting practices, internal controls, and safekeeping and segregation procedures to protect the assets that are held by the clearing agency.

PART 11 OUTSOURCING

11.1 Where the clearing agency has outsourced any of its key functions, it has appropriate and formal arrangements and processes in place that permit it to meet its obligations and that are in accordance with industry best practices. The outsourcing arrangement provides regulatory authorities with access to all data, information, and systems maintained by the third party service provider required for the purposes of regulatory oversight of the agency.

PART 12 INFORMATION SHARING AND REGULATORY COOPERATION

12.1 For regulatory purposes, the clearing agency cooperates by sharing information or otherwise with the Commission and its staff, self-regulatory organizations, exchanges, quotation and trade reporting systems, alternative trading systems, other clearing agencies, investor protection funds, and other appropriate regulatory bodies.

SCHEDULE "B"

Terms and Conditions

REGULATION OF CMECE

1. CMECE will maintain its status as a RCH with the U.K. Authorities and will continue to be subject to the regulatory oversight of the U.K. Authorities.

2. CMECE will continue to meet the criteria set out in Schedule “A”.

FILING REQUIREMENTS

Filings with U.K. Authorities

3. CMECE will provide staff of the Commission, concurrently, the following information that it is required to provide to or file with the U.K. Authorities:

   (a) the annual audited financial statements of CMECE;

   (b) the institution of any legal proceeding against it;

   (c) the presentation of a petition for winding up, the appointment of a receiver or the making of any voluntary arrangement with creditors;

   (d) changes and proposed changes to its bylaws, rules, operations manual, participant agreements and other similar instruments or documents of CMECE which contain any contractual terms setting out the respective rights and obligations between CMECE and Clearing Members or among Clearing Members;

   (e) new types of products to be offered for clearing to Clearing Members or products that will no longer be available for clearing to Clearing Members;

   (f) the CME Clearing Europe Risk Committee Quarterly Report or other materials that provide equivalent risk management information.

Prompt Notice

4. CMECE will promptly notify staff of the Commission of any of the following:

   (a) any material change to its business or operations or the information as provided in the Application;

   (b) any material problem with the clearance and settlement of transactions that could materially affect the financial safety and soundness of CMECE;

   (c) an event of default by a Clearing Member;

   (d) any material change or proposed material change in CMECE’s RCH status or the regulatory oversight by the U.K. Authorities;

   (e) any new services (including client clearing) or clearing of new products that are proposed to be offered to Ontario Clearing Members.

Quarterly Reporting

5. CMECE will maintain the following updated information and submit such information to the Commission in a manner and form acceptable to the Commission on at least a quarterly basis, and at any time promptly upon the request of staff of the Commission:

   (a) a current list of all Ontario Clearing Members;

   (b) a list of all Ontario Clearing Members against whom disciplinary action has been taken in the last quarter by CMECE or the U.K. Authorities with respect to activities at CMECE;

(c) a list of all investigations by CMECE relating to Ontario Clearing Members;

(d) a list of all Ontario applicants who have been denied Clearing Member status by CMECE;

(e) the average daily volume and value of trades cleared by asset class during the previous quarter, for each Ontario Clearing Member;

(f) the portion of total volume and value of trades cleared by asset class during the previous quarter for all Clearing Members that represents the total volume and value of trades cleared during the previous quarter for each Ontario Clearing Member; and

(g) any other information in relation to an OTC derivative cleared by CMECE as may be required by the Commission from time to time to carry out the Commission's mandate.

INFORMATION SHARING

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

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

SUBMISSION TO JURISDICTION AND AGENT FOR SERVICE

8. With respect to a proceeding brought by the Commission arising out of, related to, concerning or in any other manner connected with the Commission's regulation and oversight of CMECE's activities in Ontario, CMECE will submit to the non-exclusive jurisdiction of (i) the courts and administrative tribunals of Ontario and (ii) an administrative proceeding in Ontario.

9. For greater certainty, CMECE will file with the Commission a valid and binding appointment of an agent for service in Ontario upon whom may be served a notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal, penal or other proceeding arising out of or relating to or concerning the activities of CMECE in Ontario.

2.2.12 Sino-Forest Corporation 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
SINO-FOREST CORPORATION, ALLEN CHAN,
ALBERT IP, ALFRED C.T. HUNG, GEORGE HO
AND SIMON YEUNG**

**TEMPORARY ORDER
(Subsections 127(7) and 127(8))**

WHEREAS on August 26, 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"), subsequently varied by the Commission pursuant to an order under section 144(1) of the Act on the same day (together, the "Temporary Order"), with respect to Sino-Forest Corporation ("Sino-Forest"), Allen Chan ("Chan"), Albert Ip ("Ip"), Alfred C.T. Hung ("Hung"), George Ho ("Ho") and Simon Yeung ("Yeung"), (collectively the "Respondents") ordering:

1) pursuant to paragraph 2 of section 127(1) of the Act that all trading in the securities of Sino-Forest shall cease (the "General Cease Trade Order");

2) pursuant to paragraph 2 of section 127(1) of the Act that all trading in securities by Chan, Ip, Hung, Ho and Yeung (collectively, the "Individual Respondents") shall cease (the "Individual Respondents' Cease Trade Order"); and

3) pursuant to section 127(6) of the Act that this order shall take effect immediately and expire on the fifteenth day after its making unless extended by order of the Commission;

AND WHEREAS on September 8, 2011, the Temporary Order was extended by order of the Commission until January 25, 2012;

AND WHEREAS on September 15, 2011, the Temporary Order was further varied by order of the Commission pursuant to section 144(1) of the Act in the matter of Canadian Derivatives Clearing Corporation (the "CDCC Order") but otherwise remained in effect, unamended except as expressly provided in the CDCC Order;

AND WHEREAS on January 23, 2012, the Temporary Order was extended by order of the Commission until April 16, 2012;

AND WHEREAS on April 13, 2012, the Temporary Order was extended by order of the Commission until July 16, 2012 and the hearing in this matter was adjourned to July 12, 2012, at 10:00 a.m.;

AND WHEREAS on May 22, 2012, Staff of the Commission issued a Statement of Allegations against the Respondents and David Horsley, the former Chief Financial Officer of Sino-Forest (the "Statement of Allegations");

AND WHEREAS on July 12, 2012, the General Cease Trade Order was extended by order of the Commission until October 15, 2012 and the Individual Respondents' Cease Trade Order was extended until the final disposition of the matter related to the Statement of Allegations, including, if appropriate, any final determination with respect to sanctions and costs;

AND WHEREAS on July 12, 2012, the hearing in this matter was adjourned to October 10, 2012 at 10:00 a.m.;

AND WHEREAS on October 10, 2012, the General Cease Trade Order was extended by order of the Commission until October 29, 2012 and the hearing in this matter was adjourned to October 26, 2012 at 10:00 a.m.;

AND WHEREAS on October 26, 2012, counsel for Staff submitted to the Commission that the General Cease Trade Order should be extended, and counsel for Sino-Forest consented to the extension of the General Cease Trade Order until January 21, 2013;

AND WHEREAS Sino-Forest remains in default of its continuous disclosure requirements under National Instrument 51-102;

AND WHEREAS the lack of disclosure by Sino-Forest does not provide satisfactory assurance that an orderly market in the securities of Sino-Forest can be maintained;

AND WHEREAS Staff's investigation is on-going;

AND WHEREAS counsel for Staff and counsel for Sino-Forest provided information with respect to the status of a Sino-Forest proceeding before the Ontario Superior Court of Justice pursuant to the Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36;

AND WHEREAS satisfactory information that the Temporary Order should not be extended has not been provided to the Commission pursuant to subsection 127(8) of the Act;

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 General Cease Trade Order;

IT IS HEREBY ORDERED that pursuant to subsections 127(7) and (8) of the Act the General Cease Trade Order is extended until January 21, 2013;

IT IS FURTHER ORDERED that the hearing in this matter is adjourned to January 17, 2013, at 10:00 a.m. or such other time as determined by the Secretary's Office.

Dated at Toronto this 26th day of October, 2012.

"Mary G. Condon"

"James E. A. Turner"

"Sinan O. Akdeniz"

2.2.13 American Heritage Stock Transfer Inc. et al. – s. 127(7)

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

AND

IN THE MATTER OF
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

TEMPORARY ORDER
Section 127(7))

WHEREAS on April 1, 2011, the Ontario Securities Commission (the "Commission") issued an order pursuant to sections 127(1) and 127(5) of the *Securities Act*, R.S.O. 1990, c.S.5, as amended (the "Act") (the "Temporary Order") that immediately and for a period of 15 days from the date thereof provided that, inter alia, all trading by Andrea Lee McCarthy ("McCarthy") shall cease;

AND WHEREAS on April 4, 2011, the Commission issued a Notice of Hearing (the "Notice of Hearing") to consider the extension of the Temporary Order, to be held on April 14, 2011 at 10:00 a.m.;

AND WHEREAS on April 14, 2011, the Temporary Order was extended until April 28, 2011;

AND WHEREAS on April 27, 2011, a hearing was held before the Commission and Staff of the Commission ("Staff"), and counsel for the respondents Curry, Mateyak, AHST Nevada and AHST Ontario, appeared before the Commission and made submissions;

AND WHEREAS counsel for the respondent McCarthy consented on behalf of her client to the continuation of the Temporary Order;

AND WHEREAS the Commission considered the evidence and submissions of the Commission and counsel and was of the opinion that it was in the public interest to order that the Temporary Order be extended to September 9, 2011 or until further order of the Commission;

AND WHEREAS on September 8, 2011, the Temporary Order was extended until November 24, 2011;

AND WHEREAS on November 23, 2011, the Temporary Order was extended until December 22, 2011;

AND WHEREAS on December 21, 2011, the Temporary Order was extended until January 27, 2012;

AND WHEREAS on January 26, 2012, the Temporary Order was extended until February 17, 2012;

AND WHEREAS on January 27, 2012, a Notice of Hearing was issued against the Respondents 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.;

AND WHEREAS on February 16, 2012, the Temporary Order was extended until March 26, 2012;

AND WHEREAS on March 23, 2012, a hearing was held before the Commission and both Staff and counsel made submissions. After considering the submissions of counsel and evidence presented, the Commission determined that the Temporary Order should be extended against the remaining Respondents until the conclusion of the merits hearing in this matter;

AND WHEREAS the merits hearing was scheduled to commence on November 12, 2012;

AND WHEREAS by Order of the Commission dated October 17, 2012, the hearing on the merits will proceed as a written hearing;

AND UPON reviewing the Notice of Application, and the Affidavit of Andrea McCarthy, and the consent of Commission 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) Clause f. of the Temporary Order be amended to read as follows:

f. all trading by McCarthy shall cease, with the exception that McCarthy shall be permitted, through a registered dealer, to sell only the securities held on the date of this order in her Registered Retirement Savings Plan (as defined in the *Income Tax Act* (Canada)) with the Independent Planning Group;

DATED AT TORONTO this 29th day of October, 2012.

"James D. Carnwath"

2.2.14 Shallow Oil & Gas Inc. et al. – s. 127

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

AND

IN THE MATTER OF
SHALLOW OIL & GAS INC., ERIC O'BRIEN,
ABEL DA SILVA, ABRAHAM HERBERT GROSSMAN
also known as ALLEN GROSSMAN and KEVIN WASH

ORDER
(Section 127)

WHEREAS on January 16, 2008, the Ontario Securities Commission ("the Commission") issued a Temporary Order pursuant to subsections 127(1) and (5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") that: (i) all trading in securities by Shallow Oil & Gas Inc. ("Shallow Oil") shall cease and that all trading in Shallow Oil securities shall cease; and (ii) Eric O'Brien ("O'Brien"), Abel Da Silva ("Da Silva"), and Abraham Herbert Grossman, also known as Allen Grossman ("Grossman"), cease trading in all securities (the "Temporary Order");

AND WHEREAS on June 19, 2008, following a hearing before the Commission, the Commission ordered:

1. The Temporary Order be extended until the completion of the hearing on the merits; and

2. Pursuant to subsection 127(5) of the Act, that Kevin Wash ("Wash") cease trading in any securities (the "Second Temporary Order");

AND WHEREAS on November 25, 2008, the Commission ordered that the Second Temporary Order be extended until the conclusion of the hearing on the merits in this matter;

AND WHEREAS on December 15, 2011, it was ordered that the hearing on the merits shall commence on June 18, 2012, and shall continue on June 20, 21, and 22, 2012, or on such further or other dates as may be agreed to by the parties and fixed by the Office of the Secretary;

AND WHEREAS an Amended Notice of Hearing was issued on May 14, 2012, accompanied by an Amended Statement of Allegations filed by Staff with respect to Shallow Oil, O'Brien, Da Silva, Grossman and Wash;

AND WHEREAS on May 29, 2012, Staff indicated that they would be requesting, pursuant to Rule 11 of the Commission's *Rules of Procedure* (2010), 33 OSCB 8017, that all or substantially all of the hearing on the merits be conducted as a written hearing;

AND WHEREAS on May 29, 2012, the Commission advised the parties that it would hear oral submissions in respect of Staff's request for a written hearing at the outset of the hearing on June 18, 2012;

AND WHEREAS on June 18, 2012, Staff appeared before the Commission for the hearing on the merits, and no-one appeared on behalf of the Respondents;

AND WHEREAS on June 18, 2012, Staff withdrew their request for a written hearing;

AND WHEREAS on June 18, 2012 the Commission was unable to hear this matter in the manner contemplated in the Order of December 15, 2011 due to a scheduling conflict and ordered that the hearing be adjourned to commence on October 29, 2012;

AND WHEREAS on October 29, 2012, Wash and counsel for Staff appeared;

AND WHEREAS on October 29, 2012, Wash signed an agreed statement of facts (the "Agreed Statement of Facts") which was filed with the Commission;

AND WHEREAS in the Agreed Statement of Facts, Wash admitted and acknowledged that he engaged in conduct such that he contravened Ontario securities law and acted contrary to the public interest in the following ways:

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

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

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

IT IS HEREBY ORDERED that a sanctions hearing with respect to Wash shall commence on November 15, 2012 at 10:00 a.m. at the offices of the Commission, 20 Queen Street West, 17th Floor, Toronto, Ontario.

DATED at Toronto this 29th day of October, 2012.

"James E. A. Turner"

2.2.15 The Options Clearing Corporation – s. 147

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

AND

IN THE MATTER OF
THE OPTIONS CLEARING CORPORATION

ORDER
(Section 147 of the Act)

WHEREAS The Options Clearing Corporation (**OCC**) has filed an application dated August 17, 2012 (**Application**) with the Ontario Securities Commission (**Commission**) requesting an order pursuant to section 147 of the Act exempting OCC from the requirement to be recognized by the Commission as a clearing agency pursuant to section 21.2(0.1) of the Act.

AND WHEREAS OCC has represented to the Commission that:

1.1 OCC is a corporation organized under the laws of the state of Delaware and was founded in 1973.

1.2 OCC is registered as a clearing agency under Section 17A of the United States (**U.S.**) Securities Exchange Act of 1934 (**Exchange Act**) and as a derivatives clearing organization (**DCO**) under Section 7a-1 of the U.S. Commodity Exchange Act (**CEA**). It has been designated by the U.S. Financial Stability Oversight Council as a "systematically important" financial market utility under Title VIII of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

1.3 In the U.S., OCC operates under the jurisdiction of both the Securities and Exchange Commission (**SEC**) and the Commodity Futures Trading Commission (**CFTC**). Under the SEC's jurisdiction, OCC clears or is qualified to clear transactions in "standardized options," as defined in SEC regulations. These include options on common stocks and other equity issues, stock indices (including volatility, variance, and strategy-based indices), foreign currencies, interest rate composites, and credit default options. Under SEC jurisdiction, OCC also clears futures on single equity issues and narrow-based stock indices (**security futures**). As a registered DCO under CFTC jurisdiction, OCC offers clearing and settlement services for transactions in commodity futures (*i.e.*, futures other than security futures) and options on commodity futures.

1.4 The Exchange Act establishes conditions that registered clearing agencies must satisfy relating to, among other things, the clearing agency's capacity to promptly and accurately clear and settle transactions, safeguarding of funds and securities, enforcement of the clearing agency's rules, equitable allocation of fees and charges among participants, and avoiding any unnecessary burden on competition. Similarly, the CEA establishes core principles with which registered DCOs must comply relating to, among other things, financial resources, appropriate admission and eligibility standards for participants, risk management, timely completion of settlements, ensuring the safety of funds and enforcement of the DCO's rules.

1.5 Because the overwhelming majority of OCC's business relates to clearing securities, the CFTC historically has deferred to the SEC as the lead regulator except in connection with matters specifically related to the clearing of transactions in commodity futures, options on such futures or other products subject to the CFTC's jurisdiction and compliance with the CEA and the CFTC's regulations thereunder.

1.6 In Quebec, OCC has received an exemption from certain requirements of the *Derivatives Act* (Quebec) in connection with its business and operations as a clearing house, subject to conditions.

1.7 OCC is owned equally by the following five participant securities exchanges that trade options, all of which are currently registered with the SEC:

(i) Chicago Board Options Exchange;

(ii) International Securities Exchange;

(iii) NYSE Amex (formerly the American Stock Exchange)

(iv) NYSE Arca (formerly the Pacific Stock Exchange); and

(v) NASDAQ OMX PHLX (formerly the Philadelphia Stock Exchange).

1.8 In addition to the five stockholder exchanges, OCC also performs clearing and settlement functions for other securities and futures exchanges.

1.9 OCC currently clears options traded on the U.S. securities exchanges named above, security futures traded on OneChicago, LLC, and commodity futures and in some cases options on commodity futures traded on four U.S. futures exchanges. OCC also clears stock loan transactions executed on a broker-to-broker basis and on AQS, an electronic trading platform regulated by the SEC and by the U.S. Financial Industry Regulatory Authority as an automated trading system. OCC intends to clear OTC derivatives beginning in late 2012 or the first quarter of 2013.

1.10 OCC operates as a not-for-profit industry utility and refunds excess revenues to its members (**Clearing Members)**.

1.11 OCC currently clears the following products:

(i) Options on equity securities (including exchange-traded funds);

(ii) Options on stock indices (including volatility indices);

(iii) Foreign currency options;

(iv) Interest rate options (cash settled options on the yields of U.S. Treasury securities);

(v) Credit default options;

(vi) Interest rate futures;

(vii) Security futures, including single stock futures and narrow-based stock index futures;

(viii) Broad-based stock index, volatility and variance futures;

(ix) Options on commodity futures; and

(x) Stock loan transactions.

1.12 OCC does not have any office or maintain other physical installations in Ontario or any other Canadian province or territory.

1.13 OCC has approximately 120 Clearing Members, who are U.S. registered broker-dealers, futures commission merchants and non-U.S. securities firms.

1.14 OCC allows entities that have a head office or principal place of business in Ontario and dealers that are registered in Ontario that meet the criteria set out in its Rules (collectively, **Ontario Clearing Members**) to become Clearing Members.

1.15 OCC currently has five Clearing Members that are Ontario Clearing Members.

1.16 Additionally, OCC currently has one approved clearing bank with a head office or principal place of business in Ontario. As an OCC approved clearing bank, the bank provides settlement services for exchange transactions on behalf of the Ontario Clearing Members. Such services may include, but not be limited to, the payment and release of margin, payment and rebate of fees, and the payment and withdrawal of option premiums.

1.17 OCC initiates no direct contact with Canadian clients of Ontario Clearing Members.

1.18 OCC submits that it does not pose a significant risk to the Ontario capital markets and is subject to an appropriate regulatory and oversight regime in a foreign jurisdiction.

1.19 OCC maintains rigorous Clearing Member criteria that all applicants must satisfy before their applications are accepted, including fitness criteria, review of corporate constating documentation, financial standards, operational standards, appropriate registration qualifications with applicable statutory regulatory authorities, and OCC applies a due diligence process to ensure that all applicants meet the required criteria.

1.20 There are no material differences in terms of membership standards and financial requirements between Ontario Clearing Members and other Clearing Members.

1.21 OCC utilizes processes to minimize systemic risk, which processes include operational and financial criteria for all clearing members, margining and financial protections, the maintenance of a clearing/guarantee fund, sound information systems, comprehensive internal controls, ongoing monitoring of clearing members, and appropriate oversight by the Board of Directors.

1.22 As OCC has Ontario Clearing Members, it is considered by the Commission to be "carrying on business as a clearing agency" in Ontario. OCC cannot carry on business in Ontario as a clearing agency unless it is recognized by the OSC as a clearing agency under subsection 21.2(0.1) of the Act or exempted from such recognition under section 147 of the Act.

1.23 Based on the facts and representations set out in the Application, OCC satisfies the criteria set out in Schedule "A" to this order.

AND WHEREAS based on the Application and the representations of OCC to the Commission, the Commission has determined that OCC satisfies the criteria set out in Schedule "A" and that the granting of exemption from the requirement to be recognized as a clearing agency would not be prejudicial to the public interest;

AND WHEREAS the Commission will monitor developments in international and domestic capital markets and OCC's activities on an ongoing basis to determine whether it is appropriate that OCC continue to be exempted from the requirement to be recognized as a clearing agency and, if so, whether it is appropriate that it continue to be exempted subject to the terms and conditions in this order;

IT IS ORDERED by the Commission that pursuant to section 147 of the Act, OCC is exempt from the requirement to be recognized as a clearing agency under subsection 21.2(0.1) of the Act.

PROVIDED THAT OCC complies with the terms and conditions attached hereto as Schedule "B".

DATED October 30, 2012.

"S. Kavanagh"

"C. Portner"

SCHEDULE "A"

Criteria for Exemption from Recognition by the OSC as a clearing agency pursuant to section 21.2(0.1) of the Act

PART 1 GOVERNANCE

1.1 The governance structure and governance arrangements of the clearing agency ensures:

(a) effective oversight of the clearing agency;

(b) the clearing agency's activities are in keeping with its public interest mandate;

(c) fair, meaningful and diverse representation on the governing body (Board) and any committees of the Board, including a reasonable proportion of independent directors;

(d) a proper balance among the interests of the owners and the different entities seeking access (participants) to the clearing, settlement and depository services and facilities (settlement services) of the clearing agency;

(e) the clearing agency has policies and procedures to appropriately identify and manage conflicts of interest;

(f) each director or officer of the clearing agency, and each person or company that owns or controls, directly or indirectly, more than 10 percent of the clearing agency is a fit and proper person; and

(g) there are appropriate qualifications, limitation of liability and indemnity provisions for directors and officers of the clearing agency.

PART 2 FEES

2.1 All fees imposed by the clearing agency are equitably allocated. The fees do not have the effect of creating unreasonable barriers to access.

2.2 The process for setting fees is fair and appropriate, and the fee model is transparent.

PART 3 ACCESS

3.1 The clearing agency has appropriate written standards for access to its services.

3.2 The access standards and the process for obtaining, limiting and denying access are fair and transparent. A clearing agency keeps records of

(a) each grant of access including, for each participant, the reasons for granting such access, and

(b) each denial or limitation of access, including the reasons for denying or limiting access to an applicant.

PART 4 RULES AND RULEMAKING

4.1 The clearing agency's rules are designed to govern all aspects of the settlement services offered by the clearing agency, and

(a) are not inconsistent with securities legislation,

(b) do not permit unreasonable discrimination among participants, and

(c) do not impose any burden on competition that is not necessary or appropriate.

4.2 The clearing agency's rules and the process for adopting new rules or amending existing rules should be transparent to participants and the general public.

4.3 The clearing agency monitors participant activities to ensure compliance with the rules.

4.4 The rules set out appropriate sanctions in the event of non-compliance by participants.

PART 5 DUE PROCESS

5.1 For any decision made by the clearing agency that affects an applicant or a participant, including a decision in relation to access, the clearing agency ensures that:

(a) an applicant or a participant is given an opportunity to be heard or make representations; and

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

PART 6 RISK MANAGEMENT

6.1 The clearing agency's settlement services are designed to minimize systemic risk.

6.2 The clearing agency has appropriate risk management policies and procedures and internal controls in place.

6.3 Without limiting the generality of the foregoing, the clearing agency's services or functions are designed to achieve the following objectives:

1. Where the clearing agency acts as a central counterparty, it rigorously controls the risks it assumes.

2. The clearing agency minimizes principal risk by linking securities transfers to funds transfers in a way that achieves delivery versus payment.

3. Final settlement occurs no later than the end of the settlement day. Intraday or real-time finality is provided where necessary to reduce risks.

4. Where the clearing agency extends intraday credit to participants, including a clearing agency that operates net settlement systems, it institutes risk controls that, at a minimum, ensure timely settlement in the event that the participant with the largest payment obligation is unable to settle.

5. Assets used to settle the ultimate payment obligations arising from securities transactions carry little or no credit or liquidity risk. If central bank money is not used, steps are to be taken to protect participants in settlement services from potential losses and liquidity pressures arising from the failure of the cash settlement agent whose assets are used for that purpose.

6. If the clearing agency establishes links to settle cross-border trades, it designs and operates such links to reduce effectively the risks associated with cross-border settlements.

6.4 The clearing agency engaging in activities not related to settlement services carries on such activities in a manner that prevents the spillover of risk to the clearing agency that might affect its financial viability or negatively impact any of the participants in the settlement service.

PART 7 SYSTEMS AND TECHNOLOGY

7.1 For its settlement services systems, the clearing agency:

(a) develops and maintains,

(i) reasonable business continuity and disaster recovery plans,

(ii) an adequate system of internal control,

(iii) adequate information technology general controls, including controls relating to information systems operations, information security, change management, problem management, network support, and system software support;

(b) on a reasonably frequent basis, and in any event, at least annually, and in a manner that is consistent with prudent business practice,

(i) makes reasonable current and future capacity estimates,

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

(iii) tests its business continuity and disaster recovery plans; and

(c) promptly notifies the regulator of any material systems failures.

7.2 The clearing agency annually engages a qualified party to conduct an independent systems review and prepare a report in accordance with established audit standards regarding its compliance with section 7.1(a).

PART 8 FINANCIAL VIABILITY AND REPORTING

8.1 The clearing agency has sufficient financial resources for the proper performance of its functions and to meet its responsibilities and allocates sufficient financial and staff resources to carry out its functions as a clearing agency in a manner that is consistent with any regulatory requirements.

PART 9 OPERATIONAL RELIABILITY

9.1 The clearing agency has procedures and processes to ensure the provision of accurate and reliable settlement services to participants.

PART 10 PROTECTION OF ASSETS

10.1 The clearing agency has established accounting practices, internal controls, and safekeeping and segregation procedures to protect the assets that are held by the clearing agency.

PART 11 OUTSOURCING

11.1 Where the clearing agency has outsourced any of its key functions, it has appropriate and formal arrangements and processes in place that permit it to meet its obligations and that are in accordance with industry best practices. The outsourcing arrangement provides regulatory authorities with access to all data, information, and systems maintained by the third party service provider required for the purposes of regulatory oversight of the agency.

PART 12 INFORMATION SHARING AND REGULATORY COOPERATION

12.1 For regulatory purposes, the clearing agency cooperates by sharing information or otherwise with the Commission and its staff, self-regulatory organizations, exchanges, quotation and trade reporting systems, alternative trading systems, other clearing agencies, investor protection funds, and other appropriate regulatory bodies.

SCHEDULE "B"

Terms and Conditions

REGULATION OF OCC

1. OCC will maintain its registration as a clearing agency with the SEC and as a DCO with the CFTC and will continue to be subject to the regulatory oversight of the SEC and CFTC.

2. OCC will continue to meet the Criteria for Exemption from Recognition as a Clearing Agency as set out in Schedule "A".

FILING REQUIREMENTS

SEC/CFTC Filings

3. OCC will provide staff of the Commission, concurrently, the following information to the extent that it is required to file such information with the SEC or the CFTC or to the extent it routinely prepares and provides such information to the SEC or the CFTC:

   (a) the annual audited financial statements of OCC;

   (b) details of any material legal proceeding instituted against it;

   (c) notification that OCC has failed to comply with an undisputed obligation to pay money or deliver property to a Clearing Member for a period of thirty days after receiving notice from the Clearing Member of OCC's past due obligation;

   (d) notification that OCC has instituted a petition for a judgment of bankruptcy or insolvency or similar relief, or to wind up or liquidate OCC or has a proceeding for any such petition instituted against it;

   (e) the appointment of a receiver or the making of any voluntary arrangement with creditors;

   (f) changes and proposed changes to its bylaws, rules, operations manual, participant agreements and other similar instruments or documents which contain any contractual terms setting out the respective rights and obligations between OCC and Clearing Members or among Clearing Members;

   (g) A summary of risk management test results related to the adequacy of required margin and the level of the guaranteed fund, including but not limited to stress testing and back testing results; and

   (h) new services or clearing of new types of products to be offered to Ontario Clearing Members or services or products that will no longer be available to Ontario Clearing Members.

Prompt Notice

4. OCC will promptly notify staff of the Commission of any of the following:

   (a) a material change to its business or operations or the information in the Application;

   (b) a material problem with the clearance and settlement of transactions in contracts that could materially affect the safety and soundness of OCC;

   (c) initiation of suspension proceedings by OCC against a Clearing Member; and

   (d) a material change or proposed material change in OCC's status as a derivatives clearing agency or DCO or to the regulatory oversight by the SEC or the CFTC.

Quarterly Reporting

5. OCC will maintain the following updated information and submit such information to the Commission in a manner and form acceptable to the Commission on at least a quarterly basis, and at any time promptly upon the request of staff of the Commission:

(a) a current list of all Ontario Clearing Members;

(b) a list of all Ontario Clearing Members against whom disciplinary action has been taken in the previous quarter by OCC, or by the SEC or the CFTC with respect to activities on OCC;

(c) a list of all investigations by OCC relating to Ontario Clearing Members;

(d) a list of all Ontario applicants who have been denied Clearing Member status in OCC in the previous quarter;

(e) the average daily volume of trades cleared during the previous quarter for each Ontario Clearing Member by product type;

(f) the average daily value of assets loaned through OCC's stock loan facility during the previous quarter for each Ontario Clearing Member, provided that if OCC is unable to submit the average daily value of assets loaned through OCC's stock loan facility, OCC will alternatively submit the value of assets loaned through OCC's stock loan facility as of the last day of the month on a monthly basis;

(g) the portion of total volume of trades cleared during the previous quarter for all Clearing Members that represents the total volume of trades cleared during the previous quarter for each Ontario Clearing Member;

(h) the portion of total value of assets loaned during the previous quarter for all Clearing Members that represents the total value of assets loaned during the previous quarter for each Ontario Clearing Member;

(i) the aggregate total margin amount required by OCC ending on the last trading day during the pervious quarter for each Ontario Clearing Member;

(j) the portion of the total margin required by OCC ending on the last trading day of the previous quarter for all Clearing Members that represents the total margin required during the previous quarter for each Ontario Clearing Member;

(k) the Clearing Fund Status Report ending on the last trading day during the previous quarter for each Ontario Clearing Member; and

(l) any other information in relation to an OTC derivative cleared by OCC as may be required by the Commission from time to time in order to carry out the Commission's mandate.

INFORMATION SHARING

6. OCC will provide such information as may be requested from time to time by, and otherwise cooperate with, the Commission or its staff with respect to matters subject to the Commission's jurisdiction.

7. OCC will share information with and otherwise cooperate with other recognized and exempt clearing agencies as appropriate.

SUBMISSION TO JURISDICTION AND AGENT FOR SERVICE

8. With respect to a proceeding brought by the Commission arising out of, related to, concerning or in any other manner connected with the Commission's regulation and oversight of OCC's activities in Ontario, OCC will submit to the non-exclusive jurisdiction of (i) the courts and administrative tribunals of Ontario and (ii) an administrative proceeding in Ontario.

9. OCC will file with the Commission a valid and binding appointment of an agent for service in Ontario upon whom the Commission may serve a notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal, penal or other proceeding arising out of or relating to or concerning the Commission's regulation and oversight of OCC's activities in Ontario.

Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions, Orders and Rulings

3.1.1 Shaun Gerard McErlean and Securus Capital Inc. – 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
SHAUN GERARD MCERLEAN AND
SECURUS CAPITAL INC.

REASONS FOR DECISION ON SANCTIONS AND COSTS
(Sections 127 and 127.1 of the Securities Act)

Hearing:	September 21, 2012		
Decision:	October 24, 2012		
Panel:	Vern Krishna, Q.C.	–	Commissioner and Chair of the Panel
	James D. Carnwath, Q.C.	–	Commissioner
Appearances:	Matthew Britton	–	For Staff of the Commission
	Self-Represented	–	Shaun Gerard McErlean
	No one appeared on behalf of Securus Capital Inc.		

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III. CONCLUSION

I. OVERVIEW

A. The Merits Decision

[1] The hearing on the merits in this matter began November 14, 2011 and ended on June 18, 2012 (*Re McErlean* (2012), 35 O.S.C.B. 6859 (the "**Merits Decision**")). The hearing was held to consider whether Shaun Gerard McErlean ("**Mr. McErlean**") and Securus Capital Inc. ("**Securus**") contravened Ontario securities laws and/or acted contrary to the public interest under the *Securities Act*, R.S.O. 1990, c. S.5 (the "***Act***"). This panel of the Ontario Securities Commission (the "Commission") found that:

(a) the Respondents engaged in or participated in an act, practice or course of conduct relating to securities that the Respondents knew, or reasonably ought to have known, perpetrated a fraud on any person or company, contrary to s. 126.1(b) of the *Act*;

(b) Mr. McErlean traded securities without being registered to trade securities and without an exemption from the dealer registration requirement, contrary to s. 25(1)(a) of the *Act*;

(c) between September 29, 2009 and August 12, 2010, without an exemption from the dealer registration requirement, the Respondents engaged in or held themselves out to be engaged in the business of trading securities without being registered in accordance with Ontario securities law, contrary to s. 25(1) of the *Act*;

(d) Mr. McErlean acted as an adviser without registration and without an exemption from the adviser registration requirement, contrary to s. 25(1)(c) of the *Act*;

(e) the Respondents, without an exemption from the adviser registration requirement, engaged in the business of, or held themselves out as engaging in the business of, advising with respect to investing in, buying or selling securities without being registered in accordance with Ontario securities law, contrary to s. 25(3) of the *Act*;

(f) the Respondents traded securities which was a distribution of securities without having filed a preliminary prospectus or a prospectus with the Director or having an exemption from the prospectus requirement, contrary to s. 53(1) of the *Act*;

(g) Mr. McErlean, as a director of Securus authorized, permitted or acquiesced in the conduct of Securus contrary to s. 129.2 of the *Act* and Ontario securities law.

(Merits Decision, above at para. 216)

B. Summary of the Findings

[2] In the Merits Decision, we made the following findings in respect of the conduct of the Respondents:

(a) Mr. McErlean's fraudulent activities flowed from his interaction with three sets of investors – the Aquiesce investors, the German investors and Ms. LK. We found that Mr. McErlean represented to all the investors that their money would be segregated in a separate account and would be used as collateral for investments in guaranteed, high-return trading. None of the money from the three sets of investors was used for that purpose. None of the money was kept separate and apart from the Securus bank account as was represented to the investors. Steps were taken by Mr. McErlean through the use of fake screenshots and fake bank account numbers to deceive investors into thinking their funds were separate and secure. All of the investor funds were used by Mr. McErlean to pay personal expenses, to repay previous investors and to invest in private companies in which he or his family members had a financial interest (Merits Decision, above at para. 204).

(b) Mr. McErlean's dishonest acts caused investors' funds to be placed at risk or lost entirely. Funds were used to pay off personal expenses and repay previous investors. Other funds were used to make capital contributions into high-risk enterprises. It matters not whether these investments were successful, which they were not. His actions exposed the investors to risk. These actions constitute the actus reus of fraud (Merits Decision, above at para. 205).

(c) We rejected entirely Mr. McErlean's evidence that the German intermediaries concocted fake evidence and forged his signature to implicate him in wrongdoing. We found he attempted to deceive the Panel. Nothing in the documentary evidence supported his claim that he is the victim of fraudulent conduct. We found the mental element of fraud to have been established (Merits Decision, above at para. 210).

(d) We found that Mr. McErlean engaged in trading securities. The agreements between the investors and Securus were investment contracts which are included in the definition of a security under the *Act*. Investors advanced the funds with the expectation of profit. Fortunes of the investors depended upon the efforts of Mr. McErlean. His efforts affected the success or failure of those investments. He traded securities while not registered to trade nor was he exempt from the dealer registration requirement (Merits Decision, above at paras. 211-212).

(e) Mr. McErlean held himself out to be engaged in the investment business, invited investors to advance money to Securus on the understanding that the money would be pooled and used to enable him to trade securities. In doing so, Mr. McErlean acted as an adviser without registration and without exemption from the registration requirement (Merits Decision, above at paras. 212-213).

(f) We found the trades with investors were in securities which had not previously been issued. There was a distribution of securities, contrary to s. 53 of the *Act*. Investors were entitled to know that their funds were going to be used to pay Mr. McErlean's relatives, his personal expenses, repay previous investors and invest in private companies in which Mr. McErlean or his family members had a financial interest. This knowledge would have possibly affected their investment decisions. Securus was obliged to file a prospectus with the Commission providing investors full, true and plain disclosure of all material facts relating to the securities (Merits Decision, above at para. 214).

(g) Mr. McErlean was the directing mind of Securus, thus rendering Securus in breach of trading and advising allegations. In addition, Mr. McErlean's direction of Securus rendered him in breach of trading and advising allegations as well (Merits Decision, above at para. 215).

C. Sanctions and Costs Hearing

[3] Following the Merits Decision, Staff and Mr. McErlean appeared before us on September 21, 2012. Staff sought orders permanently excluding the Respondents from the securities industry, that they be reprimanded, that the Respondents should jointly and severally pay a disgorgement order of $9,375,829, that each Respondent should pay an administrative penalty "in the range of $500,000," and that the Respondents pay jointly and severally costs to the Commission in the amount of $327,608.82.

[4] Mr. McErlean took no objection to being permanently removed from the securities industry. He does wish to own securities in the future and submits that no evidence has been presented to justify Staff's request for a permanent ban from owning securities.

[5] Mr. McErlean submits that the disgorgement order sought by Staff conflicts with contracts that he has signed with the investors he defrauded. He alleged that a repayment schedule is accepted by the investors and that he is legally bound to abide by those contracts. Failure to comply, he says will result in legal action being taken against him. We are unable to give an credence to this submission since we have not seen those contracts.

[6] In oral submissions, Mr. McErlean described his attempts to free up approximately $1,900,000 of investor money in the Securus bank account. He also referred to the freeze placed by the Commission on a commercial property in Barrie, Ontario, which he proposes be secured by a $1,500,000 lien in the name of the six investors he defrauded.

[7] We cannot concern ourselves with whatever arrangements Mr. McErlean alleges he has made with defrauded investors. Suffice it to say that any monies recovered from the bank account or the commercial property that is returned to investors will reduce the amount of the disgorgement ordered to be paid in this decision.

[8] Mr. McErlean submits the costs sought for the time spent by Mr. Radu and Mr. Dhillon, of the enforcement branch, are excessive. He claims it was not required that they be present during the entire hearings. Staff's decision with respect to procedure and resources falls within the ambit of prosecutorial discretion with which we decline to interfere. However, something less than full indemnity is appropriate in this case, as discussed later at paragraphs 24 and 25.

II. THE APPLICABLE LAW

A. Approach to the Imposition of Sanctions

[9] The Commission must ensure that the sanctions imposed in each case are proportionate to the circumstances and conduct of the particular respondent. The factors the Commission should consider include:

(a) the seriousness of the allegations;

(b) the respondent's experience in the marketplace;

(c) the level of a respondent's activity in the marketplace;

(d) whether or not there has been recognition of the seriousness of the improprieties;

(e) whether or not the sanctions imposed may serve to deter not only those involved in the case being considered, but any like-minded people from engaging in similar abuses of the capital markets;

(f) any mitigating factors;

(g) whether the violations are isolated or recurrent;

(h) the size of any profit made or loss avoided from the illegal conduct;

(i) the size of any financial sanctions or voluntary payment when considering other factors;

(j) the effect any financial sanction might have on the livelihood of a respondent;

(k) the restraint any sanction might have on the ability of a respondent to participate without check in the capital markets;

(l) the reputation and prestige of the respondent;

(m) the shame or financial pain that any sanction would reasonable cause the respondent; and

(n) the remorse of the respondent.

(*Re Belteco Holdings Inc.* (1998), 21 O.S.C.B. 7743 at paras. 23-26; *Re M.C.J.C. Holdings Inc.* (2002), 25 O.S.C.B. 1133 at paras. 10, 16-19 and 26)

[10] The Commission may also consider general and specific deterrence in crafting appropriate sanctions. The weight given to general deterrence will vary from case to case and is a matter within the discretion of the Commission (*Re Cartaway Resources Corp.*, [2004] 1 S.C.R. 672 at paras. 60 and 64; *Re Momentas Corp.* (2007), 30 O.S.C.B. 6475 at paras. 51-52).

B. Application of Factors

[11] We find the factors noted below to be particularly relevant in considering the appropriate sanctions to be applied.

(i) The Seriousness of the Allegations

[12] The findings in the Merits Decision established serious contraventions of the *Act*, particularly fraud. The Commission has previously held that fraud is "one of the most egregious securities regulatory violations," both "an affront to the individual investors directly targeted" and something that "decreases confidence in the fairness and efficacy of the entire capital market system" (*Re Al-Tar Energy Corp.* (2010), 33 O.S.C.B 5535 at para. 214).

[13] The Respondents committed a series of acts including illegal distribution, unregistered advising and unregistered trading of securities. Mr. McErlean engaged in an ongoing course of fraudulent conduct designed to personally enrich him and members of his family at the expense of innocent investors. We have reviewed Mr. McErlean's conduct in the Summary of Findings set out above in paragraph 2. We agree with Staff's submission that the Respondents should be ordered to disgorge a substantial sum, which we find to be $8,892,906, as described at paragraph 14 below.

(ii) The Profit Made from Illegal Conduct

[14] Exhibit 10 of the merits hearing is a document entitled Source and Application of Funds for the Securus Royal Bank account 03342-101-842-3 for the period from December 22, 2009 to August 9, 2010. The source of funds totals $9,421,409, from which must be subtracted $8,611, described as a deposit from an unknown source. This leaves $9,412,798 as money provided by the six defrauded investors. To this sum must be added $832,522, being funds received from LK, which never entered the bank account but which were immediately directed to pay a former client of Mr. McErlean. This results in the sum of $10,245,320 received from the six investors, from which must be subtracted the sum of $1,352,414 shown as having been paid to current investors on Exhibit 10. This result establishes the loss to investors of $8,892,906 (see Merits Decision, above at paras. 23-24).

(iii) Specific and General Deterrence

[15] Mr. McErlean's actions demonstrate a clear intention to deceive investors and use their money, at least in part, to substantially improve the financial position of himself and his family. We agree with Staff's submission there is a requirement to send a strong message of specific deterrence to Mr. McErlean. The relative ease with which Mr. McErlean raised over $10 million from offshore investors demonstrates a particular need to convince any like-minded individuals that any profits they make will be taken from them, should they engage in fraudulent activity.

C. Permanent Bans

[16] Given their conduct, the Respondents should be permanently banned from trading in securities, acquiring securities and having exempt status. Likewise, Mr. McErlean should be permanently prohibited from acting as an officer or director of any issuer, registrant or investment fund manager. Mr. McErlean should also be prohibited from becoming or acting as a registrant, investment fund manager or promoter permanently.

D. Disgorgement

[17] Pursuant to clause 10 of section 127(1) of the *Act*, the Commission has the power to order disgorgement of "any amounts obtained as a result of the non-compliance" with Ontario securities law. The Commission has previously held that "all money illegally obtained from investors can be ordered to be disgorged, not just the 'profit' made as a result of the activity." (*Re Limelight Entertainment Inc.* (2008), 31 O.S.C.B. 12030 ("***Limelight***") at para. 49).

[18] In *Limelight*, the Commission held it should consider the following factors when contemplating a disgorgement order, in addition to the general factors for sanctioning listed at paragraph 9 above:

(a) whether an amount was obtained by a respondent as a result of non-compliance with the *Act*;

(b) the seriousness of the misconduct and the breaches of the *Act* and whether investors were seriously harmed;

(c) whether the amount that a respondent obtained as a result of non-compliance with the *Act* is reasonably ascertainable;

(d) whether the individuals who suffered losses are likely to be able to obtain redress; and

(e) the deterrent effect of a disgorgement order on the respondents and market participants.

(*Limelight*, above at para. 52)

[19] We have found the total amount obtained as a result of the Respondents' non-compliance with Ontario securities law, less repayment to investors, is $8,892,906. The Respondents must jointly and severally disgorge this sum. We reject Staff's invitation to deal with the assets currently subject to Staff's freeze orders. We shall order that any funds disgorged be dealt with in accordance with subsection 3.4(2)(b) of the *Act*.

E. Administrative Penalties

[20] Staff seek an order for payment of an administrative penalty of $500,000 by each of the Respondents. We accept Staff's submissions on this point.

[21] In cases involving the illegal distribution of securities, unregistered trading, misrepresentations, and particularly in cases involving fraud, the Commission has awarded significant administrative penalties.

[22] The Commission has held that an administrative penalty should be of a magnitude sufficient to ensure effective specific and general deterrence. Factors to be considered in determining an appropriate administrative penalty include: the scope and seriousness of a respondent's misconduct; whether there were multiple and/or repeated breaches of the *Act*; and the level of administrative penalties imposed in other cases (Limelight, above at paras. 67, 71 and 78).

[23] Persons like Mr. McErlean who enjoy the trust and confidence of others must be deterred from acting as he did. Having regard to the cases cited by Staff, we find an appropriate amount to reflect the principal of general deterrence is the imposition of an administrative penalty set out above.

F. Costs

[24] A costs order pursuant to section 127.1 of the *Act* is not a penalty. An order of costs is a way of recovering the costs of a hearing or investigation from persons or companies who have breached Ontario securities law or acted contrary to the public interest. It is recognized that a costs order will not necessarily recover the entirety of the costs incurred by the Commission but it is appropriate that a respondent pay some portion of the costs of a hearing where a respondent is found to have contravened securities law. In assessing the quantum of costs, the panel is entitled to take into consideration whether the respondent's conduct has contributed to the efficient hearing of the matter.

[25] We award the Commission costs of $250,000, inclusive of fees and disbursements, to be paid jointly and severally by the Respondents. Staff's submission on costs fails to recognize the principle that something less than full indemnity is appropriate.

G. Reprimand

[26] We find it appropriate to reprimand Mr. McErlean and Securus.

III. CONCLUSION

[27] It is ordered that:

(a) pursuant to s. 127(1)2 of the *Act*, all trading by the Respondents shall cease permanently;

(b) pursuant to s. 127(1)2.1 of the *Act*, the acquisition of any securities by the Respondents is prohibited permanently;

(c) pursuant to s. 127(1)3 of the *Act*, any exemptions contained in Ontario securities law do not apply to the Respondents permanently;

(d) pursuant to s. 127(1)6 of the *Act*, we hereby reprimand Shaun Gerard McErlean and Securus Capital Inc. for their conduct;

(e) pursuant to s. 127(1)8 of the *Act*, Mr. McErlean is prohibited from becoming or acting as a director or officer of any issuer permanently;

(f) pursuant to s. 127(1)8.2 of the *Act*, Mr. McErlean is prohibited from becoming or acting as a director or officer of a registrant permanently;

(g) pursuant to s. 127(1)8.4 of the *Act*, Mr. McErlean is prohibited from becoming or acting as a director or officer of an investment fund manager permanently;

(h) pursuant to s. 127(1)8.5 of the *Act*, the Respondents are prohibited from becoming or acting as a registrant, as an investment fund manager or as a promoter permanently;

(i) pursuant to s. 127(1)9 of the *Act*, Mr. McErlean and Securus shall jointly and severally pay to the Commission an administrative penalty of $500,000 each, which is designated for allocation or for use by the Commission pursuant to s. 3.4(2)(b) of the *Act*;

(j) pursuant to s. 127(1)10 of the *Act*, Mr. McErlean and Securus shall disgorge to the Commission jointly and severally the amount of $8,892,906, which is designated for allocation or for use by the Commission pursuant to s. 3.4(2)(b) of the *Act*; and

(k) pursuant to s. 127.1 of the *Act*, the respondents shall pay on a joint and several basis $250,000, representing partial costs and disbursements incurred by the Commission in the investigation and hearing.

Dated at Toronto this 24th day of October, 2012.

"Vern Krishna"

"James D. Carnwath"

3.1.2 Neil Macpherson

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

AND

IN THE MATTER OF AN OPPORTUNITY TO BE HEARD
REQUESTED BY NEIL MACPHERSON

SETTLEMENT AGREEMENT

Introduction

1. This settlement agreement (the **Settlement Agreement**) relates to an opportunity to be heard under section 31 of the *Securities Act* (Ontario) (the **Act**) requested by Neil Macpherson (**Macpherson**) regarding a recommendation by staff of the Ontario Securities Commission (**Staff**) that his application for registration as an advising representative in the category of portfolio manager with Return on Innovation Advisors Ltd. (**ROI Advisor**s) be refused.

Agreed Statement of Facts

2. Staff and Macpherson agree to the statement of facts as set out herein.

Macpherson's Employment Activities

3. Since April 2005, Macpherson has occupied the position of Senior Vice-President, Investments at ROI Advisors. ROI Advisors is registered under the Act as an investment fund manager, portfolio manager, and exempt market dealer. Macpherson has never been registered under the Act in any capacity.

4. ROI Advisors is a member of a corporate group that included Return on Innovation Capital Ltd. (**ROI Capital**), which was registered as a limited market dealer, and subsequently as an exempt market dealer, from July 2009 to September 2010. ROI Advisors is the continuing entity following the amalgamation of ROI Capital, Return on Innovation Advisors Ltd. and Return on Innovation Management Ltd. on September 1, 2012 (the **Amalgamation**).

5. ROI Advisors' business activities include entering into financing transactions with third-party businesses including real estate development projects. Prior to the Amalgamation these activities were conducted by ROI Capital.

6. The majority of the financing transactions entered into by ROI Advisors and third-party entities (the **Financed Entities**) include one or more of the following components: (i) a loan agreement between ROI Advisors and the Financed Entity, secured by a mortgage, (ii) an unsecured loan evidenced by a promissory note issued by the Financed Entity in favour of ROI Advisors, and (iii) a limited partnership agreement between ROI Advisors and the general partner of the Financed Entity.

7. ROI Advisors is paid "work fees" by the Financed Entities calculated as a percentage of the amount of financing received by the Financed Entities from ROI Advisors. In some cases, the financing transaction also includes the issuance by the Financed Entities of securities such as options and warrants, which are held in the participating Funds and are not paid as compensation to ROI Advisors.

8. The capital used to provide financing to the Financed Entities is raised through the issuance of loan participation interests in the financing transactions to the various investment funds managed by ROI Advisors, the securities of which are sold to the public.

9. Since the time he joined ROI Advisors, Macpherson's duties have consisted of the following activities:

   (a) Identifying Financed Entities;

   (b) Conducting due diligence on the Financed Entities;

   (c) Presenting financing opportunities to senior management at ROI Advisors and providing his opinion regarding those opportunities;

   (d) Negotiating and documenting financing between ROI Advisors and the Financed Entities; and

(e) Post-financing monitoring of third-party companies.

Previous Applications for Registration

10. On March 6, 2006, Macpherson applied for registration as an advising representative in the category of investment counsel and portfolio manager.

11. On March 21, 2006, Staff notified a representative of ROI Advisors that Macpherson's application for registration was deficient in that it did not identify how he met the proficiency requirements of an advising representative. These deficiencies were not corrected, and on April 7, 2006, Staff notified the ROI Advisors representative that Macpherson's application had been abandoned.

12. On March 3, 2008, Staff provided a compliance field review report to senior management at ROI Advisors which noted that, in the course of its recently-completed compliance review of the firm, Staff discovered that Macpherson was carrying on registerable activity without being registered (*i.e.*, the conduct described in paragraph 9, above).

13. In April 2008, senior management of ROI Advisors responded in writing to the compliance field review report, and informed Staff that Macpherson was in the process of applying for registration.

14. On July 9, 2008, Macpherson applied for registration as an advising representative and as an associate advising representative in the category of investment counsel and portfolio manager.

15. On July 10, 2008, Staff notified a representative of ROI Advisors that Staff required confirmation of all courses and experience that Macpherson was relying on as part of his application for registration. In particular, Staff requested proof of Macpherson's completion of his Masters of Business Administration, and confirmation of his experience performing research and analysis of investments or investment management. None of this information was ever provided to Staff, and the application was not pursued further.

Current Application for Registration

16. On November 10, 2011, during the course of another compliance field review, Staff discovered that Macpherson had been carrying on his work duties as before, without ever having obtained registration. Staff immediately notified ROI Advisors of its concerns in this regard.

17. On November 11, 2011, Macpherson submitted an application for registration as an advising representative in the category of portfolio manager (the **Application**). Macpherson has also applied for an exemption from the proficiency requirements for an advising representative stipulated in National Instrument 31-103 – *Registration Requirements, Exemptions, and Ongoing Registrant Obligations* on the basis of his activities at ROI Advisors.

18. On November 23, 2011, as part of its assessment of the Application, Staff interviewed Macpherson about the fact that he had been conducting registerable activity without registration. During this interview, Macpherson advised that since the time he applied for registration in July 2008, he had not collected the information requested by Staff on July 10, 2008 or completed his 2008 application.

19. On February 16, 2012, Staff notified Macpherson in writing that it had recommended to the Director that the Application be refused. The basis of Staff's recommendation was that Macpherson's performance of registerable activity without registration, despite being notified by Staff in 2008 that his activity required registration, called into question his integrity for registration, and also that Macpherson lacked the requisite proficiency for an advising representative.

20. On March 1, 2012, counsel for Macpherson made a written request for an opportunity to be heard in relation to Staff's recommendation to the Director that the Application be refused.

21. From the time of the Macpherson's interview with Staff up until the March 1, 2012 request for an opportunity to be heard, Macpherson, through his counsel, took the position that his employment duties did not require registration under the Act. However, on March 8, 2012 counsel advised Staff that they would no longer take that position, and as a result the parties commenced settlement discussions regarding the opportunity to be heard.

Representations and Acknowledgement by Macpherson

22. Macpherson acknowledges that by performing the activity described in paragraph 9 above, Macpherson engaged in registerable activity without registration, and did so despite knowing that Staff had informed ROI Advisors in March 2008 that registration was required for that activity.

23. Counsel for Macpherson has advised Staff that since November 10, 2011 (i.e., the date Staff notified ROI Advisors of its concerns with respect to Macpherson), Macpherson's employment duties have been altered as follows:

    (a) All final decisions concerning all new loan commitments by ROI Advisors were to be made and signed off on by the portfolio manager and not Macpherson;

    (b) Any recommendation for approval of a loan commitment made to the investment committee were to be made by the portfolio manager and not Macpherson; and

    (c) The execution of any legal documentation binding on ROI Advisors in respect of any of the financing transactions were to be made by the portfolio manager and not Macpherson.

24. Counsel for Macpherson has also advised that in addition to restricting his employment duties as described above, Macpherson has successfully completed the Canadian Securities Course and the Conduct and Practices Handbook Course.

25. Macpherson accepts full responsibility for his misconduct as described herein

Undertaking by Macpherson

26. Macpherson hereby undertakes to the Ontario Securities Commission as follows:

    (a) Upon the execution of this Settlement Agreement by both Macpherson and Staff, he shall immediately withdraw the Application, and will not reapply for registration for at least ten months from March 8, 2012. Macpherson's withdrawal of the Application shall be deemed a withdrawal of his request for an opportunity to be heard; and

    (b) He shall not seek an exemption from the proficiency requirement for registration in reliance on his work experience prior to the date of this Settlement Agreement at ROI Advisors.

Agreement by Staff

27. On the basis of the representations, acknowledgment, and undertaking by Macpherson as set out in this Settlement Agreement, Staff agrees that following the expiration of the ten-month period of time described in that undertaking in subparagraph 26(a) above, Staff will not recommend to the Director that an application for registration by Macpherson be denied unless Staff becomes aware after the date it executes this Settlement Agreement of conduct impugning his suitability for registration, separate and apart from: (i) the facts set out in this Settlement Agreement; and/or (ii) facts of which Staff is already aware as of the date of this Settlement Agreement, and provided he meets all other applicable criteria for registration at the time he applies.

Publication

28. Staff and Macpherson agree that this Settlement Agreement shall be published in the Ontario Securities Commission Bulletin and on the website of the Ontario Securities Commission.

"Marrianne Bridge"
Deputy Director
Compliance and Registrant Regulation

October 29, 2012

"David Di Paolo"
Counsel for Neil Macpherson

October 29, 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
Armadillo Resources Ltd.	12 Oct 12	24 Oct 12		26 Oct 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
Focus Graphite Inc.	24 Sept 12	05 Oct 12	05 Oct 12		
McVicar Industries Inc.	12 Sept 12	24 Sept 12	24 Sept 12	30 Oct 12	
Boyuan Construction Group, Inc.	02 Oct 12	15 Oct 12	15 Oct 12		

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Chapter 7

Insider Reporting

This chapter is available in the print version of the OSC Bulletin, as well as as in Carswell's internet service SecuritiesSource (see www.carswell.com).

This chapter contains a weekly summary of insider transactions of Ontario reporting issuers in the System for Electronic Disclosure by Insiders (SEDI). The weekly summary contains insider transactions reported during the seven days ending Sunday at 11:59 pm.

To obtain Insider Reporting information, please visit the SEDI website (www.sedi.ca).

Chapter 8

Notice of Exempt Financings

REPORTS OF TRADES SUBMITTED ON FORMS 45-106F1 AND 45-501F1

Transaction Date	# of Purchasers	Issuer/Security	Total Pur. Price ($)	# of Securities Distributed
09/23/2012	2	Beringer Capital Fund II L.P. - Limited Partnership Interest	1,250,000.00	1,250,000.00
10/10/2012	2	Berry Plastics Group, Inc. - Common Shares	48,546,000.00	29,411,764.00
08/23/2012 to 08/31/2012	6	Bison Income Trust II - Trust Units	92,767.18	27,276.72
08/03/2012 to 08/10/2012	13	Bison Income Trust II - Trust Units	538,500.00	53,850.00
07/18/2012 to 07/19/2012	5	Bison Income Trust II - Trust Units	702,040.00	70,204.00
09/04/2012 to 09/12/2012	18	Bison Income Trust II - Trust Units	7,307,387.19	730,738.72
09/21/2012	8	Cadan Resources Corporation - Units	589,500.00	3,930,000.00
10/01/2012	3	Canadian Commercial Mortgage Origination Trust 1 - Notes	49,999,500.00	50,000,000.00
09/25/2012	6	Canadian Horizons First MIC Fund Inc. - Preferred Shares	217,338.00	217,338.00
10/12/2012 to 10/15/2012	182	Cardinal Energy Ltd. - Common Shares	29,250,000.00	13,000,000.00
09/25/2012	6	CareVest First MIC Fund Inc. - Preferred Shares	130,371.00	-1.00
10/05/2012	7	CHC Helicopter S.A. - Notes	20,779,908.20	21,073,611.12
10/01/2012 to 10/05/2012	9	Colwood City Centre Limited Partnership - Notes	197,000.00	197,000.00
09/24/2012 to 09/28/2012	10	Colwood City Centre Limited Partnership - Notes	409,146.00	409,146.00
08/02/2012 to 08/03/2012	7	Commerce Resources Corp. - Flow-Through Units	1,680,499.80	5,601,666.00
08/15/2012	71	Coronado Resources Ltd. - Common Shares	6,000,000.00	50,000,000.00
09/24/2012	1	Digital Realty Trust, L.P. - Notes	4,836,009.42	5,000,000.00
10/12/2012	30	Digital Shelf Space Corp. - Units	500,500.00	10,010,000.00
10/02/2012	13	El Nino Ventures Inc. - Flow-Through Units	1,351,452.00	14,031,133.00
10/01/2012	4	Elan Finance public limited company - Notes	4,613,776.50	4,695,000.00
10/03/2012	11	EquiGenesis 2012 Preferred Investment LP - Limited Partnership Units	7,128,000.00	200.00

Transaction Date	# of Purchasers	Issuer/Security	Total Pur. Price ($)	# of Securities Distributed
09/26/2012	6	FIRMUS EQUITY LIMITED PARTNERSHIP I - Units	820,925.00	4,691.00
10/01/2012 to 10/05/2012	4	Gatineau Centre Development Limited Partnership - Units	18,000.00	18,000.00
09/19/2012	2	Genesee & Wyoming Inc. - Units	2,679,875.00	27,500.00
07/05/2012 to 08/22/2012	1	GMO Developed World Equity Investment Fund PLC - Units	469,069.59	17,133.96
07/23/2012 to 09/17/2012	1	GMO International Intrinsic Value Fund- II - Units	430,128.33	22,706.06
09/04/2012	1	GMO International Opportunities Eqty Allocation Fund- III - Units	36,770.21	2,743.26
07/16/2012	1	GMO World Opportunities Eqty Allocation Fund-III - Units	3,047,100.00	155,682.41
10/15/2012	1	HD Supply, Inc. - Notes	97,840.00	1,000,000.00
10/10/2012	40	Holcim Finance (Canada) Inc. - Notes	299,808,000.00	300,000,000.00
10/01/2012	1	Imperial Capital Acquisition Fund IV (Institutional) 5 Limited Partnership - Limited Partnership Units	521,903.00	521,903.00
10/01/2012	1	Imperial Capital Acquisition Fund IV (Institutional) 2 Limited Partnership - Limited Partnership Units	1,043,812.00	1,043,812.00
10/01/2012	1	Imperial Capital Acquisition Fund IV (Institutional) 3 Limited Partnership - Limited Partnership Units	1,043,812.00	1,043,812.00
10/01/2012	1	Imperial Capital Acquisition Fund IV (Institutional) 4 Limited Partnership - Limited Partnership Units	521,903.00	521,903.00
08/13/2012	13	Imperial Capital Partners Ltd. - Capital Commitment	6,075,000.00	N/A
10/18/2012	1	Income Strategies Trust - Units	145,000,000.00	14,500,000.00
08/09/2012	26	International Samuel Exploration Corp. - Flow-Through Units	291,000.00	2,910,000.00
10/11/2012	1	Kedaara Capital I Limited - Common Shares	146,730,000.00	N/A
09/28/2012	41	Kelso Technologies Inc. - Units	1,177,488.90	1,995,000.00
09/21/2012	7	Kensington Limited Partnership - Units	140,000.00	104.00
09/28/2012	1	KingSett Canadian Real Estate Income Fund LP - Units	100,000.00	80.50
10/15/2012	1	Kingwest Avenue Portfolio - Units	3,000.00	102.46
10/15/2012	1	Kingwest Canadian Equity Portfolio - Units	10,244.30	872.93
10/15/2012	1	Kingwest High Income Fund - Units	50,000.00	8,522.24
10/15/2012	1	Kingwest US Equity Portfolio - Units	4,622.31	303.65
10/01/2012	1	Lakefront Utilities Inc. - Debentures	1,700,000.00	1.00
08/07/2012 to 08/09/2012	4	League IGW Real Estate Investment Trust - Units	347,771.25	0.00

Transaction Date	# of Purchasers	Issuer/Security	Total Pur. Price ($)	# of Securities Distributed
08/07/2012 to 08/09/2012	3	League IGW Real Estate Investment Trust - Units	84,951.39	0.00
10/09/2012	2	LifeLock, Inc. - Common Shares	1,101,150.00	125,000.00
10/01/2012	1	Manning & Napier Non-US Equity Pooled Fund - Units	33,093,145.83	3,484,919.69
09/25/2012 to 10/07/2012	11	MCF Securities Inc. - Units	871,683.07	N/A
08/15/2012	6	Melkart Master Limited Partnership No. 1 - Limited Partnership Units	810,000.00	810,000.00
09/25/2012	7	Metropolitan Life Global Funding I - Notes	175,000,000.00	N/A
10/15/2012	20	Mineral Exploration Investment LP - Units	1,613,100.00	161,310.00
10/05/2012	12	Mission Ready Services Inc. - Units	381,500.00	1,526,000.00
08/14/2012	1	Myca Health Inc. - Debentures	10,000,000.00	10,000,000.00
10/02/2012	9	NADG Charleston (Canadian) Limited Partnership - Limited Partnership Units	3,050,000.00	12.20
09/20/2012	14	NADG Northline (Canadian) Limited Partnership - Limited Partnership Units	6,500,000.00	26.00
10/01/2012	4	NADG Seminole Mall (Canadian) Limited Partnership - Limited Partnership Units	3,300,000.00	13.00
10/05/2012	6	NeurAxon Inc. - Debentures	2,393,524.35	2,425,050.00
10/05/2012	1	NeurAxon Inc. - Preferred Shares	1,731,790.20	35,092,000.00
10/01/2012	2	Obsidian Strategics Inc. - Units	100,000.00	100,000.00
10/10/2012	17	Oceanic Iron Ore Corp. - Common Shares	21,875,000.00	21,875,000.00
10/01/2012 to 10/10/2012	52	Omniarch Capital Corporation - Bonds	1,581,432.00	1,581,432.00
09/28/2012	1	Pasofino Gold Corporation (formerly Colombia Minerals Inc.) - Common Shares	10,500.00	300,000.00
09/21/2012	2	Pennant Pure Yield Fund - Units	214,140.00	21,214.00
09/28/2012	20	Planet Mining Exploration Inc. (formerly Planet Exploration Inc.) - Common Shares	1,050,000.00	7,000,000.00
08/16/2012	31	Postmedia Network Inc. - Notes	250,000,000.00	250,000,000.00
09/09/2012 to 09/17/2012	4	Redstone Investment Corporation - Notes	195,000.00	N/A
09/14/2012	2	Return On Innovation Advisors Ltd. - Units	313,095.20	313,095.20
09/19/2012	2	Return On Innovation Advisors Ltd. - Units	263,841.00	263,841.00
09/04/2012	2	Return On Innovation Capital Ltd - Units	1,274,261.00	1,274,261.00
08/27/2012	1	Return On Innovation Capital Ltd. - Units	300,000.00	300,000.00

Transaction Date	# of Purchasers	Issuer/Security	Total Pur. Price ($)	# of Securities Distributed
09/19/2012 to 10/02/2012	17	Sarissa Resources Inc. - Units	327,500.00	16,375,000.00
09/15/2012	8	Skyline Apartment Real Estate Investment Trust - Units	5,150,035.00	468,185,000.00
09/06/2012	1	SPS Commerce, Inc. - Common Shares	1,645,687.50	50,000.00
08/10/2012	22	SunCentre Corporation - Common Shares	434,425.00	2,896,164.00
10/01/2012	3	Tenet Healthcare Corporation - Notes	9,827,000.00	10,000,000.00
09/21/2012	63	The Standard Life Assurance Company of Canada - Notes	400,000,000.00	400,000,000.00
10/02/2012	9	Thrasos Innovation Inc. - Preferred Shares	34,401,499.99	152,173,913.00
09/28/2012	1	Tornado Medical Systems Inc. - Common Shares	165,000.00	100,000.00
09/25/2012	6	Trulia Inc. - Common Shares	1,395,240.00	6,000,000.00
10/05/2012	1	Tsawwassen Retail Power Centre Limited Partnership - Units	5,000.00	5,000.00
09/26/2012 to 09/27/2012	4	UBS AG, Zurich - Certificates	1,520,495.05	4.00
10/09/2012 to 10/12/2012	25	UBS G, Jersey Branch - Certificates	12,833,499.32	25.00
07/25/2012	22	UMC Financial Management Inc. - N/A	4,000,000.00	N/A
09/07/2012	31	UMC Financial Management Inc. - N/A	5,595,000.00	N/A
10/01/2012	16	UMC Financial Management Inc. - N/A	1,400,000.00	N/A
09/27/2012	26	Walton Alliston Development IC - Units	804,040.00	80,404.00
10/11/2012	15	Walton Alliston Development IC - Units	316,220.00	31,622.00
10/11/2012	5	Walton Alliston Development LP - Units	1,733,720.00	173,372.00
08/16/2012	16	Walton GA Yargo Township LP - Limited Partnership Units	1,221,923.20	122,560.00
10/11/2012	13	Walton GA Yargo Township LP - Limited Partnership Units	539,859.76	55,144.00
10/11/2012	9	Walton NC Concord Investment Corporation - Common Shares	315,490.00	31,549.00
10/11/2012	4	Walton NC Concord LP - Limited Partnership Units	408,526.91	41,729.00
09/27/2012	5	Walton Suburban DC Land LP - Units	753,089.34	77,003.00
10/09/2012	2	WellPoint, Inc. - Debentures	7,840,000.00	8,000,000.00

Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
a2b Fiber Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary Long Form Prospectus dated October 26, 2012
NP 11-202 Receipt dated October 26, 2012
Offering Price and Description:
$15,000,000.00 - 15,000 Units
Price $1,000.00 per Unit
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
Macquarie Capital Markets Canada Ltd.
Raymond James Ltd.
Promoter(s):
Scott Jamieson
Project #1973520

Issuer Name:
Algonquin Power & Utilities Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated October 26, 2012
NP 11-202 Receipt dated October 26, 2012
Offering Price and Description:
$120,000,000.00 - 4,800,000 Cumulative Rate Reset Preferred Shares, Series A
Price: $25.00 per Series A Share to yield initially 4.50% per annum
Underwriter(s) or Distributor(s):
SCOTIA CAPITAL INC.
TD SECURITIES INC.
BMO NESBITT BURNS INC.
CIBC WORLD MARKETS INC.
DESJARDINS SECURITIES INC.
NATIONAL BANK FINANCIAL INC.
RBC DOMINION SECURITIES INC.
CANACCORD GENUITY CORP.
RAYMOND JAMES LTD
CORMARK SECURITIES INC.
Promoter(s):
-
Project #1973367

Issuer Name:
Artek Exploration Ltd.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated October 23, 2012
NP 11-202 Receipt dated October 23, 2012
Offering Price and Description:
$13,001,700.00.00 - 4,562,000 Common Shares and
$11,002,050.00 - 3,189,000 Flow Through Shares
Price: $2.85 per Common Share and
$3.45 per Flow Through Share
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
Cormark Securities Inc.
Peters & Co. Limited
FirstEnergy Capital Corp.
Stifel Nicolaus Canada Inc.
Promoter(s):
-
Project #1971978

Issuer Name:
Braeval Mining Corporation
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated October 22, 2012
NP 11-202 Receipt dated October 23, 2012
Offering Price and Description:
$* - * Common Shares
Price: $* per Common Share
Underwriter(s) or Distributor(s):
Dundee Securities Ltd.
TD SECURITIES INC.
BMO NESBITT BURNS INC.
SCOTIA CAPITAL INC.
CLARUS SECURITIES INC.
CORMARK SECURITIES INC.
PARADIGM CAPITAL INC.
STIFEL NICOLAUS CANADA INC.
Promoter(s):
John Burzynski
Project #1971715

Issuer Name:
Brookfield Residential Properties Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Base Shelf Prospectus dated October 23, 2012
NP 11-202 Receipt dated October 23, 2012
Offering Price and Description:
US$500,000,000.00:
Common Shares
Preferred Shares
Warrants Subscription Receipts
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1971953

Issuer Name:
DELPHI ENERGY CORP.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated October 24, 2012
NP 11-202 Receipt dated October 24, 2012
Offering Price and Description:
$33,000,300.00 - 17,241,500 Common Shares and 4,571,500 Flow-Through Common Shares
Price: $1.45 Per Common Share and $1.75 Per Flow-Through Common Share
Underwriter(s) or Distributor(s):
Stifel Nicolaus Canada Inc.
Peters & Co. Limited
National Bank Financial Inc.
Scotia Capital Inc.
Promoter(s):
-
Project #1972385

Issuer Name:
First National Mortgage Investment Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated October 25, 2012
NP 11-202 Receipt dated October 26, 2012
Offering Price and Description:
Maximum $100,000,000 - 10,000,000 Units
Price: $10.00 per Unit
Minimum Purchase: 200 Units
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Scotia Capital Inc.
Canaccord Genuity Corp.
GMP Securities L.P.
Raymond James Ltd.
Desjardins Securities Inc.
Dundee Securities Ltd.
Macquarie Private Wealth Inc.
Promoter(s):
First National Asset Management Inc.
Project #1973293

Issuer Name:
IG Mackenzie Sentinel Strategic Income Fund
Principal Regulator - Manitoba
Type and Date:
Preliminary Simplified Prospectus dated October 25, 2012
NP 11-202 Receipt dated October 25, 2012
Offering Price and Description:
Series A, B, C, TDSC, TNL, TC, JDSC, JNL, TJDSC and TJNL Mutual Fund Units
Underwriter(s) or Distributor(s):
Investors Group Financial Services Inc.
Investors Group Securities Inc.
Promoter(s):
I.G. Investment Management Ltd.
Project #1972858

Issuer Name:
KP Tissue Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated October 26, 2012
NP 11-202 Receipt dated October 26, 2012
Offering Price and Description:
$ * - * Common Shares
Price: $ * per Common Shares
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
National Bank Financial Inc.
RBC Dominion Securities Inc.
TD Securities Inc.
CIBC World Markets Inc.
Desjardins Securities Inc.
HSBC Securities (Canada) Inc.
Canaccord Genuity Corp.
Promoter(s):
KRUGER INC.
KRUGER PRODUCTS L.P.
Project #1973167

Issuer Name:
LGX Oil + Gas Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated October 24, 2012
NP 11-202 Receipt dated October 24, 2012
Offering Price and Description:
$42,570,000.00 - 49,500,000 Subscription Receipts, each representing the right to receive one Common Share
Price: $0.86 per Subscription Receipt
$5,002,400 - 4,810,000 Flow-Through Common Shares
Price: $1.04 per Flow-Through Common Share
Underwriter(s) or Distributor(s):
FirstEnergy Capital Corp.
Raymond James Ltd.
GMP Securities L.P.,
Macquarie Capital Markets Canada Ltd.
Scotia Capital Inc.
National Bank Financial Inc.
BMO Nesbitt Burns Inc.
Promoter(s):
-
Project #1972444

Issuer Name:
Retrocom Mid-Market Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated October 24, 2012
NP 11-202 Receipt dated October 24, 2012
Offering Price and Description:
$40,040,000.00 - 7,150,000 Trust Units
Price: $5.60 Per Unit
Underwriter(s) or Distributor(s):
TD Securities Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
Macquarie Capital Markets Canada Ltd.
Desjardins Securities Inc.
Canaccord Genuity Corp.
Dundee Securities Ltd.
Promoter(s):
-
Project #1972248

Issuer Name:
Scotia Selected Income Portfolio
Scotia U.S. Dividend Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectuses dated October 22, 2012
NP 11-202 Receipt dated October 25, 2012
Offering Price and Description:
Series A and Series I Units
Underwriter(s) or Distributor(s):
Scotia Securities Inc.
Promoter(s):
Scotia Asset Management L.P.
Project #1971949

Issuer Name:
Scotia Private Real Estate Income Pool
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated October 22, 2012
NP 11-202 Receipt dated October 25, 2012
Offering Price and Description:
Series M and Series I Units
Underwriter(s) or Distributor(s):
Scotia Securities Inc.
Promoter(s):
Scotia Asset Management L.P.
Project #1971984

Issuer Name:
Sprott FCS Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Non-Offering Prospectus dated October 26, 2012
NP 11-202 Receipt dated October 29, 2012
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
Sprott Asset Management L.P.
Project #1973528

Issuer Name:
Sprott Flatiron Canadian Convertible Strategies Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated October 26, 2012
NP 11-202 Receipt dated October 29, 2012
Offering Price and Description:
Maximum- $ * - * Units
Minimum Purchase: 200 Units
Price: $10.00 per Unit
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
TD Securities Inc.
GMP Securities L.P.
National Bank Financial Inc.
BMO Nesbitt Burns Inc.
Canaccord Genuity Corp.
Macquarie Private Wealth Inc.
Raymond James Ltd.
Scotia Capital Inc.
Desjardins Securities Inc.
Mackie Research Capital Corporation
Promoter(s):
Sprott Asset Management L.P.
Project #1973526

Issuer Name:
Sprott Physical Platinum and Palladium Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form PREP Prospectus dated October 29, 2012
NP 11-202 Receipt dated October 29, 2012
Offering Price and Description:
US$ * - * Units
Minimum Subscription: US$1,000.00 (100 Units)
Price: US$10.00 per Unit
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
Morgan Stanley Canada Limited
Promoter(s):
Sprott Asset Management L.P.
Project #1973787

Issuer Name:
Standard Life Global Equity Fund
Standard Life Global Equity Value Fund
Standard Life High Yield Bond Fund
Standard Life India Equity Focus Fund
Standard Life Short Term Bond Fund
Standard Life U.S. Equity Value Fund
Standard Life U.S.Dividend Growth Fund
Principal Regulator - Quebec
Type and Date:
Preliminary Simplified Prospectuses dated October 18, 2012
NP 11-202 Receipt dated October 23, 2012
Offering Price and Description:
E-Series, F- Series and Legend Series Units or Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
Standard Life Mutual Funds Ltd.
The Standard Life Assurance Company of Canada
Project #1961570

Issuer Name:
Trez Capital Senior Mortgage Investment Corporation
Principal Regulator - British Columbia
Type and Date:
Preliminary Long Form Prospectus dated October 26, 2012
NP 11-202 Receipt dated October 26, 2012
Offering Price and Description:
Maximum: $100,000,000 - 10,000,000 Class A Shares
Minimum: $ * - * Class A Shares
Price: $10.00 per Class A Share
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
Canaccord Genuity Corp.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Scotia Capital Inc.
TD Securities Inc.
Macquarie Private Wealth Inc.
Raymond James Ltd.
GMP Securities L.P.
Manulife Securities Incorporated
Promoter(s):
Trez Capital Fund Management Limited Partnership
Project #1973316

Issuer Name:
iShares Gold Bullion Fund
BlackRock Silver Bullion Trust
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated October 22, 2012
NP 11-202 Receipt dated October 29, 2012
Offering Price and Description:
Hedged Common Units and Non-Hedged Common Units @ Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1960566

Issuer Name:
Class A and Class F Units (unless otherwise noted) of
BMO Nesbitt Burns Canadian Stock Selection Fund (Class A, F and I Units)
BMO Nesbitt Burns U.S. Stock Selection Fund
BMO Nesbitt Burns Bond Fund
BMO Nesbitt Burns Balanced Fund
BMO Nesbitt Burns International Equity Fund
BMO Nesbitt Burns Balanced Portfolio Fund
BMO Nesbitt Burns Growth Portfolio Fund
BMO Nesbitt Burns Maximum Growth Portfolio Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated October 23, 2012
NP 11-202 Receipt dated October 29, 2012
Offering Price and Description:
Class A, Class F, and I Units @ Net Asset Value
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
Promoter(s):
-
Project #1961548

Issuer Name:
BMO Harris Canadian Money Market Portfolio
BMO Harris Canadian Bond Income Portfolio
BMO Harris Canadian Total Return Bond Portfolio
BMO Harris Canadian Corporate Bond Portfolio
BMO Harris Diversified Yield Portfolio
BMO Harris Canadian Income Equity Portfolio
BMO Harris Canadian Conservative Equity Portfolio
BMO Harris Canadian Growth Equity Portfolio
BMO Harris Canadian Special Growth Portfolio
BMO Harris U.S. Equity Portfolio
BMO Harris U.S. Growth Portfolio
BMO Harris U.S. Special Equity Portfolio (formerly, BMO Harris International Special Equity Portfolio)
BMO Harris International Equity Portfolio
BMO Harris Emerging Markets Equity Portfolio
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated October 26, 2012
NP 11-202 Receipt dated October 29, 2012
Offering Price and Description:
Units
Underwriter(s) or Distributor(s):
BMO Investments Inc.
Promoter(s):
-
Project #1963044

Issuer Name:
COMPASS PORTFOLIO SERIES:
COMPASS BALANCED GROWTH PORTFOLIO
COMPASS BALANCED PORTFOLIO
COMPASS CONSERVATIVE BALANCED PORTFOLIO
COMPASS CONSERVATIVE PORTFOLIO
COMPASS GROWTH PORTFOLIO
COMPASS MAXIMUM GROWTH PORTFOLIO
(Series A, F1 and O Units)
Principal Regulator - Alberta
Type and Date:
Final Simplified Prospectuses dated October 26, 2012
NP 11-202 Receipt dated October 26, 2012
Offering Price and Description:
Series A, F1 and O Units
Underwriter(s) or Distributor(s):
ATB Investment Management Inc.
Promoter(s):
ATB INVESTMENT MANAGEMENT INC.
Project #1960873

Issuer Name:
Creststreet Dividend & Income Class*
Creststreet Alternative Energy Class*
(Series A, Series B and Series F Shares)
Creststreet Resource Class*
(Series A, Series B, Series F, 2013N, 2013Q, 2013N (II) and 2013Q (II) Series Shares)
*Classes of shares of Creststreet Mutual Funds Limited
Principal Regulator - Ontario
Type and Date:
Amendment #2 dated October 12, 2012 to the Simplified Prospectuses and Annual Information Form dated June 29, 2012
NP 11-202 Receipt dated October 26, 2012
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
Creststreet Asset Management Limited
Project #1916371

Issuer Name:
ENTREC Corporation
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated October 23, 2012
NP 11-202 Receipt dated October 23, 2012
Offering Price and Description:
$22,000,000.00
7.00% Convertible Unsecured Subordinated Debentures
Price: $1,000 per Debenture
Underwriter(s) or Distributor(s):
NATIONAL BANK FINANCIAL INC.
SCOTIA CAPITAL INC.
CANACCORD GENUITY CORP.
GMP SECURITIES L.P.
Promoter(s):
-
Project #1969948

Issuer Name:
Faircourt Gold Income Corp.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated October 22, 2012
NP 11-202 Receipt dated October 24, 2012
Offering Price and Description:
$40,000,103 Maximum - Up to 4,733,740 Class A Shares @ $8.45 per Shares
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
GMP Securities L.P.
Macquarie Private Wealth Inc.
Raymond James Ltd.
Desjardins Securities Inc.
Dundee Securities Ltd.
Mackie Research Capital Corporation
PI Financial Corp.
Promoter(s):
-
Project #1964960

Issuer Name:
Faircourt Gold Income Corp.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated October 22, 2012
NP 11-202 Receipt dated October 24, 2012
Offering Price and Description:
Class D Warrants to Subscribe for up to 4,478,165 Shares at an Exercise Price of $10.00
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
Promoter(s):
-
Project #1964999

Issuer Name:
Fidelity Canadian Disciplined Equity Fund® (Series A, B, F, O, T5, T8, S5 and S8 units)
Fidelity Canadian Growth Company Fund (Series A, B, F and Series O units)
Fidelity Canadian Large Cap Fund (Series A, B, F and O units)
Fidelity Canadian Opportunities Fund (Series A, B, F and O units)
Fidelity Dividend Fund (Series A, B, F, O, T5, T8, S5 and S8 units)
Fidelity Greater Canada Fund (Series A, B, F, O, T5, T8, S5 and S8 units)
Fidelity Dividend Plus Fund (Series A, B, F, O T5, T8, S5 and S8 units)
Fidelity Special Situations Fund (Series A, B, F and O units)
Fidelity True North Fund (Series A, B, F, O, T5, T8, S5 and S8 units)
Fidelity American Disciplined Equity® Fund (Series A, B, F, O T5, T8, S5 and S8 units)
Fidelity American Disciplined Equity® Currency Neutral Fund (Series O units)
Fidelity American Opportunities Fund (Series A, B, F and O units)
Fidelity American Value Fund (Series A, B, F and O units)
Fidelity Growth America Fund (Series A, B, F, O T5, T8, S5 and S8 units)
Fidelity Small Cap America Fund (Series A, B, F and O units)
Fidelity U.S. Dividend Fund (Series A, B, F, O T5, Series T8, S5, S8, F5 and F8 units)
Fidelity U.S. Dividend Currency Neutral Fund (Series A, B, F, T5, T8, S5, S8, F5 and F8 units)
Fidelity U.S. Dividend Investment Trust (Series O units)
Fidelity AsiaStar® Fund (Series A, B, F and O units)
Fidelity China Fund (Series A, B, F and O units)
Fidelity Emerging Markets Fund (Series A, B, F and O units)
Fidelity Europe Fund (Series A, B, F and O units)
Fidelity Far East Fund (Series A, B, F and O units)
Fidelity Global Fund (Series A, B, F, O, T5, T8, S5 and S8 units)
Fidelity Global Disciplined Equity® Fund (Series A, B, F, O T5, T8, S5 and S8 units)
Fidelity Global Disciplined Equity® Currency Neutral Fund (Series O units)
Fidelity Global Dividend Fund (Series A, B, F, O, T5, T8, S5 and S8 units)
Fidelity Global Large Cap Fund (Series A, B, F, O, T5, T8, S5 and S8 units)
Fidelity Global Opportunities Fund (Series A, B, F and O units)
Fidelity Global Small Cap Fund (Series A, B, F and O units)
Fidelity International Disciplined Equity® Fund (Series A, B, F, O, T5, T8, S5 and S8 units)
Fidelity International Disciplined Equity® Currency Neutral Fund (Series O units)
Fidelity International Value Fund (Series A, B, F and O units)
Fidelity Japan Fund (Series A, B, F and O units)
Fidelity Latin America Fund (Series A, B, F and O units)
Fidelity NorthStar® Fund (Series A, B, F, O, T5, T8, S5 and S8 units)
Fidelity Overseas Fund (Series A, B, F and O units)
Fidelity Global Consumer Industries Fund (Series A, B, F and O units)
Fidelity Global Financial Services Fund (Series A, B, F and O units)
Fidelity Global Health Care Fund (Series A, B, F and O units)
Fidelity Global Natural Resources Fund (Series A, B, F and O units)
Fidelity Global Real Estate Fund (Series A, B, F and O units)
Fidelity Global Technology Fund (Series A, B, F and O units)
Fidelity Global Telecommunications Fund (Series A, B, F and O units)
Fidelity Canadian Asset Allocation Fund (Series A, B, F, O T5, T8, S5 and S8 units)
Fidelity Canadian Balanced Fund (Series A, B, F, O, T5, T8, S5 and S8 units)
Fidelity Monthly Income Fund (Series A, B, F, O, T5, T8, S5 and S8 units)
Fidelity Income Allocation Fund (Series A, B, F, O, T5, T8, S5 and S8 units)
Fidelity Global Asset Allocation Fund (Series A, B, F, O, T5, T8, S5 and S8 units)
Fidelity Global Monthly Income Fund (Series A, B, F, O, T5, T8, S5 and S8 units)
Fidelity Tactical Strategies Fund (Series A, B, F, O, T5, T8, S5, S8, F5 and F8 units)
Fidelity U.S. Monthly Income Fund (Series A, B, F, O T5, Series T8, Series S5, Series S8, Series F5 and Series F8 units)
Fidelity Income Portfolio (Series A, B, F, O, T5, T8, S5, S8, F5 and F8 units)
Fidelity Global Income Portfolio (Series A, B, F, O, T5, T8, S5, S8, F5 and F8 units)
Fidelity Balanced Portfolio (Series A, B, F, O, T5, T8, S5, S8, F5 and F8 units)
Fidelity Global Balanced Portfolio (Series A, B, F, O, T5, T8, S5, S8, F5 and F8 units)
Fidelity Growth Portfolio (Series A, B, F, O, T5, T8, S5, S8, F5 and F8 units)
Fidelity Global Growth Portfolio (Series A, B, F, O, T5, T8, S5, S8, F5 and F8 units)
Fidelity ClearPath® 2005 Portfolio (Series A, B, F, O, T5, T8, S5 and S8 units)
Fidelity ClearPath® 2010 Portfolio (Series A, B, F, O, T5, T8, S5 and S8 units)
Fidelity ClearPath® 2015 Portfolio (Series A, B, F, O, T5, T8, S5 and S8 units)
Fidelity ClearPath® 2020 Portfolio (Series A, B, F and O units)
Fidelity ClearPath® 2025 Portfolio (Series A, B, F and O units)
Fidelity ClearPath® 2030 Portfolio (Series A, B, F and O units)
Fidelity ClearPath® 2035 Portfolio (Series A, B, F and O units)
Fidelity ClearPath® 2040 Portfolio (Series A, B, F and O units)

Fidelity ClearPath® 2045 Portfolio (Series A, B, F and O units)
Fidelity ClearPath® Income Portfolio (Series A, B, F, O, T5, T8, S5 and S8 units)
Fidelity Income Replacement™ 2017 Portfolio (Series A, B and F units)
Fidelity Income Replacement™ 2019 Portfolio (Series A, B and F units)
Fidelity Income Replacement™ 2021 Portfolio (Series A, B and F units)
Fidelity Income Replacement™ 2023 Portfolio (Series A, B and F units)
Fidelity Income Replacement™ 2025 Portfolio (Series A, B and F units)
Fidelity Income Replacement™ 2027 Portfolio (Series A, B and F units)
Fidelity Income Replacement™ 2029 Portfolio (Series A, B and F units)
Fidelity Income Replacement™ 2031 Portfolio (Series A, B and F units)
Fidelity Income Replacement™ 2033 Portfolio (Series A, B and F units)
Fidelity Income Replacement™ 2035 Portfolio (Series A, B and F units)
Fidelity Income Replacement™ 2037 Portfolio (Series A, B and F units)
Fidelity Canadian Bond Fund (Series A, B, F and O units)
Fidelity Corporate Bond Fund (Series A, B, F and O units)
Fidelity Canadian Money Market Fund (Series A, B, C, D, F and O units)
Fidelity Canadian Short Term Bond Fund (Series A, B, F and O units)
Fidelity Tactical Fixed Income Fund (Series A, B, F and O units)
Fidelity American High Yield Fund (Series A, B, F and O units)
Fidelity American High Yield Currency Neutral Fund (Series A, B, F and O units)
Fidelity U.S. Money Market Fund (Series A and B units)
Fidelity Global Bond Fund (Series A, B, F and O units)
Fidelity Global Bond Currency Neutral Fund (Series A, Series B, Series F and Series O units)
Fidelity Canadian Bond Capital Yield Fund (Series A, B, F, O, Series T5, Series S5 and Series F5 units)
Fidelity American High Yield Capital Yield Fund (Series A, B, F, O, T5, S5 and F5 units)
Fidelity Tactical Fixed Income Capital Yield Fund (Series A, B and F units)
Fidelity U.S. Monthly Income Capital Yield Fund (Series A, B, F, T5, T8, S5, S8, F5 and F8 units)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated October 26, 2012
NP 11-202 Receipt dated October 29, 2012
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Fidelity Investments Canada ULC
Fidelity Investments Canada Limited
Promoter(s):
Fidelity Investments Canada ULC
Project #1960159

Issuer Name:
Franklin U.S. Rising Dividends Hedged Corporate Class
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus dated October 23, 2012
NP 11-202 Receipt dated October 24, 2012
Offering Price and Description:
Series A, F, O and T shares
Underwriter(s) or Distributor(s):
Franklin Templeton Investments Corp.
Promoter(s):
Franklin Templeton Investments Corp.
Project #1962217

Issuer Name:
Front Street Flow-Through 2012-II Limited Partnership
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated October 25, 2012
NP 11-202 Receipt dated October 26, 2012
Offering Price and Description:
$20,000,000.00
(Maximum Offering – 800,000 Units)
Subscription Price: $25.00 per Unit
Underwriter(s) or Distributor(s):
NATIONAL BANK FINANCIAL INC.
CIBC WORLD MARKETS INC.
RBC DOMINION SECURITIES INC.
BMO NESBITT BURNS INC.
TD SECURITIES INC.
GMP SECURITIES L.P.
SCOTIA CAPITAL INC.
CANACCORD GENUITY CORP.
MACQUARIE CAPITAL MARKETS CANADA LTD.
MANULIFE SECURITIES INCORPORATED
RAYMOND JAMES LTD.
TUSCARORA CAPITAL INC.
DESJARDINS SECURITIES INC.
DUNDEE SECURITIES LTD.
SHERBROOKE STREET CAPITAL (SSC) INC.
Promoter(s):
FSC GP IV Corp.
Front Street Capital 2004
Project #1965024

Issuer Name:
Matrix 2012 Enhanced Short Duration National Class
Matrix 2012 Enhanced Short Duration Québec Class
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated October 25, 2012
NP 11-202 Receipt dated October 26, 2012
Offering Price and Description:
(1) Maximum Offering: $25,000,000.00 -2,500,000 Matrix 2012 Enhanced Short Duration
National Class Units
$10.00 per Matrix 2012 Enhanced Short Duration National Class Unit Minimum Subscription: $2,500 (250 National Class Units or 250 Québec Class Units)
(2) Maximum Offering: $15,000,000.00 - 1,500,000 Matrix 2012 Enhanced Short Duration
Québec Class Units) $10.00 per Matrix 2012 Enhanced Short Duration Québec Class Unit
Minimum Subscription: $2,500 (250 National Class Units or 250 Québec Class Units)
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
CIBC World Markets Inc.
Desjardins Securities Inc.
BMO Nesbitt Burns Inc.
TD Securities Inc.
Industrial Alliance Securities Inc.
Canaccord Genuity Corp.
GMP Securities L.P.
Laurentian Bank Securities Inc.
Argosy Securities Inc.
Dundee Securities Ltd.
Mackie Research Capital Corporation
Macquarie Private Wealth Inc.
MGI Securities Inc.
Raymond James Ltd.
Union Securities Ltd.
Promoter(s):
Matrix Funds Management
Project #1963795, 1963794

Issuer Name:
Medicago Inc.
Principal Regulator - Quebec
Type and Date:
Final Base Shelf Prospectus dated October 22, 2012
NP 11-202 Receipt dated October 23, 2012
Offering Price and Description:
Cdn$15,000,000.00 of:
Preferred Shares
Common Shares
Warrants
Units
Subscription Receipts
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1967371

Issuer Name:
Morguard Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated October 25, 2012
NP 11-202 Receipt dated October 25, 2012
Offering Price and Description:
$150,000,000.00 - 4.85% Convertible Unsecured Subordinated Debentures due October 31, 2017
Underwriter(s) or Distributor(s):
RBC DOMINION SECURITIES INC.
TD SECURITIES INC.
BMO NESBITT BURNS INC.
CIBC WORLD MARKETS INC.
SCOTIA CAPITAL INC.
HSBC SECURITIES (CANADA) INC.
NATIONAL BANK FINANCIAL INC.
Promoter(s):
-
Project #1970693

Issuer Name:
Mosaic Capital Corporation
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated October 23, 2012
NP 11-202 Receipt dated October 24, 2012
Offering Price and Description:
$21,785,750.00 (2,065,000 Preferred Securities) Price: $10.55 per Preferred Security
Underwriter(s) or Distributor(s):
RAYMOND JAMES LTD.
MACKIE RESEARCH CAPITAL CORPORATION
MACQUARIE CAPITAL MARKETS CANADA LTD.
CANACCORD GENUITY CORP.
GLOBAL SECURITIES CORPORATION
Promoter(s):
-
Project #1966250

Issuer Name:
Movarie Capital Ltd.
Principal Regulator - British Columbia
Type and Date:
Amended and Restated CPC Prospectus dated October 12, 2012 amending and restating the Amended and Restated CPC Prospectus dated September 14, 2012.
NP 11-202 Receipt dated October 24, 2012
Offering Price and Description:
MINIMUM OFFERING: $200,000.00 (1,333,334 Common Shares)
MAXIMUM OFFERING: $600,000.00 (4,000,000 Common Shares)
Price: $0.15 per Common Share
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
Promoter(s):
Mark Orsmond
Project #1905516

Issuer Name:
North American REIT Income Fund
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated October 26, 2012
NP 11-202 Receipt dated October 29, 2012
Offering Price and Description:
$100,000,000.00 (10,000,000) Maximum
Price: $10.00 per Unit
Minimum Purchase: 100 Units
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
GMP Securities L.P.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Scotia Capital Inc.
TD Securities Inc.
Raymond James Ltd.
Canaccord Genuity Corp.
Macquarie Private Wealth Inc.
Desjardins Securities Inc.
Dundee Securities Ltd.
Manulife Securities Incorporated
Promoter(s):
Propel Capital Corporation
Project #1964902

Issuer Name:
Pilot Gold Inc.
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated October 25, 2012
NP 11-202 Receipt dated October 25, 2012
Offering Price and Description:
$25,575,000.00 - 15,500,000 UNITS Price $1.65 per Unit
Underwriter(s) or Distributor(s):
NATIONAL BANK FINANCIAL INC.
CANACCORD GENUITY CORP.
CIBC WORLD MARKETS INC.
HAYWOOD SECURITIES INC.
SCOTIA CAPITAL INC.
Promoter(s):
Mark O'Dea
Sean Tetzlaff
John Dorward
Matthew Lennox-King
Project #1970399

Issuer Name:
PMI Gold Corporation
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated October 23, 2012
NP 11-202 Receipt dated October 23, 2012
Offering Price and Description:
C$100,002,000.00
119,050,000 Common Shares
Price: C$0.84 per Offered Share
Underwriter(s) or Distributor(s):
CLARUS SECURITIES INC.
RBC DOMINION SECURITIES INC.
CANACCORD GENUITY CORP.
GMP SECURITIES L.P.
RAYMOND JAMES LTD.
Promoter(s):
-
Project #1967962

Issuer Name:
SilverCrest Mines Inc.
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated October 23, 2012
NP 11-202 Receipt dated October 23, 2012
Offering Price and Description:
$30,000,750.00 - 1,765,000 Common Shares
Price: $2.55 per Offered Share
Underwriter(s) or Distributor(s):
Dundee Securities Ltd.
Canaccord Genuity Corp.
Promoter(s):
-
Project #1969148

Issuer Name:
Slate U.S. Opportunity (No. 2) Realty Trust
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated October 26, 2012
NP 11-202 Receipt dated October 29, 2012
Offering Price and Description:
Minimum: U.S.$10,000,000.00 of Class A Units, Class F Units and/or Class U Units - (Minimum 1,000,000 Class A Units, Class F Units and/or Class U Units)
Maximum: U.S.$50,000,000.00 of Class A Units, Class F Units and/or Class U Units - (Maximum 5,000,000 Class A Units, Class F Units and/or Class U Units)
Underwriter(s) or Distributor(s):
CIBC WORLD MARKETS INC.
RBC DOMINION SECURITIES INC.
GMP SECURITIES L.P.
BMO NESBITT BURNS INC.
SCOTIA CAPITAL INC.
RAYMOND JAMES LTD.
MACQUARIE PRIVATE WEALTH INC.
NATIONAL BANK FINANCIAL INC.
CANACCORD GENUITY CORP.
DUNDEE SECURITIES LTD.
Promoter(s):
SLATE PROPERTIES INC.
Project #1964660

Issuer Name:
Sun Life MFS McLean Budden Global Growth Fund (Series A, D, T5, T8, F, I)
Sun Life MFS McLean Budden International Growth Fund (Series A, D, T5, T8, F, I)
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated September 28, 2012 to the Simplified Prospectuses and Annual Information Form dated August 24, 2012
NP 11-202 Receipt dated October 26, 2012
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
Sun Life Global Investments (Canada) Inc.
Project #1934158

Issuer Name:
Tourmaline Oil Corp.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated October 23, 2012
NP 11-202 Receipt dated October 23, 2012
Offering Price and Description:
$36,900,000.00 - 1,000,000 Flow-Through Common Shares Price: $36.90 per Flow-Through Share
Underwriter(s) or Distributor(s):
Peters & Co. Limited
Scotia Capital Inc.
FirstEnergy Capital Corp.
National Bank Financial Inc.
Stifel Nicolaus Canada Inc.
CIBC World Markets Inc.
TD Securities Inc.
Cormark Securities Inc.
Promoter(s):
-
Project #1969932

Issuer Name:
Sprott Physical Platinum and Palladium Trust
Principal Jurisdiction - Ontario
Type and Date:
Preliminary Long Form Base PREP Prospectus dated January 13, 2012,
1st Amended and Restated Preliminary Long Form Base PREP Prospectus dated March 1, 2012,
2nd Amended and Restated Preliminary Long Form Base PREP Prospectus dated April 20, 2012 and
3rd Amended and Restated Preliminary Long Form Base PREP Prospectus dated June 13, 2012
Withdrawn on October 26, 2012
Offering Price and Description:
US$ * (* Units)
Minimum Subscription: US$1,000 (100 Units)
Price: US$10.00 per Unit
Underwriter(s) or Distributor(s):
RBC DOMINION SECURITIES INC.
MORGAN STANLEY CANADA LIMITED
Promoter(s):
SPROTT ASSET MANAGEMENT LP
Project #1848741

Issuer Name:
The Individual plan Trust
The Reflex plan Trust
The Universitas plan Trust
Type and Date:
Preliminary Long Form Prospectus dated June 6, 2012
Withdrawn on October 23, 2012
Offering Price and Description:
Registered Education Savings Plans
Underwriter(s) or Distributor(s):
UNIVERSITAS MANAGEMENT INC.
Promoter(s):
-
Project #1920395,1920399,1920398

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Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
New Registration	Bioenterprise Corporation	Exempt Market Dealer	October 23, 2012
New Registration	Red Jacket Asset Management Inc.	Portfolio Manager, Exempt Market Dealer and Investment Fund Manager	October 24, 2012
New Registration	Litchfield Capital Advisors Ltd.	Exempt Market Dealer	October 25, 2012
New Registration	Great Pacific Mortgage & Investments Ltd.	Exempt Market Dealer	October 26, 2012
New Registration	B.A.F Capital Management Inc.	Restricted Portfolio Manager	October 26, 2012
Change of Registration Category	Redwood Asset Management Inc.	From: Investment Fund Manager and Exempt Market Dealer. To: Portfolio Manager, Investment Fund Manager, and Exempt Market Dealer.	October 26, 2012

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Chapter 13

SROs, Marketplaces and Clearing Agencies

13.1 SROs

13.1.1 IIROC Rules Notice – Request for Comments – UMIR and Dealer Member Rules – Proposed Provisions Respecting Third-Party Electronic Access to Marketplaces

12-0315
October 25, 2012

PROPOSED PROVISIONS RESPECTING
THIRD-PARTY ELECTRONIC ACCESS TO MARKETPLACES

Executive Summary

On September 12, 2012, the Board of Directors of IIROC ("Board") approved the publication for comment of:

- proposed amendments to UMIR respecting third-party electronic access to marketplaces ("Proposed UMIR Amendments") that would introduce:
    - requirements for a Participant providing "direct electronic access",
    - provisions governing a Participant in a "routing arrangement" with an investment dealer,
    - requirements for supervision of orders entered by an order execution client by a Participant that provides order execution services, and
    - gatekeeper obligations on a marketplace that provides access to a Participant or Access Person and on a Participant that provides direct electronic access to a client or to an investment dealer under a routing arrangement; and
- proposed amendments to the Dealer Member Rules ("Proposed DMR Amendments") that would:
    - provide an exemption from the suitability obligations whenever a Dealer Member accepts an order from a client or transmits an order for a client who has been provided with direct electronic access, subject to specific conditions, and
    - prohibit a Dealer Member that offers order execution only services to Retail Customers from allowing its clients to use automated order systems or allowing its clients to manually send orders that exceed the threshold on the number of orders as set by IIROC from time to time.

In addition, the Board authorized the withdrawal from further consideration an earlier proposal published in April of 2007 that would have clarified the obligations of Participants, Access Persons and marketplaces regarding direct access to marketplaces.[1]

The Proposed UMIR Amendments and Proposed DMR Amendments (collectively, the "Proposed Amendments") are intended to provide a comprehensive framework to regulate various forms of third-party electronic access to marketplaces and complement the proposed amendments to National Instrument 23-103 – *Electronic Trading* dealing with direct electronic access to marketplaces ("CSA Access Proposals").[2] In recent years there has been a proliferation of sophisticated, high-speed trading technology that has caused various risks to emerge including financial, regulatory, legal and operational risks associated with electronic access to marketplaces. IIROC believes that there should be a common set of rules for the granting of direct electronic access that applies across all marketplaces. This common set of requirements would protect overall market integrity and facilitate trading in a multiple marketplace environment.

1 Market Integrity Notice 2007-009 – *Request for Comments – Provisions Respecting Access to Marketplaces* (April 20, 2007).

2 See (2012) 35 OSCB 9627.

While the Proposed Amendments will introduce a new and more comprehensive framework for third-party electronic access to marketplaces, many of the components of these requirements build on: existing marketplace requirements for direct market access; regulatory requirements and guidance on trade supervision and compliance; and established industry practices. As such, many of Proposed Amendments either formalize or clarify existing requirements or practices.

The Proposed Amendments do not affect the entry of orders on a marketplace that are intermediated by an individual registrant or trader of a Participant.[3]

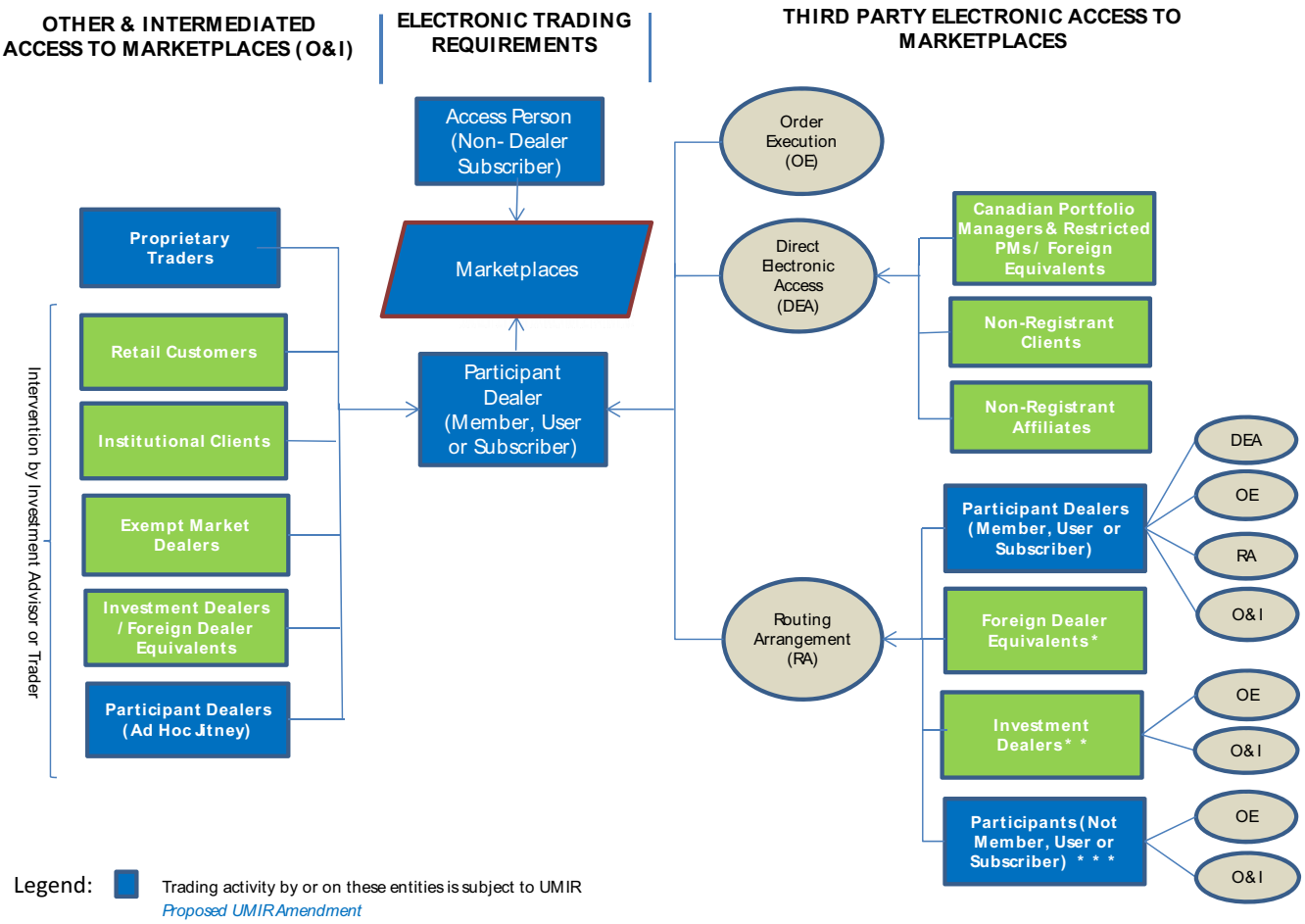
The following diagram[4] summarizes the order flow to marketplaces assuming the adoption of the Proposed Amendments, and earlier proposed amendments to UMIR respecting electronic trading.[5] Currently, all marketplaces trading listed or quoted securities in Canada operate as electronic markets. The diagram confirms that:

- all orders entered on a marketplace in respect of a listed or quoted security are subject to UMIR;
- the only means to access a marketplace for the purpose of trading a listed or quoted security is:
    - as an Access Person as a subscriber to an ATS, or
    - by or through a Participant as a member of an Exchange or subscriber to an ATS; and
- unless a client order is intermediated by an investment advisor or trader at a Participant, the only third-party access that a Participant can provide will be governed by one of three options:
    - order execution service,
    - direct electronic access, or
    - routing arrangement.

[3] A more detailed description of the impacts of the Proposed Amendments is set out later in this notice in section 4 – *Summary of the Impact of the Proposed Amendments*.

[4] A more detailed version of this diagram which contains summary references to the various proposed amendments is set out later in this notice in section 4.3 – *Order Flow to Marketplaces*.

[5] See section 2.3 of this notice for a discussion of the proposed amendments to UMIR respecting electronic trading.



In order to facilitate the preparation of comments on the Proposed Amendments, IIROC intends to hold information sessions with industry participants during the comment period to address questions related to the Proposed Amendments. Notice of dates and locations for the information session will be published in a separate IIROC Notice in the near future.

Generally speaking, the impact of the Proposed Amendments would be to require a Participant granting access to a marketplace through direct electronic access or a routing arrangement to:

- establish standards to manage the attendant risks;
- enter into a written agreement with each client or investment dealer provided access;
- establish and apply appropriate supervisory and compliance procedures for orders entered under direct electronic access or routing arrangements;
- at least annually review the standards and compliance of each client and investment dealer with the standards and written agreement; and
- establish procedures for reporting to IIROC non-compliance by a client or investment dealer with the standards or written agreement.

The Proposed Amendments would also require a Participant offering order execution services to review, on an on-going basis, whether the account was appropriate to use such service and, on an annual basis, that the account is not using a third-party automated order system.

IIROC would expect that, if the Proposed Amendments are approved by the Recognizing Regulators, the amendments would be implemented on the later of:

- ***the date the CSA Access Proposals become effective; and***
- ***180 days following the publication of notice of approval of the amendments***

To the extent that a Participant has an existing agreement with a client or an investment dealer for electronic access to a marketplace, the Participant would have a further 180 days to bring such agreements into compliance with the requirements of the amendments.

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Appendix A – Proposed UMIR Amendments

Appendix B – Text of Dealer Member Rules to Reflect Proposed DMR Amendments Respecting Third-Party Electronic Access to Marketplaces

Appendix C – Text of UMIR to Reflect Proposed UMIR Amendments Respecting Third-Party Electronic Access to Marketplaces

1. Policy Development Process

IIROC has been recognized as a self-regulatory organization by each of the Canadian provincial securities regulatory authorities (the "Recognizing Regulators") and, as such, is authorized to be a regulation services provider for the purposes of National Instrument 21-101 ("Marketplace Operations Instrument") and National instrument 23-101 ("CSA Trading Rules").

As a regulation services provider, IIROC administers and enforces trading rules for the marketplaces that retain the services of IIROC.[6] IIROC has adopted, and the Recognizing Regulators have approved, UMIR as the integrity trading rules that will apply in any marketplace that retains IIROC as its regulation services provider.

The Market Rules Advisory Committee ("MRAC") of IIROC reviewed the Proposed Amendments. MRAC is an advisory committee comprised of representatives of each of the marketplaces for which IIROC acts as a regulation services provider; Participants, institutional investors and subscribers, and the legal and compliance community.[7]

The text of the Proposed UMIR Amendments is set out in Appendix "A". The text of the Proposed DMR Amendments is set out in Appendix "B". The Proposed Amendments deal with various forms of third-party electronic access to marketplaces and are designed to complement and supplement provisions regulating electronic trading that are being proposed by the Canadian Securities Administrators ("CSA") in the CSA Access Proposals. For this reason, the Board has determined the Proposed Amendments to be in the public interest.
Comments are requested on all aspects of the Proposed Amendments, including any matter which they do not specifically address. Comments on the Proposed Amendments should be in writing and delivered by ***January 23, 2013*** to:

Naomi Solomon,
Senior Policy Counsel, Market Regulation Policy,
Investment Industry Regulatory Organization of Canada,
Suite 2000
121 King Street West,
Toronto, Ontario. M5H 3T9
Fax: 416.646.7265
e-mail: nsolomon@iiroc.ca

A copy should also be provided to the Recognizing Regulators by forwarding a copy to:

Susan Greenglass
Director, Market Regulation
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

Commentators should be aware that a copy of their comment letter will be made publicly available on the IIROC website (www.iiroc.ca under the heading "Policy" and sub-heading "Market Proposals/Comments" and/or "Dealer Member Rules – Policy Proposals and Comment") upon receipt. A summary of the comments contained in each submission will also be included in a future IIROC Notice.

In order to facilitate the preparation of comments on the Proposed Amendments, IIROC intends to hold information sessions with industry participants during the comment period to address questions related to the Proposed Amendments. Notice of dates and locations for the information session will be published in a separate IIROC Notice in the near future.

After considering the comments on the Proposed Amendments received in response to this Request for Comments together with any comments of the Recognizing Regulators, IIROC may recommend that revisions be made to the applicable proposed

[6] Presently, IIROC has been retained to be the regulation services provider for: Alpha Exchange Inc., Canadian National Stock Exchange ("CNSX"), Toronto Stock Exchange ("TSX") and TSX Venture Exchange ("TSXV"), each as an "exchange" for the purposes of the Marketplace Operation Instrument ("Exchange"); and for Bloomberg Tradebook Canada Company, Chi-X Canada ATS Limited, Instinet Canada Cross Ltd., Liquidnet Canada Inc., Omega ATS Limited, TMX Select and TriAct Canada Marketplace LP (the operator of "MATCH Now"), each as an alternative trading system ("ATS"). CNSX presently operates an "alternative market" known as "Pure Trading" that is entitled to trade securities that are listed on other Exchanges and that presently trades securities listed on the TSX and TSXV.

[7] The review by MRAC of the Proposed Amendments should not be construed as approval or endorsement of the Proposed Amendments. Members of MRAC are expected to provide their personal advice on topics and that advice may not represent the views of their respective organizations as expressed during the public comment process.

amendments. If the revisions are not of a material nature, the Board has authorized the President to approve the revisions on behalf of IIROC and the applicable proposed amendments as revised will be subject to approval by the Recognizing Regulators. If the revisions are material, the applicable proposed amendments as revised will be submitted to the Board for ratification and, if ratified, will be republished for further public comment.

2. Background to the Proposed Amendments

2.1 Earlier Proposals to Regulate Access to Marketplaces

In April 2007, amendments were proposed to UMIR that were intended to clarify the obligations of Participants, Access Persons and marketplaces regarding direct access to markets (the "2007 Proposal").[8] The 2007 Proposal would have introduced, among other things:

- a provision that a person with "Dealer-Sponsored Access" would be subject to UMIR (either as a "Participant" in the case of a dealer with Dealer-Sponsored Access or as an "Access Person" for a person other than a dealer); and
- a requirement for training and proficiency for each person entitled to enter orders on a marketplace on behalf of an Access Person.

The 2007 Proposal was published concurrently with proposed amendments to the CSA Trading Rules. With the publication of the Proposed Amendments dealing with the same subject matter, the 2007 Proposal is withdrawn from further consideration by the Recognizing Regulators. The elements of the 2007 Proposal referenced above have not been included in the Proposed Amendments.[9]

2.2 International Developments and Initiatives

Following the 2007 Proposal, regulatory developments in other jurisdictions concerning electronic trading and access to marketplaces have been monitored. Almost all jurisdictions have experienced a proliferation of sophisticated, high-speed trading technology that has caused various risks to emerge including financial, regulatory, legal and operational risks, associated with market access.

The Proposed Amendments respecting third-party electronic access to marketplaces are aligned with the principles outlined in the Final Report prepared by the International Organization of Securities Commissions ("IOSCO") entitled *Principles for Direct Electronic Access to Markets*, in August, 2010[10] (the "IOSCO DEA Report"). In particular, the IOSCO DEA Report included eight principles applicable to DEA arrangements in three key areas:

- pre-conditions for DEA;
- information flow; and
- adequate systems and controls.

The IOSCO DEA Report recommended three principles for the pre-conditions for DEA:

- *Minimum Customer Standards:* Each DEA customer must have appropriate financial resources and procedures in place to ensure that all relevant persons are both familiar with, and comply with, the rules of the

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8 Market Integrity Notice 2007-009, op. cit.

9 Under the Proposed Amendments, an investment dealer who is a party to a routing arrangement with a Participant that is a member, user or subscriber and through which the investment dealer is able to enter orders directly to a marketplace without being electronically transmitted through the system of the Participant will be considered to be a "Participant" and will be required to have automated controls to examine each order before entry on a marketplace in accordance with the proposed Rule 7.1 of UMIR and section 3 of National Instrument 23-103. See section 3.3.1 *Investment Dealer and Participant Relationships.*

10 See http://www.iosco.org/library/pubdocs/pdf/IOSCOPD332.pdf. For the purposes of the IOSCO DEA Report, "direct electronic access" or "DEA" was defined as following three major pathways: (i) an arrangement where an intermediary, who is a market-member, permits its customers to transmit orders electronically routing through an intermediary's infrastructure, and the order is in turn automatically transmitted for execution to a market-maker under the intermediary's market-maker ID ("automated order routing"); (ii) an arrangement where an intermediary, who is a market-member, may permit its customers to use its member ID to transmit orders for execution directly to the market without using the intermediary's infrastructure ("sponsored access"); and (iii) a person, who is not registered as an intermediary, such as a hedge fund or proprietary trading group, becomes a market-member, and in that capacity, in the same way as members that are registered intermediaries, connects directly to the market's trade matching system using its own infrastructure and member ID ("direct access").

market and have knowledge of and proficiency in the use of the order entry system used by the DEA customer; and intermediaries must maintain minimum customer standards.

- *Legally Binding Agreement:* There should be a recorded, legally binding contract between the intermediary and the DEA customer, the nature and detail of which should be appropriate to the nature of the service provided.

- *Intermediary's Responsibility for Trades:* An intermediary retains ultimate responsibility for all orders under its authority, and for compliance of such orders with all regulatory requirements and market rules.

With respect to information flow, the IOSCO DEA Report recommended two guiding principles:

- *Customer Identification:* Intermediaries must disclose to market authorities the identity of their DEA customers in order to facilitate market surveillance.

- *Pre- and Post-Trade Information:* Markets should provide member firms with access to relevant pre- and post-trade information (on a real-time basis) to enable these firms to implement appropriate monitoring and risk management controls.

In the third area covered by the IOSCO DEA Report, IOSCO set out principles regarding the responsibilities of markets and intermediaries:

- *Markets:* A market should not permit DEA unless there are in place effective systems and controls reasonably designed to enable the management of risk with regard to fair and orderly trading including, in particular, automated pre-trade controls that enable intermediaries to implement appropriate trading limits.

- *Intermediaries:* Intermediaries (including, as appropriate, clearing firms) should use controls, including automated pre-trade controls, which can limit or prevent a DEA Customer from placing an order that exceeds a relevant intermediary's existing position or credit limits.

- *Adequacy of Systems:* Intermediaries (including clearing firms) and markets should have adequate operational and technical capabilities to manage appropriately the risks posed by DEA.

In the U.S., Rule 15c3-5 requires broker-dealers providing DEA to implement risk management controls and supervisory procedures reasonably designed to manage the financial, regulatory and other risks of this business activity. This rule effectively prohibits broker-dealers from providing unfiltered access to any marketplace. The other recent international regulatory initiatives noted, propose or have finalized similar frameworks for electronic access to marketplaces with reference to the principles in the IOSCO DEA Report, reflecting the impact of changes in market structure across jurisdictions. [11]

2.3 Electronic Trading Rule and Proposed UMIR Requirements

In April of 2011, the CSA published for comment the proposed National Instrument 23-103 *Electronic Trading and Direct Electronic Access to Marketplaces* and its Companion Policy (23-103 CP) (the "Proposed ETR").[12] The Proposed ETR would have replaced a number of proposed changes to the CSA Trading Rules regarding access to marketplaces that had been published concurrent with the 2007 Proposal. On June 28, 2012, the CSA published National Instrument 23-103 *Electronic Trading* ("ETR"). The ETR, which will become effective March 1, 2013, governs the requirements for risk controls, policies and procedures that marketplace participants and marketplaces must implement in regard to electronic trading.[13] Concurrent with the

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[11] See Securities and Exchange Commission Rule 15c3-5 *Risk Management Controls for Brokers or Dealers with Market Access* published in November, 2010 at http://www.sec.gov/rules/final/2010/34-63241.pdf; European Commission *Review of the Markets in Financial Instruments Directive*, published in December, 2010, at http://ec.europa.eu/internal_market/consultations/docs/2010/mifid/consultation_paper_en.pdf; and the Australian Securities and Investments Commission *Consultation Paper 145: Australian Equity Market Structure: Proposals* published in November, 2010 at www.asic.gov.au/asic/pdflib.nsf/LookupByFileName/cp-145.pdf/$file/cp-145.pdf, followed by ASIC *Consultation Paper 168: Australian Equity Market Structure: Further Proposals* published in October, 2011 at www.asic.gov.au/asic/pdflib.nsf/LookupByFileName/cp168-published-20-October-2011-2.pdf and Consultation Paper 184: Australian Market Structure: Draft Market Integrity Rules and Guidance on Automated Trading (August, 2012); and European Securities and Markets Authority (ESMA) *Guidelines – Systems and controls in an automated trading environment for trading platforms, investment firms and competent authorities*, published February 24, 2012 at http://www.esma.europa.eu/system/files/esma_2012_122_en.pdf.

[12] See (2011) 34 OSCB 4133.

[13] See (2012) 35 OSCB 6037.

publication of the ETR, IIROC also published proposed amendments and proposed guidance to UMIR to implement ETR and complement its provisions ("Proposed UMIR ETR Requirements").[14]

The Proposed UMIR ETR Requirements will introduce new provisions detailing the responsibilities of Participants and Access Persons with respect to the supervision of electronic trading. These provisions will align UMIR with the requirements set out in the ETR applicable to "market participants" which includes both Participants and Access Persons under UMIR.[15] In particular, the Proposed UMIR ETR Requirements would:

- expand the existing supervisory requirements for trading to specifically include the establishment and maintenance of risk management and supervisory controls, policies and procedures related to access to one or more marketplaces and/or the use of an automated order system;
- permit, in certain circumstances, a Participant to authorize an investment dealer to perform on its behalf the setting or adjustment of a risk management or supervisory control policy or procedure to an investment dealer by a written agreement; and
- impose specific gatekeeper obligations on a Participant who has authorized an investment dealer to perform on its behalf the setting or adjustment of a risk management or supervisory control policy or procedure to an investment dealer.

The most significant impacts of the Proposed UMIR ETR Requirements would be to:

- ensure that Participants and Access Persons adopt, document and maintain a system of risk management and supervisory controls, policies and procedures reasonably designed to manage the risks associated with electronic trading and access to marketplaces;
- ensure that Participants and Access Persons are effectively supervising trading activity and are accounting for the risks associated with electronic access to marketplaces in their supervisory and compliance monitoring procedures; and
- require an appropriate level of understanding, ongoing testing and appropriate monitoring of any automated order systems in use by a Participant, Access Person, or any client of a Participant.

In particular, the ETR and the Proposed UMIR ETR Requirements will require each Participant or Access Person to adopt risk management and supervisory controls, policies and procedures that must be reasonably designed to:

- ensure that all orders (including those that may be entered by third-party electronic access provided by a Participant) are monitored pre-entry to a marketplace and post-trade;
- systematically limit the financial exposure of the Participant or Access Person;
- ensure compliance with all marketplace and regulatory requirements;
- ensure the Participant or Access Person can stop or cancel the entry of orders to a marketplace;
- ensure the Participant or Access Person can suspend or terminate any marketplace access granted to a client; and
- ensure the entry of orders does not interfere with fair and orderly markets.

IIROC would expect that, if the Proposed UMIR ETR Requirements are approved by the Recognizing Regulators, the amendments would be implemented on the later of:

- March 1, 2013, the date the ETR becomes effective; and

[14] See IIROC Notice 12-0200 – Rules Notice – Request for Comments – UMIR – *Provisions Respecting Electronic Trading* (June 28, 2012) and IIROC Notice 12-0201 – Rules Notice – Request for Comments – UMIR – *Proposed Guidance Respecting Electronic Trading* (June 28, 2012).

[15] As noted in IIROC Notice 12-0200, if the Proposed UMIR ETR Requirements are adopted, "Access Persons would have to specifically introduce risk management and supervisory controls, policies and procedures with respect to their direct trading on a marketplace as an Access Person (and not through a Participant). This will parallel a requirement on Access Persons introduced in the ETR. However, Access Persons presently only have access [as subscribers] to one marketplace which operates as a "negotiation" dark pool marketplace. The requirement will have little practical impact on an Access Person unless they become a subscriber to a new marketplace that is transparent."

- 120 days following the publication of notice of approval of the amendments.

2.4 CSA Access Proposals

Provisions respecting direct electronic access to marketplaces included in the Proposed ETR were not included in the ETR. However, these provisions dealing with direct electronic access are now incorporated into the CSA Access Proposals.

The CSA Access Proposals build on the obligations outlined in Section 11.1 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*[16] ("NI 31-103") under which a registered firm must establish, maintain and apply policies and procedures that establish a system of controls and supervision sufficient to:

- provide reasonable assurance that the firm and each individual acting on its behalf complies with securities legislation; and

- manage the risks associated with its business in accordance with prudent business practices.

The Proposed Amendments complement the CSA Access Proposals. The Proposed Amendments also contain additional provisions related to the provision of third-party electronic access to marketplaces by Participants through the mechanisms of direct electronic access to clients, order routing arrangements between investment dealers and order execution services presently offered to a range of client account types.

2.5 Current Marketplace Requirements for "Direct Access"

Requirements relating to the granting of direct access to marketplaces are currently established under the rules of the exchanges and in the policies and contractual provisions which an ATS has with its subscribers. The TSX, TSXV and TMX Select have substantially similar requirements17 which include:

- a list of "eligible clients", or classes of entities which are generally various domestic and foreign institutional customers as well as order execution clients that are eligible to transmit orders electronically directly to the trading system;

- conditions for connections which Participants/Members/Subscribers must follow in order to transmit orders received electronically from an eligible client through the infrastructure of the Participant or through a third-party system contracted by the Participant and approved by the marketplace, directly to the trading system, including obtaining prior written approval of the marketplace that:

    - the system of the Participant meets the prescribed conditions, and

    - a standard form of agreement with the prescribed conditions is entered into between the Participant and an eligible client; and

- mandating Participant/Member/Subscriber responsibility for compliance with marketplace requirements with respect to the entry and execution of orders transmitted by eligible customers through the Participant.

Alpha Exchange,[18] (and formerly Alpha ATS), maintains trading policies concerning Direct Market Access with comparable requirements to the TSX, but does not include order execution clients in its list of "DMA Eligible Clients". Omega and CNSX, with regard to access to its "Pure Trading" facility, have maintained policies on Direct Market Access which are substantially the same as those of the TMX Group marketplaces.[19] Other ATSs that permit investment dealers to be subscribers have generally incorporated by reference the requirements of the TSX into their contractual arrangements with subscribers who are Participants.

If the CSA Access Proposals and the Proposed UMIR Amendments are approved, the result would be a common set of rules applying to the granting of direct electronic access that would apply across all marketplaces that have retained IIROC as their

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16 Published at http://www.osc.gov.on.ca/documents/en/Securities-Category3/ni_20120228_31-103_unofficial-consolidated.pdf

17 See TSX Rule Book Part 2 – Access to Trading, Division 5 – Connection of Eligible Clients of Participating Organizations, Rules 2-501, 2-502 and 2-503; TSX Venture Exchange Rule Book and Policies – Rule C.2.00 Trading Procedures and Practices – Connection of Eligible Clients of Members, Rules C.2.51-2.53; and TMX Select Trading Policy Manual, Section 5 – Sponsored Access. Notably, IIROC Trading Conduct Compliance ("TCC") has maintained a module for review of Participants' direct market access services. TCC currently engages in direct market access reviews in part on behalf of the TSX, to which the results are provided.

18 The effective date of operation of Alpha Exchange was April 2, 2012. See Ontario Securities Commission Notice of Approval: Recognition of Alpha Trading Systems Limited Partnership and Alpha Exchange Inc. as an Exchange (December 8, 2011) at: http://osc.gov.on.ca/documents/en/Marketplaces/ats_20111208_alpha-noa-exchange.pdf.

19 Omega's policy is "Direct Market Access for Subscribers' Clients"; CNSX maintains Rule 12 – Access by Eligible Clients.

regulation services provider.[20] This common set of requirements would facilitate trading in a multiple marketplace environment. If the CSA Access Proposals and the Proposed UMIR Amendments are approved, IIROC would expect that the exchanges would repeal their rules and the ATSs would repeal their policies and contractual provisions governing direct electronic access.

2.6 Current UMIR Trading Supervision Requirements for Direct Access to Marketplaces

Trading supervision requirements related to direct access to marketplaces have been addressed in Rule 7.1 and Policy 7.1 of UMIR, in the context of marketplace requirements governing direct access. Currently, Rule 7.1 establishes trading supervision obligations which Participants must follow, including:

- adopting written policies and procedures to be followed by directors, officers, partners and employees of the Participant that are adequate, taking into account the business and affairs of the Participant, to ensure compliance with UMIR and each Policy; and
- complying, prior to the entry of an order on a marketplace, with:
    - applicable regulatory standards with respect to the review, acceptance and approval of orders,
    - the policies and procedures adopted, and
    - all requirements of UMIR and each Policy.

Policy 7.1 elaborates on the responsibility of Participants for trading supervision and compliance, including for orders entered on a marketplace without the involvement of a trader as the client maintains a "systems interconnect arrangement", in accordance with marketplace requirements. Policy 7.1 directs that the obligation to supervise:

- applies to the Participant whatever the means with which an order is entered on a marketplace, including if entered directly by a client and routed to a marketplace through the trading system of the Participant; and
- requires adequate supervision policies and procedures to address the potential additional risk exposure with orders not directly handled by the Participant but which are the Participant's responsibility.

The supervision requirements in UMIR were supplemented by guidance concerning direct access to marketplaces. In 2005, guidance was issued concerning supervision of persons with "direct access".[21] A Participant providing "direct access" was advised that they were not relieved from any obligations under UMIR with respect to the supervision of trading activities by a "direct access client" and retained full responsibility for any order entered by a direct access client, even though that order would be electronically routed to the marketplace. The policies and procedures of a Participant were mandated to specifically address the additional risk exposure which the Participant had for orders not directly handled by the Participant prior to the entry on a marketplace.

Between 2007 and 2009, additional guidance[22] has been issued setting out regulatory expectations concerning compliance and supervision obligations under Policy 7.1 of UMIR in regard to:

- order execution services provided to a client that is a Retail Customer (an "order execution client");
- dealer-sponsored access services or "Direct Market Access" provided to a client, excluding order execution clients (a "DMA client"); and
- algorithmic trading.

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[20] Marketplaces will further be subject to adapting their existing direct access rules and policies. In its comment letter on the Proposed ETR dated July 11, 2011 (published at http://www.osc.gov.on.ca/documents/en/Securities-Category2-Comments/com_20110711_23-103_cowank.pdf), the TMX Group noted the intention to overhaul existing direct access rules given the proposed provisions relating to marketplace access, including removal of the concept of "eligible client" from marketplace rules, so that Participating Organizations, Members and Subscribers would not have their client base "restricted" and removing duplicative requirements, such as prescribed provisions in written agreements between a participant and its client.

[21] Market Integrity Notice 2005-006 – *Guidance – Obligations of an "Access Person" and Supervision of Persons with "Direct Access"* (March 4, 2005).

[22] Market Integrity Notice 2007-010 – *Guidance – Compliance Requirements for Dealer Sponsored Access* (April 20, 2007); Market Integrity Notice 2007-011 – *Guidance – Compliance Requirements for Order Execution Services* (April 20, 2007); Market Integrity Notice 2008-003 – *Guidance – Supervision of Algorithmic Trading* (January 18, 2008); and IIROC Notice 09-0081– *Rules Notice – Guidance Note – Specific Questions Related to Supervision of Algorithmic Trading* (March 20, 2009).

The guidance provided to Participants was substantially similar for both order execution and DMA client streams and emphasized that:

- the source of, or means with which, an order is entered does not relieve a Participant of responsibility for, and the supervision of, such orders including:
    - the detection of UMIR violations, and
    - implementation of systems reasonably designed to prevent the entry and execution of "unreasonable" orders and trades on a marketplace whether the Participant, or a DMA client of the Participant, is using an algorithmic trading system, and
- the Dealer Member Rules applicable to order execution services or institutional DMA clients[23] would not alter or relieve a Participant from any obligations under Policy 7.1.

Enforcement cases that have been taken by IIROC under Rule 7.1 and Policy 7.1 have reinforced the requirement of a Participant to properly supervise "DMA trading",[24] holding that Participants that provide DMA to IIROC-regulated marketplaces retain the ultimate responsibility for any order entered and to ensure that trading supervision obligations under UMIR are met.

3. Discussion of the Proposed Amendments

The following is a summary of the principal components of the Proposed UMIR Amendments and the Proposed DMR Amendments:

3.1 Regulatory Framework for Third-Party Electronic Access to Marketplaces

The Proposed ETR would have established a framework for direct electronic access to marketplaces premised (in a similar vein to the marketplace rules concerning direct access) on the Participant as provider of, and primary gatekeeper to, electronic access to marketplaces. The provisions in the Proposed ETR related to a dealer providing electronic access to marketplaces have now been included in the CSA Access Proposals. Provisions relating to DEA and also order routing and order execution services will also be included in UMIR as part of the Proposed UMIR Amendments, given IIROC's jurisdiction governing Participants and Access Persons, to whom the electronic access requirements are effectively directed. The comments received on the Proposed ETR in regard to the provisions on direct electronic access to marketplaces have been taken into account with regard to formulation of the Proposed UMIR Amendments and Proposed DMR Amendments.

The Proposed ETR included specific new terminology and a definition of an arrangement for electronic access to marketplaces, namely "direct electronic access" ("DEA"). Previously, DEA was referred to in IIROC's guidance and commonly known as "direct market access" or "DMA" based on the requirements established by the marketplaces or as "dealer-sponsored access" using the terminology from the 2007 Proposal. The Proposed UMIR Amendments would adopt a definition of the term as:

> "**direct electronic access**" means an arrangement between a Participant that is a member, user or subscriber and a client that permits the client to electronically transmit an order containing the identifier of the Participant:
>
> - through the systems of the Participant for automatic onward transmission to a marketplace; or
> - directly to a marketplace without being electronically transmitted through the systems of the Participant.

This definition in the Proposed UMIR Amendments is consistent with the definition in the CSA Access Proposals. The definitions are revised from that in the Proposed ETR to clarify that the electronic transmission by a client of an order containing the Participant's identifier, to a marketplace, would be considered to be a DEA whether or not the client's order first passes through the Participant's systems. If a Participant retains a service provider to provide technology, the order may not be transmitted through the "systems of the Participant" but the access will be considered to be direct market access under the second branch of the definition. Whether an order is transmitted through the systems of the Participant, the Participant retains responsibilities and obligations for the order under UMIR and, in particular, the order will remain subject to the risk management and

[23] Previously, order execution services were regulated under Policy 4 and Policy 9 of the former Investment Dealers Association. Currently, DMR 3200 governs how Dealer Members qualify for suitability relief to provide order execution services. DMR 3200 refers to retail account supervision requirements outlined in DMR 2500, other than suitability. In addition, DMR 2700 currently governs institutional customer account opening, operation and supervision. Any account other than an institutional customer account governed by DMR 2700 is governed by DMR 2500.

[24] IIROC Notice 11-0232 – Enforcement Notice – Decision – *In the Matter of Morgan Stanley Canada Limited – Settlement* (August 3, 2011) and IIROC Notice 11-0045 – Enforcement Notice – Decision – *In the Matter of Credit Suisse Securities (Canada) Inc. – Settlement* (February 2, 2011).

supervisory controls, policies and procedures that the Participant must adopt in accordance with the Proposed UMIR ETR Requirements.

The standards which a Participant must adhere to in providing DEA under the Proposed UMIR Amendments are also consistent with the CSA Access Proposals. The Proposed DMR Amendments will provide a new proposed suitability exemption in Dealer Member Rule 1300.1 for certain Retail Customers[25] who may be granted DEA in accordance with the principles expressed by the CSA in the Proposed ETR.[26]

In addition, the Proposed Amendments go beyond the provisions in the CSA Access Proposals to address other identified arrangements for electronic access to marketplaces provided by a Participant which may have similar risks to the Participant and the market as "direct electronic access". These arrangements enable an investment dealer[27] or other client to send orders to a Participant electronically in a similar manner as a DEA client would send its orders to a Participant. The "DEA-like" trading arrangements are defined in the Proposed UMIR Amendments as:

- a "**routing arrangement**" under which a Participant that is a member, user or subscriber permits an investment dealer or foreign dealer equivalent[28] to electronically transmit an order relating to a security:
    - through the systems of the Participant for automatic onward transmission to:
        - a marketplace to which the Participant has access using the identifier of the Participant, or
        - a foreign organized regulated market to which the Participant has access directly or through a dealer in the other jurisdiction; or
    - directly to a marketplace using the identifier of the Participant without being electronically transmitted through the systems of the Participant; and
- an "**order execution service**", being a service that meets the requirements, from time to time, under Dealer Member Rule 3200.[29]

The following diagram outlines the regulatory framework, discussed below, for electronic access to marketplaces:

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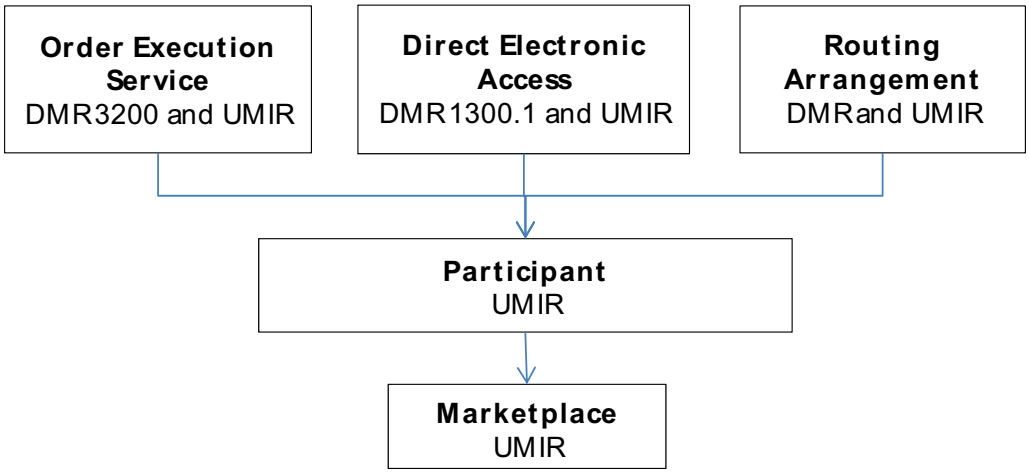
25 Dealer Member Rule 1 defines "Retail Customer" as "a customer of a Dealer Member that is not an institutional customer". See Dealer Member Rule 1300.1 regarding current suitability provisions:
http://iiroc.knotia.ca/Knowledge/View/Document.cfm?Ktype=445&linkType=toc&dbID=211204341&tocID=637.

26 The CSA expressed the view in the Companion Policy to the Proposed ETR that: "… in general, retail investors should not be using DEA and should be routing orders using order execution services as defined and provided under IIROC rules. However, there are some circumstances in which individuals are sophisticated and have access to the necessary technology to use DEA (for example, former registered traders or floor brokers). In these circumstances, we would expect that the participant dealer offering DEA would set standards high enough to ensure that the participant dealer is not exposed to undue risk. It may be appropriate for these standards to be higher than those set for institutional investors. All requirements relating to risk management and supervisory controls, policies and procedures would apply when granting DEA to an individual."

27 "Investment Dealer" is defined in National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registrant Obligations.*

28 The Proposed UMIR Amendments would define a "foreign dealer equivalent" as "a person registered in a category analogous to that of investment dealer in a foreign jurisdiction that is a signatory to the International Organization of Securities Commissions' Multilateral Memorandum of Understanding".

29 See current 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*:
http://iiroc.knotia.ca/Knowledge/View/Document.cfm?Ktype=445&linkType=toc&dbID=211204341&tocID=834



In IIROC's view, routing arrangements and order execution services pose similar systemic risks to DEA. All three arrangements for access to a marketplace require the electronic transmission of orders directly to a marketplace. Accordingly, the intention of the Proposed UMIR Amendments, together with Proposed DMR Amendments, is to ensure that each arrangement with a Participant for electronic access to a marketplace is appropriately supervised and regulated.

The Proposed UMIR Amendments provide for similar requirements to govern routing arrangements and trading though an order execution service, as with DEA, supplemented by new proposed requirements in Dealer Member Rule 3200 related to the provision of order execution services.

The definitions of both "direct electronic access" and "routing arrangement" contemplate that orders may be entered on a marketplace using the identifier of the Participant without being electronically transmitted through the systems of the Participant. Whether or not an order first passes through the Participant's systems, the Proposed UMIR ETR Requirements would make the order subject to the risk management and supervisory controls, policies and procedures established by the Participant including automated controls to examine each order before entry on a marketplace to prevent the entry of an order which would result in:

- the Participant exceeding pre-determined credit or capital thresholds;
- a client of the Participant exceeding pre-determined credit or other limits assigned by the Participant or to that client;
- the Participant or client exceeding pre-determined limits on the value or volume of unexecuted orders for a particular security or class of securities; or
- an order this is not in compliance with Requirements.

In accordance with ETR and the Proposed UMIR ETR Requirements, a Participant may, on a reasonable basis and in connection with trading by a client of investment dealer that is to be entered on a marketplace pursuant to the routing arrangement, authorize that investment dealer to perform on the Participant's behalf, the setting or adjusting of specific risk management or supervisory controls, policies or procedures, including the automated controls. Notwithstanding that a Participant may have authorized an investment dealer to set or adjust the specific risk management or supervisory controls, policies or procedures in respect of client orders from that investment dealer, the Participant remains responsible under UMIR in respect of such orders.

In order to allow Dealer Members to provide direct electronic access to their clients, while ensuring that such access is not provided through an order execution only service, the Proposed DMR Amendments would make changes to Dealer Member Rules 1300.1 and 3200.

The proposed amendments to Dealer Member Rule 1300.1 would allow a Dealer Member to accept or transmit orders for a client who has been provided with DEA, without being subject to the suitability obligations that would otherwise apply for acceptance of orders, as long as the Dealer Member:

- first determines that DEA is suitable for the client (whether a Retail Customer or Institutional Customer[30]);
- complies with any UMIR provisions relating to the granting of DEA; and
- does not provide any recommendations to the Retail Customer.

In order to ensure that the regulatory framework is set up such that the appropriate type of service is provided, the Proposed DMR Amendments would amend Dealer Member Rule 3200 to clarify that order execution only services may only be offered to Retail Customers and that Dealer Members offering an order execution only service must not allow such Retail Customers to:

- use their own automated order system to generate orders to be sent to the Dealer Member or send orders to the Dealer Member on a pre-determine basis; or
- manually send orders or generate orders to the Dealer Member that exceed the threshold on the number of orders as set by IIROC from time to time.

It should be noted that access to marketplaces may also be gained, indirectly, by those clients or registrants using an advisor or trader to enter transactions on their behalf for execution on a marketplace. Due to its structure, an advisory account would not be subject to these requirements. The general suitability assessment requirements, and related exemptions, are set out in Dealer Member Rule 1300.1. The manner by which suitability is assessed for Institutional Customers is set out in Dealer Member Rule 2700.[31]

3.2 Regulation of "Direct Electronic Access"

3.2.1 Participant and DEA Client Relationships

The Proposed UMIR Amendments would specifically add Rule 7.13 to address the requirements for a Participant that is a member, user or subscriber to provide DEA to a client. As with the CSA Access Proposals (and the earlier Proposed ETR), Rule 7.13 would not prescribe an "eligible client list" of types of clients able to have DEA. This approach is different from that currently imposed under marketplace rules and policies governing DMA (which generally include various foreign and domestic institutions or registrants as well as clients trading through an order execution service). Rather, the proposed Rule sets minimum standards for provision of DEA, which is more appropriate and consistent with other jurisdictions.

Under the Proposed UMIR Amendments, a Participant may provide DEA to clients who are not registrants under Canadian securities legislation. The only categories of Canadian registrants entitled to have DEA are a portfolio manager or a restricted portfolio manager. As non-dealers, a DEA client would generally not be subject to IIROC's jurisdiction (unless the DEA client was also a subscriber to an ATS and therefore an Access Person for the purposes of UMIR). Rather, the proposed DEA regime relies on the Participant[32] providing DEA to act as gatekeeper, according to prescribed minimum standards in UMIR, for the provision of DEA to its non-dealer clients. The proposed DEA regime is accordingly consistent with the current marketplace rules and policies to the extent that the Participant is responsible for compliance with the requirements respecting the entry and execution of orders transmitted electronically by DEA clients through or using the Participant to the marketplace.

Under the Proposed DMR Amendments, a new suitability exemption would be provided in Rule 1300.1 for orders accepted from or transmitted for any clients with DEA as long as, among other things, the Dealer Member has determined that providing DEA to the client is suitable for that client.

There are two additional conditions a Dealer Member must meet in order to be exempt from the suitability requirements applicable to orders, namely the Dealer Member must:

- not provide any recommendation to any Retail Customers that have been provided with direct electronic access; and

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[30] Dealer Member Rule 1 defines "Institutional Customer" as:
(1) An Acceptable Counterparty (as defined in Form 1);
(2) An Acceptable Institution (as defined in Form 1);
(3) A Regulated Entity (as defined in Form 1);
(4) A Registrant (other than an individual registrant) under securities legislation; or
(5) A non-individual with total securities under administration or management exceeding $10 million.

[31] See Dealer Member Rule 2700 – *Minimum Standards for Institutional Customer Account Opening, Operation and Supervision:* http://iiroc.knotia.ca/Knowledge/View/Document.cfm?Ktype=445&linkType=toc&dbID=211204341&tocID=791

[32] The Participant providing DEA must be an investment dealer that is a member of an Exchange, user of a recognized quotation and trade reporting system (QTRS), or subscriber to an alternative trading system (ATS).

- comply with the rules in UMIR applicable to the direct electronic access service offering and the requirements of NI 23-103.[33]

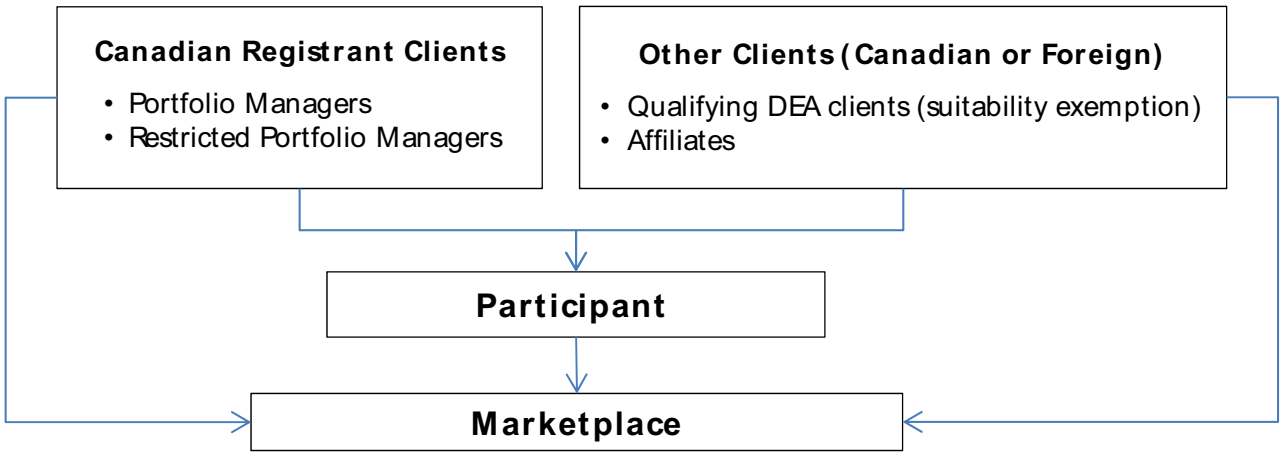
The prohibition against providing recommendations to Retail Customers is meant as an additional safeguard to mitigate the risk that the Dealer Member may be able to provide recommendations to the Retail Customer and then allow the Retail Customer to use its direct electronic access systems to process the recommended transaction. Without this condition, the exemption provided would allow a Dealer Member or Registered Representative to make recommendations without being responsible for the suitability of those recommendations, a gap that does not exist under the current regime. A similar exemption is not introduced for Institutional Customers as IIROC recognizes that when dealing with Institutional Customers, the Dealer Members often provide trade recommendations which are acceptable as long as the Dealer Member meets its sophistication assessment suitability obligations with respect to recommendations provided to an Institutional Customer.

DEA is not, however, intended to be widely applicable to Retail Customers. Rather, the expectation that Retail Customers will generally not qualify for DEA (and thus not be able to avail themselves of the suitability exemption) would be set out in Part 9 of Policy 7.1 of UMIR. The policy would also recognize exceptional circumstances when DEA could be provided to non-institutional investors, including:

- sophisticated former traders and floor brokers; and
- a person or company having assets under administration with a value approaching that of an Institutional Customer that has access to and knowledge regarding the necessary technology to use DEA.

In these circumstances, the Participant must set higher standards than for Institutional Customers to mitigate exposure to undue and higher risk associated with a Retail Customer employing DEA.

The following diagram illustrates a Participant's potential DEA client relationships:



3.2.2 Minimum Standards for DEA / Written Agreement

The minimum standards to be established by a Participant providing DEA to its client are included in proposed Rule 7.13 and are comparable to the requirements suggested in the Proposed ETR. The standards would require that the DEA client must:

- have sufficient resources to meet any financial obligations that may result from the use of DEA;
- have reasonable knowledge and proficiency to use the order entry system;
- have reasonable knowledge of and ability to comply with all Requirements,[34] including order marking as required by Rule 6.2 of UMIR; and

[33] See Proposed DMR Amendments in Appendix "B" to this Rules Notice.

[34] "Requirements" are defined collectively in UMIR 1.1 as: (a) UMIR; (b) the Policies; (c) the Trading Rules; (d) the Marketplace Rules; (e) any direction, order or decision of the Market Regulator or a Market Integrity Official; and (f) securities legislation, as amended, supplemented and in effect from time to time.

- have reasonable arrangements in place to monitor the entry of orders transmitted using DEA.

The standards would also require that the Participant that provides DEA:

- take all reasonable steps to ensure that the use of automated order systems[35] by itself or any client, does not interfere with fair and orderly markets; and
- ensure that each automated order system used by the client or any of its clients is tested in accordance with prudent business practices.

These minimum standards are considered necessary by the CSA and IIROC to ensure that the Participant properly manages its risks and that a DEA client has sufficient financial resources and knowledge of both the order entry system and applicable marketplace and regulatory requirements. In this manner, the Participant establishes, maintains and applies reasonable standards for DEA including evaluating its risks in providing DEA to a specific client. Each potential DEA client must be vetted individually with reasonable standards tailored to each client.
Adherence to the minimum prescribed standards and any more stringent requirements which may be imposed by the Participant providing DEA to a client, must, among other things, be included in the terms of a written agreement to be entered into by the Participant with the DEA client as a precondition to the grant of DEA to a client. In all cases, a Participant must provide the DEA client with all relevant amendments or changes to applicable Requirements and the standards established by the Participant.

The written agreement between the Participant and the client must contain a number of provisions, including:

- the ability of the Participant, without prior notice, to:
  - reject any order,
  - vary, correct or cancel any order entered on a marketplace, or
  - discontinue accepting orders from the client;
- a requirement that the client immediately inform the Participant if the client fails or expects not to meet the standards set by the Participant; and
- a requirement that the client activity will comply with:
  - all Requirements,
  - product limits or credit or other financial limits specified by the Participant.

IIROC would expect that existing DMA agreements in place between Participants and their clients would remain in place under the current marketplace rules and policies until the Proposed UMIR Amendments relating to DEA take effect. IIROC expects that the Proposed UMIR Amendments would be implemented 180 days following the publication of notice of approval of the amendments by the Recognizing Regulators. While IIROC would expect that existing agreements with clients would be replaced or amended during their annual or periodic review, as a transitional matter, IIROC would permit Participants a further 180 days following the implementation of the amendments to replace or amend the existing agreements to comply with the requirements for written agreements.

3.2.3 Client Trading – Sub-delegation of DEA

The CSA and IIROC propose that DEA clients should not "sub-delegate" their DEA access and, in turn, provide it to their clients except for certain limited arrangements. In particular, some DEA clients may act as a "hub" and aggregate orders of affiliates before sending the orders to the Participant. The CSA and IIROC propose that these arrangements can occur only if the DEA client is a Canadian registrant (portfolio manager or restricted portfolio manager) or an entity that is registered in an analogous category in a foreign jurisdiction that is a signatory to the International Organization for Securities Commissions' Multilateral Memorandum of Understanding.[36] Control over sub-delegation in this manner is required to mitigate against the risk of providing

[35] See ETR which defines the term "automated order system" as "a system used to automatically generate or electronically transmit orders that are made on a pre-determined basis".

[36] As a result of this restriction, a foreign dealer equivalent would only be able to use DEA in respect of its own proprietary trading. If the foreign dealer equivalent wishes to electronically enter orders directly on a marketplace for any other person, the foreign dealer equivalent would be expected to enter into a routing arrangement which would allow the Participant entering into the routing arrangement to monitor the order flow in the same manner the Participant would if third-party electronic access was granted to a domestic investment dealer. Foreign registrants that are acting on behalf of clients but are not the equivalent of an investment dealer, portfolio manager or restricted

market access to those who have little or no incentive or obligation to comply with the regulatory requirements or financial, credit or position limits imposed upon them.

The terms of the written agreement with a DEA client must include the prohibition on sub-delegation except as permitted for the prescribed types of DEA clients, and further provide that a DEA client that trades for the account of any other person as permitted, must ensure that the orders for the other person flow through the systems of the DEA client before being entered on a marketplace directly or indirectly through a Participant. Requiring orders to flow through the systems of the DEA client allows the DEA client to impose the necessary controls to manage its risks given its knowledge of the ultimate client. The Participant is responsible to ensure, however, that the DEA client has adequate controls in place to monitor the orders entering the client's system, in addition to the Participant maintaining its own controls to manage its risks. In particular, the written agreement with the DEA client must provide that the client will not permit any person to transmit an order using the DEA other than personnel of the client who have been authorized by the client to transmit orders using DEA.

3.2.4 Restriction on DEA Order Transmission

The Participant that is a member, user or subscriber and has granted DEA to a client must ensure that no order is transmitted by the client using DEA unless:

- the Participant:
  - maintains and applies the established standards for DEA,
  - is satisfied that the client meets the established standards for DEA, and
  - is satisfied the client is in compliance with the written agreement entered into; and
- the order is subject to the risk management and supervisory controls, policies and procedures established by the Participant including the automated controls to examine each order before entry on a marketplace.[37]

3.2.5 Annual Review and Confirmation

The Participant must review and confirm at least annually that the established standards are adequate, maintained and consistently applied and that the written agreement with the prescribed terms has been complied with by the DEA client and Participant.

3.2.6 Notice to Market Regulator and DEA Client Identifier

The Proposed UMIR Amendments would require a Participant upon entry into a written agreement with a DEA client to immediately notify IIROC of:

- the name of the client;
- contact information for the client so that additional information may be obtained if necessary following the entry of an order by the client; and
- the names of all personnel of the client authorized to enter an order using DEA.

The Participant would also be required to notify IIROC of any change to the information provided. Under proposed Rule 10.18, a Participant would have a "gatekeeper obligation" to immediately notify IIROC if the Participant terminates the client's DEA access, or knows or has reason to believe that the client has or may have breached a material provision of any standard established by the Participant for granting DEA or the written agreement between the Participant and the client regarding DEA.

Following the initial notification that a Participant has granted DEA to a client, IIROC would assign the DEA client a unique identifier under proposed Rule 10.15(c) of UMIR. Pursuant to proposed Rule 6.2 (1)(a)(iv) of UMIR, the identifier of the DEA client would be required to be contained on each order entered through DEA by that client on a marketplace.

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portfolio manager would not be entitled to obtain direct access to marketplaces but would have to use intermediated access through a Participant in respect of their client order flow.

[37] The requirement that the order be subject to the risk management and supervisory controls, policies and procedures established by the Participant (including the automated controls to examine each order before entry on a marketplace) assumes the approval of amendments to Rule 7.1 and Policy 7.1 under the Proposed UMIR ETR Requirements.

3.2.7 Trading Supervision Obligations Applicable to DEA

While Policy 7.1 of UMIR already addresses aspects of supervision related to electronic access to marketplaces, the Proposed UMIR Amendments would expand the policy to specifically address DEA. In that regard, consequential amendments would include the new terminology used in the provisions dealing with "direct electronic access". In addition, proposed Part 9 of Policy 7.1 would supplement the trading supervision requirements in Parts 1, 2, 3, 5, 7 and 8, of Policy 7.1 to specifically set out regulatory expectations regarding:

- the provision of DEA to a Retail Customer;[38]
- the Participant's obligations to ensure that any modification to a previously approved automated order system in use by a client continues to maintain appropriate safeguards; and
- the requirement to monitor orders entered by the client to identify any breaches of established standards, the agreement regarding DEA, unauthorized trading, improper sub-delegation of access, or failure to flow orders through the systems of a DEA client trading on behalf of other persons.

3.3 Regulation of "Routing Arrangements"

3.3.1 Investment Dealer and Participant Relationships

Currently, investment dealers transmit orders electronically:

- to a Participant for entry on a marketplace by the Participant; or
- directly to a marketplace under a Participant's identifier in a similar manner to that permitted to a DEA client.

Generally speaking, UMIR has not specifically addressed the risks of such arrangements. To capture access arrangements between investment dealers and Participants for regulatory purposes, the Proposed UMIR Amendments would define "routing arrangement" as a new category of electronic access to marketplaces. A routing arrangement recognizes the existing grants of electronic access to a marketplace from Participants to:

- other Participants;
- investment dealers that are not a member of an Exchange, user of a QTRS or subscriber to an ATS; and
- foreign dealer equivalents.[39]

Currently, those investment dealers that are not a member, user or subscriber are not subject to UMIR except to the extent that a related entity to a Participant is party to the routing arrangement.[40] Under the Proposed UMIR Amendments, the definition of "Participant" would be expanded to include an investment dealer that is a party to a routing arrangement with a Participant and, in the applicable written agreement, the investment dealer:

- may enter orders directly to the marketplace without being electronically transmitted through the Participant's systems and the investment dealer has been authorized to perform on behalf of the Participant the setting or adjustment of a specific risk management or supervisory control, policy or procedure respecting orders from client accounts; or
- has been authorized to perform on behalf of the Participant the setting or adjustment of a specific risk management or supervisory control, policy or procedure respecting an account in which the investment dealer or a related entity of the investment dealer holds a direct or indirect interest other than in the commission charged on a transaction or reasonable fee for the administration of the account (that is an account in which proprietary trading is taking place).

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38 See previous discussion at section 3.2.1 *Participant and DEA Client Relationships*.

39 The Proposed UMIR Amendments would define a "foreign dealer equivalent" as "a person registered in a category analogous to that of investment dealer in a foreign jurisdiction that is a signatory to the International Organization of Securities Commissions' Multilateral Memorandum of Understanding".

40 Rule 10.4 provides that a related entity of a Participant and a director, officer, partner or employee of the Participant or a related entity of the Participant shall: (a) comply with the provisions of UMIR and any Policies with respect to just and equitable principles of trade, manipulative and deceptive activities, short sales and frontrunning as if references to "Participant" in Rules 2.1, 2.2, 2.3, 3.1 and 4.1 included reference to such person; and (b) in respect of the failure to comply with the provisions of UMIR and the Policies referred to in clause (a), be subject to the practice and procedures and to penalties and remedies set out in this Part.

The expanded definition of "Participant" ensures a level playing field in that any investment dealer with the ability to enter orders directly on a marketplace while being authorized to set or adjust the various controls, policies or procedures governing such orders will be subject to UMIR with IIROC oversight of their trading activities. ETR only permits a Participant to authorize an investment dealer to set or adjust specific risk or supervisory controls, policies and procedures in respect of "client" trading by the investment dealer when the investment dealer "has better access to information relating to the ultimate client". The expanded definition of "Participant" would make an investment dealer subject to UMIR if the authorization extended to trading by an account in which the investment dealer or a related entity of the investment dealer holds a direct or indirect interest other than an interest in the commission charged on a transaction or a reasonable fee for administration of the account. The expanded definition of "Participant" should not be construed in any way as permitting an authorization over the setting or adjustment of risk management or supervisory controls, policies and procedures by a Participant to an investment dealer in respect of "proprietary" trading when the only interest in the account is that of the investment dealer or related entities. This aspect of the expanded definition of Participant is essentially an anti-avoidance provision to ensure that if an investment dealer has a direct or indirect interest in the account of the "ultimate client" that the investment dealer will become subject to UMIR if the investment dealer is authorized by the Participant to set or adjust the various controls, policies and procedures related to trading by that account.

Notwithstanding the expanded definition of "Participant", a Participant that is not a member, user or subscriber of a marketplace will not be able to provide direct access under DEA or a routing arrangement to other investment dealers or foreign dealer equivalents.

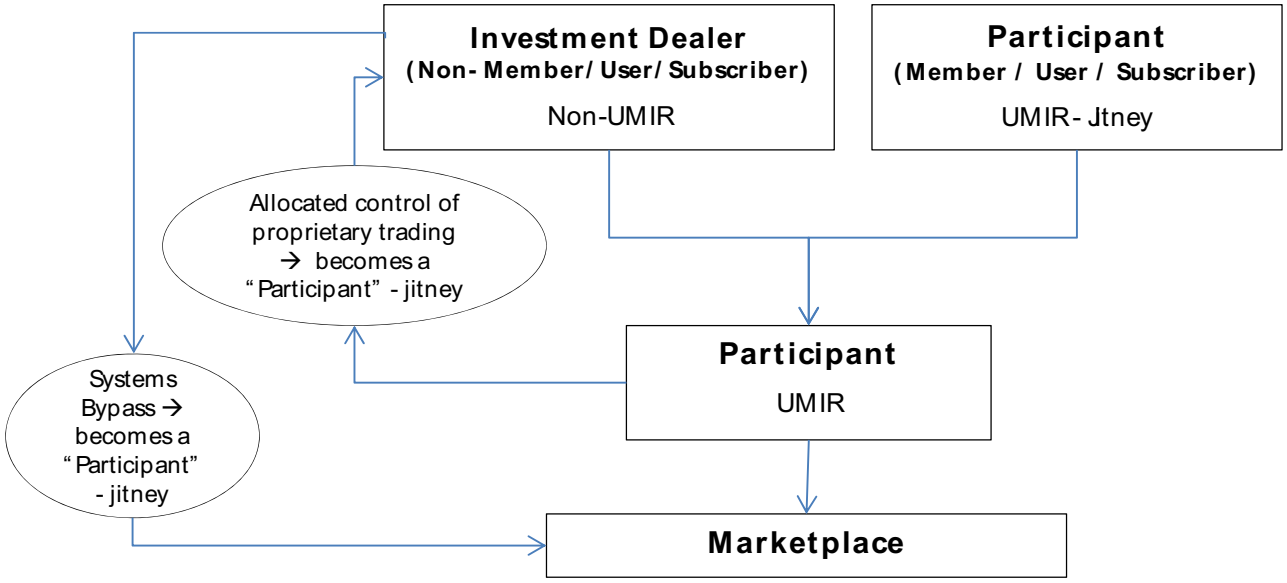
A Participant would not be able to enter into a routing arrangement with a registered dealer that was not an investment dealer. As such, other registered dealers such as exempt market dealers ("EMDs") may not gain direct access to a marketplace from a Participant either under a routing arrangement or DEA. Similarly, a Participant would not be able to enter into a routing arrangement with a foreign dealer unless that dealer that was registered in a jurisdiction that is a signatory to the International Organization of Securities Commissions' Multilateral Memorandum of Understanding in a category analogous to that of "investment dealer" under Canadian securities legislation. These restrictions will prevent regulatory arbitrage with respect to trading and encourage registered dealers wishing to have direct access to a marketplace to become a member of IIROC (and be subject to the Dealer Member Rules and, in certain cases, UMIR or be subject to a comparable regulatory regime in a foreign jurisdiction).[41]

In the case of a routing arrangement between Participants, any order entered on a marketplace by a Participant on behalf of the other Participant is defined as a "jitney order" under Rule 1.1 of UMIR and must be marked accordingly.[42] This requirement will apply to an investment dealer that becomes a "Participant" under the expanded definition without being a member, user or subscriber. As such, an order entered on a marketplace by an investment dealer that is a Participant by reason of being a party to a routing arrangement (with the ability to enter orders on a marketplace directly without being transmitted through a member, user or subscriber while being authorized to set or adjust the various controls, policies or procedures respecting such orders or having been authorized to set or adjust the various controls, policies or procedures respecting orders in which the investment dealer or a related entity has a direct or indirect interest) would therefore be a "jitney order". Similarly, if the investment dealer (who is not a member, user or subscriber) is authorized, under the routing arrangement, to perform on behalf of the Participant the setting or adjustment of a specific risk management or supervisory control, policy or procedure for orders from accounts in which the investment dealer has an interest, the investment dealer will be a "Participant" and the orders will be marked as a "jitney order".

The following diagram illustrates the potential dealer relationships in a routing arrangement:

[41] IIROC has issued a concept proposal regarding the establishment of a new class of IIROC Member to be called a "Restricted Dealer Member". If the concept proposal is pursued and adopted, a firm with exempt market dealer or restricted dealer registration under applicable securities legislation would be able to apply for registration as an investment dealer and for membership in IIROC as a "Restricted Dealer Member". See IIROC Notice 12-0217 – Rules Notice – Concept Paper – Request for Comments – Dealer Member Rules – *IIROC Concept Proposal – Restricted Dealer Member Proposal* (July 12, 2012).

[42] Rule 6.2(1)(a) mandates that each jitney order entered on a marketplace shall contain the identifier of the Participant for or on behalf of whom the order is entered, and Rule 6.2(1)(b)(xii) requires that each jitney order entered on a marketplace contain the jitney designation.



3.3.2 Minimum Standards for Routing Arrangement / Written Agreement

The Proposed UMIR Amendments address the risks associated with routing arrangements by introducing requirements that are comparable to those for DEA. Each Participant is expected to assess the risks an investment dealer's order flow may present to its business before establishing the standards for a routing arrangement. The minimum standards to be established by a Participant to enter into a routing arrangement with an investment dealer or foreign dealer equivalent are included in proposed Rule 7.12 of UMIR. The Participant must require an investment dealer or foreign dealer equivalent to:

- have sufficient resources to meet any financial obligations that may result from the routing arrangement;
- have reasonable knowledge of and proficiency to use the order entry system;
- have reasonable knowledge of and ability to comply with all Requirements, including order marking as required by Rule 6.2 of UMIR; and
- have reasonable arrangements in place to monitor the entry of orders transmitted under the routing arrangement.

The Participant that is providing access under the routing arrangement must:

- take all reasonable steps to ensure that the use of automated order systems by itself or any investment dealer or foreign dealer equivalent, does not interfere with fair and orderly markets; and
- ensure that each automated order system used by the investment dealer or foreign dealer equivalent or any client is tested in accordance with prudent business practices.

These minimum standards are considered necessary to ensure that the Participant properly manages its risks and that an investment dealer has sufficient financial resources and knowledge of both the order entry system and applicable marketplace and regulatory requirements. In this manner, the Participant establishes, maintains and applies reasonable standards for a routing arrangement, evaluating its risks with order routing from a specific investment dealer or foreign dealer equivalent. Each potential routing arrangement must be vetted independently with reasonable standards tailored to each investment dealer.

Adherence to the minimum prescribed standards and any more stringent requirements which may be imposed by the Participant entering into a routing arrangement with an investment dealer or foreign dealer equivalent must, among other things, be included in the terms of a written agreement to be entered into by the Participant with the investment dealer or foreign dealer equivalent as a precondition to the entering into the routing arrangement. IIROC would expect that existing arrangements between Participants and investment dealers would continue until the Proposed UMIR Amendments dealing with routing arrangements come into effect. IIROC expects that the Proposed UMIR Amendments would be implemented 180 days following the publication of notice of approval of the amendments by the Recognizing Regulators. While IIROC would expect that existing agreements with investment dealers would be replaced or amended during their annual or periodic review, as a transitional

matter, IIROC would permit Participants a further 180 days following the implementation of the amendments to replace or amend the existing agreements to comply with the requirements for written agreements.

In addition, an investment dealer has an obligation under National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registrant Obligations* to manage the risks associated with its business in accordance with prudent business practices. This obligation would require an investment dealer that implements a routing arrangement to ensure that it understands the risks to its business when doing so and manages these risks accordingly.

3.3.3 Restriction on Order Transmission in a Routing Arrangement

The Participant that is a member, user or subscriber and has granted access under a routing arrangement must ensure that no order is transmitted under the routing arrangement unless:

- the Participant that has granted access under the routing arrangement:
  - maintains and applies the established standards for routing arrangements,
  - is satisfied that the investment dealer or foreign dealer equivalent meets the established standards for routing arrangements, and
  - is satisfied the investment dealer or foreign dealer equivalent is in compliance with the written agreement entered into; and
- the order is subject to the risk management and supervisory controls, policies and procedures established by the Participant including the automated controls to examine each order before entry on a marketplace.[43]

3.3.4 Annual Review and Confirmation

The Participant must review and confirm at least annually that the established standards are adequate, maintained and consistently applied and that the written agreement with the prescribed terms has been complied with by the Participant and by the investment dealer or foreign dealer equivalent.

3.3.5 Notice to Market Regulator and Investment Dealer Identifier

The Proposed UMIR Amendments would require a Participant, upon entering into a written agreement with an investment dealer or foreign dealer equivalent respecting a routing arrangement, to immediately notify IIROC of:

- the name of the investment dealer or foreign dealer equivalent; and
- contact information so that additional information may be obtained if necessary following the entry of an order by the investment dealer or foreign dealer equivalent.

The Participant would also be required to notify IIROC of any change to the information provided. Under proposed Rule 10.18, a Participant would have a "gatekeeper obligation" to immediately notify IIROC if the Participant terminates the routing arrangement, or knows or has reason to believe that the investment dealer or the foreign dealer equivalent has or may have breached a material provision of any standard established by the Participant for the routing arrangement or the written agreement between the Participant and the investment dealer or foreign dealer equivalent regarding the routing arrangement.

Following the initial notification that a Participant has entered into a routing arrangement, IIROC would assign a unique identifier to the investment dealer or foreign dealer equivalent under proposed Rule 10.15(b) of UMIR, provided such an identifier has not previously been assigned to the investment dealer. Pursuant to proposed Rule 6.2(1)(a)(v) of UMIR, the identifier of the investment dealer or foreign dealer equivalent would be required to be contained on each order entered on a marketplace under a routing arrangement.

3.3.6 Trading Supervision Obligations Applicable to Routing Arrangements

While Policy 7.1 of UMIR already addresses aspects of supervision related to electronic access to marketplaces, the Proposed UMIR Amendments would expand the policy to specifically address the proposed requirements for routing arrangements. In that regard, consequential amendments to Policy 7.1 would include the new terminology used in the provisions dealing with "routing

[43] The requirement that the order be subject to the risk management and supervisory controls, policies and procedures established by the Participant (including the automated controls to examine each order before entry on a marketplace) assumes the approval of amendments to Rule 7.1 and Policy 7.1 under the Proposed UMIR ETR Requirements.

arrangements". In addition, proposed Part 10 of Policy 7.1 would supplement the trading supervision requirements in Parts 1, 2, 3, 5, 7 and 8, of Policy 7.1 to specifically set out regulatory expectations regarding:

- the establishment of sufficiently stringent standards by the Participant for each investment dealer or foreign dealer equivalent to ensure the Participant is not exposed to undue risk;
- the Participant's obligations to ensure that any modification to a previously approved automated order system in use by an investment dealer or foreign dealer equivalent continues to maintain appropriate safeguards;
- the Participant's responsibility to properly identify an originating investment dealer or foreign dealer equivalent and to maintain policies and procedures to appropriately mark and identify the originating investment dealer or foreign dealer equivalent for each order that is ultimately transmitted through the routing arrangement; and
- the requirement that the Participant monitor orders entered by the investment dealer or foreign dealer equivalent to identify any breaches of established standards or the routing arrangement agreement.

3.4 Order Execution Service

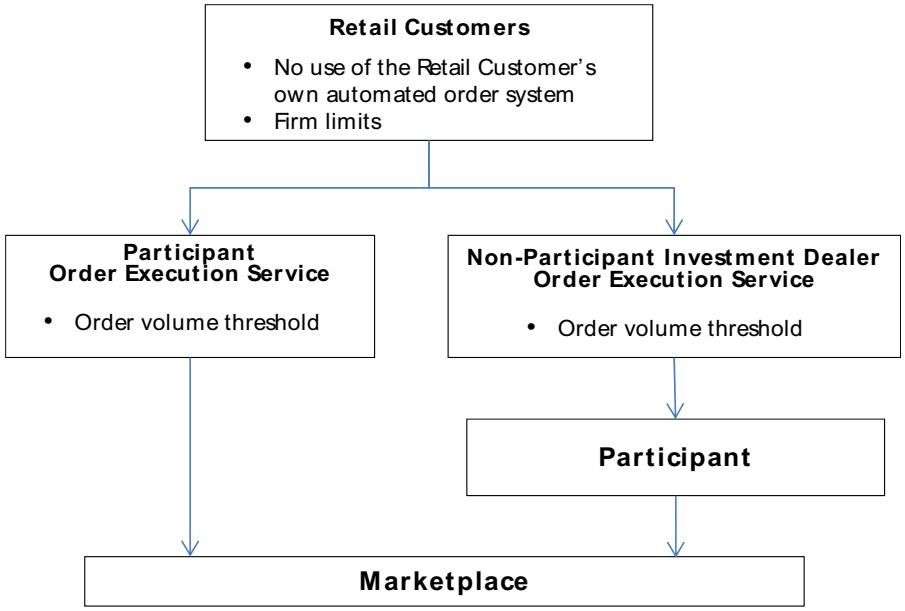
3.4.1 Clients Eligible to Trade Through an Order Execution Service

The Proposed UMIR Amendments would define "order execution service" as a service that meets the requirements, from time to time, of Dealer Member Rule 3200 governing suitability relief for trades not recommended by a dealer member, commonly known as "discount brokerage trading". The use of an order execution service may present similar systems risks as DEA or routing arrangements when automated order systems that are not provided as part of the order execution service are used by clients to transmit orders, or when a large number of orders are transmitted through an order execution service. The Proposed DMR Amendments have been integrated into the framework for regulation of electronic access to marketplaces in order to address these risks. Rule 3200 is proposed to be amended to clarify the limitations on the type of client that may access an order execution service and the type of trading activity that may be engaged through this form of access to marketplaces (in particular, a prohibition on the use of certain automated order systems and a threshold on the number of orders as described more fully in section 3.4.2).

In the view of IIROC, the order execution service was intended to provide a non-advised platform for electronic access to a marketplace by Retail Customers that do not use automated order systems or trade in large volumes as may an Institutional Customer trading through DEA. To ensure that order execution services are directed only to Retail Customers, it is proposed that Rule 3200 be amended to restrict the service to the acceptance of orders from Retail Customers. This would apply whether an order execution service is offered by Participants directly to clients or by non-Participant investment dealers that transmit their order execution service order flow through a routing arrangement to a Participant for execution on a marketplace.

Accordingly, the Proposed DMR Amendments would clarify that an Institutional Customer would not be eligible for an order execution account and would be required to trade as a DEA client. IIROC expects that, in the transition to implementation of the Proposed DMR Amendments, should they be approved by the securities regulatory authorities, an institutional account held with a dealer providing an order execution service would be transferred to the appropriate DEA service within a firm or its affiliate and that the appropriate standards, agreement and technology to comply with the DEA regulatory requirements would be adopted in relation to the client.

The following diagram illustrates the potential client and dealer relationships with respect to order execution services, should the proposed amendments to Dealer Member Rule 3200 be adopted:



3.4.2 Trading Supervision Obligations for Order Execution Services

The proposed amendments to Dealer Member Rule 3200 also impose an obligation on a dealer providing an order execution service to prohibit an order execution client from:

- Musing their own automated order system to transmit or generate orders for transmission to the dealer providing the order execution service for execution on a marketplace; or
- manually sending or generating orders to the Dealer Member that exceed the threshold on the number of orders as set by IIROC from time to time.

A "threshold on the number of orders" for order execution services is not intended to be set at this time; however IIROC seeks to reserve the authority to do so in the event order volumes associated with order execution services may pose risks to market integrity. Nonetheless, IIROC would expect that firms offering an order execution service would impose thresholds for client trading so that the dealer is not exposed to undue risk and the risk to market integrity is mitigated.

The related Proposed UMIR Amendments include a proposed Part 11 of Policy 7.1 to address trading supervision responsibilities of Participant firms that provide order execution services which are additional to the trading supervision requirements in Parts 1, 2, 3, 5, 7, and 8 of Policy 7.1. A Participant is expected to monitor orders entered by its order execution service client to determine whether the client is using an automated order system other than as provided by the order execution service and confirm this least annually with the client. In this manner, both a Participant firm and a non-Participant investment dealer that provides an order execution service would be responsible to ensure that order execution service clients are precluded from using an automated order system external to the firm.

3.5 Additional Proposed UMIR Amendments

3.5.1 Proposed UMIR Amendments Impacting Marketplaces

The Proposed UMIR Amendments include obligations on marketplaces as part of the proposed regulatory framework for regulation of electronic access to marketplaces. Under proposed amendments to Rule 6.1, a marketplace could not allow an order to be entered on the marketplace unless the order had been:

- entered by or transmitted through a Participant that is a member, user or subscriber of that marketplace or an Access Person with access to trading on that marketplace and the order contains the unique identifier of the Participant or Access Person assigned to it by the Market Regulator; or
- generated automatically by the marketplace for a person with Marketplace Trading Obligations to meet their obligations.

This proposed amendment would confirm that access to a marketplace is a "closed system" and that each means of having an order entered on a marketplace must be subject to appropriate regulatory oversight.

The proposed Rule 10.18 of UMIR would impose a "gatekeeper obligation" on marketplaces. A marketplace would be required to report to IIROC if the marketplace:

- terminates the access of a Participant or Access Person to the marketplace; or
- knows or has reason to believe that the Participant or Access Person has or may have breached a material provision of a Marketplace Rule or agreement pursuant to which the Participant or Access Person was granted access to the marketplace.

3.5.2 Proposed UMIR Amendments Impacting Participants

Under proposed amendments to Rule 6.1, a Participant could not allow an order to be entered on the marketplace or transmitted to a marketplace containing the identifier of the Participant unless the order has been:

- received, processed and entered by an employee of the Participant; or
- entered on or transmitted to a marketplace through:
  - direct electronic access,
  - a routing arrangement, or
  - an order execution service.

This proposed amendment would confirm that access by a Participant to a marketplace is a "closed system" and that each means of having an order entered on, or transmitted to, a marketplace by or on behalf of the Participant must be subject to appropriate regulatory oversight.

3.5.3 Proposed UMIR Amendments Impacting Access Persons

Under proposed amendments to Rule 6.1, an Access Person could not allow an order to be entered on the marketplace or transmitted to a marketplace containing the identifier of the Access Person unless the order is:

- for the account of the Access Person; or
- entered by an Access Person who is a portfolio manager or a restricted portfolio manager on behalf of the client.

This proposed amendment would confirm that access by an Access Person to a marketplace is part of a "closed system" and that the Access Person cannot delegate the access to a marketplace or conduct business similar to a "dealer".

4. Summary of the Impact of the Proposed Amendments

4.1 General Requirements Related to Third-Party Access to Marketplaces

The following is a summary of the most significant impacts of the adoption of the Proposed Amendments. In particular:

- Participants who provide direct electronic access to a client must:
  - establish standards to manage the attendant risks,
  - enter into written agreements with each client to which the Participant will provide access,
  - establish and apply appropriate supervisory and compliance procedures for orders entered under direct electronic access,
  - at least annually review the standards and compliance of each client with the standards and written agreement, and

- establish procedures for reporting to IIROC non-compliance by a client with the standards or written agreement;

- Participants who provide electronic access to a marketplace to an investment dealer or foreign dealer equivalent under a routing arrangement must:
  - establish standards to manage the attendant risks,
  - enter into written agreements with each investment dealer or foreign dealer equivalent for which the Participant will provide access,
  - establish and apply appropriate supervisory and compliance procedures for orders entered under the routing arrangement,
  - at least annually review the standards and compliance of each investment dealer or foreign dealer equivalent with the standards and written agreement, and
  - establish procedures for reporting to IIROC non-compliance by an investment dealer or foreign dealer equivalent with the standards or written agreement;

- Participants who provide order execution services must:
  - review client accounts on an on-going basis to ensure that those that are not eligible to transact within an order execution service are transferred or directed to a Participant that provides direct electronic access to clients,
  - prior to implementation of the DMR Amendments and at least annually thereafter, confirm that order execution service client accounts are not employing an automated order system that is not provided by the order execution service, and
  - monitor client orders on an ongoing basis from an order execution service to ensure that they are not generated from such an automatic order system; and

- marketplaces will have to review their policies and procedures to ensure that:
  - orders entered on the marketplace are from a Participant that is a member, user or subscriber of that marketplace or an Access Person with access to trading on that marketplace, and
  - the marketplace reports to IIROC any termination of access to the marketplace, potential material breach of any Marketplace Rule or agreement pursuant to which access was granted to a marketplace.

4.2 Significant Changes to Existing Regulatory Requirements

While the Proposed Amendments and the CSA Access Proposals will introduce a new and more comprehensive framework for third-party electronic access to marketplaces, many of the components of these requirements build on: existing marketplace requirements for direct market access; regulatory requirements and guidance on trade supervision and compliance; and established industry practices. As such, many of Proposed Amendments either formalize or clarify existing requirements or practices. If the Proposed Amendments and the CSA Access Proposals are adopted substantially as published, there would, however, be a number of changes to the existing regulatory requirements with respect to third-party electronic access to marketplaces.

4.2.1 Direct Electronic Access

For Participants who provide "direct market access" the current marketplace rules and contractual provisions with respect to "direct market access" would be repealed and would be replaced by IIROC and CSA requirements which, unlike the current marketplace rules and contractual provisions:

- eliminate the concept of an "eligible client list" and provide that DEA may be provided to clients (provided if the client is a registrant the access is limited to portfolio managers, restricted portfolio managers and foreign equivalents);

- require the Participant to establish standards and review the standards annually;

- eliminate the requirement for pre-approval of the systems of the Participant or the form of the agreement to be executed with each client provided DEA;
- require an annual review of compliance by each client with the standards and the written agreement;
- provide for a gatekeeper obligation for reporting non-compliance with the standard and written agreement; and
- specifically prohibit any sub-delegation of access by a client.

With the elimination of an "eligible client list", a Participant may offer DEA to a broader range of clients but the Participant must ensure that DEA is suitable for the client. A Participant is exempt from "suitability" requirements for orders entered through DEA by a client but the Participant is unable to provide recommendations to a client with DEA.

4.2.2 Order Routing Arrangements

Historically, Participants and investment dealers have had a number of "carrying broker-introducing broker" arrangements. The Proposed Amendments would address only those relationships in which the Participant provided third-party electronic access to marketplaces without the order flow being intermediated by an employee of the Participant that is the member, user or subscriber. While National Instrument 31-103 sets out broad requirements for a firm to establish, maintain and apply policies and procedures that establish a system of controls and supervision to "manage the risks associated with its business in accordance with prudent business practices", the Proposed Amendments require that the standards established by the Participant address a number of specific factors including that the investment dealer or foreign dealer equivalent has reasonable knowledge of and the ability to comply with all Requirements, including the marking of each order with the designation and identifiers required by Rule 6.2. With the adoption of the Proposed Amendments, a unique identifier of the introducing broker or foreign dealer equivalent would have to be included on each order. The standards established by the Participant would also require the introducing broker to "take all reasonable steps" to ensure that the use of an automated order system does not interfere with fair and orderly markets and that each automated order system is tested before the initial use or introduction of a significant modification and at least annually thereafter.

4.2.3 Order Execution Services

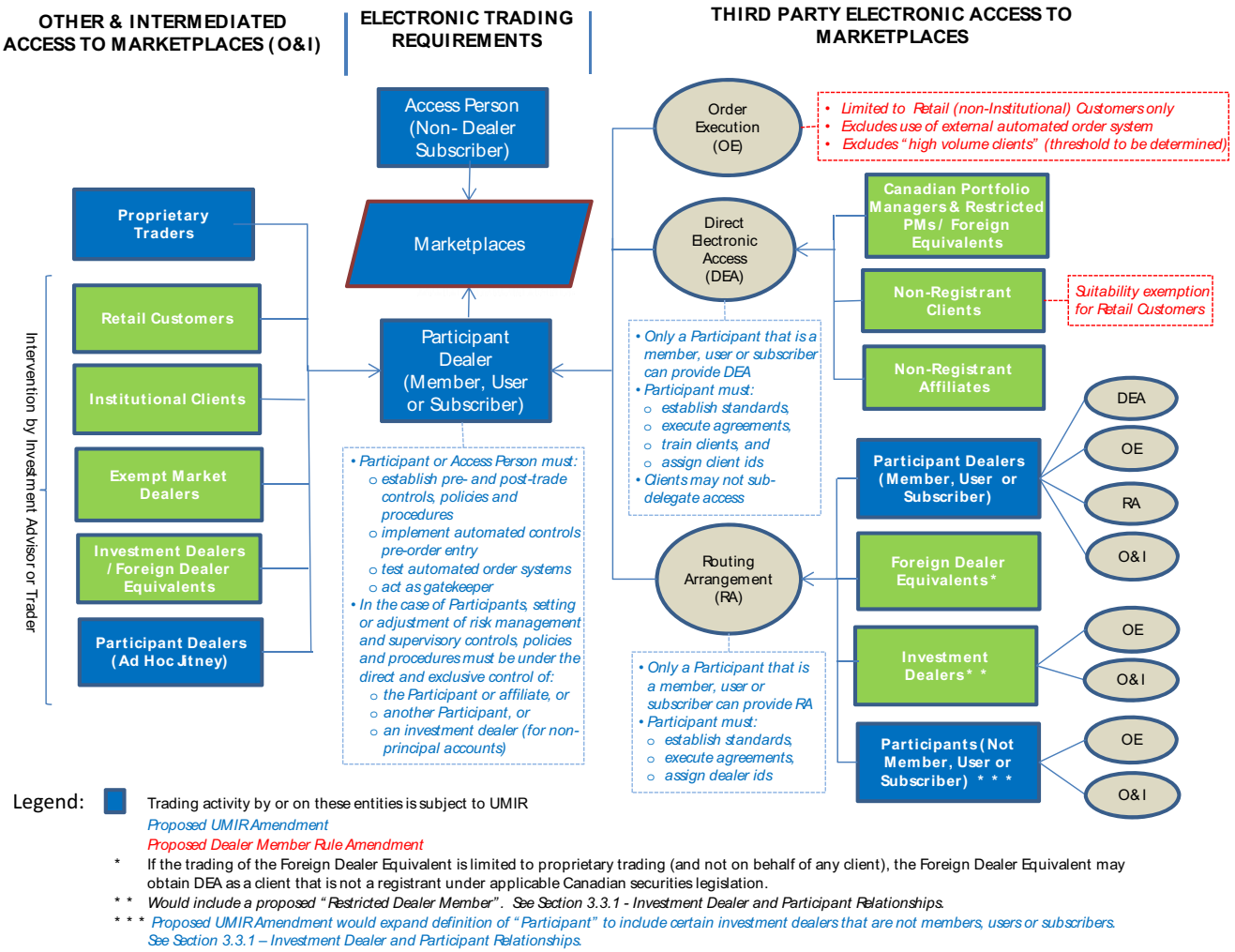
For Participants and other investment dealers that provide order execution services, the Proposed Amendments would:

- restrict the use of such accounts to Retail Customers (as Institutional Customers would be expected to be provided DEA);
- exclude the use of automated order systems other than those provided by the Participant or investment dealer; and
- exclude the use of such accounts by "high order volume" clients whose trading activity exceeds a threshold that IIROC may establish (but which has not been set as part of the Proposed Amendments).

4.3 Order Flow to Marketplaces

The following diagram summarizes the order flow to marketplaces assuming the adoption of the Proposed Amendments and the Proposed UMIR ETR Requirements. Currently, all marketplaces trading listed or quoted securities in Canada operate as electronic markets. The diagram confirms that:

- all orders entered on a marketplace in respect of a listed or quoted security are subject to UMIR;
- the only means to access a marketplace for the purpose of trading a listed or quoted security is:
  - as an Access Person as a subscriber to an ATS, or
  - by or through a Participant as a member of an Exchange or subscriber to an ATS; and
- unless a client order is intermediated by an investment advisor or trader at a Participant, the only third-party access that a Participant can provide will be governed by one of three options:
  - order execution service,
  - direct electronic access, or
  - routing arrangement.



Legend: Trading activity by or on these entities is subject to UMIR

Proposed UMIR Amendment

Proposed Dealer Member Rule Amendment

* If the trading of the Foreign Dealer Equivalent is limited to proprietary trading (and not on behalf of any client), the Foreign Dealer Equivalent may obtain DEA as a client that is not a registrant under applicable Canadian securities legislation.

* * *Would include a proposed "Restricted Dealer Member". See Section 3.3.1 - Investment Dealer and Participant Relationships.*

* * * *Proposed UMIR Amendment would expand definition of "Participant" to include certain investment dealers that are not members, users or subscribers. See Section 3.3.1 – Investment Dealer and Participant Relationships.*

5. Technological Implications and Implementation Plan

The technological implications of the Proposed Amendments on Participants, Access Persons, investment dealers and marketplaces are expected to be commensurate with the degree of sophistication of trading and type of third-party electronic access to marketplaces sought to be provided. To the extent that the forms of access to marketplaces which are covered by the Proposed Amendments currently exist, IIROC does not expect that significant additional technological implications would be imposed on industry participants by the introduction of the more formal framework to govern electronic access to marketplaces. Industry has already been expected to adopt the necessary technology for third-party electronic access as set out in previous IIROC guidance and pursuant to the marketplace rules and policies related to direct access to marketplaces in order to mitigate risk and preserve market integrity. Therefore, technology costs will vary depending on the level of existing controls in place and any technology gaps or deficiencies that would need to be remedied. All changes would be subject to routine testing in any event.

The Proposed Amendments would introduce requirements that an order from a client with DEA or an investment dealer or foreign dealer equivalent under a routing arrangement contain the unique identifier assigned by IIROC to such client, investment dealer or foreign dealer equivalent. At this time, IIROC is proposing to continue the current practice for the identification of orders from clients with "DMA" and require that the unique identifier be included in the "User ID" field as designated by the marketplace on which the order is entered. Some changes may be required to the systems of Participants to ensure that the appropriate identifier is added in this field when orders are entered by a client through DEA or received from an investment dealer or foreign dealer equivalent under a routing arrangement. However, the introduction of the new identifiers also may have a technological impact on the systems of marketplaces and service providers.

Combined with the requirements of ETR and related UMIR amendments respecting electronic trading, there may also be impacts to the market in the form of minimal additional latency on some order flow. Any additional latency will also be dependent on the type of trading strategies in use and the nature of the controls and risk management filters already in place. To the extent

that additional latency may result, it is not expected to have a significant impact on the majority of trading. Persons employing trading strategies that rely on ultra-low latency connections may have to re-evaluate how they obtain access to a marketplace.

IIROC acknowledges the forgoing technological implications. However, IIROC is of the view that they are proportionate to the benefits provided to the market as a whole given the policy objectives of the Proposed Amendments to protect market integrity, mitigate dealer and systemic risks and increase the confidence of investors.
IIROC would expect that, if the Proposed Amendments are approved by the Recognizing Regulators, the amendments would be implemented on the later of:

- ***the date the CSA Access Proposals become effective; and***

- ***180 days following the publication of notice of approval of the amendments.***

The Proposed Amendments would require Participants to enter into written agreements with clients who have been provided direct electronic access and with investment dealers or foreign dealer equivalents who route order to or through the Participant under a routing arrangement. While IIROC would expect that existing agreements with clients or investment dealers would be replaced or amended during their annual or periodic review, as a transitional matter, IIROC would permit Participants a further 180 days following the implementation of the amendments to replace or amend any existing agreements with clients, investment dealers or foreign dealer equivalent to comply with the requirements regarding written agreements introduced by the amendments.

6. Questions

While comment is requested on all aspects of the Proposed Amendments, comment is also specifically requested on the following questions:

1. Are there any consequences from the proposed extension of the definition of “Participant” to include an investment dealer in a routing arrangement that is authorized to perform on behalf of the Participant the setting or adjustment of a specific risk management or supervisory control, policy or procedures and that investment dealer:

    - engages in trading on behalf of accounts in which the investment dealer has a direct or indirect interest in addition to that of its clients; or

    - direct orders to a marketplace without passing through the systems of a Participantthat have not been addressed in the Proposed UMIR Amendments?

    In the alternative, should routing arrangements simply prohibit:

    - a Participant from authorizing an investment dealer engaged in proprietary trading to perform on behalf of the Participant the setting or adjustment of a specific risk management or supervisory control, policy or procedure; and

    - the ability of an investment dealer to transmit orders to a marketplace without first passing through the systems of a Participant?

2. Are the risks of providing direct electronic access to a client sufficiently different from the risks associated with operating a routing arrangement with an investment dealer to justify a separate “rule” governing each means of electronically accessing a marketplace?

3. Are there any implementation issues respecting the regulatory framework for electronic access to marketplaces that have not been considered?

4. Is the contemplated timeframe for implementation sufficient?

Appendix A – Proposed UMIR Amendments

The Universal Market Integrity Rules are hereby amended as follows:

1. Rule 1.1 is amended by:

(a) adding the following definition of "direct electronic access":

> **"direct electronic access"** means an arrangement between a Participant that is a member, user or subscriber and a client that permits the client to electronically transmit an order containing the identifier of the Participant:
>
> (a) through the systems of the Participant for automatic onward transmission to a marketplace; or
>
> (b) directly to a marketplace without being electronically transmitted through the systems of the Participant.

(b) adding the following definition of "foreign dealer equivalent":

> **"foreign dealer equivalent"** means a person registered in a category analogous to that of investment dealer in a foreign jurisdiction that is a signatory to the International Organization of Securities Commissions' Multilateral Memorandum of Understanding.

(c) adding the following definition of "order execution service":

> **"order execution service"** means a service that meets the requirements, from time to time, under 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*.

(d) amending clause (a) of the definition of "Participant" by:

(i) deleting the word "or" at the end of subclause (ii);

(ii) inserting the phrase ", or" at the end of subclause (iii), and

(iii) inserting the following as subclause (iv):

(iv) an investment dealer that is a party to a routing arrangement and who, in accordance with the applicable written agreement:

(A) is able to enter orders directly to the marketplace without being electronically transmitted through the systems of the Participant and is authorized to set or adjust the various controls, policies or procedures respecting such orders, or

(B) has been authorized to perform on behalf of the Participant the setting or adjustment of a specific risk management or supervisory control, policy or procedure respecting an account in which the investment dealer or a related entity of the investment dealer holds a direct or indirect interest other than an interest in the commission charged on a transaction or reasonable fee for the administration of the account; or

(e) adding the following definition of "routing arrangement":

> **"routing arrangement"** means an arrangement under which a Participant that is a member, user or subscriber permits an investment dealer or a foreign dealer equivalent to electronically transmit an order relating to a security:
>
> (a) through the systems of the Participant for automatic onward transmission to:
>
> (i) a marketplace to which the Participant has access using the identifier of the Participant, or
>
> (ii) a foreign organized regulated market to which the Participant has access directly or through a dealer in the other jurisdiction; or

(b) directly to a marketplace using the identifier of the Participant without being electronically transmitted through the systems of the Participant.

2. Rule 6.1 is amended by:

(a) renumbering subsection (3) as added effective April 13, 2012 as subsection (6); and

(b) inserting the following subsections:

(7) A Participant shall not enter an order on a marketplace or permit an order to be transmitted to a marketplace containing the identifier of the Participant unless the order has been:

(a) received, processed and entered on the marketplace by an employee of the Participant who is registered in accordance with applicable securities legislation to perform such functions; or

(b) has been entered on a marketplace or transmitted to a marketplace through:

(i) direct electronic access,

(ii) a routing arrangement, or

(iii) an order execution service.

(8) An Access Person shall not enter an order on a marketplace or permit an order to be transmitted to a marketplace containing the identifier of the Access Person unless the order is:

(a) for the account of the Access Person and not for any other person; or

(b) entered by an Access Person who is a portfolio manager or a restricted portfolio manager in accordance with applicable securities legislation and the order is for or on behalf of the client and not for any other person.

(9) A marketplace shall not allow an order to be entered on the marketplace unless:

(a) the order:

(i) has been entered by or transmitted through a Participant or Access Person who has access to trading on that marketplace, and

(ii) contains the identifier of the Participant or Access Person as assigned in accordance with Rule 10.15; or

(b) the order has been generated automatically by the marketplace on behalf of a person who has Marketplace Trading Obligations in order for that person to meet their Marketplace Trading Obligations.

3. Clause (a) of subsection (1) of Rule 6.2 is amended by:

(a) deleting the word “and” at the end of subclause (ii);

(b) deleting the phrase “; and” at the end of subclause (iii);

(c) inserting following subclauses:

(iv) the client for or on behalf of whom the order is entered under direct electronic access, and

(v) the investment dealer or foreign dealer equivalent for or on behalf of whom the order is entered under a routing arrangement; and

4. Part 7 is amended by adding the following as Rule 7.12:

7.12 Routing Arrangements

(1) A Participant that is a member, user or subscriber may enter into a routing arrangement with an investment dealer or a foreign dealer equivalent provided the Participant has:

(a) established standards for the investment dealer or foreign dealer equivalent that are reasonably designed to manage, in accordance with prudent business practices, the Participant's risks associated with implementing a routing arrangement;

(b) assessed and documented that the investment dealer or foreign dealer equivalent meets the standards established by the Participant for a routing arrangement; and

(c) executed a written agreement with the investment dealer or foreign dealer equivalent.

(2) The standards established by the Participant under subsection (1) must include a requirement that the investment dealer or foreign dealer equivalent:

(a) has sufficient resources to meet any financial obligations that may result from the routing arrangement;

(b) has reasonable arrangements in place to ensure that all personnel transmitting orders under a routing arrangement have reasonable knowledge of and proficiency in the use of the order entry system;

(c) has reasonable knowledge of and the ability to comply with all Requirements, including the marking of each order with the designation and identifiers required by Rule 6.2;

(d) has reasonable arrangements in place to monitor the entry of orders transmitted under the routing arrangement;

(e) take all reasonable steps to ensure that the use of automated order systems, by itself or any investment dealer or foreign dealer equivalent, does not interfere with fair and orderly markets; and

(f) ensure that each automated order system, used by the investment dealer, foreign dealer equivalent or any client, is tested in accordance with prudent business practices, including initially before use or introduction of a significant modification and at least annually thereafter.

(3) The written agreement entered into by a Participant under subsection (1) with the investment dealer or foreign dealer equivalent must provide that:

(a) the trading activity of the investment dealer or foreign dealer equivalent will comply with all Requirements;

(b) the trading activity of the investment dealer or foreign dealer equivalent will comply with the product limits or credit or other financial limits specified by the Participant;

(c) the investment dealer or foreign dealer equivalent will maintain all technology facilitating the routing arrangement in a secure manner and will not permit personnel, other than those authorized by the Participant or the investment dealer or foreign dealer equivalent, to transmit orders under the routing arrangement to the Participant;

(d) the Participant is authorized, without prior notice, to:

(i) reject any order,

(ii) vary, correct or cancel any order entered on a marketplace, or

(iii) discontinue accepting orders,

from the investment dealer or the foreign dealer equivalent;

(e) the investment dealer or foreign dealer equivalent will immediately inform the Participant if the investment dealer or foreign dealer equivalent fails or expects not to meet the standards set by the Participant; and

(f) the investment dealer or foreign dealer equivalent will not allow any order entered electronically by a client of the investment dealer or foreign dealer equivalent to be entered directly to a marketplace without being electronically transmitted through the systems of the Participant or the system of the investment dealer or foreign dealer equivalent.

(4) A Participant must not allow any order to be transmitted under a routing arrangement unless:

(a) the Participant is:

(i) maintaining and applying the standards established by the Participant under subsection (1),

(ii) satisfied the investment dealer or foreign dealer equivalent meets the standards established by the Participant under subsection (1), and

(iii) satisfied the investment dealer or foreign dealer equivalent is in compliance with the written agreement entered into with the Participant; and

(b) the order is subject to the risk management and supervisory controls, policies and procedures established by the Participant including the automated controls to examine each order before entry on a marketplace.

(5) The Participant shall review and confirm:

(a) at least annually that:

(i) the standards established by the Participant under subsection (1) are adequate, and

(ii) the Participant has maintained and consistently applied the standards in the period since the establishment of the standards or the date of the last annual review; and

(b) at least annually by the anniversary date of the written agreement with an investment dealer or foreign dealer equivalent that the investment dealer or foreign dealer equivalent:

(i) is in compliance with the written agreement with the Participant, and

(ii) has met the standards established by the Participant under subsection (1) since the date of the written agreement or the date of the last annual review.

(6) A Participant shall forthwith notify the Market Regulator:

(a) upon entering into a written agreement with an investment dealer or foreign dealer equivalent respecting a routing arrangement, of:

(i) the name of the investment dealer or foreign dealer equivalent, and

(ii) the contact information for the investment dealer or foreign dealer equivalent which will permit the Market Regulator to deal with the investment dealer or foreign dealer equivalent immediately following the entry of an order by the investment dealer or foreign dealer equivalent in respect of which the Market Regulator wants additional information; and

(b) of any change in the information described in clause (a).

5. Part 7 is amended by adding the following as Rule 7.13:

7.13 Direct Electronic Access

(1) A Participant that is a member, user or subscriber may grant direct electronic access to a client provided:

(a) the Participant has:

(i) established standards for the client that are reasonably designed to manage, in accordance with prudent business practices, the Participant's risks associated with providing direct market access,

(ii) assessed and documented that the client meets the standards established by the Participant for direct electronic access, and

(iii) executed a written agreement with the client; and

(b) the client is not a registrant in accordance with applicable securities legislation other than:

(i) a portfolio manager, or

(ii) a restricted portfolio manager.

(2) The standards established by the Participant under subsection (1) must include a requirement that the client:

(a) has sufficient resources to meet any financial obligations that may result from use of direct electronic access;

(b) has reasonable arrangements in place to ensure that all personnel transmitting orders using direct electronic access have reasonable knowledge of and proficiency in the use of the order entry system;

(c) has reasonable knowledge of and the ability to comply with all Requirements, including the marking of each order with the designations and identifiers required by Rule 6.2;

(d) has reasonable arrangements in place to monitor the entry of orders transmitted using direct electronic access;

(e) take all reasonable steps to ensure that the use of automated order systems, by itself or any client, does not interfere with fair and orderly markets; and

(f) ensure that each automated order system, used by the client or any of its clients, is tested in accordance with prudent business practices, including initially before use or introduction of a significant modification and at least annually thereafter.

(3) The written agreement entered into by a Participant under subsection (1) with the client must provide that:

(a) the trading activity of the client will comply with all Requirements;

(b) the trading activity of the client will comply with the product limits or credit or other financial limits specified by the Participant;

(c) the client will maintain all technology facilitating direct market access in a secure manner and will not permit any person to transmit an order using the direct market access other than personnel of the client who have been authorized by the client to transmit orders using direct market access;

(d) the Participant is authorized, without prior notice, to:

(i) reject any order,

(ii) vary, correct or cancel any order entered on a marketplace, or

(iii) discontinue accepting orders,

from the client;

(e) the client will immediately inform the Participant if the client fails or expects not to meet the standards set by the Participant;

(f) the client may not trade for the account of any other person unless the client is:

(i) a portfolio manager,

(ii) a restricted portfolio manager, or

(iii) an entity that is registered in a category analogous to the entities referred to in subclause (i) or (ii) in a foreign jurisdiction that is a signatory to the International Organization of Securities Commissions' Multilateral Memorandum of Understanding;

(g) if the client trades for the account of any other person in accordance with clause (f):

(i) the client must ensure that the orders for the other person are transmitted through the systems of the client before being entered on a marketplace directly or indirectly through a Participant, and

(ii) the Participant must ensure that the client has established and maintains reasonable risk management and supervisory controls, policies and procedures; and

(h) the Participant shall provide to the client, in a timely manner, any relevant amendments or changes to:

(i) applicable Requirements, and

(ii) the standards established by the Participant under subsection (1).

(4) A Participant must not allow any order to be transmitted using direct electronic access unless:

(a) the Participant is:

(i) maintaining and applying the standards established by the Participant under subsection (1),

(ii) satisfied the client meets the standards established by the Participant under subsection (1), and

(iii) satisfied the client is in compliance with the written agreement entered into with the Participant; and

(b) the order is subject to the risk management and supervisory controls, policies and procedures established by the Participant including the automated controls to examine each order before entry on a marketplace.

(5) The Participant shall review and confirm:

(a) at least annually that:

(i) the standards established by the Participant under subsection (1) are adequate, and

(ii) the Participant has maintained and consistently applied the standards in the period since the establishment of the standards or the date of the last annual review; and

(b) at least annually by the anniversary date of the written agreement with a client that the client:

(i) is in compliance with the written agreement with the Participant, and

(ii) has met the standard established by the Participant under subsection (1) since the date of the written agreement or the date of the last annual review.

(6) A Participant shall forthwith notify the Market Regulator:

(a) upon entering into a written agreement with a client respecting direct electronic access, of:

(i) the name of the client, and

(ii) the contact information for the client which will permit the Market Regulator to deal with the client immediately following the entry of an order by the client in respect of which the Market Regulator wants additional information, and

(iii) the names of the personnel of the client authorized by the client to enter an order using direct electronic access; and

(b) of any change in the information described in clause (a).

6. Rule 10.15 is amended by deleting subsection (1) and substituting the following:

(1) The Market Regulator shall assign a unique identifier to:

(a) a marketplace for trading purposes upon the Market Regulator being retained as the regulation services provider for the marketplace; and

(b) an investment dealer, other than a Participant, or a foreign dealer equivalent upon being notified that a Participant has entered into a written agreement with the investment dealer or foreign dealer equivalent respecting a routing arrangement; and

(c) a client upon the Market Regulator being notified that a Participant has entered into a written agreement with the client respecting direct electronic access.

7. Part 10 is amended by adding the following as Rule 10.18:

10.18 Gatekeeper Obligations with Respect to Access to Marketplaces

(1) A marketplace that has provided access to a Participant or Access Person shall forthwith report to the Market Regulator the fact that the marketplace:

(a) has terminated the access of the Participant or Access Person to the marketplace; or

(b) knows or has reason to believe that the Participant or Access Person has or may have breached a material provision of any Marketplace Rule or agreement pursuant to which the Participant or Access Person was granted access to the marketplace.

(2) A Participant that has provided access to a marketplace to an investment dealer or a foreign dealer equivalent pursuant to a routing arrangement shall forthwith report to the Market Regulator the fact that:

(a) the routing arrangement has been terminated; or

(b) the Participant knows or has reason to believe that the investment dealer or foreign dealer equivalent has or may have breached a material provision of:

(i) any standard established by the Participant for the routing arrangement with the investment dealer or foreign dealer equivalent, or

(ii) the written agreement between the Participant and the investment dealer or foreign dealer equivalent regarding the routing arrangement.

(3) A Participant that has provided access to a marketplace to a client pursuant to direct electronic access shall forthwith report to the Market Regulator the fact that the Participant:

(a) has terminated the access of the client under the arrangement for direct electronic access; or

(b) knows or has reason to believe that the client has or may have breached a material provision of:

(i) any standard established by the Participant for the granting of direct electronic access, or

(ii) the written agreement between the Participant and the client regarding the direct electronic access.

The Policies to the Universal Market Integrity Rules are hereby amended as follows:

1. Part 1 of Policy 7.1 is amended by:

(a) replacing the phrase “without the involvement of a trader” with “by direct electronic access, under a routing arrangement or through an order execution services”;

(b) replacing the phrase “entered directly by clients” with “entered by a client under direct electronic access, an investment dealer or foreign dealer equivalent under a routing arrangement or a client through an order execution service”; and

(c) deleting each occurrence of the phrase “direct access client” and substituting “client under direct electronic access, an investment dealer or foreign dealer equivalent under a routing arrangement or a client through an order execution service”.

2. Part 2 of Policy 7.1 is amended by inserting before the phrase “must comply” the phrase “(including orders entered by a client under direct electronic access, an investment dealer or foreign dealer equivalent under a routing arrangement or a client through an order execution service)”.

3. Policy 7.1 is further amended by adding the following Parts:

Part 9 – Specific Provisions Applicable to Direct Electronic Access

Standards for Clients

In addition to the trading supervision requirements in Parts 1, 2, 3, 5, 7 and 8, a Participant that provides direct electronic access must establish, maintain and apply reasonable standards for granting direct electronic access and assess and document whether each client meets the standards established by the Participant for direct electronic access. The Market Regulator expects that as part of its initial "screening" process, non-institutional investors will be precluded from qualifying for direct electronic access except in exceptional circumstances generally limited to sophisticated former traders and floor brokers or a person or company having assets under administration with a value approaching that of an institutional investor that has access to and knowledge regarding the necessary technology to use direct electronic access. The Participant offering direct electronic access must establish sufficiently stringent standards for each client granted direct electronic access to ensure that the Participant is not exposed to undue risk and in particular, in the case of a non-institutional client the standards must be set higher than for institutional investors.

The Participant is further required to confirm with the client granted direct electronic access, at least annually, that the client continues to meet the standards established by the Participant including to ensure that any modification to a previously "approved" automated order system in use by a client continues to maintain appropriate safeguards.

Breaches by Clients with Direct Electronic Access

A Participant that has granted direct electronic access to a client must further monitor orders entered by the client to identify whether the client may have:

- breached any standard established by the Participant for the granting of direct electronic access;
- breached the terms of the written agreement between the Participant and the client regarding the direct electronic access;
- improperly granted access to or passed on its direct electronic access to another person or company;
- engaged in unauthorized trading on behalf of the account of another person or company; or

failed to ensure that its client's orders flowed through the systems of the client before being entered on a marketplace.

Part 10 – Specific Provisions Applicable to Routing Arrangements

Standards for Investment Dealers or Foreign Dealer Equivalents

In addition to the trading supervision requirements in Parts 1, 2, 3, 5, 7 and 8, a Participant that enters into a routing arrangement with an investment dealer or foreign dealer equivalent must establish, maintain and apply reasonable standards for entering into the routing arrangement and assess and document whether each investment dealer or foreign dealer equivalent meets the standards established by the Participant for the routing arrangement. The Participant offering the routing arrangement must establish sufficiently stringent standards for each investment dealer or foreign dealer equivalent to ensure that the Participant is not exposed to undue risk.

The Participant is further required to confirm with the investment dealer or foreign dealer equivalent at least annually, that the investment dealer or foreign dealer equivalent continues to meet the standards established by the Participant including to ensure that any modification to a previously "approved" automated order system in use by the investment dealer or foreign dealer equivalent continues to maintain appropriate safeguards.

Identifying Originating Investment Dealer or Foreign Dealer Equivalent

In addition to assigning a unique identifier to an investment dealer or foreign dealer equivalent in a routing arrangement with the Participant, the Participant is responsible for properly identifying the originating

investment dealer or foreign dealer equivalent and must establish and maintain policies and procedures to appropriately mark and identify the originating investment dealer or foreign dealer equivalent for each order that is ultimately transmitted through the routing arrangement.

Breaches by Investment Dealer or Foreign Dealer Equivalent

A Participant that has provided access to a marketplace to an investment dealer or foreign dealer equivalent pursuant to a routing arrangement must monitor all orders entered by the investment dealer or foreign dealer equivalent to identify whether the investment dealer or foreign dealer equivalent may have:

- breached any standard established by the Participant for the routing arrangement; or
- breached the written agreement between the Participant and the investment dealer or foreign dealer equivalent regarding the routing arrangement.

Part 11 – Specific Provisions Applicable to Order Execution Services

In addition to the trading supervision requirements in Parts 1, 2, 3, 5, 7 and 8, a Participant that provides order execution services must monitor orders entered by an order execution services client to determine if the client may be using an automated order system other than one provided as part of the order execution service. The Participant shall confirm with the order execution services client, at least annually, whether the client has used since the date of the last confirmation an automated order system other than one provided as part of the order execution service.

Appendix B – Text of Dealer Member Rules to Reflect Proposed DMR Amendments Respecting Third-Party Electronic Access to Marketplaces

Text of Provision Following Adoption of the Proposed DMR Amendments	Text of Current Provisions Marked to Reflect Adoption of the Proposed DMR Amendments
RULE 1300 **SUPERVISION OF ACCOUNTS** 1300.1. **Identity and Creditworthiness** (a) Each Dealer Member shall use due diligence to learn and remain informed of the essential facts relative to every customer and to every order or account accepted. (b) When opening an initial account for a corporation or similar entity, the Dealer Member shall: (i) ascertain the identity of any individual who is the beneficial owner of, or exercises direct or indirect control or direction over, more than 10% of the corporation or similar entity, including the name, address, citizenship, occupation and employer of each such beneficial owner, and whether any such beneficial owner is an insider or controlling shareholder of a publicly traded corporation or similar entity; and (ii) as soon as is practicable after opening the account, and in any case no later than six months after the opening of the account, verify the identity of each individual identified in (i) using such methods as enable the Dealer Member to form a reasonable belief that it knows the true identity of each individual and that are in compliance with any applicable legislation and regulations of the Government of Canada or any province. (c) Subsection (b) does not apply to: (i) a corporation or similar entity that is or is an affiliate of a bank, trust or loan company, credit union, caisse populaire, insurance company, mutual fund, mutual fund management company, pension fund, securities dealer or broker, investment manager or similar financial institution subject to a satisfactory regulatory regime in the country in which it is located (ii) a corporation or similar entity whose securities are publicly traded or an affiliate thereof. (d) The Corporation may, at its discretion, direct Dealer Members that the exemption in subsection (c) does not apply to some or all types of financial institutions located in a particular country. (e) When opening an initial account for a trust, a Dealer Member shall: (i) ascertain the identity of the settlor of the trust and, as far as is reasonable, of any known beneficiaries of more than 10% of the trust, including the name, address, citizenship, occupation and employer of each such settlor and beneficiary and whether any is an insider or controlling shareholder of a publicly traded corporation or similar entity. (ii) as soon as is practicable after opening the account, and in any case no later than six months after the opening of the account, verify the identity of each individual identified in (i) using such methods as enable the Dealer Member to form a reasonable	**RULE 1300** **SUPERVISION OF ACCOUNTS** 1300.1. **Identity and Creditworthiness** (a) Each Dealer Member shall use due diligence to learn and remain informed of the essential facts relative to every customer and to every order or account accepted. (b) When opening an initial account for a corporation or similar entity, the Dealer Member shall: (i) ascertain the identity of any individual who is the beneficial owner of, or exercises direct or indirect control or direction over, more than 10% of the corporation or similar entity, including the name, address, citizenship, occupation and employer of each such beneficial owner, and whether any such beneficial owner is an insider or controlling shareholder of a publicly traded corporation or similar entity; and (ii) as soon as is practicable after opening the account, and in any case no later than six months after the opening of the account, verify the identity of each individual identified in (i) using such methods as enable the Dealer Member to form a reasonable belief that it knows the true identity of each individual and that are in compliance with any applicable legislation and regulations of the Government of Canada or any province. (c) Subsection (b) does not apply to: (i) a corporation or similar entity that is or is an affiliate of a bank, trust or loan company, credit union, caisse populaire, insurance company, mutual fund, mutual fund management company, pension fund, securities dealer or broker, investment manager or similar financial institution subject to a satisfactory regulatory regime in the country in which it is located (ii) a corporation or similar entity whose securities are publicly traded or an affiliate thereof. (d) The Corporation may, at its discretion, direct Dealer Members that the exemption in subsection (c) does not apply to some or all types of financial institutions located in a particular country. (e) When opening an initial account for a trust, a Dealer Member shall: (i) ascertain the identity of the settlor of the trust and, as far as is reasonable, of any known beneficiaries of more than 10% of the trust, including the name, address, citizenship, occupation and employer of each such settlor and beneficiary and whether any is an insider or controlling shareholder of a publicly traded corporation or similar entity. (ii) as soon as is practicable after opening the account, and in any case no later than six months after the opening of the account, verify the identity of each individual identified in (i) using such methods as enable the Dealer Member to form a reasonable

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belief that it knows the true identity of each individual and that are in compliance with any applicable legislation and regulations of the Government of Canada or any province.	belief that it knows the true identity of each individual and that are in compliance with any applicable legislation and regulations of the Government of Canada or any province.
(f) Subsection (e) does not apply to a testamentary trust or a trust whose units are publicly traded.	(f) Subsection (e) does not apply to a testamentary trust or a trust whose units are publicly traded.
(g) If a Dealer Member, on inquiry, is unable to obtain the information required under subsections (b)(i) and (e)(i), the Dealer Member shall not open the account.	(g) If a Dealer Member, on inquiry, is unable to obtain the information required under subsections (b)(i) and (e)(i), the Dealer Member shall not open the account.
(h) If a Dealer Member is unable to verify the identities of individuals as required under subsections (b)(ii) and (e)(ii) within six months of opening the account, the Dealer Member shall restrict the account to liquidating trades and transfers, payments or deliveries out of funds or securities only until such time as the verification is completed.	(h) If a Dealer Member is unable to verify the identities of individuals as required under subsections (b)(ii) and (e)(ii) within six months of opening the account, the Dealer Member shall restrict the account to liquidating trades and transfers, payments or deliveries out of funds or securities only until such time as the verification is completed.
(i) No Dealer Member shall open or maintain an account for a shell bank.	(i) No Dealer Member shall open or maintain an account for a shell bank.
(j) For the purposes of section (i) a shell bank is a bank that does not have a physical presence in any country.	(j) For the purposes of section (i) a shell bank is a bank that does not have a physical presence in any country.
(k) Subsection (i) does not apply to a bank which is an affiliate of a bank, loan or trust company, credit union, other depository institution that maintains a physical presence in Canada or a foreign country in which the affiliated bank, loan or trust company, credit union, other depository institution is subject to supervision by a banking or similar regulatory authority.	(k) Subsection (i) does not apply to a bank which is an affiliate of a bank, loan or trust company, credit union, other depository institution that maintains a physical presence in Canada or a foreign country in which the affiliated bank, loan or trust company, credit union, other depository institution is subject to supervision by a banking or similar regulatory authority.
(l) Any Dealer Member having an account for a corporation, similar entity or trust other than those exempt under subsections (c) and (f) and which does not have the information regarding the account required in subsections (b)(i) and (e)(i) at the date of implementation of those subsections shall obtain the information within one year from date of implementation of subsections (b) and (e).	(l) Any Dealer Member having an account for a corporation, similar entity or trust other than those exempt under subsections (c) and (f) and which does not have the information regarding the account required in subsections (b)(i) and (e)(i) at the date of implementation of those subsections shall obtain the information within one year from date of implementation of subsections (b) and (e).
(m) If the Dealer Member does not or cannot obtain the information required under subsection (l) the Dealer Member shall restrict the account to liquidating trades and transfers, payments or deliveries out of funds or securities until such time as the required information has been obtained.	(m) If the Dealer Member does not or cannot obtain the information required under subsection (l) the Dealer Member shall restrict the account to liquidating trades and transfers, payments or deliveries out of funds or securities until such time as the required information has been obtained.
(n) Dealer Members must maintain records of all information obtained and verification procedures conducted under this Rule 1300.1 in a form accessible to the Corporation for a period of five years after the closing of the account to which they relate.	(n) Dealer Members must maintain records of all information obtained and verification procedures conducted under this Rule 1300.1 in a form accessible to the Corporation for a period of five years after the closing of the account to which they relate.
Business Conduct	**Business Conduct**
(o) Each Dealer Member shall use due diligence to ensure that the acceptance of any order for any account is within the bounds of good business practice.	(o) Each Dealer Member shall use due diligence to ensure that the acceptance of any order for any account is within the bounds of good business practice.
Suitability Generally	**Suitability Generally**
Suitability determination required when accepting order	**Suitability determination required when accepting order**
(p) Subject to Rules 1300.1(t), 1300.1 (u) and 1300.1(v), each Dealer Member shall use due diligence to ensure that the acceptance of any order from a client is suitable for such client based on factors including the client's current financial situation, investment knowledge, investment objectives and time horizon, risk tolerance and the account or accounts' current investment portfolio	(p) Subject to Rules 1300.1(t), 1300.1 (u) and 1300.1(v~~u~~), each Dealer Member shall use due diligence to ensure that the acceptance of any order from a client is suitable for such client based on factors including the client's current financial situation, investment knowledge, investment objectives and time horizon, risk tolerance and the account or accounts' current investment portfolio

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composition and risk level. If the order received from a client is not suitable, the client must, at a minimum, be advised against proceeding with the order.	composition and risk level. If the order received from a client is not suitable, the client must, at a minimum, be advised against proceeding with the order.
Suitability determination required when recommendation provided	**Suitability determination required when recommendation provided**
(q) Each Dealer Member, when recommending to a client the purchase, sale, exchange or holding of any security, shall use due diligence to ensure that the recommendation is suitable for such client based on factors including the client's current financial situation, investment knowledge, investment objectives and time horizon, risk tolerance and the account or accounts' current investment portfolio composition and risk level.	(q) Each Dealer Member, when recommending to a client the purchase, sale, exchange or holding of any security, shall use due diligence to ensure that the recommendation is suitable for such client based on factors including the client's current financial situation, investment knowledge, investment objectives and time horizon, risk tolerance and the account or accounts' current investment portfolio composition and risk level.
Suitability determination required for account positions held when certain events occur	**Suitability determination required for account positions held when certain events occur**
(r) Each Dealer Member shall, subject to Rules 1300.1(t), 1300.1(u) and 1300.1(v), use due diligence to ensure that the positions held in a client's account or accounts are suitable for such client based on factors including the client's current financial situation, investment knowledge, investment objectives and time horizon, risk tolerance and the account or account(s)' current investment portfolio composition and risk level whenever one or more of the following trigger events occurs: (i) Securities are received into the client's account by way of deposit or transfer; or (ii) There is a change in the registered representative or portfolio manager responsible for the account; or (iii) There has been a material change to the client's life circumstances or objectives that has resulted in revisions to the client's "know your client" information as maintained by the Dealer Member.	(r) Each Dealer Member shall, subject to Rules 1300.1(t), 1300.1(u) and 1300.1(v), use due diligence to ensure that the positions held in a client's account or accounts are suitable for such client based on factors including the client's current financial situation, investment knowledge, investment objectives and time horizon, risk tolerance and the account or account(s)' current investment portfolio composition and risk level whenever one or more of the following trigger events occurs: (i) Securities are received into the client's account by way of deposit or transfer; or (ii) There is a change in the registered representative or portfolio manager responsible for the account; or (iii) There has been a material change to the client's life circumstances or objectives that has resulted in revisions to the client's "know your client" information as maintained by the Dealer Member.
Suitability of investments in client accounts	**Suitability of investments in client accounts**
(s) To comply with the requirements under Rules 1300.1(p), 1300.1(q) and 1300.1(r), the Dealer Member must use due diligence to ensure that: (i) The suitability of all positions in the client's account is reviewed whenever a suitability determination is required; and (ii) The client receives appropriate advice in response to the suitability review that has been conducted.	(s) To comply with the requirements under Rules 1300.1(p), 1300.1(q) and 1300.1(r), the Dealer Member must use due diligence to ensure that: (i) The suitability of all positions in the client's account is reviewed whenever a suitability determination is required; and (ii) The client receives appropriate advice in response to the suitability review that has been conducted.
Exemptions from the suitability assessment requirements	**~~Suitability determination not required~~Exemptions from the suitability assessment requirements**
(t) Each Dealer Member that has applied for and received approval from the Corporation pursuant to Rule 1300.1(w), is not required to comply with Rules 1300.1(p), 1300.1(r) and 1300.1(s), when accepting orders from a Retail Customer where no recommendation is provided, to make a determination that the order is suitable for such client.	(t) Each Dealer Member that has applied for and received approval from the Corporation pursuant to Rule 1300.1(w~~v~~), is not required to comply with Rules 1300.1(p), 1300.1(r) and 1300.1(s), when accepting orders from a Retail Customer ~~client~~ where no recommendation is provided, to make a determination that the order is suitable for such client.
(u) Each Dealer Member that executes a trade on the instructions of another Dealer Member, portfolio manager, investment counsel, limited market dealer, bank, trust company or insurer, pursuant to Section I.B (3) of Rule 2700 is not required to comply with Rule 1300.1(p).	(u) Each Dealer Member that executes a trade on the instructions of another Dealer Member, portfolio manager, investment counsel, limited market dealer, bank, trust company or insurer, pursuant to Section I.B (3) of Rule 2700 is not required to comply with Rule 1300.1(p).
(v) A Dealer Member is not required to comply with rules 1300.1(p), 1300.1(r) and 1300.1(s), when accepting or transmitting orders for a client who has been provided	(v) A Dealer Member is not required to comply with rules 1300.1(p), 1300.1(r) and 1300.1(s), when accepting or transmitting orders for a client who has been provided

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with direct electronic access within the meaning of National Instrument 23-103 *Electronic Trading and Direct Electronic Access to Marketplaces*, if the Dealer Member: (i) Determines that the direct electronic access service offering is suitable for the client; (ii) Does not provide any recommendations to any Retail Customers who have been provided with direct electronic access; and (iii) Complies with the Universal Market Integrity Rule requirements applicable to the direct electronic access service offering and the requirements of NI 23-103 *Electronic Trading and Direct Electronic Access to Marketplaces*. **Corporation approval** (w) The Corporation, in its discretion, shall only grant such approval where the Corporation is satisfied that the Dealer Member will comply with the policies and procedures outlined in Rule 3200. The application for approval shall be accompanied by a copy of the policies and procedures of the Dealer Member. Following such approval, any material changes in the policies and procedures of the Dealer Member shall promptly be submitted to the Corporation.	with direct electronic access within the meaning of National Instrument 23-103 *Electronic Trading and Direct Electronic Access to Marketplaces*, if the Dealer Member: (i) Determines that the direct electronic access service offering is suitable for the client; (ii) Does not provide any recommendations to any Retail Customers who have been provided with direct electronic access; and (iii) Complies with the Universal Market Integrity Rule requirements applicable to the direct electronic access service offering and the requirements of NI 23-103 *Electronic Trading and Direct Electronic Access to Marketplaces*. **Corporation approval** (wv) The Corporation, in its discretion, shall only grant such approval where the Corporation is satisfied that the Dealer Member will comply with the policies and procedures outlined in Rule 3200. The application for approval shall be accompanied by a copy of the policies and procedures of the Dealer Member. Following such approval, any material changes in the policies and procedures of the Dealer Member shall promptly be submitted to the Corporation.
RULE 3200 **MINIMUM REQUIREMENTS FOR DEALER MEMBERS SEEKING APPROVAL UNDER RULE 1300.1(T) FOR SUITABILITY RELIEF FOR TRADES NOT RECOMMENDED BY THE MEMBER** The following Rule sets forth the documentary, procedural and systems requirements for Dealer Members to receive approval to accept orders from a Retail Customer without a suitability determination where no recommendation was provided by the Dealer Member. In this Rule, "order-execution service" means the acceptance and execution of orders from Retail Customers for trades that the Dealer Member has not recommended and for which the Dealer Member takes no responsibility as to the appropriateness or suitability of the trades to the Retail Customers' financial situation, investment knowledge, investment objectives and risk tolerance. In this Rule "automated order system" has the same meaning as defined in National Instrument 23-103 *Electronic Trading and Direct Electronic Access to Marketplace.* **A. Minimum requirements for Dealer Members offering solely an order-execution service, either as the Dealer Member's only business or through a separate business unit of the Dealer Member** **1. Business Structure and Compensation** (a) The Dealer Member must operate either as a legal entity or a separate business unit which provides order-execution only services. (b) The legal entity or separate business unit of the Dealer Member offering an order execution	**RULE 3200** **MINIMUM REQUIREMENTS FOR DEALER MEMBERS SEEKING APPROVAL UNDER RULE 1300.1(T) FOR SUITABILITY RELIEF FOR TRADES NOT RECOMMENDED BY THE MEMBER** The following Rule sets forth the documentary, procedural and systems requirements for Dealer Members to receive approval to accept orders from a Retail Customer without a suitability determination where no recommendation was provided by the Dealer Member. In this Rule, "order-execution service" means the acceptance and execution of orders from Retail Customers for trades that the Dealer Member has not recommended and for which the Dealer Member takes no responsibility as to the appropriateness or suitability of the trades to the Retail Customers' financial situation, investment knowledge, investment objectives and risk tolerance. In this Rule "automated order system" has the same meaning as defined in National Instrument 23-103 *Electronic Trading and Direct Electronic Access to Marketplace.* **A. Minimum requirements for Dealer Members offering solely an order-execution service, either as the Dealer Member's only business or through a separate business unit of the Dealer Member** **1. Business Structure and Compensation** (a) The Dealer Member must operate either as a legal entity or a separate business unit which provides order-execution only services. (b) The legal entity or separate business unit of the Dealer Member offering an order execution

[44] The language of the disclosure shall be the following: in general terms, a dealer is providing a recommendation to you, the client, when the dealer provides you with investment information or advice specifically and individually tailored to your financial situation, investment knowledge, investment objectives, past investments or risk tolerance. However, whether a particular transaction is in fact recommended depends on an analysis of all the relevant facts and circumstances.

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service must not allow its order execution only service clients to: (i) use their own automated order system to generate orders to be sent to the Dealer Member or send order to the Dealer Member on a pre-determined basis; or (ii) manually send orders or generate orders to the Dealer Member that exceed the threshold on the number of orders as set by the Corporation from time to time. (c) If operated as a separate business unit of the Dealer Member, the order-execution only service must have separate letterhead, accounts, registered representatives and investment representatives and account documentation. (d) The registered representatives and investment representatives of the Dealer Member or separate business unit of the Dealer Member shall not be compensated on the basis of transactional revenues. **2. Written Policies and Procedures** (a) The Dealer Member or separate business unit of the Dealer Member must have written policies and procedures covering all of the matters outlined in this Rule. (b) The Dealer Member or separate business unit of the Dealer Member must have a program for communicating those policies and procedures to all its registered representatives and investment representatives and ensuring that the policies and procedures are understood and implemented. **3. Account Opening** (a) At the time an account is opened, the Dealer Member or separate business unit of the Dealer Member must make a written disclosure to the customer advising that the Dealer Member or separate business unit of the Dealer Member will not provide any recommendations to the customer and will not be responsible for making a suitability determination of trades when accepting orders from the customer. Such disclosure shall clearly explain to the customer that the customer alone is responsible for his or her own investment decisions and that the Dealer Member will not consider the customer's financial situation, investment knowledge, investment objectives and risk tolerance when accepting orders from the customer. (b) At the time an account is opened, the Dealer Member or separate business unit of the Dealer Member must obtain an acknowledgement from the customer that the customer has received and understood the disclosure described in Paragraph 3(a). For accounts such as joint and investment club accounts having more than one direct	service must not allow its order execution only service clients to: (i) use their own automated order system to generate orders to be sent to the Dealer Member or send order to the Dealer Member on a pre-determined basis; or (ii) manually send orders or generate orders to the Dealer Member that exceed the threshold on the number of orders as set by the Corporation from time to time. (~~b~~c) If operated as a separate business unit of the Dealer Member, the order-execution only service must have separate letterhead, accounts, registered representatives and investment representatives and account documentation. (e~~d~~) The registered representatives and investment representatives of the Dealer Member or separate business unit of the Dealer Member shall not be compensated on the basis of transactional revenues. **2. Written Policies and Procedures** (a) The Dealer Member or separate business unit of the Dealer Member must have written policies and procedures covering all of the matters outlined in this Rule. (b) The Dealer Member or separate business unit of the Dealer Member must have a program for communicating those policies and procedures to all its registered representatives and investment representatives and ensuring that the policies and procedures are understood and implemented. **3. Account Opening** (a) At the time an account is opened, the Dealer Member or separate business unit of the Dealer Member must make a written disclosure to the customer advising that the Dealer Member or separate business unit of the Dealer Member will not provide any recommendations to the customer and will not be responsible for making a suitability determination of trades when accepting orders from the customer. Such disclosure shall clearly explain to the customer that the customer alone is responsible for his or her own investment decisions and that the Dealer Member will not consider the customer's financial situation, investment knowledge, investment objectives and risk tolerance when accepting orders from the customer. (b) At the time an account is opened, the Dealer Member or separate business unit of the Dealer Member must obtain an acknowledgement from the customer that the customer has received and understood the disclosure described in Paragraph 3(a). For accounts such as joint and investment club accounts having more than one direct

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beneficial owner, the Dealer Member must obtain an acknowledgement from all beneficial owners. (c) Prior to operating any existing accounts under the approval, the Dealer Member or separate business unit of the Dealer Member must provide the disclosure described in Paragraph 3(a) to the customer and obtain the acknowledgement described in Paragraph 3(b). (d) The acknowledgements obtained under Paragraphs 3(b) and (c) must take the form of a positive act by the customer(s), a record of which must be maintained by the Dealer Member in an accessible form. Possible forms of the acknowledgement are: (i) The customer's signature or initials on a new customer application form or similar document where the signature or initial specifically relates to the required disclosure and acknowledgement; (ii) The clicking of an appropriately labelled button on an electronic account application form, placed directly under the disclosure and acknowledgement text; (iii) The tape recording of a verbal acknowledgement made by telephone. **4. Supervision** (a) The Dealer Member or separate business unit of the Dealer Member must have written procedures for the supervision of trading reasonably designed to ensure that customers are not provided with recommendations as a result of the customer having an account with the separate business unit of the Dealer Member and with another separate business unit of the Dealer Member or with the Dealer Member itself. (b) The Dealer Member or separate business unit of the Dealer Member must have written procedures and systems in place to review customer trading and accounts for those concerns listed in Rule 2500 other than those related solely to suitability. (c) The Dealer Member or separate business unit of the Dealer Member must maintain an audit trail of supervisory reviews as required in Rule 2500. (d) The Dealer Member or separate business unit of the Dealer Member must have sufficient supervisory resources allocated at head office and branch levels to effectively implement the supervisory procedures required under this Rule. **5. Systems and Books and Records** (a) The order-entry systems and records of the Dealer Member or separate business unit of the Dealer Member must be capable of labeling all account documentation relating to	beneficial owner, the Dealer Member must obtain an acknowledgement from all beneficial owners. (c) Prior to operating any existing accounts under the approval, the Dealer Member or separate business unit of the Dealer Member must provide the disclosure described in Paragraph 3(a) to the customer and obtain the acknowledgement described in Paragraph 3(b). (d) The acknowledgements obtained under Paragraphs 3(b) and (c) must take the form of a positive act by the customer(s), a record of which must be maintained by the Dealer Member in an accessible form. Possible forms of the acknowledgement are: (i) The customer's signature or initials on a new customer application form or similar document where the signature or initial specifically relates to the required disclosure and acknowledgement; (ii) The clicking of an appropriately labelled button on an electronic account application form, placed directly under the disclosure and acknowledgement text; (iii) The tape recording of a verbal acknowledgement made by telephone. **4. Supervision** (a) The Dealer Member or separate business unit of the Dealer Member must have written procedures for the supervision of trading reasonably designed to ensure that customers are not provided with recommendations as a result of the customer having an account with the separate business unit of the Dealer Member and with another separate business unit of the Dealer Member or with the Dealer Member itself. (b) The Dealer Member or separate business unit of the Dealer Member must have written procedures and systems in place to review customer trading and accounts for those concerns listed in Rule 2500 other than those related solely to suitability. (c) The Dealer Member or separate business unit of the Dealer Member must maintain an audit trail of supervisory reviews as required in Rule 2500. (d) The Dealer Member or separate business unit of the Dealer Member must have sufficient supervisory resources allocated at head office and branch levels to effectively implement the supervisory procedures required under this Rule. **5. Systems and Books and Records** (a) The order-entry systems and records of the Dealer Member or separate business unit of the Dealer Member must be capable of labeling all account documentation relating to

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customers, including monthly statements and confirmations, as "order-execution only accounts" or some variant thereof. (b) The monthly statements of a separate business unit of a Dealer Member shall not be consolidated with the account statements of any other business unit of the Dealer Member or of the Dealer Member itself. **B. Minimum requirements for Dealer Members offering both an advisory and an order-execution only service** **1. Terminology** All references to the basis of trades in procedures, documents and reports under this Rule must use the terms "recommended" or "non-recommended". In particular, designating trades as solicited or unsolicited will not be accepted as complying with the requirements of this Rule. **2. Business Structure** The Dealer Member offering both an advisory and an order execution only service must not allow its order execution only service clients to: (a) Use their own automated order system to generate orders to be sent to the Dealer Member or send orders to the Dealer Member on a pre-determined basis; or (b) Manually send orders or generate orders to the Dealer Member that exceed the threshold on the number of orders as set by the Corporation from time to time. **3. Written Policies and Procedures** (a) The Dealer Member must have written policies and procedures covering all of the matters outlined in this Rule. (b) The Dealer Member must have a program for communicating those policies and procedures to all its registered representatives and ensuring that the policies and procedures are understood and implemented. **4. Account Opening** (a) At the time an account is opened, the Dealer Member must make a written disclosure to the customer advising that the Dealer Member will not be responsible for making a suitability determination when accepting an order from the customer which was not recommended by the Dealer Member or a representative of the Dealer Member. Such disclosure shall clearly explain to the customer that the customer alone is responsible for his or her own investment decisions and that the Dealer Member will not consider the customer's financial situation, investment knowledge, investment objectives and risk tolerance when accepting orders from the customer. Such disclosure also shall include a brief description of what does or does not constitute a recommendation[44] and instructions on how the customer can report trades which have not	customers, including monthly statements and confirmations, as "order-execution only accounts" or some variant thereof. (b) The monthly statements of a separate business unit of a Dealer Member shall not be consolidated with the account statements of any other business unit of the Dealer Member or of the Dealer Member itself. **B. Minimum requirements for Dealer Members offering both an advisory and an order-execution only service** **1. Terminology** All references to the basis of trades in procedures, documents and reports under this Rule must use the terms "recommended" or "non-recommended". In particular, designating trades as solicited or unsolicited will not be accepted as complying with the requirements of this Rule. **2. Business Structure** The Dealer Member offering both an advisory and an order execution only service must not allow its order execution only service clients to: (a) Use their own automated order system to generate orders to be sent to the Dealer Member or send orders to the Dealer Member on a pre-determined basis; or (b) Manually send orders or generate orders to the Dealer Member that exceed the threshold on the number of orders as set by the Corporation from time to time. **~~2~~3. Written Policies and Procedures** (a) The Dealer Member must have written policies and procedures covering all of the matters outlined in this Rule. (b) The Dealer Member must have a program for communicating those policies and procedures to all its registered representatives and ensuring that the policies and procedures are understood and implemented. **~~3~~4. Account Opening** (a) At the time an account is opened, the Dealer Member must make a written disclosure to the customer advising that the Dealer Member will not be responsible for making a suitability determination when accepting an order from the customer which was not recommended by the Dealer Member or a representative of the Dealer Member. Such disclosure shall clearly explain to the customer that the customer alone is responsible for his or her own investment decisions and that the Dealer Member will not consider the customer's financial situation, investment knowledge, investment objectives and risk tolerance when accepting orders from the customer. Such disclosure also shall include a brief description of what does or does not constitute a recommendation[44] and instructions on how the customer can report trades which have not

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been accurately designated as recommended or non-recommended. (b) At the time an account is opened, the Dealer Member must obtain an acknowledgement from the customer that the customer has received and understood the disclosure described in Paragraph 3(a). For accounts such as joint and investment club accounts having more than one direct beneficial owner, the Dealer Member must obtain an acknowledgement from all beneficial owners. (c) Prior to operating any existing accounts under the approval, the Dealer Member must provide the disclosure described in Paragraph 3(a) to the customer and obtain the acknowledgement described in Paragraph 3(b). (d) The acknowledgements obtained under Paragraphs 3(b) and (c) must take the form of a positive act by the customer(s), a record of which must be maintained by the Dealer Member in an accessible form. Possible forms of the acknowledgement are: (i) The customer's signature or initials on a new customer application form or similar document where the signature or initial specifically relates to the required disclosure and acknowledgement; (ii) The clicking of an appropriately labelled button on an electronic account application form, placed directly under the disclosure and acknowledgement text; (iii) The tape recording of a verbal acknowledgement made by telephone. **5. Supervision** (a) The Dealer Member must have written procedures for the supervision of trading reasonably designed to ensure that orders are marked accurately as recommended or non-recommended. (b) The Dealer Member must have written procedures for the selection of accounts to be subject to a monthly review at least equal to those currently required by Rule 2500. The selection must not have regard to whether the trades in the account are marked as recommended or non-recommended. The account review must include a determination whether the overall composition of the customer's portfolio no longer conforms to the documented objectives and risk tolerance of the customer as a result of non-recommended trades and, when it does not, the procedures must specify the steps to be taken for dealing with the disparity. (c) The Dealer Member must maintain an audit trail of supervisory reviews as required in Rule 2500. (d) The Dealer Member must have sufficient supervisory resources allocated at head office	been accurately designated as recommended or non-recommended. (b) At the time an account is opened, the Dealer Member must obtain an acknowledgement from the customer that the customer has received and understood the disclosure described in Paragraph 3(a). For accounts such as joint and investment club accounts having more than one direct beneficial owner, the Dealer Member must obtain an acknowledgement from all beneficial owners. (c) Prior to operating any existing accounts under the approval, the Dealer Member must provide the disclosure described in Paragraph 3(a) to the customer and obtain the acknowledgement described in Paragraph 3(b). (d) The acknowledgements obtained under Paragraphs 3(b) and (c) must take the form of a positive act by the customer(s), a record of which must be maintained by the Dealer Member in an accessible form. Possible forms of the acknowledgement are: (i) The customer's signature or initials on a new customer application form or similar document where the signature or initial specifically relates to the required disclosure and acknowledgement; (ii) The clicking of an appropriately labelled button on an electronic account application form, placed directly under the disclosure and acknowledgement text; (iii) The tape recording of a verbal acknowledgement made by telephone. **45. Supervision** (a) The Dealer Member must have written procedures for the supervision of trading reasonably designed to ensure that orders are marked accurately as recommended or non-recommended. (b) The Dealer Member must have written procedures for the selection of accounts to be subject to a monthly review at least equal to those currently required by Rule 2500. The selection must not have regard to whether the trades in the account are marked as recommended or non-recommended. The account review must include a determination whether the overall composition of the customer's portfolio no longer conforms to the documented objectives and risk tolerance of the customer as a result of non-recommended trades and, when it does not, the procedures must specify the steps to be taken for dealing with the disparity. (c) The Dealer Member must maintain an audit trail of supervisory reviews as required in Rule 2500. (d) The Dealer Member must have sufficient supervisory resources allocated at head office

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and branch levels to effectively implement the supervisory procedures required under this Rule. **6. Systems and Books and Records** (a) The Dealer Member's order-entry systems and records must be capable of recording whether each order is being done on a recommended or non-recommended basis. If the Dealer Member permits customers to enter orders on-line for direct transmission to a trading system, the order entry system must require the customer to indicate whether the trade was recommended or non-recommended. If there is default marking, it must be "recommended." (b) The Dealer Member must disclose on the confirmation for each trade by an account whether the transaction was recommended or non-recommended. (c) The Dealer Member must disclose on the monthly statement whether each trade was executed on a recommended or non-recommended basis, but is not required to disclose on monthly statements which securities positions resulted from which type of trade. (d) The Dealer Member must maintain records of complaints or requests from customers to change the designation of a trade as recommended or non-recommended. (e) The Dealer Member must be able to generate reports enabling supervisors to supervise the accuracy of recommended/non-recommended disclosure on orders. Possible methods of meeting this requirement are included as Appendix A to this Rule. (f) The Dealer Member's systems must be able to select accounts or generate exception reports to show accounts requiring review as specified in its policies and procedures and Rule 2500 without regard to whether the trades were marked as recommended or non-recommended.	and branch levels to effectively implement the supervisory procedures required under this Rule. **~~5~~6. Systems and Books and Records** (a) The Dealer Member's order-entry systems and records must be capable of recording whether each order is being done on a recommended or non-recommended basis. If the Dealer Member permits customers to enter orders on-line for direct transmission to a trading system, the order entry system must require the customer to indicate whether the trade was recommended or non-recommended. If there is default marking, it must be "recommended." (b) The Dealer Member must disclose on the confirmation for each trade by an account whether the transaction was recommended or non-recommended. (c) The Dealer Member must disclose on the monthly statement whether each trade was executed on a recommended or non-recommended basis, but is not required to disclose on monthly statements which securities positions resulted from which type of trade. (d) The Dealer Member must maintain records of complaints or requests from customers to change the designation of a trade as recommended or non-recommended. (e) The Dealer Member must be able to generate reports enabling supervisors to supervise the accuracy of recommended/non-recommended disclosure on orders. Possible methods of meeting this requirement are included as Appendix A to this Rule. (f) The Dealer Member's systems must be able to select accounts or generate exception reports to show accounts requiring review as specified in its policies and procedures and Rule 2500 without regard to whether the trades were marked as recommended or non-recommended.

Appendix C – Text of UMIR to Reflect Proposed UMIR Amendments Respecting Third-Party Electronic Access to Marketplaces

Text of Provision Following Adoption of the Proposed UMIR Amendments	Text of Current Provisions Marked to Reflect Adoption of the Proposed UMIR Amendments
1.1 Definitions **"direct electronic access"** means an arrangement between a Participant that is a member, user or subscriber and a client that permits the client to electronically transmit an order containing the identifier of the Participant: (a) through the systems of the Participant for automatic onward transmission to a marketplace; or (b) directly to a marketplace without being electronically transmitted through the systems of the Participant.	**1.1 Definitions** **"direct electronic access"** means an arrangement between a Participant that is a member, user or subscriber and a client that permits the client to electronically transmit an order containing the identifier of the Participant: (a) through the systems of the Participant for automatic onward transmission to a marketplace; or (b) directly to a marketplace without being electronically transmitted through the systems of the Participant.
1.1 Definitions **"foreign dealer equivalent"** means a person registered in a category analogous to that of investment dealer in a foreign jurisdiction that is a signatory to the International Organization of Securities Commissions' Multilateral Memorandum of Understanding.	**1.1 Definitions** **"foreign dealer equivalent"** means a person registered in a category analogous to that of investment dealer in a foreign jurisdiction that is a signatory to the International Organization of Securities Commissions' Multilateral Memorandum of Understanding.
1.1 Definitions **"order execution service"** means a service that meets the requirements, from time to time, under 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*.	**1.1 Definitions** **"order execution service"** means a service that meets the requirements, from time to time, under 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.*
1.1 Definitions **"Participant"** means: (a) a dealer registered in accordance with securities legislation of any jurisdiction and who is: (i) a member of an Exchange, (ii) a user of a QTRS, (iii) a subscriber of an ATS, or (iv) an investment dealer that is a party to a routing arrangement and who, in accordance with the applicable written agreement: (A) is able to enter orders directly to the marketplace without being electronically transmitted through the systems of the Participant and is authorized to set or adjust the various controls, policies or procedures respecting such orders, or (B) has been authorized to perform on behalf of the Participant the setting or adjustment of a specific risk management or supervisory control, policy or procedure respecting an account in which the investment dealer or a related entity of the investment dealer holds a direct or indirect interest other than an interest in the commission charged on a transaction or reasonable fee for the administration of the account; or (b) a person who has been granted trading access to a marketplace and who performs the functions of a derivatives market maker.	**1.1 Definitions** **"Participant"** means: (a) a dealer registered in accordance with securities legislation of any jurisdiction and who is: (i) a member of an Exchange, (ii) a user of a QTRS, ~~or~~ (iii) a subscriber of an ATS~~,~~; or (iv) an investment dealer that is a party to a routing arrangement and who, in accordance with the applicable written agreement: (A) is able to enter orders directly to the marketplace without being electronically transmitted through the systems of the Participant and is authorized to set or adjust the various controls, policies or procedures respecting such orders, or (B) has been authorized to perform on behalf of the Participant the setting or adjustment of a specific risk management or supervisory control, policy or procedure respecting an account in which the investment dealer or a related entity of the investment dealer holds a direct or indirect interest other than an interest in the commission charged on a transaction or reasonable fee for the administration of the account; or (b) a person who has been granted trading access to a marketplace and who performs the functions of a derivatives market maker.

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1.1 Definitions **"routing arrangement"** means an arrangement under which a Participant that is a member, user or subscriber permits an investment dealer or a foreign dealer equivalent to electronically transmit an order relating to a security: (a) through the systems of the Participant for automatic onward transmission to: (i) a marketplace to which the Participant has access using the identifier of the Participant, or (ii) a foreign organized regulated market to which the Participant has access directly or through a dealer in the other jurisdiction; or (b) directly to a marketplace using the identifier of the Participant without being electronically transmitted through the systems of the Participant.	**1.1 Definitions** **"routing arrangement"** means an arrangement under which a Participant that is a member, user or subscriber permits an investment dealer or a foreign dealer equivalent to electronically transmit an order relating to a security: (a) through the systems of the Participant for automatic onward transmission to: (i) a marketplace to which the Participant has access using the identifier of the Participant, or (ii) a foreign organized regulated market to which the Participant has access directly or through a dealer in the other jurisdiction; or (b) directly to a marketplace using the identifier of the Participant without being electronically transmitted through the systems of the Participant.
6.1 Entry of Orders to a Marketplace … (7) A Participant shall not enter an order on a marketplace or permit an order to be transmitted to a marketplace containing the identifier of the Participant unless the order has been: (a) received, processed and entered on the marketplace by an employee of the Participant who is registered in accordance with applicable securities legislation to perform such functions; or (b) has been entered on a marketplace or transmitted to a marketplace through: (i) direct electronic access, (ii) a routing arrangement, or (iii) an order execution service. (8) An Access Person shall not enter an order on a marketplace or permit an order to be transmitted to a marketplace containing the identifier of the Access Person unless the order is: (a) for the account of the Access Person and not for any other person; or (b) entered by an Access Person who is a portfolio manager or a restricted portfolio manager in accordance with applicable securities legislation and the order is for or on behalf of the client and not for any other person. (9) A marketplace shall not allow an order to be entered on the marketplace unless: (a) the order: (i) has been entered by or transmitted through a Participant or Access Person who has access to trading on that marketplace, and (ii) contains the identifier of the Participant or Access Person as assigned in accordance with Rule 10.15; or (b) the order has been generated automatically by the marketplace on behalf of a person who has Marketplace Trading Obligations in order for that person to meet their Marketplace Trading Obligations.	**6.1 Entry of Orders to a Marketplace** … (7) A Participant shall not enter an order on a marketplace or permit an order to be transmitted to a marketplace containing the identifier of the Participant unless the order has been: () received, processed and entered on the marketplace by an employee of the Participant who is registered in accordance with applicable securities legislation to perform such functions; or (b) has been entered on a marketplace or transmitted to a marketplace through: (i) direct electronic access, (ii) a routing arrangement, or (iii) an order execution service. (8) An Access Person shall not enter an order on a marketplace or permit an order to be transmitted to a marketplace containing the identifier of the Access Person unless the order is: (a) for the account of the Access Person and not for any other person; or (b) entered by an Access Person who is a portfolio manager or a restricted portfolio manager in accordance with applicable securities legislation and the order is for or on behalf of the client and not for any other person. (9) A marketplace shall not allow an order to be entered on the marketplace unless: (a) the order: (i) has been entered by or transmitted through a Participant or Access Person who has access to trading on that marketplace, and (ii) contains the identifier of the Participant or Access Person as assigned in accordance with Rule 10.15; or (b) the order has been generated automatically by the marketplace on behalf of a person who has Marketplace Trading Obligations in order for that person to meet their Marketplace Trading Obligations.

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6.2 Designations and Identifiers (1) Each order entered on a marketplace shall contain: (a) the identifier of: (i) the Participant or Access Person entering the order as assigned to the Participant or Access Person in accordance with Rule 10.15, (ii) the marketplace on which the order is entered as assigned to the marketplace in accordance with Rule 10.15, (iii) the Participant for or on behalf of whom the order is entered, if the order is a jitney order, (iv) the client for or on behalf of whom the order is entered under direct electronic access, and (v) the investment dealer or foreign dealer equivalent for or on behalf of whom the order is entered under a routing arrangement; and ...	**6.2 Designations and Identifiers** (1) Each order entered on a marketplace shall contain: (a) the identifier of: (i) the Participant or Access Person entering the order as assigned to the Participant or Access Person in accordance with Rule 10.15, (ii) the marketplace on which the order is entered as assigned to the marketplace in accordance with Rule 10.15, ~~and~~ (iii) the Participant for or on behalf of whom the order is entered, if the order is a jitney order, (iv) the client for or on behalf of whom the order is entered under direct electronic access, and (v) the investment dealer or foreign dealer equivalent for or on behalf of whom the order is entered under a routing arrangement; and ...
7.12 Routing Arrangements (1) A Participant that is a member, user or subscriber may enter into a routing arrangement with an investment dealer or a foreign dealer equivalent provided the Participant has: (a) established standards for the investment dealer or foreign dealer equivalent that are reasonably designed to manage, in accordance with prudent business practices, the Participant's risks associated with implementing a routing arrangement; (b) assessed and documented that the investment dealer or foreign dealer equivalent meets the standards established by the Participant for a routing arrangement; and (c) executed a written agreement with the investment dealer or foreign dealer equivalent.	**7.12 Routing Arrangements** (1) A Participant that is a member, user or subscriber may enter into a routing arrangement with an investment dealer or a foreign dealer equivalent provided the Participant has: (a) established standards for the investment dealer or foreign dealer equivalent that are reasonably designed to manage, in accordance with prudent business practices, the Participant's risks associated with implementing a routing arrangement; (b) assessed and documented that the investment dealer or foreign dealer equivalent meets the standards established by the Participant for a routing arrangement; and (c) executed a written agreement with the investment dealer or foreign dealer equivalent.
(2) The standards established by the Participant under subsection (1) must include a requirement that the investment dealer or foreign dealer equivalent: (a) has sufficient resources to meet any financial obligations that may result from the routing arrangement; (b) has reasonable arrangements in place to ensure that all personnel transmitting orders under a routing arrangement have reasonable knowledge of and proficiency in the use of the order entry system; (c) has reasonable knowledge of and the ability to comply with all Requirements, including the marking of each order with the designation and identifiers required by Rule 6.2; (d) has reasonable arrangements in place to monitor the entry of orders transmitted under the routing arrangement; (e) take all reasonable steps to ensure that the use of automated order systems, by itself or any investment dealer or foreign dealer equivalent, does not interfere with fair and orderly markets;	(2) The standards established by the Participant under subsection (1) must include a requirement that the investment dealer or foreign dealer equivalent: (a) has sufficient resources to meet any financial obligations that may result from the routing arrangement; (b) has reasonable arrangements in place to ensure that all personnel transmitting orders under a routing arrangement have reasonable knowledge of and proficiency in the use of the order entry system; (c) has reasonable knowledge of and the ability to comply with all Requirements, including the marking of each order with the designation and identifiers required by Rule 6.2; (d) has reasonable arrangements in place to monitor the entry of orders transmitted under the routing arrangement; (e) take all reasonable steps to ensure that the use of automated order systems, by itself or any investment dealer or foreign dealer equivalent, does not interfere with fair and orderly markets; and

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and (f) ensure that each automated order system, used by the investment dealer, foreign dealer equivalent or any client, is tested in accordance with prudent business practices, including initially before use or introduction of a significant modification and at least annually thereafter.	(f) ensure that each automated order system, used by the investment dealer, foreign dealer equivalent or any client, is tested in accordance with prudent business practices, including initially before use or introduction of a significant modification and at least annually thereafter.
(3) The written agreement entered into by a Participant under subsection (1) with the investment dealer or foreign dealer equivalent must provide that: (a) the trading activity of the investment dealer or foreign dealer equivalent will comply with all Requirements; (b) the trading activity of the investment dealer or foreign dealer equivalent will comply with the product limits or credit or other financial limits specified by the Participant; (c) the investment dealer or foreign dealer equivalent will maintain all technology facilitating the routing arrangement in a secure manner and will not permit personnel, other than those authorized by the Participant or the investment dealer or foreign dealer equivalent, to transmit orders under the routing arrangement to the Participant; (d) the Participant is authorized, without prior notice, to: (i) reject any order, (ii) vary, correct or cancel any order entered on a marketplace, or (iii) discontinue accepting orders, from the investment dealer or the foreign dealer equivalent; (e) the investment dealer or foreign dealer equivalent will immediately inform the Participant if the investment dealer or foreign dealer equivalent fails or expects not to meet the standards set by the Participant; and (f) the investment dealer or foreign dealer equivalent will not allow any order entered electronically by a client of the investment dealer or foreign dealer equivalent to be entered directly to a marketplace without being electronically transmitted through the systems of the Participant or the system of the investment dealer or foreign dealer equivalent.	(3) The written agreement entered into by a Participant under subsection (1) with the investment dealer or foreign dealer equivalent must provide that: (a) the trading activity of the investment dealer or foreign dealer equivalent will comply with all Requirements; (b) the trading activity of the investment dealer or foreign dealer equivalent will comply with the product limits or credit or other financial limits specified by the Participant; (c) the investment dealer or foreign dealer equivalent will maintain all technology facilitating the routing arrangement in a secure manner and will not permit personnel, other than those authorized by the Participant or the investment dealer or foreign dealer equivalent, to transmit orders under the routing arrangement to the Participant; (d) the Participant is authorized, without prior notice, to: (i) reject any order, (ii) vary, correct or cancel any order entered on a marketplace, or (iii) discontinue accepting orders, from the investment dealer or the foreign dealer equivalent; (e) the investment dealer or foreign dealer equivalent will immediately inform the Participant if the investment dealer or foreign dealer equivalent fails or expects not to meet the standards set by the Participant; and (f) the investment dealer or foreign dealer equivalent will not allow any order entered electronically by a client of the investment dealer or foreign dealer equivalent to be entered directly to a marketplace without being electronically transmitted through the systems of the Participant or the system of the investment dealer or foreign dealer equivalent.
(4) A Participant must not allow any order to be transmitted under a routing arrangement unless: (a) the Participant is: (i) maintaining and applying the standards established by the Participant under subsection (1), (ii) satisfied the investment dealer or foreign dealer equivalent meets the standards established by the Participant under subsection (1), and (iii) satisfied the investment dealer is in compliance with the written agreement entered into with the Participant; and	(4) A Participant must not allow any order to be transmitted under a routing arrangement unless: (a) the Participant is: (i) maintaining and applying the standards established by the Participant under subsection (1), (ii) satisfied the investment dealer or foreign dealer equivalent meets the standards established by the Participant under subsection (1), and (iii) satisfied the investment dealer is in compliance with the written agreement entered into with the Participant; and

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(b) the order is subject to the risk management and supervisory controls, policies and procedures established by the Participant including the automated controls to examine each order before entry on a marketplace.	(b) the order is subject to the risk management and supervisory controls, policies and procedures established by the Participant including the automated controls to examine each order before entry on a marketplace.
(5) The Participant shall review and confirm: (b) at least annually that: (i) the standards established by the Participant under subsection (1) are adequate, and (ii) the Participant has maintained and consistently applied the standards in the period since the establishment of the standards or the date of the last annual review; and (b) at least annually by the anniversary date of the written agreement with an investment dealer or foreign dealer equivalent that the investment dealer or foreign dealer equivalent: (i) is in compliance with the written agreement with the Participant, and (ii) has met the standards established by the Participant under subsection (1) since the date of the written agreement or the date of the last annual review.	(5) The Participant shall review and confirm: (c) at least annually that: (i) the standards established by the Participant under subsection (1) are adequate, and (ii) the Participant has maintained and consistently applied the standards in the period since the establishment of the standards or the date of the last annual review; and (b) at least annually by the anniversary date of the written agreement with an investment dealer or foreign dealer equivalent that the investment dealer or foreign dealer equivalent: (i) is in compliance with the written agreement with the Participant, and (ii) has met the standards established by the Participant under subsection (1) since the date of the written agreement or the date of the last annual review.
(6) A Participant shall forthwith notify the Market Regulator: (a) upon entering into a written agreement with an investment dealer or foreign dealer equivalent respecting a routing arrangement, of: (i) the name of the investment dealer or foreign dealer equivalent, and (ii) the contact information for the investment dealer or foreign dealer equivalent which will permit the Market Regulator to deal with the investment dealer or foreign dealer equivalent immediately following the entry of an order by the investment dealer or foreign dealer equivalent in respect of which the Market Regulator wants additional information; and (b) of any change in the information described in clause (a).	(6) A Participant shall forthwith notify the Market Regulator: (a) upon entering into a written agreement with an investment dealer or foreign dealer equivalent respecting a routing arrangement, of: (i) the name of the investment dealer or foreign dealer equivalent, and (ii) the contact information for the investment dealer or foreign dealer equivalent which will permit the Market Regulator to deal with the investment dealer or foreign dealer equivalent immediately following the entry of an order by the investment dealer or foreign dealer equivalent in respect of which the Market Regulator wants additional information; and (b) of any change in the information described in clause (a).
7.13 Direct Electronic Access (1) A Participant that is a member, user or subscriber may grant direct electronic access to a client provided: (a) the Participant has: (i) established standards for the client that are reasonably designed to manage, in accordance with prudent business practices, the Participant's risks associated with providing direct market access, (ii) assessed and documented that the client meets the standards established by the Participant for direct electronic access, and (iii) executed a written agreement with the client; and (b) the client is not a registrant in accordance with applicable securities legislation other than: (i) a portfolio manager, or	**7.13 Direct Electronic Access** (1) A Participant that is a member, user or subscriber may grant direct electronic access to a client provided: (a) the Participant has: (i) established standards for the client that are reasonably designed to manage, in accordance with prudent business practices, the Participant's risks associated with providing direct market access, (ii) assessed and documented that the client meets the standards established by the Participant for direct electronic access, and (iii) executed a written agreement with the client; and (b) the client is not a registrant in accordance with applicable securities legislation other than: (i) a portfolio manager, or

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(ii) a restricted portfolio manager.	(ii) a restricted portfolio manager.
(2) The standards established by the Participant under subsection (1) must include a requirement that the client: (a) has sufficient resources to meet any financial obligations that may result from use of direct electronic access; (b) has reasonable arrangements in place to ensure that all personnel transmitting orders using direct electronic access have reasonable knowledge of and proficiency in the use of the order entry system; (c) has reasonable knowledge of and the ability to comply with all Requirements, including the marking of each order with the designations and identifiers required by Rule 6.2; (d) has reasonable arrangements in place to monitor the entry of orders transmitted using direct electronic access; (e) take all reasonable steps to ensure that the use of automated order systems, by itself or any client, does not interfere with fair and orderly markets; and (f) ensure that each automated order system, used by the client or any of its clients, is tested in accordance with prudent business practices, including initially before use or introduction of a significant modification and at least annually thereafter.	(2) The standards established by the Participant under subsection (1) must include a requirement that the client: (a) has sufficient resources to meet any financial obligations that may result from use of direct electronic access; (b) has reasonable arrangements in place to ensure that all personnel transmitting orders using direct electronic access have reasonable knowledge of and proficiency in the use of the order entry system; (c) has reasonable knowledge of and the ability to comply with all Requirements, including the marking of each order with the designations and identifiers required by Rule 6.2; (d) has reasonable arrangements in place to monitor the entry of orders transmitted using direct electronic access; (e) take all reasonable steps to ensure that the use of automated order systems, by itself or any client, does not interfere with fair and orderly markets; and (f) ensure that each automated order system, used by the client or any of its clients, is tested in accordance with prudent business practices, including initially before use or introduction of a significant modification and at least annually thereafter.
(3) The written agreement entered into by a Participant under subsection (1) with the client must provide that: (a) the trading activity of the client will comply with all Requirements; (b) the trading activity of the client will comply with the product limits or credit or other financial limits specified by the Participant; (c) the client will maintain all technology facilitating direct market access in a secure manner and will not permit any person to transmit an order using the direct market access other than personnel of the client who have been authorized by the client to transmit orders using direct market access; (d) the Participant is authorized, without prior notice, to: (i) reject any order, (ii) vary, correct or cancel any order entered on a marketplace, or (iii) discontinue accepting orders, from the client; (e) the client will immediately inform the Participant if the client fails or expects not to meet the standards set by the Participant; (f) the client may not trade for the account of any other person unless the client is: (i) a portfolio manager, (ii) a restricted portfolio manager, or (iii) an entity that is registered in a category	(3) The written agreement entered into by a Participant under subsection (1) with the client must provide that: (a) the trading activity of the client will comply with all Requirements; (b) the trading activity of the client will comply with the product limits or credit or other financial limits specified by the Participant; (c) the client will maintain all technology facilitating direct market access in a secure manner and will not permit any person to transmit an order using the direct market access other than personnel of the client who have been authorized by the client to transmit orders using direct market access; (d) the Participant is authorized, without prior notice, to: (i) reject any order, (ii) vary, correct or cancel any order entered on a marketplace, or (iii) discontinue accepting orders, from the client; (e) the client will immediately inform the Participant if the client fails or expects not to meet the standards set by the Participant; (f) the client may not trade for the account of any other person unless the client is: (i) a portfolio manager, (ii) a restricted portfolio manager, or (iii) an entity that is registered in a category

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analogous to the entities referred to in subclause (i) or (ii) in a foreign jurisdiction that is a signatory to the International Organization of Securities Commissions' Multilateral Memorandum of Understanding; (g) if the client trades for the account of any other person in accordance with clause (f): (i) the client must ensure that the orders for the other person are transmitted through the systems of the client before being entered on a marketplace directly or indirectly through a Participant, and (ii) the Participant must ensure that the client has established and maintains reasonable risk management and supervisory controls, policies and procedures; and (h) the Participant shall provide to the client , in a timely manner, any relevant amendments or changes to: (i) applicable Requirements, and (ii) the standards established by the Participant under subsection (1).	analogous to the entities referred to in subclause (i) or (ii) in a foreign jurisdiction that is a signatory to the International Organization of Securities Commissions' Multilateral Memorandum of Understanding; (g) if the client trades for the account of any other person in accordance with clause (f): (i) the client must ensure that the orders for the other person are transmitted through the systems of the client before being entered on a marketplace directly or indirectly through a Participant, and (ii) the Participant must ensure that the client has established and maintains reasonable risk management and supervisory controls, policies and procedures; and (h) the Participant shall provide to the client, in a timely manner, any relevant amendments or changes to: (i) applicable Requirements, and (ii) the standards established by the Participant under subsection (1).
(4) A Participant must not allow any order to be transmitted using direct electronic access unless: (a) the Participant is: (i) maintaining and applying the standards established by the Participant under subsection (1), (ii) satisfied the client meets the standards established by the Participant under subsection (1), and (iii) satisfied the client is in compliance with the written agreement entered into with the Participant; and (b) the order is subject to the risk management and supervisory controls, policies and procedures established by the Participant including the automated controls to examine each order before entry on a marketplace.	(4) A Participant must not allow any order to be transmitted using direct electronic access unless: (a) the Participant is: (i) maintaining and applying the standards established by the Participant under subsection (1); (ii) satisfied the client meets the standards established by the Participant under subsection (1); and (iii) satisfied the client is in compliance with the written agreement entered into with the Participant; and (b) the order is subject to the risk management and supervisory controls, policies and procedures established by the Participant including the automated controls to examine each order before entry on a marketplace.
(5) The Participant shall review and confirm: (a) at least annually that: (i) the standards established by the Participant under subsection (1) are adequate, and (ii) the Participant has maintained and consistently applied the standards in the period since the establishment of the standards or the date of the last annual review; and (b) at least annually by the anniversary date of the written agreement with a client that the client: (i) is in compliance with the written agreement with the Participant, and (ii) has met the standards established by the Participant under subsection (1) since the date of the written agreement or the date of the last annual review.	(5) The Participant shall review and confirm: (a) at least annually that: (i) the standards established by the Participant under subsection (1) are adequate, and (ii) the Participant has maintained and consistently applied the standards in the period since the establishment of the standards or the date of the last annual review; and (b) at least annually by the anniversary date of the written agreement with a client that the client: (i) is in compliance with the written agreement with the Participant, and (ii) has met the standards established by the Participant under subsection (1) since the date of the written agreement or the date of the last annual review.

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(6) A Participant shall forthwith notify the Market Regulator: (b) upon entering into a written agreement with a client respecting direct electronic access, of (i) the name of the client, and (ii) the contact information for the client which will permit the Market Regulator to deal with the investment dealer immediately following the entry of an order by the client in respect of which the Market Regulator wants additional information, and (iii) the names of the personnel of the client authorized by the client to enter an order using direct electronic access; and (b) of any change in the information described in clause (a).	(6) A Participant shall forthwith notify the Market Regulator: (c) upon entering into a written agreement with a client respecting direct electronic access, of (i) the name of the client, and (ii) the contact information for the client which will permit the Market Regulator to deal with the investment dealer immediately following the entry of an order by the client in respect of which the Market Regulator wants additional information, and (iii) the names of the personnel of the client authorized by the client to enter an order using direct electronic access; and (b) of any change in the information described in clause (a).
10.15 Assignment of Identifiers and Symbols (1) The Market Regulator shall assign a unique identifier to: (a) a marketplace for trading purposes upon the Market Regulator being retained as the regulation services provider for the marketplace; and (b) an investment dealer, other than a Participant, or a foreign dealer equivalent upon being notified that a Participant has entered into a written agreement with the investment dealer or foreign dealer equivalent respecting a routing arrangement; and (c) a client upon the Market Regulator being notified that a Participant has entered into a written agreement with the client respecting direct electronic access. ….	**10.15 Assignment of Identifiers and Symbols** (1) The Market Regulator~~, upon being retained as the regulation services provider for a marketplace,~~ shall assign a unique identifier to: (a) ~~the~~ a marketplace for trading purposes upon the Market Regulator being retained as the regulation services provider for the marketplace; (b) an investment dealer, other than a Participant, or a foreign dealer equivalent upon being notified that a Participant has entered into a written agreement with the investment dealer or foreign dealer equivalent respecting a routing arrangement; and (c) a client upon the Market Regulator being notified that a Participant has entered into a written agreement with the client respecting direct electronic access. ….
10.18 Gatekeeper Obligations with Respect to Access to Marketplaces (1) A marketplace that has provided access to a Participant or Access Person shall forthwith report to the Market Regulator the fact that the marketplace: (a) has terminated the access of the Participant or Access Person to the marketplace; or (b) knows or has reason to believe that the Participant or Access Person has or may have breached a material provision of any Marketplace Rule or agreement pursuant to which the Participant or Access Person was granted access to the marketplace. (2) A Participant that has provided access to a marketplace to an investment dealer or foreign dealer equivalent pursuant to a routing arrangement shall forthwith report to the Market Regulator the fact that: (a) the routing arrangement has been terminated; or (b) the Participant knows or has reason to believe that the investment dealer or foreign dealer equivalent has or may have breached a material provision of: (i) any standard established by the Participant for the routing arrangement with the investment dealer or foreign dealer equivalent, or (ii) the written agreement between the Participant	**10.18 Gatekeeper Obligations with Respect to Access to Marketplaces** (1) A marketplace that has provided access to a Participant or Access Person shall forthwith report to the Market Regulator the fact that the marketplace: (a) has terminated the access of the Participant or Access Person to the marketplace; or (b) knows or has reason to believe that the Participant or Access Person has or may have breached a material provision of any Marketplace Rule or agreement pursuant to which the Participant or Access Person was granted access to the marketplace. (2) A Participant that has provided access to a marketplace to an investment dealer or foreign dealer equivalent pursuant to a routing arrangement shall forthwith report to the Market Regulator the fact that: (a) the routing arrangement has been terminated; or (b) the Participant knows or has reason to believe that the investment dealer or foreign dealer equivalent has or may have breached a material provision of: (i) any standard established by the Participant for the routing arrangement with the investment dealer or foreign dealer equivalent, or (ii) the written agreement between the Participant

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and the investment dealer or foreign dealer equivalent regarding the routing arrangement. (3) A Participant that has provided access to a marketplace to a client pursuant to direct electronic access shall forthwith report to the Market Regulator the fact that the Participant: (a) has terminated the access of the client under the arrangement for direct electronic access; or (b) knows or has reason to believe that the client has or may have breached a material provision of: (i) any standard established by the Participant for the granting of direct electronic access, or (ii) the written agreement between the Participant and the client regarding the direct electronic access.	and the investment dealer or foreign dealer equivalent regarding the routing arrangement. (3) A Participant that has provided access to a marketplace to a client pursuant to direct electronic access shall forthwith report to the Market Regulator the fact that the Participant: (a) has terminated the access of the client under the arrangement for direct electronic access; or (b) knows or has reason to believe that the client has or may have breached a material provision of: (i) any standard established by the Participant for the granting of direct electronic access, or (ii) the written agreement between the Participant and the client regarding the direct electronic access.
Policy 7.1 – Trading Supervision Obligations **Part 1 – Responsibility for Supervision and Compliance** … In performing the trading supervision obligations, the Participant will act as a "gatekeeper" to help prevent and detect violations of applicable Requirements. When an order is entered on a marketplace by direct electronic access, under a routing arrangement or through an order execution service, the Participant retains responsibility for that order and the supervision policies and procedures should adequately address the additional risk exposure which the Participant may have for orders that are not directly handled by staff of the Participant. For example, it may be appropriate for the Participant to sample for compliance testing a higher percentage of orders that have been entered directly by a client under direct electronic access, an investment dealer or foreign dealer equivalent under a routing arrangement or a client through an order execution service than the percentage of orders sampled in other circumstances. In addition, the "post-order entry" compliance testing should recognize that the limited involvement of staff of the Participant in the entry of orders by a client under direct electronic access, an investment dealer or foreign dealer equivalent under a routing arrangement or a client through an order execution service may restrict the ability of the Participant to detect orders that are not in compliance with specific rules. For example, "post-order entry" compliance testing may be focused on whether an order entered by a client under direct electronic access, an investment dealer or foreign dealer equivalent under a routing arrangement or a client through an order execution service: • has created an artificial price contrary to Rule 2.2; • is part of a "wash trade" (in circumstances where the client has more than one account with the Participant); • is an unmarked short sale (if the trading system of the Participant does not automatically code as "short" any sale of a security not then held in the account of the client other than a client required to use the "short-marking exempt" designation); and • has complied with order marking requirements and in particular the requirement to mark an order as	**Policy 7.1 – Trading Supervision Obligations** **Part 1 – Responsibility for Supervision and Compliance** … In performing the trading supervision obligations, the Participant will act as a "gatekeeper" to help prevent and detect violations of applicable Requirements. When an order is entered on a marketplace by direct electronic access, under a routing arrangement or through an order execution service ~~without the involvement of a trader~~, the Participant retains responsibility for that order and the supervision policies and procedures should adequately address the additional risk exposure which the Participant may have for orders that are not directly handled by staff of the Participant. For example, it may be appropriate for the Participant to sample for compliance testing a higher percentage of orders that have been entered directly by a client under direct electronic access, an investment dealer or foreign dealer equivalent under a routing arrangement or a client through an order execution service than the percentage of orders sampled in other circumstances. In addition, the "post-order entry" compliance testing should recognize that the limited involvement of staff of the Participant in the entry of orders by a ~~direct access~~ client under direct electronic access, an investment dealer or foreign dealer equivalent under a routing arrangement or a client through an order execution service may restrict the ability of the Participant to detect orders that are not in compliance with specific rules. For example, "post-order entry" compliance testing may be focused on whether an order entered by a ~~direct access~~ client under direct electronic access, an investment dealer or foreign dealer equivalent under a routing arrangement or a client through an order execution service: • has created an artificial price contrary to Rule 2.2; • is part of a "wash trade" (in circumstances where the client has more than one account with the Participant); • is an unmarked short sale (if the trading system of the Participant does not automatically code as "short" any sale of a security not then held in the account of the client other than a client required to use the "short-marking exempt" designation); and

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from an insider or significant shareholder (unless the trading system of the Participant restricts trading activities in affected securities).	• has complied with order marking requirements and in particular the requirement to mark an order as from an insider or significant shareholder (unless the trading system of the Participant restricts trading activities in affected securities).
Policy 7.1 – Trading Supervision Obligations **Part 2 – Minimum Element of a Supervision System** … The Market Regulator recognizes that there is no one supervision system that will be appropriate for all Participants. Given the differences among firms in terms of their size, the nature of their business, whether they are engaged in business in more than one location or jurisdiction, the experience and training of its employees and the fact that effective jurisdiction can be achieved in a variety of ways, this Policy does not mandate any particular type or method of supervision of trading activity. Furthermore, compliance with this Policy does not relieve Participants from complying with specific Requirements that may apply in certain circumstances. In particular, in accordance with subsection (2) of Rule 10.1, orders entered (including orders entered by a client under direct electronic access, an investment dealer or foreign dealer equivalent under a routing arrangement or by a client through an order execution service) must comply with the Marketplace Rules on which the order is entered and the Marketplace Rules on which the order is executed.	**Policy 7.1 – Trading Supervision Obligations** **Part 2 – Minimum Element of a Supervision System** … The Market Regulator recognizes that there is no one supervision system that will be appropriate for all Participants. Given the differences among firms in terms of their size, the nature of their business, whether they are engaged in business in more than one location or jurisdiction, the experience and training of its employees and the fact that effective jurisdiction can be achieved in a variety of ways, this Policy does not mandate any particular type or method of supervision of trading activity. Furthermore, compliance with this Policy does not relieve Participants from complying with specific Requirements that may apply in certain circumstances. In particular, in accordance with subsection (2) of Rule 10.1, orders entered (including orders entered by a client under direct electronic access, an investment dealer or foreign dealer equivalent under a routing arrangement or by a client through an order execution service) must comply with the Marketplace Rules on which the order is entered and the Marketplace Rules on which the order is executed.
Policy 7.1 – Trading Supervision Obligations **Part 9 – Specific Provisions Applicable to Direct Electronic Access** *Standards for Clients* In addition to the trading supervision requirements in Parts 1, 2, 3, 5, 7 and 8, a Participant that provides direct electronic access must establish, maintain and apply reasonable standards for granting direct electronic access and assess and document whether each client meets the standards established by the Participant for direct electronic access. The Market Regulator expects that as part of its initial "screening" process, non-institutional investors will be precluded from qualifying for direct electronic access except in exceptional circumstances generally limited to sophisticated former traders and floor brokers or a person or company having assets under administration with a value approaching that of an institutional investor that has access to and knowledge regarding the necessary technology to use direct electronic access. The Participant offering direct electronic access must establish sufficiently stringent standards for each client granted direct electronic access to ensure that the Participant is not exposed to undue risk and in particular, in the case of a non-institutional client the standards must be set higher than for institutional investors. The Participant is further required to confirm with the client granted direct electronic access, at least annually, that the client continues to meet the standards established by the Participant including to ensure that any modification to a previously "approved" automated order system in use by a client continues to maintain appropriate safeguards.	**Policy 7.1 – Trading Supervision Obligations** **Part 9 – Specific Provisions Applicable to Direct Electronic Access** *Standards for Clients* In addition to the trading supervision requirements in Parts 1, 2, 3, 5, 7 and 8, a Participant that provides direct electronic access must establish, maintain and apply reasonable standards for granting direct electronic access and assess and document whether each client meets the standards established by the Participant for direct electronic access. The Market Regulator expects that as part of its initial "screening" process, non-institutional investors will be precluded from qualifying for direct electronic access except in exceptional circumstances generally limited to sophisticated former traders and floor brokers or a person or company having assets under administration with a value approaching that of an institutional investor that has access to and knowledge regarding the necessary technology to use direct electronic access. The Participant offering direct electronic access must establish sufficiently stringent standards for each client granted direct electronic access to ensure that the Participant is not exposed to undue risk and in particular, in the case of a non-institutional client the standards must be set higher than for institutional investors. The Participant is further required to confirm with the client granted direct electronic access, at least annually, that the client continues to meet the standards established by the Participant including to ensure that any modification to a previously "approved" automated order system in use by a client continues to maintain appropriate safeguards.

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Breaches by Clients with Direct Electronic Access A Participant that has granted direct electronic access to a client must further monitor orders entered by the client to identify whether the client may have: • breached any standard established by the Participant for the granting of direct electronic access; • breached the terms of the written agreement between the Participant and the client regarding the direct electronic access; • improperly granted access to or passed on its direct electronic access to another person or company; • engaged in unauthorized trading on behalf of the account of another person or company; or • failed to ensure that its client's orders flowed through the systems of the client before being entered on a marketplace.	*Breaches by Clients with Direct Electronic Access* A Participant that has granted direct electronic access to a client must further monitor orders entered by the client to identify whether the client may have: • breached any standard established by the Participant for the granting of direct electronic access; • breached the terms of the written agreement between the Participant and the client regarding the direct electronic access; • improperly granted access to or passed on its direct electronic access to another person or company; • engaged in unauthorized trading on behalf of the account of another person or company; or • failed to ensure that its client's orders flowed through the systems of the client before being entered on a marketplace.
Policy 7.1 – Trading Supervision Obligations **Part 10 – Specific Provisions Applicable to Routing Arrangements** *Standards for Investment Dealers or Foreign Dealer Equivalents* In addition to the trading supervision requirements in Parts 1, 2, 3, 5, 7 and 8, a Participant that enters into a routing arrangement with an investment dealer or foreign dealer equivalent must establish, maintain and apply reasonable standards for entering into the routing arrangement and assess and document whether each investment dealer or foreign dealer equivalent meets the standards established by the Participant for the routing arrangement. The Participant offering the routing arrangement must establish sufficiently stringent standards for each investment dealer or foreign dealer equivalent to ensure that the Participant is not exposed to undue risk. The Participant is further required to confirm with the investment dealer or foreign dealer equivalent at least annually, that the investment dealer or foreign dealer equivalent continues to meet the standards established by the Participant including to ensure that any modification to a previously "approved" automated order system in use by the investment dealer or foreign dealer equivalent continues to maintain appropriate safeguards. *Identifying Originating Investment Dealer or Foreign Dealer Equivalent* In addition to assigning a unique identifier to an investment dealer or foreign dealer equivalent in a routing arrangement with the Participant, the Participant is responsible for properly identifying the originating investment dealer or foreign dealer equivalent and must establish and maintain policies and procedures to appropriately mark and identify the originating investment dealer or foreign dealer equivalent for each order that is ultimately transmitted through the routing arrangement. *Breaches by Investment Dealer of Foreign Dealer Equivalent* A Participant that has provided access to a marketplace to an investment dealer or foreign dealer equivalent pursuant	**Policy 7.1 – Trading Supervision Obligations** **Part 10 – Specific Provisions Applicable to Routing Arrangements** *Standards for Investment Dealers or Foreign Dealer Equivalents* In addition to the trading supervision requirements in Parts 1, 2, 3, 5, 7 and 8, a Participant that enters into a routing arrangement with an investment dealer or foreign dealer equivalent must establish, maintain and apply reasonable standards for entering into the routing arrangement and assess and document whether each investment dealer or foreign dealer equivalent meets the standards established by the Participant for the routing arrangement. The Participant offering the routing arrangement must establish sufficiently stringent standards for each investment dealer or foreign dealer equivalent to ensure that the Participant is not exposed to undue risk. The Participant is further required to confirm with the investment dealer or foreign dealer equivalent at least annually, that the investment dealer or foreign dealer equivalent continues to meet the standards established by the Participant including to ensure that any modification to a previously "approved" automated order system in use by the investment dealer or foreign dealer equivalent continues to maintain appropriate safeguards. *Identifying Originating Investment Dealer or Foreign Dealer Equivalent* In addition to assigning a unique identifier to an investment dealer or foreign dealer equivalent in a routing arrangement with the Participant, the Participant is responsible for properly identifying the originating investment dealer or foreign dealer equivalent and must establish and maintain policies and procedures to appropriately mark and identify the originating investment dealer or foreign dealer equivalent for each order that is ultimately transmitted through the routing arrangement. *Breaches by Investment Dealer or Foreign Dealer Equivalent* A Participant that has provided access to a marketplace to an investment dealer or foreign dealer equivalent pursuant

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to a routing arrangement must monitor all orders entered by the investment dealer or foreign dealer equivalent to identify whether the investment dealer or foreign dealer equivalent may have: • breached any standard established by the Participant for the routing arrangement; or • breached the written agreement between the Participant and the investment dealer or foreign dealer equivalent regarding the routing arrangement.	to a routing arrangement must monitor all orders entered by the investment dealer or foreign dealer equivalent to identify whether the investment dealer or foreign dealer equivalent may have: • breached any standard established by the Participant for the routing arrangement; or • breached the written agreement between the Participant and the investment dealer or foreign dealer equivalent regarding the routing arrangement.
Policy 7.1 – Trading Supervision Obligations **Part 11 – Specific Provisions Applicable to Order Execution Services** In addition to the trading supervision requirements in Parts 1, 2, 3, 5, 7 and 8, a Participant that provides order execution services must monitor orders entered by an order execution services client to determine if the client may be using an automated order system other than one provided as part of the order execution service. The Participant shall confirm with the order execution services client, at least annually, whether the client has used since the date of the last confirmation an automated order system other than one provided as part of the order execution service.	**Policy 7.1 – Trading Supervision Obligations** **Part 11 – Specific Provisions Applicable to Order Execution Services** In addition to the trading supervision requirements in Parts 1, 2, 3, 5, 7 and 8, a Participant that provides order execution services must monitor orders entered by an order execution services client to determine if the client may be using an automated order system other than one provided as part of the order execution service. The Participant shall confirm with the order execution services client, at least annually, whether the client has used since the date of the last confirmation an automated order system other than one provided as part of the order execution service.

13.3 Clearing Agencies

13.3.1 Notice of Commission Order – CME Clearing Europe Limited – Application for Exemptive Relief

CME CLEARING EUROPE LIMITED

APPLICATION FOR EXEMPTIVE RELIEF

NOTICE OF COMMISSION ORDER

On October 23, 2012, the Commission granted CME Clearing Europe Limited (CMECE) an exemption from the requirement in subsection 21.2(0.1) of the *Securities Act* (Ontario) that CMECE be recognized as a clearing agency.

The Commission published the CMECE application and proposed exemption order for comment on August 23, 2012 at (2012) 35 OSCB 8013. No comments were received.

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

13.3.2 The Options Clearing Corporation – Notice of Commission Order – Application for Exemptive Relief

OPTIONS CLEARING CORPORATION (OCC)

APPLICATION FOR EXEMPTIVE RELIEF

NOTICE OF COMMISSION ORDER

On October 30, 2012, the Commission issued an order under section 147 of the *Securities Act* (Ontario) (Act) exempting Options Clearing Corporation (OCC) from the requirement in subsection 21.2(0.1) of the Act to be recognized as a clearing agency (Order), subject to terms and conditions as set out in the Order.

The Commission published OCC's application and draft exemption order for comment on August 23, 2012 at (2012), 35 OSCB 7981. No comments were received.

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

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